



## DUTECH HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Registration No. 200616359C

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### RESPONSE TO SGX QUERIES

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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 following SGXNet announcements by the Company:

- (a) the announcement dated 9 November 2017, entitled "Unaudited financial statements for the 3<sup>rd</sup> quarter ended 30 September 2017" (the "Q3 Financial Statements");
- (b) the announcement dated 13 March 2018, entitled "Response to SGX Queries on the Company's full year financial results announcement on 1 March 2018" (the "13 March 2018 Announcement")

#### SGX-ST's Query:

- 1) We note that the Company stated in the last paragraph of the 13 March 2018 Announcement that the "*Lausanne Court ruled against Metric AG / Almex and awarded the Lausanne project to SB*". Please explain why the impairment arising from the said litigation was recorded in the full year financial results released on 1 March 2018 and not the Q3 Financial Statements.
- 2) Please state whether the disclosure of the aforesaid litigation is required under Listing Rule 703 and the Company's basis of assessment for the same.

#### Company's Response:

- 1) Almex was considering to appeal against the court's decision after receiving the ruling from Lausanne Court at the end of August 2017. The Company, Almex and our lawyers were assessing the circumstance then and the costs and benefits (including the possibility of winning) of the appeal. Almex also liaised with Transport Public Lausanne SA and ensured that our decision would not impair the future relationship. After deliberation, the Company and Almex finally decided not to proceed with the appealing process in the last quarter of 2017. As a result, the impairment was only assessed in the last quarter of 2017.
- 2) Due to the reason stated in our response 1) above, an impairment loss of the customer relationship amounted to RMB7.9 million and a reversal of contingent consideration payable <sup>(a)</sup> amounted to RMB1.5 million was recognized in the Q4 Financial Statements (refer to Note 29 in page 76 of 2017 AR), the net financial impact (before tax) was RMB6.4 million. Given the assessment in the table below, the Company deemed that this matter

was not significant and thus not applicable to the Listing Rule 703.

	Q3 2017 RMB'000	Annualised <sup>(b)</sup> RMB'000	Impact of RMB6.4 million to the key financial benchmark based on Q3 results
<b>Profit before tax</b>	65,004	86,672	<b>7.4%</b>
<b>Revenue</b>	1,192,753	1,590,337	<b>0.4%</b>
<b>Total assets</b>	1,521,504	N/A	<b>0.4%</b>
<b>Net assets</b>	869,999	N/A	<b>0.7%</b>

Other than the financial effect mentioned above, the corresponding deferred tax liabilities amounted to RMB 2.5 million was reversed in Q4 Financial Statements. The overall financial effect (after tax) was RMB 3.9 million.

<sup>(a)</sup> Referring to Note 12(ii)(ii) in page 63 of 2016 AR, as part of the purchase agreement with the former owner Metric Group, additional cash payment of EUR250,000 shall be payable to previous owner if Lausanne project is awarded to Metric Group/Almex. As of the acquisition date, the fair value of the contingent consideration was estimated at EUR200,000.

<sup>(b)</sup> Annualised profit before tax/revenue = Actual profit before tax/revenue for the period from 1 January to 30 September 2017 ÷ 9 months × 12 months

On behalf of the Board

Dr. Johnny Liu  
Executive Chairman and CEO  
13 April 2018