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D&G TECHNOLOGY HOLDING COMPANY LIMITED

德基科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1301)

PROFIT WARNING

This announcement is made by D&G Technology Holding Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby informs the shareholders and potential investors of the Company that, based on the information currently available to the Board and a preliminary assessment by the management of the Company with reference to the unaudited management accounts of the Group for the four months ended 30 April 2020, the Group expects the revenue for the six months ending 30 June 2020 to decrease by approximately 40% to 50% as compared with the last corresponding period. Such decrease was mainly attributable to the impact from the outbreak of Coronavirus Disease 2019 (“**COVID-19**”) in early 2020. Not only did the Group experience difficulties in arranging the logistics for goods delivery to some of our customers in certain provinces in China in early 2020, but certain job sites of our customers also suspended operations and deferred the commissioning of our asphalt mixing plants. Although transportation restrictions in China have been gradually lifted in the second quarter of 2020, there were still some delays in customers’ acknowledgements of implementation of our asphalt mixing plants, resulting in the Group not being able to recognise the revenue of certain contracts in the first half of 2020. The Group is hopeful that our customers would gradually acknowledge the implementation of our asphalt mixing plants in the second half of 2020 and the impact of COVID-19 would diminish.

The Group expects the net loss attributable to owners of the Company for the six months ending 30 June 2020 would increase by approximately 15% to 25% as compared with a net loss in the last corresponding period of approximately RMB24 million. The expected increase in net loss was primarily attributable to the delay in revenue recognition of certain contracts and an increase in provision for impairment of inventories.

The information contained in this announcement is based only on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the four months ended 30 April 2020 and information currently available to the Company, and is not based on any figures or information which have been audited or reviewed by the Company's auditors. Figures and information mentioned in this announcement are in the course of being considered and verified and are therefore subject to adjustments. The Shareholders and potential investors of the Company should refer to the Group's interim results announcement for the six months ending 30 June 2020, which is expected to be published by the end of August 2020, for details of the performance of the Group.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
D&G Technology Holding Company Limited
Choi Hung Nang
Chairman

Hong Kong, 19 June 2020

As at the date of this announcement, the executive directors of the Company are Mr. Choi Hung Nang, Ms. Choi Kwan Li, Glendy, Mr. Choi Hon Ting, Derek, Mr. Liu Tom Jing-zhi and Mr. Lao Kam Chi; the non-executive directors of the Company are Mr. Chan Lewis and Mr. Alain Vincent Fontaine; and the independent non-executive directors of the Company are Mr. O'Yang Wiley, Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson.