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D&G Technology Holding Company Limited

德基科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1301)

VOLUNTARY ANNOUNCEMENT SHARE REPURCHASE UNDER THE REPURCHASE MANDATE

This announcement is made by D&G Technology Holding Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company. Reference is made to the announcement issued by the Company on 1 November 2024 on the Proposed Share Repurchase (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

BACKGROUND AND REASONS FOR THE BREACHES OF LISTING RULES

Pursuant to the Announcement, the Board resolved to utilise the Repurchase Mandate to repurchase Shares in the open market from time to time in accordance with market conditions. The period for the Proposed Share Repurchase is from 4 November 2024 until 30 April 2025. The Proposed Share Repurchase will be funded by the Company’s internal resources and the Company will subsequently cancel the repurchased Shares.

According to Rule 10.06(2)(a) of the Listing Rules, the Company shall not purchase its shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Stock Exchange (the “**Maximum Price**”).

Mr. Choi Hon Ting Derek (“**Mr. Choi**”), the Executive Director of the Company and the person nominated and authorised by the Board to execute the Share Repurchase, was responsible for executing the share repurchase transactions.

On 16 April 2025, the Company repurchased 1,146,000 Shares, representing approximately 0.18% of the total issued share capital of the Company and approximately 1.79% of the Repurchase Mandate. The repurchased Shares were purchased at a price range of between HK\$0.63 to HK\$0.67. Of these, 956,000 Shares were repurchased at prices higher than the Maximum Price due to an inadvertent and unintentional mistake made by Mr. Choi (“**Incident**”), representing approximately 0.17% to 3.25% higher than the Maximum Price.

On 30 April 2025, the Company further repurchased 174,000 Shares, representing approximately 0.027% of the total issued share capital of the Company and approximately 0.27% of the Repurchase Mandate, where all the repurchased Shares were repurchased at prices higher than the Maximum Price due to similar oversight by Mr. Choi ("**Further Purchase**"). The repurchased Shares were purchased at a price range of between HK\$0.73 to HK\$0.75 and was higher than the Maximum Price by approximately 0.47% to 3.22%.

The number of repurchased Shares on the above two occasions was a total of 1,320,000 Shares, representing only approximately 2.06% of the Repurchase Mandate and has an immaterial impact to the capital structure of the Company.

During both the Incident and Further Purchase, the trade orders were placed with an unintentional oversight on the Maximum Price. As a result, the Company has breached Rule 10.06(2)(a) of the Listing Rule in relation to the Share Repurchase. The circumstances arose due to an administrative oversight in the application of the price cap under the relevant Listing Rules during the execution of the share repurchase orders. This was the Company's first share repurchase exercise since its listing, and despite the Company operating in good faith and with the intent to full comply with the Listing Rules, an administrative oversight which was unintentional contributed to the breach. There was no intention to contravene the Listing Rules and the transactions were executed in good faith as part of the Company's on-going share repurchase exercise.

REMEDIAL ACTIONS

The Company and Mr. Choi acknowledge that the Incident and the Further Purchase inadvertently breached Rule 10.06(2)(a) of the Listing Rules, which the issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Stock Exchange.

In view of this non-compliance of the Listing Rules, the Company and Mr. Choi sincerely regretted the unintentional mistake. To prevent such incident from occurring again, the Company proposed to undertake the following additional measures to further strengthen the internal control measures and ensure full compliance with the Listing Rules for future share repurchase(s):

- (i) establishing a daily protocol in which a designated personnel of the Finance Department to calculate and communicate the average closing price, corresponding maximum purchase price, and the number of Shares that remains available under the Repurchase Mandate to both the director of the Company who will be designated for execution for future share repurchases ("**Designated Director**") and a senior member of the Finance Department;
- (ii) revising its operational procedures to ensure a dual-level verification by both the Designated Director and a senior member of the Finance Department prior to order placement;
- (iii) the senior member of the Finance Department will place purchase orders with the stockbroking firm after verification and provides price calculations to the stockbroking firm for reference;

- (iv) at the end of the trading day in which share repurchase has been conducted, the designated personnel of the Finance Department will prepare (i) a summary of the number of Shares repurchased and the purchase price(s) to a senior member of the Finance Department and the Designated Director for their reference on the purchase order duly executed; and (ii) the filing to the Stock Exchange;
- (v) a comprehensive checklist will be incorporated into the internal control measures, in which the checklist will be completed and signed off before any share repurchase transactions; and
- (vi) the Company will arrange additional training sessions on regulatory compliance matters relating to Chapter 10 of the Listing Rules, to the Directors, senior management and the responsible staff on a regular basis to reinforce their understanding of and importance of compliance with the Listing Rules and mitigate the risk of recurrence.

Going forward, the Company will ensure strict compliance with the Listing Rules.

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

Hong Kong, 15 May 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.