



DUTECH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 200616359C

RESPONSE TO QUERY RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

The board of directors (the “**Board**”) of Dutech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s Unaudited Financial Statements for the fourth quarter and full year ended 31 December 2019 released on 27 February 2020 and wishes to respond to the query raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) as follows:

SGX-ST’s Query:

We note that the Company stated on page 2 of the Financial Statements that the Company undertook an assessment and "recognised impairment loss of RMB33.1 million on development costs and customer relationship intangible assets, RMB8.9 million on its ROU assets and RMB2.2 million on its property, plant and equipment".

Please clarify the nature and basis for the impairment losses on development costs and customer relationship intangible assets and provide a breakdown of the said impairment losses. Please also provide us with the Board's assessment on the adequacy of these impairment losses.

The Company’s response:

For the year ended 31 December 2019, management performed impairment assessments for assets held by a subsidiary that reported losses and is in a net liability position. The recoverable amount is determined using value-in-use calculation based on approved discounted cash flow projections. The value-in-use is assessed to be higher than its estimated fair value less cost to sell.

Based on the results of the impairment testing, an impairment loss of RMB44.1 million was recognised for the year ended 31 December 2019, being the excess of carrying amount over the estimated recoverable amount of the relevant cash-generating unit (CGU). The Board, having considered the key assumptions used in the impairment assessments, is satisfied with the adequacy of impairment losses recognised.

The breakdown of impairment losses is as follows:

	12 Months ended
	31/12/2019
	RMB'000
Customer relationship	4,586
Trade mark	992
Development costs	27,480
Sub-total of intangible assets	<hr/> 33,058
ROU assets	8,900
Property, plant and equipment	2,178
Total	<hr/> 44,136

On behalf of the Board

Dr Johnny Liu

Executive Chairman and CEO

4 March 2020