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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "**Board**" or the "**Directors**") of D&G Technology Holding Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*4*	**370,559**	277,861
Cost of sales		**(246,682)**	(192,597)
Gross profit		**123,877**	85,264
Other income and other (losses)/gains, net	*5*	**169**	7,509
Distribution costs		**(72,310)**	(73,240)
Administrative expenses		**(66,106)**	(63,211)
Net reversal of provision for impairment losses on financial assets		**8,749**	11,299
Operating loss		**(5,621)**	(32,379)
Finance income, net	*6*	**10,164**	10,552
Share of profit of an associate		**1,816**	1,997
Profit/(loss) before income tax		**6,359**	(19,830)
Income tax expense	*7*	**(1,946)**	(4,034)

	Note	**2024**	2023
		RMB'000	*RMB'000*
Profit/(loss) attributable to owners of the Company for the year		**4,413**	(23,864)
Profit/(loss) per share attributable to owners of the Company for the year			
– basic *(RMB cents)*	*9*	**0.69**	(3.73)
– diluted *(RMB cents)*	*9*	**0.69**	(3.73)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024**	2023
		RMB'000	*RMB'000*
Profit/(loss) for the year		**4,413**	(23,864)
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Currency translation differences		**2,075**	1,651
Other comprehensive income for the year, net of tax		**2,075**	1,651
Total comprehensive income/(loss) attributable to owners of the Company for the year		**6,488**	(22,213)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	**2024** **RMB'000**	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**100,080**	103,582
Intangible assets		**1,485**	2,147
Investment in an associate		**64,072**	62,256
Deferred tax assets		**11,094**	12,258
Total non-current assets		**176,731**	180,243
Current assets			
Inventories	*10*	**212,960**	211,933
Trade and bills receivables	*11*	**169,189**	96,557
Prepayments, deposits and other receivables		**108,198**	84,355
Income tax recoverable		**2**	–
Financial asset at fair value through profit or loss		**–**	19,760
Pledged bank deposits		**21,672**	22,625
Cash and cash equivalents		**48,926**	161,654
Total current assets		**560,947**	596,884
Total assets		**737,678**	777,127
EQUITY			
Equity attributable to owners of the Company			
Share capital	*14*	**5,059**	5,059
Other reserves		**524,856**	566,946
Retained earnings		**35,364**	31,517
Total equity		**565,279**	603,522

	Note	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**338**	661
Deferred tax liabilities		**4,500**	4,500
Total non-current liabilities		**4,838**	5,161
Current liabilities			
Borrowings	*12*	**–**	909
Trade and other payables	*13*	**125,302**	106,370
Contract liabilities	*13*	**41,320**	58,165
Lease liabilities		**939**	899
Income tax payable		**–**	2,101
Total current liabilities		**167,561**	168,444
Total liabilities		**172,399**	173,605
Total equity and liabilities		**737,678**	777,127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

D&G Technology Holding Company Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in manufacturing, distribution, research and development of asphalt mixing plants, other asphalt specialty equipment and sales of spare parts and modified equipment.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 27 May 2015.

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and the requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost basis, except for the following:

- Financial asset at fair value through profit or loss

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Group

The Group has adopted the following revised framework and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the above new and amended standards and interpretations did not have any significant financial impact on these consolidated financial statements.

(b) New standards and interpretations not yet adopted

Certain amended standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management is in the process of assessing potential impact of the above amended standards and interpretations that are relevant to the Group upon initial application. It is not yet in a position to state whether these amended standards and interpretations will have a significant impact on the Group's results of operations and financial position.

4 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

The executive directors of the Company have determined that the Group only has one major operating segment which is the sales of asphalt mixing plants, spare parts, other asphalt specialty equipment and modified equipment.

Revenue consists of the following:

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of asphalt mixing plants	**274,850**	184,044
Sales of spare parts and modified equipment	**53,657**	69,898
Sales of other asphalt specialty equipment	**42,052**	23,919
	370,559	277,861
Revenue from contracts with customers recognised – at a point in time	**370,559**	277,861

(a) Revenue from external customers by country

	2024 *RMB'000*	2023 *RMB'000*
Mainland China	**301,575**	200,158
Outside Mainland China	**68,984**	77,703
	370,559	277,861

(b) Non-current assets

The geographical location of the non-current assets, excluding deferred tax assets, based on the physical location of the assets is analysed as follows:

	2024 *RMB'000*	2023 *RMB'000*
Mainland China	**112,580**	122,444
Outside Mainland China	**53,057**	45,541
	165,637	167,985

(c) Information about major customer

No customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

5 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2024 RMB'000	2023 RMB'000
Other income		
Government grants *(Note)*	**1,257**	4,612
Other (losses)/gains, net		
Fair value gain on a financial asset at fair value through profit or loss	**240**	720
Interest income from a financial asset at fair value through profit or loss, net of tax	**409**	1,132
Gain on disposal of non-current asset classified as asset held for sale, net of tax	**–**	558
(Loss)/gain on disposal of property, plant and equipment	**(315)**	261
Net foreign exchange loss	**(1,957)**	(99)
Others	**535**	325
	(1,088)	2,897
	169	7,509

Note:

The amount mainly represents operating subsidies. There were no unfulfilled conditions or other contingencies attached to these grants.

Government grant relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

6 FINANCE INCOME, NET

	2024 RMB'000	2023 RMB'000
Finance cost		
Interest expenses on bank borrowings	**(162)**	(510)
Interest expenses on lease liabilities	**(93)**	(91)
	(255)	(601)
Finance income		
Interest income on bank deposits	**3,507**	4,301
Unwinding discount interest on trade receivables not expected to be settled within one year	**6,912**	6,852
	10,419	11,153
Finance income, net	**10,164**	10,552

7 INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**648**	1,958
– Under/(over) provision in prior years	**134**	(84)
	782	1,874
Deferred income tax	**1,164**	2,160
	1,946	4,034

The change in weighted average applicable tax rates is mainly caused by a change in mix of profit/(loss) of different group companies which are subject to different tax rates.

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong profits tax for the subsidiaries incorporated or operated in Hong Kong was made as the subsidiaries did not have assessable profits subject to Hong Kong profits tax (2023: Nil).

No provision for Singapore and Pakistan income tax was made for the subsidiaries incorporated in these countries, as the subsidiaries did not have assessable profits subject to Singapore and Pakistan income tax (2023: Nil).

The Group's Mainland China subsidiaries are subject to PRC corporate income tax rate of 25% (2023: 25%).

(ii) A wholly-owned subsidiary of the Company, Langfang D&G Machinery Technology Company Limited ("**Langfang D&G**"), is qualified as a "high new technology enterprise" under the PRC corporate income tax law and relevant regulations and it is entitled to a preferential income tax rate of 15% (2023: 15%).

(iii) Under the PRC corporate income tax law and relevant regulations, a 100% additional tax deduction is allowed for qualified research and development expenses.

(iv) The withholding tax rate was 5% on the remittance of dividends from the subsidiaries in the Mainland China during the year and unremitted earnings of the subsidiaries.

8 DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Same).

9 PROFIT/(LOSS) PER SHARE

The calculation of basic profit/(loss) per share is based on the profit/(loss) attributable to owners of the Company and on the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit/(loss) attributable to owners of the Company *(RMB'000)*	**4,413**	(23,864)
Weighted average number of ordinary shares in issue excluding treasury shares	**638,800,142**	639,408,000
Basic profit/(loss) per share *(expressed in RMB cents per share)*	**0.69**	(3.73)

For the years ended 31 December 2024 and 2023, diluted profit/(loss) per share is the same as basic profit/(loss) per share as there were no potential dilutive shares.

10 INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**64,179**	57,345
Work in progress	**142,285**	133,113
Finished goods	**6,496**	21,475
	212,960	211,933

The carrying amount of the inventories is presented as net of provision. The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately RMB240,871,000 (2023: RMB175,212,000). The inventories as at 31 December 2024 and 2023 were stated at the lower of cost and net realisable value. The net reversal of provision for impairment of inventories of RMB2,727,000 (2023: net provision for impairment of RMB1,973,000) has been included in "cost of sales" in the consolidated statement of profit or loss for the year ended 31 December 2024.

11 TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables from third-parties	**230,749**	170,250
Loss allowance	**(63,640)**	(72,389)
Discounting impact	**(3,984)**	(6,794)
	163,125	91,067
Bills receivables	**6,064**	5,490
Total trade and bills receivables	**169,189**	96,557

Trade receivables under credit sales arrangement are due for payment in accordance with specific payment terms as agreed with individual customers on a case-by-case basis, subject to the fulfilment of conditions as stipulated in the respective sales contracts. Credit terms up to 18 months were generally granted to the Group's customers.

The ageing analysis of the trade receivables as at the end of the year based on the date of revenue recognition is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**147,779**	94,862
1 to 2 years	**19,022**	3,878
2 to 3 years	**3,282**	31,324
Over 3 years	**60,666**	40,186
	230,749	170,250

The carrying amounts of the Group's gross trade and bills receivables were mainly denominated in RMB.

12 BORROWINGS

Borrowings are analysed as follows:

	2024	2023
	RMB'000	*RMB'000*
Secured bank loans	**–**	909

As at 31 December 2023, all bank borrowings of the Group were at floating rates.

As at 31 December 2023, the Group's bank loans were secured by the corporate guarantee provided by the Company, pledged bank deposits and property, plant and equipment. Borrowings of RMB909,000 were secured by the pledged bank deposits of RMB4,614,000 and property, plant and equipment of RMB36,836,000.

The carry amounts of the Group's borrowings were denominated in HK$.

As at 31 December 2023, the effective interest rate per annum of the Group's borrowings was 5.96%.

As at 31 December 2024, the Group had undrawn borrowing facilities amounting to RMB29,551,000 (2023: RMB47,066,000).

13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024	2023
	RMB'000	*RMB'000*
Current:		
Trade payables (i)	**26,307**	19,839
Bills payables (i)	**64,091**	60,058
	90,398	79,897
Amounts due to a related party	**252**	266
Other payables and accruals	**34,652**	26,207
	34,904	26,473
Total trade and other payables	**125,302**	106,370
Contract liabilities	**41,320**	58,165
	166,622	164,535

(i) The ageing analysis of trade and bills payables as at the end of the year based on invoice date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**56,814**	30,601
After 3 months but within 6 months	**28,082**	35,052
After 6 months but within 1 year	**3,342**	12,093
Over 1 year	**2,160**	2,151
	90,398	79,897

(ii) As at 31 December 2024, bills payables of RMB64,091,000 (2023: RMB60,058,000) were secured by the Group's pledged bank deposits of RMB16,729,000 (2023: RMB18,011,000), buildings of RMB24,749,000 (2023: RMB27,650,000) and land use right of RMB4,180,000 (2023: RMB4,311,000).

(iii) The carrying amounts of the Group's trade and other payables and contract liabilities are denominated in the following currencies:

	2024	2023
	RMB'000	*RMB'000*
RMB	**165,148**	130,739
HK$	**1,315**	33,641
Others	**159**	155
	166,622	164,535

14 SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

Authorised:

	Number of Ordinary shares of HK$0.01 each	Nominal value of ordinary shares *HK$*
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000,000	20,000,000

Issued and fully paid:

	Number of shares *('000)*	Nominal value of ordinary shares *HK$'000*	Nominal value of ordinary shares *RMB'000*	Share Premium *RMB'000*
At 1 January 2023, 31 December 2023 and 1 January 2024	639,408	6,395	5,059	427,134
Dividend paid	–	–	–	(39,898)
At 31 December 2024	639,408	6,395	5,059	387,236

Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Treasury shares

	Number of Ordinary shares *('000)*	Aggregate price paid *RMB'000*
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–
Shares repurchased	7,240	4,833
At 31 December 2024	7,240	4,833

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

General Review

For the year ended 31 December 2024, D&G Technology Holding Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") continued to be a leading market player in the road construction and maintenance machinery industry in the People's Republic of China (the "**PRC**", "**China**" or "**Mainland China**") and overseas markets. The Group offers smart road construction and conservation solution for different clients by offering a full range of asphalt mixing plants from small to large scale, recycled asphalt pavement ("**RAP**") crushing equipment and sand manufacturing machine. Additionally, the Group provided modification services by adding recycling and environmental protection functions, such as bitumen foaming device for warm mix asphalt to existing plants.

The asphalt mixing plants, being the core products are divided into two main categories: (i) conventional hot-mix asphalt mixing plant ("**Conventional Plant**") and (ii) recycling hot-mix asphalt mixing plant ("**Recycling Plant**"). The asphalt mixtures produced by the asphalt mixing plants of the Group can be applied in the construction and maintenance of all levels of roads and highways. The Recycling Plants of the Group, in addition to producing regular asphalt mixtures, can also produce recycled asphalt mixtures which contain a combination of reclaimed asphalt pavement and new materials such as bitumen, aggregates and fillers. Our recycling plant operations successfully accomplish the goals of resource recovery and cost reduction in the production of asphalt mixtures. Furthermore, in recent years, we have developed advanced technologies, including RAP crushing equipment and sand manufacturing machinery. When integrated with our established expertise in asphalt mixture production, these innovative solutions comprehensively address the needs of our clientele.

During the Year, our major market, China's road construction industry continued to exhibit robust growth and momentum, underpinned by concerted efforts from regional governments in the PRC to solidify the country's position as a transportation hub. Extensive plans for trillions of yuan worth of transportation investments were initiated nationwide to provide support for sustaining domestic demand and stabilizing the overall economy.

This year, we successfully expanded our overseas market reach into new regions, including Indonesia, Madagascar, Malawi, and the Democratic Republic of the Congo. These regions are actively advancing urban development and infrastructure projects, creating a significant demand for our machinery.

As of 31 December 2024, the Group completed 30 (FY2023: 28) sales contracts of asphalt mixing plants, including a significant project in Hong Kong. Among the completed works, there were landmark highways construction and maintenance projects in the PRC, including Xianning to Jiujiang Expressway（咸九高速公路）, Hebei Qugang Expressway Cangzhou Section（河北曲港高速滄州段）, also Chongqing-Hunan Double Expressway（渝湘複線高速公路）and Mei County to Taibai Expressway（眉太高速路面第二標段）and a significant project in and Hong Kong SAR.

With the initiation of new projects and successful completion of key projects throughout the year, the total revenue increased by approximately 33.4% to RMB370,559,000 during 2024 (FY2023: RMB277,861,000). Gross profit was increased by 45.3% to RMB123,877,000 (FY2023: RMB85,264,000) following more orders in PRC regions. Despite that, the Group introduced stringent cost control measures and automation, leading to a modest turnaround from a loss-making position to profitability, with a net profit of RMB4,413,000 for the year. (FY2023: Net loss of RMB23,864,000)

In addition to the heightened sales in the PRC, the Group strategically diversified into overseas market to mitigate the challenges presented by competitors and the unpredictable economic landscape. Capitalizing on the development opportunities presented by the "Belt and Road Initiative", the Group increased sales efforts in Hong Kong, Southeast Asia and Africa, as well as European region. In particular, the Group completed delivery of a highly intelligent, efficient and environmental-friendly recycling plant for a key development project in Hong Kong, further demonstrating our products' capabilities. In May 2024, the Group visited Xinjiang with other economic and trade representatives from Hong Kong and the PRC. It signed agreements with local companies to cooperate on the development of comprehensive green and intelligent solutions. In South-east Asia, where have strong demand for recycling plants driven by government policies emphasizing sustainable development, the Group established sales network, penetrated the markets including Thailand and Malaysia, thus secured various projects for the first time.

Notably, the Group has consistently dedicated significant resources in research and development. During the Year, it introduced a drying drum featuring a "self-cleaning" capability, which significantly outperforming existing solutions in terms of both economic and environmental efficiency. Unlike conventional drying drums, which typically necessitate periodic internal residue removal and subsequently compromise operational effectiveness, the newly developed product has been engineered to extend the cleaning interval for energy conservation. As a direct consequence, energy conservation is enhanced, emissions are reduced, and operational efficiency is improved. This product innovation unequivocally underscores D&G's unwavering commitment to scientific research and serves as a testament to its position as a leading industry player within the recycling equipment sector.

D&G Technology, as a benchmark enterprise in the industry, has consistently sought to contribute to society and support education. In 2024, the Group proudly donated substantial resources to Chang'an University in Xi'an, reinforcing their ongoing collaboration in areas such as student employment, scientific research and development, and technology transfer. This initiative aims to facilitate resource sharing and collaboratively promote high-quality development, underscoring the group's commitment to fostering educational advancement and innovation in partnership with the university.

Development of Upstream and Downstream Asphalt Related Business

Asphalt mixture, the vital material for asphalt road construction, holds great importance for the Group. With a strong emphasis on diversifying income sources and increasing profits, the Group is dedicated to the development of asphalt-related businesses along the supply chain. To harness the power of local expertise and maximize synergies, the Group actively seeks potential strategic partners to collaborate on the production and sale of asphalt mixtures. By forging these strategic alliances, the Group aims to create a robust and thriving asphalt mixture business.

Development of combustion technology

In the year 2024, the Group has maintained its research efforts on combustion technology to advance its manufacturing and sales of burner combustion equipment, along with related technical support services. This equipment is versatile and applicable across various sectors, including asphalt mixing plants, furnaces, and heating systems, enhancing operational efficiency and effectiveness. As at 31 December 2024, 60 (31 December 2023: 40) patents of combustion technology were registered, 3 patents were pending registration.

Investment in a convertible bond (the "Convertible Bond")

On 10 August 2020, the Group's wholly owned subsidiary, Langfang D&G Machinery Technology Company Limited* ("**Langfang D&G**") (as the lender), has entered into a convertible bond agreement with Zhejiang Zhengfang Asphalt Concrete Technology Limited* (the "**Zhengfang ACT**") (as the borrower). It is a wholly owned subsidiary of Zhejiang Zhengfang Holding Limited, as a guarantor in the convertible bond agreement, a road construction company in Zhejiang, China which is an existing customer of Langfang D&G.

The principal amount of the Convertible Bond is in a total amount of RMB20 million. The Convertible Bond is interest bearing at 6% per annum and the maturity date is 30 April 2024.

During the tenure of the Convertible Bond, the Zhengfang ACT shall purchase no less than five sets of asphalt mixing plants from Langfang D&G.

As at 30 April 2024, Langfang D&G and Zhengfang ACT have mutually agreed that in lieu of exercising the equity conversion option, Langfang D&G will instead elect to receive the full repayment of the RMB20 million principal amount from Zhengfang ACT. The Group received a total of approximately RMB20,433,000 in cash, comprising of principal of RMB20,000,000 and interest income of RMB409,000, net of tax, on 10 May 2024.

Research and development

The Group has consistently upheld its robust research and development competencies to reinforce its status as a leading market participant in the road construction and maintenance machinery sector, with an emphasis on medium to large-scale asphalt mixing plants. As at 31 December 2024, the Group owns 257 registered patents in the PRC (of which 15 were invention patents and 7 were appearance patents) and 30 software copyrights. In addition, the registration of 28 patents were pending approval as at 31 December 2024.

* *For identification purpose only*

Marketing and Awards

The Group prioritizes the marketing and promotion of its brands, products, and services, utilizing a range of digital platforms, including global B2B e-commerce platforms, mobile websites, LinkedIn, and WeChat, to enhance customer experiences and establish a strong brand presence in both domestic and international markets. During the year, the Group participated in various promotional events, technical seminars and corporate social responsibility events such as the 9th Asphalt Pavement Maintenance Technology Forum in Zhengzhou, Xinjiang exchange program organized by the Hong Kong Belt and Road Office, the 1st Highway Maintenance Equipment and Intelligent Safety Facilities Exhibition and Technical Exchange Conference of Hubei Province and the 2024 Paving and Maintenance Machinery Branch Annual Meeting and Development Forum.

In 2024, the Group received considerable recognition for its dedication to sustainability and corporate social responsibility. It was awarded the Merit Award for Sustainable Development Organization by the Green Council at the UNSDG Achievement Awards Hong Kong 2024, acknowledging its exemplary practices in alignment with the United Nations Sustainable Development Goals. Additionally, the Hong Kong Council of Social Service honored the Group as a "5 Years Plus Caring Company", highlighting its ongoing commitment to social initiatives. The organization also garnered accolades at the BOCHK Corporate Environmental Leadership Awards, receiving titles such as "EcoChallenger" and "5 Years+ EcoPioneer". These awards, bestowed by the Federation of Hong Kong Industries and the Bank of China (Hong Kong), recognize the Group's significant contributions to environmental protection and sustainable business practices. Collectively, these distinctions affirm the company's leadership in promoting a responsible and sustainable future within its industry.

Outlook

Looking ahead, China remains our primary market, aiming to make significant strides towards achieving the goal of becoming a transportation hub in the final phase of the 14th Five-Year Plan. During the National Transportation Conference in 2025 hosted by the Ministry of Transport in December 2024, the state government reiterated the importance of accelerating the construction of a strong transportation network, stabilizing effective transportation investments, and laying a solid foundation for a promising start to the 15th Five-Year Plan. This reaffirmation sent a positive message for the continued optimization of the transportation infrastructure, setting a favorable stage for our industry in the upcoming year.

In the rapidly evolving road construction industry, the Group will continue to prioritize R&D to offer cutting-edge solutions and expand its market presence in high-potential regions. Initiatives in Southeast Asia, such as in Thailand, India, and Malaysia, target the growing demand for recycling facilities driven by sustainable development policies.

Internally, the Group will strengthen financial management, enhance accounts receivable practices for stability and increased revenue. Stricter credit controls and improved collections aim to mitigate payment risks and enhance cash flow. Regular credit evaluations of customers strengthen financial stability, enabling strategic investments for growth while maintaining fiscal health. Despite potential challenges, the Group maintains a cautiously optimistic outlook, aiming to establish a sustainable foundation for long-term success and deliver superior shareholder returns.

Financial Review

During the year ended 31 December 2024, the Group recorded a total revenue of RMB370,559,000 (2023: RMB277,861,000), representing an increase of approximately 33.4% as compared to last year. The gross profit of the Group increased from RMB85,264,000 for the year ended 31 December 2023 to RMB123,877,000 for the year ended 31 December 2024, representing an increase of approximately 45.3%. The overall gross profit margin increased by 2.7 percentage points from 30.7% to 33.4%. The Group recorded a net profit attributable to owners of the Company of RMB4,413,000 compared with a net loss of RMB23,864,000 last year.

	2024	2023	Change
	RMB'000	*RMB'000*	
Sales of asphalt mixing plants	**274,850**	184,044	49.3%
Sales of spare parts and modified equipment	**53,657**	69,898	-23.2%
Sales of other asphalt specialty equipment	**42,052**	23,919	75.8%
	370,559	277,861	33.4%

Sales of Asphalt Mixing Plants

	2024	2023	Change
	RMB'000	*RMB'000*	
Revenue	**274,850**	184,044	49.3%
Gross profit *(Note)*	**87,969**	49,354	78.2%
Gross profit margin	**32.0%**	26.8%	5.2pp
Number of contracts	**30**	28	2
Average contract value	**9,162**	6,573	39.4%

Revenue from the sales of asphalt mixing plants increased this year, driven by a higher number of sales contracts and a corresponding increase in the average contract value. The increase in average contract value was primarily driven by the strong growth in larger-scale local sales within the PRC following the full lifting of epidemic prevention measures, as local governments prioritized economic and livelihood activities. These larger local contracts significantly contributed to the overall growth in revenue. The increase in number of contracts completed was mainly due to that following the full lifting of epidemic prevention measures in the PRC, local governments have been focused on restoring economic and livelihood activities, resulting in projects investments. The increase in number of sales contracts were in line with the trend of the market. Furthermore, overall profitability improved due to an increased proportion of sales coming from higher-capacity asphalt mixing plants, which typically generate higher gross profit margins.

Note: Reversal of provision for impairment of inventories of RMB2,727,000 was made for the year ended 31 December 2024 (2023: Provision for impairment of inventories of RMB1,973,000) and charged to the "cost of sales". The gross profit of the sales of asphalt mixing plants presented above and this section has excluded the provision for impairment of inventories for analysis purpose.

By Types of Plants

	2024	2023	Change
	RMB'000	*RMB'000*	
Recycling Plants			
Revenue	**190,467**	88,710	114.7%
Gross profit	**62,096**	22,949	170.6%
Gross profit margin	**32.6%**	25.9%	6.7pp
Number of contracts	**16**	10	6
Average contract value	**11,904**	8,871	34.2%
Conventional Plants			
Revenue	**84,383**	95,334	-11.5%
Gross profit	**25,873**	26,405	-2.0%
Gross profit margin	**30.7%**	27.7%	3.0pp
Number of contracts	**14**	18	-4
Average contract value	**6,027**	5,296	13.8%

Revenue from the sales of Recycling Plants experienced a substantial increase of 114.7% compared to the previous year, reaching RMB190,467,000. This significant growth was primarily driven by the completion of one substantial contract with a high gross profit margin during the year. In addition, increasing local demand for recycling-type plants, driven by a growing emphasis on reducing carbon footprints and promoting sustainable practices, also contributed to the increased number of contracts and average contract value. The high gross profit margin associated with the substantial contract significantly boosted the overall gross profit and gross profit margin to 33.4%.

Revenue from the sales of Conventional Plants decreased by 11.5% compared to the previous year, totaling RMB84,383,000. This decline is largely attributable to a shift in customer demand towards Recycling Plants, driven by a growing preference for environmentally friendly and sustainable solutions. Although the number of contracts decreased, this shift led to an increased gross profit overall, as the current year's sales were primarily comprised of larger Conventional Plant models with significantly higher gross profit margins compared to the smaller models sold in the prior year.

By Geographical Location

	2024 *RMB'000*	2023 *RMB'000*	Change
The PRC			
Revenue	**218,798**	122,777	78.2%
Gross profit	**71,436**	32,803	117.8%
Gross profit margin	**32.6%**	26.7%	5.9pp
Number of contracts	**23**	15	8
Average contract value	**9,513**	8,185	16.2%
Overseas			
Revenue	**56,052**	61,267	-8.5%
Gross profit	**16,533**	16,551	-0.1%
Gross profit margin	**29.5%**	27.0%	2.5pp
Number of contracts	**7**	13	-6
Average contract value	**8,007**	4,713	69.9%

Revenue from the PRC sales increased by 78.2% in 2024, driven by an increase in both the number of contracts completed and the average contract value. This surge is primarily attributable to the full lifting of epidemic prevention measures in the PRC, which has allowed local governments to focus on restoring economic and livelihood activities, leading to increased project investments. The gross profit margin increased by 5.9 percentage points to 32.6%, primarily because more large capacity AMP models were sold in the current year, which generally have higher gross profit margins.

Revenue from overseas sales decreased by 8.5% in 2024, despite a 69.9% increase in the average contract value. The gross profit margin increased by 2.5 percentage points to 29.5%. This increase is attributed to more large capacity orders of AMP which were completed, resulting in an increased gross profit despite the decrease in the number of contracts completed.

Sales of Spare Parts and Components and Modified Equipment

	2024 *RMB'000*	2023 *RMB'000*	Change
Revenue	**53,657**	69,898	-23.2%
Gross profit	**24,919**	32,936	-24.3%
Gross profit margin	**46.4%**	47.1%	-0.7pp

The Group sold spare parts and components for the asphalt mixing plants to its customers as value-added services. The Group also sold modified equipment, including modifying the Conventional Plants, installing key components with recycling functions, upgrading control systems and other customised services.

The revenue from sales of spare parts and components amounted to RMB30,868,000 (2023: RMB34,094,000). The revenue from sales of modified equipment amounted to RMB22,789,000 (2023: RMB35,804,000). The decrease in revenue was mainly due to the decrease in the number of customers demand for modification of Conventional Plants and decrease in sales order of spare parts and components. The gross profit margin decreased by 0.7 percentage points because several modified equipment orders were with less gross profit margin during the year.

Sales of other Asphalt Speciality Equipment

	2024	2023	Change
	RMB'000	*RMB'000*	
Revenue	**42,052**	23,919	75.8%
Gross profit	**8,262**	4,947	67.0%
Gross profit margin	**19.6%**	20.7%	-1.1pp
Number of contracts	**15**	8	7
Average contract value	**2,803**	2,990	-6.3%

The Group's strategic focus on asphalt specialty equipment, including the LiuGong Asphalt Plant ("**LAP**") series asphalt mixing plants, the RAP crushing equipment and the sand manufacturing machine, contributed to significant growth in 2024. While the average contract value slightly decreased, all other important matrix increased. Overall, there was an notable 75.8% growth with 19.6% GP margin, accompanied increase in number of contract, demonstrating increased customer trust and satisfaction in the performance and reliability of our asphalt specialty equipment. This success demonstrates the recognition of value and benefits offered by the product, leading to an increase number contracts.

Other Income and Other (Losses)/Gains, Net

During the year, other income and other (losses)/gains, net mainly represented government grants, fair value gain on a financial asset at fair value through profit or loss, net off with the net exchange loss. The decrease was mainly due to the decrease in government grants and the increase in loss on exchange difference.

Distribution Costs

Distribution costs, which mainly include the salaries of our sales and marketing personnel, fees paid to distributors, freight and transportation expenses, and marketing expenditures, were lower this year. This decrease was driven by a reduction in sales and marketing headcount and lower freight and transportation costs resulting from a decrease in overseas orders.

Administrative Expenses

Administrative expenses, which primarily included staff costs, research and development expenses, and legal and professional fees, increased mainly due to a rise in staff bonuses reflecting strong business performance, and an increase in research and development costs related to the development of the 'X-series' asphalt mixing plants, a more customized and streamlined version.

Net reversal of provision for impairment losses on trade receivables

The amount represented the net reversal of provision for impairment losses on trade receivables of RMB8,749,000 (2023: RMB11,299,000). The increase in reversal of provision for impairment loss was mainly due to decrease in the recoverability risks of the trade receivables of the Group during the year.

Share of Profit of an Associate

The amount represented the share of the profit of Topp Financial Leasing (Shanghai) Co., Ltd.* ("**Shanghai Topp**") of RMB1,816,000 (2023: RMB1,997,000).

Finance Income, Net

Finance income, net mainly included bank interest income and interest income on unwinding discounted trade receivables offset by interest expenses on interest-bearing bank borrowings. The decrease in finance income, net during the year was mainly due to the decrease in interest income on reduced interest rate on deposit.

Income Tax Expense

Income tax expense for the year ended 31 December 2024 was mainly attributable to the deferred tax expenses arisen from the provision for impairment losses on trade receivables, the profit tax incurred by a PRC subsidiary of the Company which is a "high and new technology enterprise" entitled to a preferential tax rate of 15%, and the withholding tax provided for the dividend declared by a PRC subsidiary of the Company.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company amounted to RMB4,413,000 for the year ended 31 December 2024 (2023: Loss attributable to owners of the Company amounted to RMB23,864,000). This substantial improvement in profitability was primarily driven by the strong sales performance discussed previously.

Working Capital Management

Net current assets of the Group amounted to RMB393,386,000 (31 December 2023: RMB428,440,000) with a current ratio of 3.3 times (31 December 2023: 3.5 times) as at 31 December 2024.

Inventories increased by RMB1,027,000 from RMB211,933,000 as at 31 December 2023 to RMB212,960,000 as at 31 December 2024. Inventory turnover days was 314 days for the year ended 31 December 2024, representing a decrease of 99 days as compared to 413 days for the year ended 31 December 2023. The decrease in inventories and inventory turnover days was mainly due to the increase in the cost of sales which in line with the increase in sales orders during the year.

* *For identification purpose only*

Trade and bill receivables increased by RMB72,632,000 from RMB96,557,000 as at 31 December 2023 to RMB169,189,000 as at 31 December 2024. Trade and bill receivables turnover days was 145 days for the year ended 31 December 2023, representing a decrease of 14 days as compared to 131 days for the year ended 31 December 2024. The increase in trade and bill receivables was primarily due to the increase in sales during the year. The decrease in trade and bills receivables turnover days during the year was primarily due to more sales orders received towards the end of the year.

The Group will continue to cautiously monitor the trade receivables collection process so as to improve the collection cycle.

Trade and bill payables increased to RMB90,398,000 as at 31 December 2024, up from RMB79,897,000 as at 31 December 2023, driven by increased purchases to support higher sales volumes. Despite this increase, trade and bill payables turnover days improved significantly, decreasing to 126 days in 2024 from 174 days in 2023, reflecting the company's focus on prompt settlement with suppliers.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. The treasury policies and objectives of the Group are to lower finance costs while enhancing returns on financial assets under a prudent and conservative approach.

As at 31 December 2024, the Group had cash and cash equivalents of RMB48,926,000 (31 December 2023: RMB161,654,000) and pledged bank deposits of RMB21,672,000 (31 December 2023: RMB22,625,000). The Group had no outstanding borrowings (31 December 2023: interest-bearing bank borrowings of RMB909,000). The Group's cash and cash equivalents, pledged bank deposits and borrowings were mostly denominated in Renminbi, Hong Kong dollars and US dollars.

During the year ended 31 December 2024, the Group recorded a net cash used in operating activities of RMB87,550,000 (2023: net cash generated from operating activities of RMB52,145,000). Net cash generated from investing activities amounted to RMB21,722,000 (2023: RMB6,130,000) for the year ended 31 December 2023. Net cash used in financing activities for the year ended 31 December 2024 amounted to RMB47,579,000 (2023: net cash generated from financing activities RMB7,140,000).

Capital Commitments and Contingent Liabilities

Capital commitments as at 31 December 2024 and 2023 not provided for in the consolidated financial statements were as follows:

	At 31 December 2024	At 31 December 2023
	RMB'000	*RMB'000*
Contracted for		
– Property, plant and equipment	**648**	778

As at 31 December 2024, there were no capital commitments authorised but not contracted for (31 December 2023: Same).

Certain customers financed their purchases of the Group's plants through finance leases provided by Shanghai Topp. With respect to these leasing arrangements, the Group provided guarantee to Shanghai Topp amounted up to RMB85,756,000 (2023: RMB112,771,000).

Pledge of Assets

As at 31 December 2024, buildings of RMB24,749,000 (31 December 2023: RMB27,650,000), land use right of RMB4,180,000 (31 December 2023: RMB4,311,000) and bank deposits of RMB21,672,000 (31 December 2023: RMB22,625,000) were pledged for banking facilities and bills payables of the Group.

Foreign Exchange Risk

The reporting currency of the Group was Renminbi. The Group was exposed to foreign exchange risk through sales and purchases which were denominated in a foreign currency including US dollars and Euros. The appreciation or depreciation of Renminbi against these foreign currencies would increase or decrease the price of the Group's products which were sold to overseas markets and might bring negative or positive impact on the Group's export sales. On the other hand, the appreciation or depreciation of Renminbi would also decrease or increase the cost of sales of the Group in respect of the purchases of raw materials from overseas. The management has continuously monitored the level of exchange rate exposure and shall adopt financial hedging instruments for hedging purpose when necessary. The Group did not use any financial instruments for hedging purpose for the year ended 31 December 2024.

Significant Investments and Material Acquisitions or Disposals

During the year ended 31 December 2024, the Group did not have any significant investments or material acquisitions or disposals.

EVENT AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 31 December 2024 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had approximately 330 (2023: 323) employees. The total staff costs for the year ended 31 December 2024 amounted to approximately RMB69,026,000 (2023: RMB73,520,000).

The remuneration policy of the Group was based on performance of employees, market conditions, business demands and expansion plans. The Group offered different remuneration packages to the employees based on their positions, which includes salaries, discretionary bonuses, contributions to pension schemes, housing and other allowances and benefits in kind subject to applicable laws, rules and regulations. The Group also provided training to employees on a regular basis. In accordance with the relevant requirements, the Group made contributions to pension and provided other employees benefits.

The Group has adopted a share option scheme pursuant to which employees and the Directors may be granted options to subscribe for shares of the Company as incentives or rewards for their service rendered to the Group. No option has been granted during the years ended 31 December 2024 and 2023.

DIVIDEND

The Directors do not recommended the payment of final dividend for the year ended 31 December 2024 (2023: Same).

The Directors recommended the payment of a special dividend of approximately HK$0.07 per ordinary share for the year ended 31 December 2023 to shareholders of the Company (the "Shareholders") whose names are listed on the register of members of the Company on Friday, 31 May 2024 as a special celebration of the 25th Anniversary of the Group after its principal subsidiary, Langfang D&G Machinery was officially established in Beijing. The total dividend to be paid is in an aggregate amount of HK$43.9 million (equivalent to approximately RMB39.9 million). Following the approval of the relevant resolution of the Shareholders at the 2024 annual general meeting ("AGM") of the Company, the special dividend was paid to the Shareholders on Friday, 14 June 2024.

ANNUAL GENERAL MEETING

The 2025 AGM will be held on Friday, 27 June 2025, and the notice of the 2025 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, the Company repurchased a total of 7,240,000 shares through the Stock Exchange, all of which have not yet been cancelled as follows:

Month of repurchases	**No. of shares repurchased**	**Price per shares**		**Total consideration** *(in HKD)*	**Total consideration** *(in RMB)*
		Highest *HK$*	**Lowest** *HK$*		
November	5,000,000	0.72	0.69	3,697,000	3,474,000
December	2,240,000	0.72	0.75	1,446,000	1,359,000

The Directors considered that as the Company's shares were trading at a significant discount to its net asset value per share, the repurchase would increase its net asset value per share.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. During the year ended 31 December 2024, the Company, in the opinion of the Directors, complied with the code provisions set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules.

SUSTAINABILITY

Under the "Belt and Road initiative", vast opportunities arise for the development of infrastructural facilities. These facilities connect communities, promote economic progress, and cultivate ideas and cultural exchanges. In light of this spirit of connectivity, and seizing the opportunity to partake in the "Belt and Road initiative", the Group wishes to connect its sustainable business model to the stakeholders.

The sustainability report (the "**Sustainability Report**") of the Group demonstrated the integration of environmental, social and governance considerations in its business approach. The innovative technology and sustainable products carry a strong message: with every segment of road paved with asphalt mixtures from our asphalt mixing plants, we leave an imprint of sustainability. The Sustainability Report will be published on the website of Hong Kong Exchanges and Clearing Limited and the website of the Company in due course, which provides the sustainability performance of the Group for the year ended 31 December 2024, and sets out the sights and plans of the Group for the future.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Specific enquiry was made to all the Directors and all the Directors confirmed that they complied with the Model Code throughout the year ended 31 December 2024.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting system, risk management and internal control systems. The Audit Committee comprises four members, namely Mr. O'Yang Wiley (Chairman), Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson. All of them are independent non-executive Directors. The final results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of Hong Kong Exchanges and Clearing Limited and the website of the Company.

The 2024 annual report will also be published on the website of Hong Kong Exchanges and Clearing Limited and the website of the Company and will be despatched to the Shareholders in due course.

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

Hong Kong, 28 March 2025

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.