



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 FIRST HALF YEAR ENDED 30 JUNE 2020

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 first half year ended 30 June 2020 released on 13 August 2020 and wishes to respond to the query raised by Singapore Exchange Securities Trading Limited (“**SGX-ST**”) as follows:

SGX-ST’s Query:

The Company has disclosed an impairment loss on intangible assets of RMB 11.4 million on page 2 of the Financial Statements. Please explain: (i) the basis and nature of the intangible assets being impaired; (ii) the reason for the impairment; (iii) how the impairment was determined; and (iv) the Board’s opinion on the reasonableness of the methodologies used to determine the value of the impairment.

The Company’s response:

For the half year ended 30 June 2020, the Group recognised an impairment loss on intangible assets of RMB11.4 million. These intangible assets were capitalised development costs of a wholly-owned subsidiary. The Group had, in previous years, recognised impairment loss of RMB 26.9 million on these development costs. However, the financial performance of this subsidiary continued to deteriorate and for the six months ended 30 June 2020, management undertook another impairment assessment for this cash generating unit.

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 RMB11.4 million was recognised for the half year ended 30 June 2020, being the excess of carrying amount over the estimated recoverable amount of the relevant cash-generating unit (CGU). The capitalised development cost intangible asset of this cash generating unit has been fully impaired as at 30 June 2020.

The Board, having considered the key assumptions used in the impairment assessments, is satisfied with the adequacy of impairment losses recognised.

On behalf of the Board

Dr Johnny Liu
Executive Chairman and CEO
20 August 2020