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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 of the Company and potential investors 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 five months ended 31 May 2018, it is expected that the Group will incur a net loss for the six months ended 30 June 2018 as compared to a net profit of approximately RMB14.1 million for the six months ended 30 June 2017. The expected loss was primarily attributable to the drop in revenue of the Group from the sales of and operating lease of asphalt mixing plants and an increase in provision for impairment loss on trade receivables.

The Group expects the revenue for the six months ended 30 June 2018 to decrease by approximately 25% to 30% as compared with the last corresponding period. The decrease in revenue was mainly due to the delay in public-private partnership projects in China. The increasingly stringent environmental protection requirements in China affected the progress of the Group’s customers in obtaining local government approval for jobsite construction and hence caused delay on the installation and commissioning of asphalt mixing plants. For the same reason, the collection of outstanding trade receivables from the customers of the Group remained slow during the period and the Group expects the provision for impairment loss on trade receivables to increase although the extent thereof is not yet known.

The Group is still in the process of finalizing the interim results for the six months ended 30 June 2018. The information contained in this announcement represents only a preliminary assessment made by the Board based on the information made available to the Board as at the date hereof. The interim results of the Group for the six months ended 30 June 2018 are subject to the review by the Company's auditor and are expected to be published on or before 31 August 2018.

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, 16 July 2018

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. Law Wang Chak, Waltery, Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson.