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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the "**Board**" or the "**Directors**") of D&G Technology Holding Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2025 together with the comparative figures for the same period of last year, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Unaudited	
		Six months ended 30 June	
	Note	**2025**	2024
		RMB'000	*RMB'000*
Revenue	*5*	**215,096**	141,811
Cost of sales		**(141,736)**	(92,443)
Gross profit		**73,360**	49,368
Other income and other gains/(losses), net	*6*	**1,952**	422
Distribution costs		**(50,872)**	(33,537)
Administrative expenses		**(32,631)**	(31,598)
Net (provision for)/reversal of impairment losses on trade receivables		**(33)**	3,350
Operating loss	*7*	**(8,224)**	(11,995)
Finance income, net		**3,259**	5,714
Share of profit of associates, net		**1,077**	1,066
Loss before income tax		**(3,888)**	(5,215)
Income tax expense	*8*	**(333)**	(468)
Loss for the period attributable to owners of the Company		**(4,221)**	(5,683)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	**Unaudited Six months ended 30 June 2025** *RMB'000*	2024 *RMB'000*
Loss per share attributable to owners of the Company during the period			
– Basic and diluted (RMB cents)	*9*	**(0.66)**	(0.89)
Loss for the period		**(4,221)**	(5,683)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Currency translation differences		**(2,442)**	(1,060)
Other comprehensive loss for the period, net of tax		**(2,442)**	(1,060)
Total comprehensive loss attributable to owners of the Company for the period		**(6,663)**	(6,743)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	**Unaudited 30 June 2025 *RMB'000***	Audited 31 December 2024 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**96,395**	100,080
Intangible assets		**1,247**	1,485
Investment in associates		**65,349**	64,072
Deferred tax assets		**10,761**	11,094
Total non-current assets		**173,752**	176,731
Current assets			
Inventories		**219,295**	212,960
Trade and bills receivables	*10*	**212,888**	169,189
Prepayments, deposits and other receivables		**84,086**	108,198
Income tax recoverable		**–**	2
Pledged bank deposits		**24,986**	21,672
Cash and cash equivalents		**55,882**	48,926
Total current assets		**597,137**	560,947
Total assets		**770,889**	737,678
EQUITY			
Share capital	*12*	**5,059**	5,059
Other reserves		**520,519**	524,856
Retained earnings		**30,076**	35,364
Total equity		**555,654**	565,279

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2025

	Note	**Unaudited 30 June 2025** *RMB'000*	Audited 31 December 2024 *RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**198**	338
Deferred tax liabilities		**4,500**	4,500
Total non-current liabilities		**4,698**	4,838
Current liabilities			
Trade and other payables	*11*	**160,343**	125,302
Contract liabilities	*11*	**49,696**	41,320
Lease liabilities		**498**	939
Total current liabilities		**210,537**	167,561
Total liabilities		**215,235**	172,399
Total equity and liabilities		**770,889**	737,678

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The interim condensed consolidated financial information is presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "**Interim financial reporting**" issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2024, except for the adoption of new and amended standards as set out below.

(a) Amended standards adopted by the Group

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The adoption of the above amendments to standards did not have any significant financial impact on this interim condensed consolidated financial information.

(b) New standards and interpretations not yet adopted

The following are new and amendments to standards and interpretations that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2025 or later periods, but have not been early adopted by the Group.

Standards	Subject	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	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
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature dependent Electricity	1 January 2026
New standard – HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
New standard – HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5	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

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

4 ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2024.

5 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 Group has determined that it only has one major operating segment which is the sales of asphalt mixing plants, spare parts, modified equipment and other asphalt specialty equipment.

Revenue consists of the followings:

	Unaudited Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of asphalt mixing plants	**170,213**	112,578
Sales of spare parts and modified equipment	**32,624**	21,906
Sales of other asphalt specialty equipment	**12,259**	7,327
	215,096	141,811
Revenue from contracts with customers recognised		
– at a point in time	**215,096**	141,811

(a) Revenue from external customers by country

	Unaudited Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Mainland China	**198,656**	97,388
Outside Mainland China	**16,440**	44,423
	215,096	141,811

(b) Non-current assets

The geographical location of the non-current assets, excluding deferred tax assets, is based on the physical location of the assets.

	Unaudited At 30 June 2025	Audited At 31 December 2024
	RMB'000	*RMB'000*
Mainland China	**111,910**	112,580
Outside Mainland China	**51,081**	53,057
	162,991	165,637

(c) Information about major customer

During the six months ended 30 June 2024, revenue from customer A of the Group's outside the Mainland China segment amounted to approximately HK$34,018,000, representing approximately 24% of the Group's consolidated revenue.

Other than disclosed above, no customer with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 June 2025 and 2024.

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

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Other income		
Government grants *(Note)*	**1,124**	1,034
Others	**111**	31
	1,235	1,065
Other gains/(losses), net		
Fair value gain on a financial asset at fair value through profit or loss	**–**	240
Interest income from a financial asset at fair value through profit or loss	**–**	409
Loss on disposal of property, plant and equipment	**–**	(260)
Exchange gain/(loss), net	**437**	(1,187)
Others	**280**	155
	717	(643)
	1,952	422

Note: Government grants mainly represent the financial support provided by the government to assist with operating activities. There were no unfulfilled conditions and other contingencies attached to these grants.

7 OPERATING LOSS

Operating loss is stated after charging/(crediting) the following:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Cost of inventories	**132,049**	87,607
Employee benefit expenses	**38,502**	33,511
Depreciation and amortisation		
– Property, plant and equipment	**3,578**	3,885
– Intangible assets	**234**	424
Net provision for/(reversal of) impairment losses on trade receivables	**33**	(3,350)
Net provision for/(reversal of) impairment of inventories	**5,515**	(3,199)

8 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Deferred income tax	**333**	468

No provision for Hong Kong profits tax was made for the current period (30 June 2024: Nil) as the Group had no assessable profits subject to Hong Kong profits tax for the period.

No provision for PRC enterprise income tax was made for the current period (30 June 2024: Nil) as the Group had no assessable profits subject to PRC enterprise income tax for the period.

The Group's operations in the Mainland China are subject to PRC enterprise income tax at a statutory rate of 25% (2024: 25%).

According to the PRC enterprise income tax law and its relevant regulations, a wholly-owned subsidiary of the Company, Langfang D&G Machinery Technology Company Limited ("**Langfang D&G**") is qualified as a "**high and new technology enterprise**" under the tax law and entitled to a preferential income tax rate of 15% (2024: 15%).

Under the PRC enterprise income tax law and its relevant regulations, a 100% (30 June 2024: 100%) additional tax deduction is allowed for qualified research and development expenses.

9 LOSS PER SHARE

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

The calculations of the basic loss per share are as follows:

	Unaudited Six months ended 30 June	
	2025	2024
Loss attributable to owners of the Company (RMB'000)	**(4,221)**	(5,683)
Weighted average number of ordinary shares in issue	**638,516,000**	639,408,000
Basic loss per share (expressed in RMB cents per share)	**(0.66)**	(0.89)

For the periods ended 30 June 2025 and 2024, diluted loss per share is the same as basic loss per share as there were no potential dilutive shares.

10 TRADE AND BILLS RECEIVABLES

	Unaudited At 30 June 2025 *RMB'000*	Audited At 31 December 2024 *RMB'000*
Trade receivables from third parties	**277,733**	230,749
Less: loss allowance	**(63,673)**	(63,640)
Less: discounting impact	**(4,528)**	(3,984)
	209,532	163,125
Bills receivables	**3,356**	6,064
Total trade and bill receivables	**212,888**	169,189

(a) 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.

(b) The ageing analysis of the trade receivables as at the end of the reporting period based on the date of revenue recognition as follows:

	Unaudited At 30 June 2025 *RMB'000*	Audited At 31 December 2024 *RMB'000*
Within 1 year	**207,566**	147,779
1 to 2 years	**4,584**	19,022
2 to 3 years	**5,122**	3,282
Over 3 years	**60,461**	60,666
	277,733	230,749

Certain trade receivables relating to customers with known financial difficulties or significant doubt on settlement of receivables are assessed individually for provision for impairment allowance. Expected credit losses are estimated by grouping the remaining trade receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the trade receivables.

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Unaudited At 30 June 2025 ***RMB'000***	Audited At 31 December 2024 *RMB'000*
Current:		
Trade payables	**60,568**	26,307
Bills payables *(Note)*	**56,705**	64,091
	117,273	90,398
Amount due to a related party	**252**	252
Other payables and accruals	**42,818**	34,652
	43,070	34,904
Total trade and other payables	**160,343**	125,302
Contract liabilities	**49,696**	41,320
	210,039	166,622

Note: The Group's bills payables of RMB56,705,000 (31 December 2024: RMB64,091,000) were secured by the Group's pledged bank deposits of approximately RMB20,080,000 (31 December 2024: RMB16,729,000), buildings of RMB23,619,000 (31 December 2024: RMB24,749,000) and land use right of RMB4,116,000 (31 December 2024: RMB4,180,000).

The ageing analysis of trade and bills payables as at the end of the reporting period based on invoice date is as follows:

	Unaudited At 30 June 2025 ***RMB'000***	Audited At 31 December 2024 *RMB'000*
Within 3 months	**107,950**	56,814
After 3 months but within 6 months	**5,311**	28,082
After 6 months but within 1 year	**1,916**	3,342
Over 1 year	**2,096**	2,160
	117,273	90,398

12 SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

(a) Share capital

Authorised:

	Number of ordinary shares of HK$0.01 each	**Nominal value of ordinary shares** *HK$*
At 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025	2,000,000,000	20,000,000

	Number of shares *('000)*	*HK$'000*	*RMB'000*
At 1 January 2024, 30 June 2024 and 1 January 2025	639,408	6,395	5,059
Cancellation of shares repurchased *(Note)*	(12,424)	–	–
At 30 June 2025	626,984	6,395	5,059

Note: During the six months ended 30 June 2025, the Company repurchased a total of 5,184,000 of its own shares at an aggregated cost of approximately RMB2,962,000 (six months ended 30 June 2024: Nil). In addition, the Company cancelled a total of 12,424,000 repurchased shares with an aggregated cost of approximately RMB7,795,000 (six months ended 30 June 2024: Nil) during this period. Such amount include the balance of 7,240,000 repurchased shares with an aggregated cost of approximately RMB4,833,000 which were yet to be cancelled as at 1 January 2025.

(b) Share premium

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.

(c) Capital reserve

Capital reserve comprises contributions by the controlling shareholder arising from transactions with owners in their capacity as the equity owners.

(d) Statutory reserves

Statutory general reserves are established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the Mainland China. Appropriations to the reserves were approved by the respective companies' boards of directors.

For the entities concerned, statutory general reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

Specific reserve for designated safety production funds

Pursuant to the relevant PRC regulations, the Mainland China companies comprising the Group are required to transfer designated safety production funds at fixed rates based on production volume to specific reserve accounts. The designated safety production funds could be utilised when expenses or capital expenditures on maintenance, production and safety measures are incurred. The amount of designated safety production funds utilised would be transferred from the specific reserve account to retained earnings.

14 DIVIDEND

No interim dividend was paid, declared or proposed during the six months ended 30 June 2025 (30 June 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

General Review

For the six months ended 30 June 2025, 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 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.

In the first half of 2025 (the "**Period**"), the gross domestic product of China was projected to go up by 5.3 percent year on year, showing the steady economic development despite globally challenging environment. China's road construction industry maintained strong momentum, supported by increased government investment and the ongoing expansion of national infrastructure projects. National infrastructure projects progressed steadily, with the average commencement rate of national engineering machinery standing at 44.8% for the Period. Additionally, road maintenance activities have contributed to this growth, serving as an important driver alongside new construction efforts.

Infrastructure investment across the country has shown a trend of 'blossoming in multiple areas', providing sustained momentum for economic development. Total fixed-asset investment reached RMB24.9 trillion during the Period, with infrastructure spending increasing by 4.6% year-on-year. The transportation sector alone attracted approximately RMB1.2 trillion in investment in the first five months of 2025, fueling 83 major projects across 27 provinces.

Amid this favorable market environment, the Group completed 23 sales contracts for asphalt mixing plants (compared to 10 contracts for the six months ended 30 June 2024), with most contracts from China market, contributing to substantial revenue growth of approximately 51.7% to RMB215,096,000 (For the six months ended 30 June 2024: RMB141,811,000). Gross profit also rose by 48.6% to RMB73,360,000 (For the six months ended 30 June 2024: RMB49,368,000). While achieving strong revenue growth, the Group continued to implement disciplined cost control and inventory management strategies, steadily progressing toward profitability. The Group remains optimistic, driven by a strong order book and the potential to secure more orders and improve margins going forward.

In response to government-led infrastructure initiatives and increased demand from road construction enterprises, the Group scaled up its marketing and promotional efforts to seize new growth opportunities and strengthen its market position. During the Period, the Group successfully completed several landmark highways construction and maintenance projects in the PRC, such as Hunan Luci Expressway（湖南爐慈高速）, Shangpu Expressway（上浦高速公路）, Chongqing Outer Ring Expressway Connection Line（重慶外環高速連接線）, Jingha (Beijing-Harbin) Expressway Expansion and Reconstruction（京哈改擴建）and Hechi-Baise New Expressway（河池-百色高速公路）.

Aside from the Chinese market, the Group also made concerted efforts to expand into Southeast Asia and countries along the Belt and Road, offering a diverse range of products tailored to meet their specific needs. For instance, it continued to expand the presence in Thailand and Malaysia, where there has been strong demand for recycling plant solutions. It also leveraged the "Belt and Road Initiative" to maintain our presence in Hong Kong, Africa, and Europe.

Innovation remained at the forefront of the Group's long-term strategy. The Group has been proactively collaborating with LiuGong Machinery, a prominent player in China's construction machinery industry, to jointly develop a range of mid-end asphalt mixing machinery solutions targeted at overseas and domestic market players. It was also expanding its line of eco-friendly equipment, including machines for Recycled Asphalt Pavement (RAP) crushing and sand manufacturing. These solutions are well-positioned to meet the construction industry's evolving demand for low-emission, resource-efficient technologies.

The Group has heavily invested in research and development to elevate its product portfolio, incorporating specialised machinery that complies with upcoming regulatory standards and modern construction practices. By embracing sustainability, the Group not only contributes to the worldwide transition towards greener infrastructure but also fortifies its market distinctiveness, establishing a robust groundwork for sustained, innovation-driven expansion.

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

During the period, the Group continued to conduct research on the combustion technology to develop the business of manufacturing and sales of burner combustion equipment and the provision of related technical support services. The burner combustion equipment can be applied in a wide spectrum including asphalt mixing plants, furnace, heating system, etc. As at 30 June 2025, 59 (31 December 2024: 60) patents of combustion technology were registered, 4 patents were pending registration.

RESEARCH AND DEVELOPMENT

The Group continued to maintain its strong research and development capabilities to maintain its position as a leading market player in the road construction and maintenance machinery industry focusing on medium to large-scale asphalt mixing plants. As at 30 June 2025, the Group owns 262 registered patents in the PRC (of which 16 were invention patents and 8 were appearance patents) and 31 software copyrights. In addition, the registration of 29 patents were pending approval as at 30 June 2025.

MARKETING AND AWARDS

The Group places great emphasis on the marketing and promotion of its brands, products and services offered and leverages different online platforms, including global trading B2B online platforms, mobile websites, LinkedIn and the WeChat platform to offer better services to customers and establish a better brand image in both the PRC and overseas markets.

During the period, the Group participated in various promotional events, technical seminars, and corporate social responsibility activities. Notable events included the Southwest Asphalt Recycling Equipment Technical Exchange in Chengdu, the 10th Asphalt Pavement Maintenance Technology Forum in Wuhan, the 3rd Highway Maintenance Alliance Annual Meeting and Technology Awards Ceremony in Nanjing, the High-Quality Development Technology Forum for Construction and Maintenance Machinery in Puyang, the Green Road Maintenance Technology Exchange in Guizhou, the 9th Asphalt Pavement Maintenance Technology Forum and New Technology Achievement Exhibition in Changsha, the China Top 50 Engineering Machinery Summit Forum in Changsha, and the Russian International Construction and Engineering Machinery Exhibition (CTT Expo) in Moscow.

In May 2025, the Group was recognized as one of the China Top 50 Specialised Construction Machinery Manufacturers, ranking 45th at the TSO Summit of World Construction Machinery Industry. In July 2025, the Group was awarded the UNSDG Achievement Awards Hong Kong 2025 – Sustainable Organisation Merit Award which was organised by the Green Council. In August 2025, the Group was awarded as an "EcoChallenger" and "10 Years+ EcoPioneer" in the BOCHK Corporate Environmental Leadership Awards which was organised by the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited. The awards are recognition of the Group's contribution to the promotion of environmental protection.

OUTLOOK

Entering the second half of 2025, the Group remains optimistic about China's road construction market, supported by sustained government investment. National Infrastructure spending is projected to exceed RMB3 trillion this year, with transportation development remaining a top priority. Key initiatives include expanding the national expressway network and upgrading rural road systems – trends that continue to drive market demand for high-performance road construction equipment. As a leading supplier in the sector, the Group is well positioned to benefit from this surge in investment and expects steady growth in equipment orders, further strengthening its presence in the domestic market.

Research shows that the Asian market, driven by China's growth, is set to represent nearly 60% of global infrastructure spending by 2025. Growing urbanisation in emerging markets such as Philippines and Indonesia would boost spending for vital infrastructure sectors such as transportation. The Group is dedicated to expanding globally, focusing on lucrative Asian markets. With its expertise and quality products, the Group aims to seize opportunities and grow in these regions.

Diversified product offering is crucial for the Group's development. By forging a strategic partnership with a Canadian company specialising in road construction vehicles, the Group is tapping into opportunities in this sector. This new venture complements the Group's current equipment lines, boosting revenue and expanding its footprint in the infrastructure equipment sector.

As the Group continues to explore new opportunities, maintaining stable operations and a forward-looking vision remains essential for sustained long-term growth. Ms. Choi Kwan Li, Glendy, the Chief Executive Officer, has been appointed Chairman of the Board, effective 23 June 2025. With extensive expertise in the trading and manufacturing of specialised engineering equipment, along with long-term management experience within the company, Ms. Choi is well-positioned to guide the Company towards lasting stability and sustainable growth in both domestic and international markets.

Financial Review

During the six months ended 30 June 2025, the Group recorded a total revenue of RMB215,096,000 (2024: RMB141,811,000), representing an increase of approximately 51.7% as compared to the last corresponding period. Gross profit increased from RMB49,368,000 for the six months ended 30 June 2024 to RMB73,360,000 for the six months ended 30 June 2025, representing an increase of approximately 48.6%. Gross profit margin decreased by 0.7 percentage points from 34.8% to 34.1%. The Group recorded a net loss attributable to owners of the Company of RMB4,221,000 compared with a net loss of RMB5,683,000 in the last corresponding period.

	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	
Sales of asphalt mixing plants	**170,213**	112,578	51.2%
Sales of spare parts and modified equipment	**32,624**	21,906	48.9%
Sales of other asphalt specialty equipment	**12,259**	7,327	67.3%
	215,096	141,811	51.7%

Sales of Asphalt Mixing Plants

	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	
Revenue	**170,213**	112,578	51.2%
Gross profit *(Note)*	**61,108**	34,773	75.7%
Gross profit margin	**35.9%**	30.9%	5.0pp
Number of contracts	**23**	10	13
Average contract value	**7,401**	11,258	-34.3%

During the six months ended 30 June 2025, revenue from sales of asphalt mixing plants increased significantly by 51.2% to RMB170,213,000, compared to RMB112,578,000 in the same period last year. This growth was supported by an increase in the number of contracts completed, rising from 10 in 2024 to 23 in 2025, representing an additional 13 contracts. The average contract value decreased by 34.3% to RMB7,401,000, reflecting a higher proportion of smaller capacity plants sold during the period. Despite this shift towards smaller scale contracts, the gross profit margin improved by 5.0 percentage points to 35.9%, driven by effective cost management. Gross profit increased substantially by 75.7% to RMB61,108,000, demonstrating the Group's success in balancing volume growth with profitability amid a competitive industry environment.

Note: Provision for impairment of inventories of RMB5,515,000 was made during the six months ended 30 June 2025 (six months ended 30 June 2024: Reversal of provision for impairment of inventories of RMB3,199,000) and charged to the "Cost of sales". The gross profit of the sales of asphalt mixing plants presented above and, in this section, has excluded the provision for impairment of inventories for analysis purpose.

By Types of Plants

	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	
Recycling Plant			
Revenue	**28,276**	75,139	-62.4%
Gross profit	**10,001**	23,773	-57.9%
Gross profit margin	**35.4%**	31.6%	3.8pp
Number of contracts	**4**	5	-1
Average contract value	**7,069**	15,028	-53.0%
Conventional Plant			
Revenue	**141,937**	37,439	279.1%
Gross profit	**51,106**	11,000	364.6%
Gross profit margin	**36.0%**	29.4%	6.6pp
Number of contracts	**19**	5	14
Average contract value	**7,470**	7,488	-0.2%

During the six months ended 30 June 2025, revenue from the sales of Recycling Plants decreased by 62.4% to RMB28,276,000, compared to RMB75,139,000 in the same period last year. This decline was mainly due to a decrease in the number of contracts completed, falling from 5 in 2024 to 4 in 2025, along with a 53.0% drop in the average contract value to RMB7,069,000. Although the gross profit margin improved by 3.8 percentage points to 35.4%, reflecting better cost control and operational efficiency, overall gross profit decreased due to the completion of a significant contract last year, resulting in a lower number of contracts completed and fewer capacity models sold this year.

In contrast, revenue from the sales of Conventional Plants increased substantially by 279.1% to RMB141,937,000 in the period, compared to RMB37,439,000 in the prior period. This increase was driven by a rise in the number of contracts completed from 5 to 19, though the average contract value decreased slightly to RMB7,470,000. The gross profit margin also improved by 6.6 percentage points to 36.0%, supported by operational efficiencies and a favorable product mix.

By Geographical Location

	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	
PRC			
Revenue	**160,269**	73,800	117.2%
Gross profit	**56,753**	21,784	160.5%
Gross profit margin	**35.4%**	29.5%	5.9pp
Number of contracts	**22**	8	14
Average contract value	**7,285**	9,225	-21.0%
Overseas			
Revenue	**9,944**	38,778	-74.4%
Gross profit	**4,354**	12,989	-66.5%
Gross profit margin	**43.8%**	33.5%	10.3pp
Number of contracts	**1**	2	-1
Average contract value	**9,944**	19,389	-48.7%

During the six months ended 30 June 2025, revenue from PRC sales increased significantly by 117.2% to RMB160,269,000, compared to RMB73,800,000 for the same period last year. This growth was primarily driven by a substantial increase in the number of contracts completed, rising from 8 to 22, despite the average contract value decreased by 21.0% to RMB7,285,000. The gross profit margin improved by 5.9 percentage points to 35.4%, reflecting a higher proportion of sales involving larger capacity plants, which generally yield higher gross profit margins. Consequently, gross profit rose materially by 160.5% to RMB56,753,000, supported by both volume growth and enhanced profitability.

In contrast, overseas sales revenue declined by 74.4% to RMB9,944,000 from RMB38,778,000 in the prior period, primarily due to a reduction in the number of contracts completed from 2 to 1 and a nearly 48.7% decrease in average contract value. Nevertheless, the gross profit margin improved by 10.3 percentage points to 43.8%, driven by the completion of a significant contract with a high margin during the period. Gross profit from overseas sales decreased by 66.5% to RMB4,354,000, reflecting the lower revenue base.

Sales of Spare Parts and Components and Modified Equipment

	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	
Revenue	**32,624**	21,906	48.9%
Gross profit	**15,194**	9,989	52.1%
Gross profit margin	**46.6%**	45.6%	1.0pp

During the six months ended 30 June 2025, the Group generated total revenue of RMB32,624,000 from the sales of spare parts, components, and modified equipment, representing an increase of 48.9% compared to RMB21,906,000 in the same period last year. Revenue from spare parts and components amounted to RMB17,137,000 (six months ended 30 June 2024: RMB13,439,000), while revenue from modified equipment was RMB15,487,000 (six months ended 30 June 2024: RMB8,467,000).

The increase in revenue was primarily due to an increase in overall customer demand for modifications and spare parts of Conventional Plants. Gross profit for the period was RMB15,194,000, with a gross profit margin of 46.6%, slightly higher than the 45.6% margin recorded in the prior period.

Sales of other Asphalt Specialty Equipment

	Six months ended 30 June		
	2025	2024	Change
	RMB'000	*RMB'000*	
Revenue	**12,259**	7,327	67.3%
Gross profit	**2,573**	1,407	82.9%
Gross profit margin	**21.0%**	19.2%	1.8pp
Number of contracts	**6**	3	3
Average contract value	**2,043**	2,442	-16.3%

The Group launched several new series of brand of asphalt specialty equipment since 2021 which included the LiuGong Asphalt Plant ("**LAP**") series asphalt mixing plants, the recycled asphalt pavement ("**RAP**") crushing equipment and the sand manufacturing machine.

The Group has become the exclusive supplier of the LAP series asphalt mixing plants since May 2021. This strategic partner will further penetrate the mid-end asphalt mixing plant market to win more orders and expand its revenue stream. There were 3 sales contracts completed during the period. We continue to explore more business opportunities with the sales channel with LiuGong in our coming future.

The Group considered the sales of RAP crushing equipment and the sand manufacturing machine as the new source of revenue for domestic and overseas asphalt mixing plants markets and to its customers as value-added services as well as provided solutions to meet the diversified needs of the customers. Three RAP crushing equipment were sold during the period. As both equipments were new to the market, we expect to give proactive and determined effort to offer this comprehensive asphalt solution to the customers.

Other Income and Other Gains/(Losses), Net

During the period, other income and other gains/(losses), net mainly represented government grants and net exchange gain. The increase was mainly due to the increase in net foreign exchange gain by RMB1.6 million (2024: exchange loss of RMB1.2 million).

Distribution Costs

Distribution costs mainly included freight and transportation, staff salaries, distributor commissions, professional and marketing fees, and entertainment expenses. For the six months ended 30 June 2025, these costs increased by 52%, matching revenue growth. The increase was due to higher logistics expenses, increased sales and marketing staff costs, and greater distributor commissions. Marketing costs and warranty costs also grew, supporting stronger promotion and after-sales efforts, partly offset by lower repair and installation expenses. Overall, the increase reflects expanded sales activities and enhanced marketing compared to the prior period.

Administrative Expenses

Administrative expenses mainly consisted of staff costs, research and development expenses, and legal and professional fees. During the period, administrative expenses increased by 3.3% compared to the prior period, primarily due to higher research and development costs and increased staff costs. While travelling expenses also rose to support business expansion, legal and professional fees decreased, partly net-off the overall increase in administrative expenses.

Net (Provision for)/Reversal of Impairment Losses on Trade Receivables

The amount represented the net provision for impairment losses on trade receivables of RMB33,000 (2024: net reversal of impairment losses on trade receivables of RMB3,350,000). The provision for impairment loss during the period was minimal, mainly attributable to the recognition of expected credit losses on a small portion of long overdue trade receivables.

Share of Profit of Associates, Net

The amount represented the share of profit of Topp Financial Leasing (Shanghai) Co., Ltd.* ("**Shanghai Topp**") of RMB1,078,000 (2024: RMB1,066,000) and share of loss of Hangzhou Honglian Intelligent Technology Co., Ltd. of RMB1,000 (2024: Nil).

Finance Income, Net

Finance income, net mainly included bank interest income and interest income on unwinding discounted trade receivables net-off by interest expenses on lease liabilities. The decrease in finance income, net during the period was mainly due to the decrease in interest income on bank deposits.

Income Tax Expense

The income tax expense for the six months ended 30 June 2025 was mainly attributable to the deferred tax expense arisen from the provision of warranties.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company amounted to approximately RMB4,221,000 for the six months ended 30 June 2025 compared with the loss attributable to owners of the Company of approximately RMB5,683,000 for the six months ended 30 June 2024. The reduction in loss for the period was mainly due to the increase in revenue and gross profit as discussed above.

Working Capital Management

Net current assets of the Group amounted to RMB386,605,000 (31 December 2024: RMB393,386,000) with a current ratio of 2.8 times (31 December 2024: 3.3 times) as at 30 June 2025.

Inventories increased by RMB6,355,000 from RMB212,960,000 as at 31 December 2024 to RMB219,295,000 as at 30 June 2025. Inventory turnover days was 276 days for the six months ended 30 June 2025, representing a decrease of 38 days as compared to 314 days for the year ended 31 December 2024. The increase in inventories was mainly due to the increase in raw materials purchased and work in progress for sales contracts signed but not yet recognised.

Trade and bills receivables increased by RMB43,699,000 from RMB169,189,000 as at 31 December 2024 to RMB212,888,000 as at 30 June 2025. Trade and bills receivables turnover days was 164 days for the six months ended 30 June 2025, representing a increase of 33 days as compared to 131 days for the year ended 31 December 2024. The increase in turnover days during the period was mainly attributable to the higher proportion of contracts with PRC customers being completed close to the period end, resulting in accounts receivable that are not yet due for payment, alongside higher sales volume. in the period. The Group remains committed to closely monitoring the collection of trade receivables with the objective of improving the overall collection cycle and working capital efficiency.

Trade and bills payables increased by RMB26,875,000 from RMB90,398,000 as at 31 December 2024 to RMB117,273,000 as at 30 June 2025. Trade and bills payables turnover days was 133 days for the six months ended 30 June 2025, representing an increase of 7 days as compared to 126 days for the year ended 31 December 2024. The rise in trade and bills payables and turnover days during the period was mainly driven by more favorable payment terms negotiated with suppliers and sub-contractors, despite an increase in sales orders and cost of goods sold. This reflects the Group's effective management of its payment cycle while sustaining higher sales and production levels.

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 30 June 2025, the Group had cash and cash equivalents of RMB55,882,000 (31 December 2024: RMB48,926,000) and pledged bank deposits of RMB24,986,000 (31 December 2024: RMB21,672,000). In addition, the Group had no borrowings (31 December 2024: same). The Group's cash and cash equivalents and pledged bank deposits were mostly denominated in Renminbi, Hong Kong dollars and US dollars.

During the six months ended 30 June 2025, the Group recorded net cash generated from operating activities of RMB19,485,000 (six months ended 30 June 2024: cash used in operating activities of RMB29,834,000). Net cash used in investing activities amounted to RMB1,166,000 (six months ended 30 June 2024: Net cash generated from investing activities of RMB7,408,000) for the six months ended 30 June 2025. Net cash used in financing activities for the six months ended 30 June 2025 amounted to RMB10,576,000 (six months ended 30 June 2024: RMB42,231,000).

Capital Commitments and Contingent Liabilities

Capital commitments as at 30 June 2025 and 31 December 2024 not provided for in the consolidated financial statements were follows:

	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Contracted for		
– Property, plant and equipment	**663**	648

As at 30 June 2025, there is no capital commitments authorised but not contracted for (31 December 2024: 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 RMB94,333,000 (31 December 2024: RMB85,756,000).

Pledge of Assets

As at 30 June 2025, property, plant and equipment of RMB23,619,000 (31 December 2024: RMB24,749,000), land use right of RMB4,116,000 (31 December 2024: RMB4,180,000) and bank deposits of RMB24,986,000 (31 December 2024: RMB21,672,000) were pledged for bill payables and banking facilities 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 market 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 six months ended 30 June 2025.

Significant Investments and Material Acquisitions or Disposals

During the six months ended 30 June 2025, the Group did not have any significant investments or material acquisitions or disposals.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had approximately 352 employees (31 December 2024: 330). The total staff costs for the six months ended 30 June 2025 amounted to approximately RMB38,502,000 (six months ended 30 June 2024: RMB33,511,000).

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 Company has adopted a share option scheme of the Company pursuant to which employees may be granted options to subscribe for shares of the Company as incentives or rewards for their services rendered to the Group. No option has been granted during the six months ended 30 June 2025 and 2024.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2025 (six months ended 30 June 2024: same).

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

During the six months ended 30 June 2025, the Company repurchased a total of 5,184,000 of its own shares at a cost of approximately RMB2,962,000. In addition, the Company cancelled 12,424,000 shares with a total value of approximately RMB7,795,000. There were no sales of the Company's listed securities during the period (six months ended 30 June 2024: neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities).

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2025, the Company has complied with all the code provisions of the Corporate Governance Code (the "**Code**") as set out in Part 2 of Appendix C1 to the Listing Rules, except for the following deviations:

Code provision C.2.1 in Part 2 of the Code provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. In this period, Ms. Glendy Choi Kwan Li, in addition to her role as Chief Executive Officer, also appointed the Chairman of the Board. The Board has ensured that appropriate measures and safeguards are in place to maintain effective checks and balances, preserving the independence of the Board and the robust operation of the Company's corporate governance framework.

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 the code of conduct for its Directors dealing in securities of the Company. The Company has made specific enquiry to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2025.

REVIEW OF INTERIM RESULTS

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 three members, namely Mr. O'Yang Wiley (Chairman), Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson. All of them are independent non-executive Directors. The interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee.

The Company's auditor, PricewaterhouseCoopers, has also reviewed the unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers, certified public accountants and independent auditor of the Company, has reviewed the unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Change of Directors' Information

Mr. Choi Hung Nang resigned as Chairman and Executive Director of the Company with effect from 23 June 2025.

Ms. Choi Kwan Li, Glendy was appointed as Chairman with effect from 23 June 2025 and a member of the Nomination Committee with effect from 30 June 2025. She is also the Chief Executive Officer and Executive Director of the Company.

Mr. Li Zongjin resigned as Independent Non-Executive Director, a member of the Audit Committee, and a member of the Nomination Committee of the Company with effect from 23 June 2025.

Mr. Lee Wai Yat, Paco was appointed as the Chairman of the Nomination Committee of the Company with effect from 23 June 2025. He was also the independent Non-Executive Director and a member of the Audit Committee.

Mr. Choi Hon Ting, Derek was appointed as a member of the Nomination Committee with effect from 23 June 2025 and resigned from the Nomination Committee with effect from 30 June 2025. He was also the executive director of the Company.

Mr. O'Yang Wiley has renewed his service agreement with the Company for a further period of three years commencing from 1 May 2025. His emolument has not changed upon the renewal of the service agreement and other terms and conditions of the service agreement remained the same.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.dgtechnology.com.

The 2025 interim report will also be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.dgtechnology.com and will be despatched to the shareholders of the Company in due course.

By order of the Board
D&G Technology Holding Company Limited
Choi Kwan Li, Glendy
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the executive directors of the Company are 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. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson.

* *For identification purpose only*