



DUTECH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 200616359C

RESPONSE TO SGX QUERIES ON THE COMPANY'S THIRD QUARTER FINANCIAL RESULTS ANNOUNCEMENT ON 9 NOVEMBER 2016

The Board of Directors of Dutech Holdings Limited (the "Company") refers to the queries raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in relation to the Company's announcement of its financial results for the third quarter ended 30 September 2016, which was released on 9 November 2016.

SGX-ST's Query:

- 1) Research and development expenses increased by 16.3% from RMB6,831,000 to RMB7,945,000. Please provide the relevant explanation on page 10 (for the 9 months ended 30 September 2016) and page 11 (for the 3 months ended 30 September 2016).
- 2) Intangible assets decreased by 11.9% from RMB10,037,000 to RMB8,844,000. Please provide the relevant explanation on page 12 (Statement of financial position of the Group).

Company's Response:

- 1) For the 9 months ended 30 September 2016, research and development expenses increased by 21.9%, or RMB4.0 million to RMB22.2 million due to more development of new products after the acquisition of Krauth. For the 3 months ended 30 September 2016, research and development expenses increased by 16.3%, or RMB1.1 million to RMB7.9 million due to the due to more development of new products after the acquisition of Krauth.
- 2) Intangible assets decreased by RMB1.2 million from RMB10.0 million as at 31 December 2015 to RMB8.8 million as at 30 September 2016 mainly due to the normal amortization. The breakdown of the intangible assets as at 30 September 2016 is as below:

Group	Technical know-how RMB'000	Development costs RMB'000	Total RMB'000
Cost			
At 1 January 2016	1,327	31,188	32,515
Addition	-	2,018	2,018
Acquisition of a subsidiary	-	1,356	1,356
Translation reserve	-	157	157
At 30 September 2016	<u>1,327</u>	<u>34,719</u>	<u>36,046</u>
Accumulated amortisation			
At 1 January 2016	1,327	21,151	22,478
Addition	-	4,710	4,710
Translation reserve	-	14	14
At 30 September 2016	<u>1,327</u>	<u>25,875</u>	<u>27,202</u>
Net carrying amount			
At 30 September 2016	<u>-</u>	<u>8,844</u>	<u>8,844</u>

On behalf of the Board

Dr Johnny Liu
Executive Chairman and CEO
1 December 2016