



DUTECH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 200616359C

RESPONSE TO SGX QUERIES ON THE COMPANY'S SECOND QUARTER FINANCIAL RESULTS ANNOUNCEMENT ON 4 AUGUST 2015

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 second quarter ended 30 June 2015, which was released on 4 August 2015.

SGX-ST's Query:

- 1) Please provide the nature of the derivative financial instruments recorded in Other Income in the Company's Income Statement.
- 2) Whether the increase of fair value gain on derivative financial instruments is due to changes in exchange rate or increase/decrease in volume of such contracts.

Company's Response:

- 1) Dutech Group enters into RMB/USD forward currency contracts with banks to hedge the exposure to foreign exchange rates fluctuations in the receivables and forecast sales. Normally, the settlement dates of these contracts range between 1 to 12 months from the balance sheet date. The Group calculates the fair value of the unsettled forward contracts as at the balance sheet dates and the changes of the fair value (fair value of the unsettled forward contracts as at the end of the period minus the fair value as at the beginning of the period) are recorded in Other Income in the Income Statement.
- 2) For the 3 months ended 30 June 2015, fair value gain/losses on derivative financial instruments were due to the fluctuation of exchange rate of Chinese Yuan against US Dollar, not the amount of the outstanding forward contracts.

On behalf of the Board

Dr Johnny Liu
Executive Chairman and CEO
4 September 2015