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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 wishes to inform the shareholders of the Company and potential investors that based on the information currently available to the Company and a preliminary assessment by the management of the Company with reference to the unaudited management accounts of the Group for the eleven months ended 30 November 2016 (the “Management Accounts”), the Group may incur a loss attributable to the equity shareholders of the Company for the year ending 31 December 2016 as compared to a net profit attributable to the equity holders of the Company of approximately RMB30.8 million for the year ended 31 December 2015.

The expected loss is primarily attributable to the decrease in revenue of the Group from the sales of asphalt mixing plants and the expected provision for impairment loss on trade receivables to be made. Although China has continued to implement its plan to increase investment in infrastructure projects, the funds for such infrastructure projects have not yet been made available as planned, hence decreasing the demand for asphalt mixing plants in China. As a result, funds and cash flow remained tight and slow for road infrastructure projects in 2016. The Group expects to record a decrease in revenue of approximately 15% to 20% for the year ending 31 December 2016 as compared to that for the year ended 31 December 2015.

Due to the above reason, the collection of outstanding trade receivables from the customers of the Group has remained slow during the year. The management of the Group has prudently increased the provision for the impairment losses on trade receivables, which is expected to negatively affect the Group's operating results for the year ending 31 December 2016.

The annual results announcement of the Company for the year ending 31 December 2016 is expected to be released on or before 31 March 2017. Prior to the release of the annual results announcement of the Company, the Group will assess and finalize, among other things, the provision for impairment losses on trade receivables based on factors such as the amount of settlement made by the customers and their repayment schedules.

The Group is still in the process of finalizing the annual results for the year ending 31 December 2016, the information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available to the Company and the Management Accounts which have not been audited or reviewed by the Company's auditors. The annual results of the Group for the year ending 31 December 2016 are expected to be published on or before 31 March 2017.

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

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

Hong Kong, 23 December 2016

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, Mr. Lao Kam Chi and Mr. Yu Ronghua; 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. Law Wang Chak, Waltery, Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson.