



德基科技
D&G TECHNOLOGY

D&G TECHNOLOGY HOLDING COMPANY LIMITED

<INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY>
STOCK CODE 1301



Sustainability Report 2020



環保優秀企業
EcoChallenger
中銀香港 | BOCHK
企業環保領先大獎 2019
Corporate Environmental Leadership Awards 2019



5 Years +
環保先驅
EcoPioneer
中銀香港 | BOCHK
企業環保領先大獎 2019
Corporate Environmental Leadership Awards 2019



CORPORATE VISION
Corporate Green Governance Award
2020
Hong Kong Green Awards 2020



5 years +
商界展關懷
caring company
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發



綠色金融
香港品質保證局
發行前階段
證書編號: CC 6710



5 years +
香港綠色企業大獎 2020
Hong Kong Green Awards

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1 About this Report

Reporting Period and Scope

This is the sixth annual sustainability report (the “report”) published by D&G Technology Holding Company Limited (the “Company”) and its subsidiaries (hereafter collectively referred to as “D&G” or the “Group”) (Stock Code: 1301). The report covers the Group’s sustainability performance of the financial reporting period from 1 January 2020 to 31 December 2020 (the “reporting year”). The scope of the report has no significant change, covering D&G’s offices in Hong Kong, Beijing, Shanghai, Guangzhou, Pakistan, and main manufacturing plant and adjacent employees’ dormitory located in Langfang, Hebei.

Reporting Framework

The report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (“HKEx”), and “core” option of Global Reporting Initiative standards (the “GRI standards”). The Group adheres to the principles introduced by the ESG Guide and the GRI standards to report on the measures and performances in the reporting year. A content index is attached at the end of this report as a tool to navigate readers to the specific issues corresponding with the ESG Guide and the GRI standards. Information on corporate governance has been reported in detail in the Annual Report in accordance with Appendix 14 of the Main Board Listing Rules. The board of directors of the Company (the “Board”) would like to express its sincere gratitude to the management and all the staff for their hard work and contribution towards the report and the environmental and social performances throughout the reporting year.

Contact Details

We welcome you to provide any comments and suggestions on the report and other matters related to the sustainable development of the Group. Please feel free to contact us at:

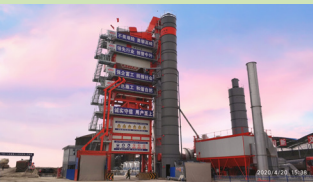

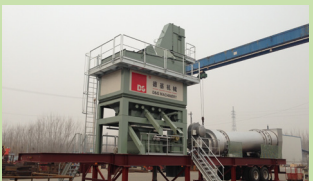
Email : info@dgtechnology.com

2 Business Review



Founded in 1999, D&G is a leading manufacturer and service provider of medium and large asphalt mixing plants in China, with its headquarters located in Hong Kong. Innovation and environmentally friendly production have always been D&G's business focuses. The Group is concentrated in providing customers with efficient, reliable, safe and environmentally friendly conventional hot-mix asphalt mixing plants ("conventional plants") and hot-mix asphalt mixture recycling plants ("recycling plants"). Such equipment can be used to the highways of different scales and construction and maintenance of highways. In addition, the Group provides customer services for asphalt mixing equipment in various countries such as China and Pakistan, including sales of spare parts and components, provision of equipment modification services and operating leases of asphalt mixing plants.

There are four categories of D&G's asphalt mixing plants:

Conventional

Categories	Description	Properties
Standard Series 	Traditional and robust asphalt mixing plant	<ul style="list-style-type: none"> • 100-400 tonnes/hour • Easy to operate • Reliable • Easy for maintenance
Compact Series 	Customers are able to save transportation costs for the Compact Series, and these asphalt mixing plants are designed with individual elements after precise selection and professional configuration on the exterior hull of shipping containers	<ul style="list-style-type: none"> • 100-240 tonnes/hour • Lower shipping costs • Suitable for long-distance transportation • No production capacity compromised
Mobile Series 	Customers with mobile needs are able to utilise the Mobile Series asphalt mixing plant for quick and efficient work	<ul style="list-style-type: none"> • 100-120 tonnes/hour • Fast transit • Easy installation • Suitable for maintenance work

Recycling

Categories	Description	Properties
Recycling Series  	As one of the first manufacturers in China to develop recycling plants and export the products to advanced countries such as Australia, D&G takes pride in its recycling series in promoting a more environmentally friendly approach to asphalt production	<ul style="list-style-type: none"> • 100-400 tonnes/hour • 10-50% reclaimed asphalt pavement • Cost reduction • Environmentally friendly • Efficient Production <p>Environmental benefits:</p> <ul style="list-style-type: none"> • 10-35% fuel reduction • Less emissions (compared with conventional plants) <ul style="list-style-type: none"> ◆ Carbon dioxide – 60% ◆ Sulfur dioxide – 70% ◆ Volatile organic compounds – 50% ◆ Carbon monoxide – 10-30% ◆ Nitrogen oxides – 60-70% ◆ Particulate matter – 20-25%

2 Business Review

In the face of the uncertainties such as the global epidemic and climate change crisis, the Group is more aware of the importance of sustainable development in combating risks, and the needs to improve the resilience of overall operations. To further promote environmental protection, the Group has integrated the concept of circular economy into its business, and is devoted to working to improve the environmental performance of the recycling plants. This series effectively uses construction waste such as used and broken asphalt mixtures as raw materials for the production of recycled asphalt pavement. Compared with conventional plants, it also has higher energy efficiency and significantly reduces air pollution emissions and attains resource-efficient and environmentally friendly production. With the tightening of environmental requirements for operations by the governments and the global concern on environmental issues, the Group is expecting the increase in market demand on such products. Therefore, the continuous development of this series will not only support the global Sustainable Development Goals (“SDGs”) and the development direction of the government, but will also bring the Group a competitive advantage in the market.

To provide more diversified services, D&G has launched equipment modification services, including the installation of recyclable essential parts, remote control systems and other customised services to upgrade conventional plants. These services are aligned with the market’s requirements for technology, providing customers with more convenient and considerate services while enhancing the market competitiveness of D&G.

To strengthen D&G’s leading position over the years in the industry, the Group endeavours to strengthen product research and development (R&D). D&G has established a R&D centre in December 2017, to proactively facilitate knowledge exchange, effectively develop different research projects, and lead the team development with innovation as the core. These efforts enable the Group to use new technologies and innovations while improving the environmental performance of its products, to promote the development of circular economy, and drive business reform. In an effort to consolidate the sustainable development of the business, D&G has set its vision, mission and core values (“VMC”) to determine the direction for its steady development.



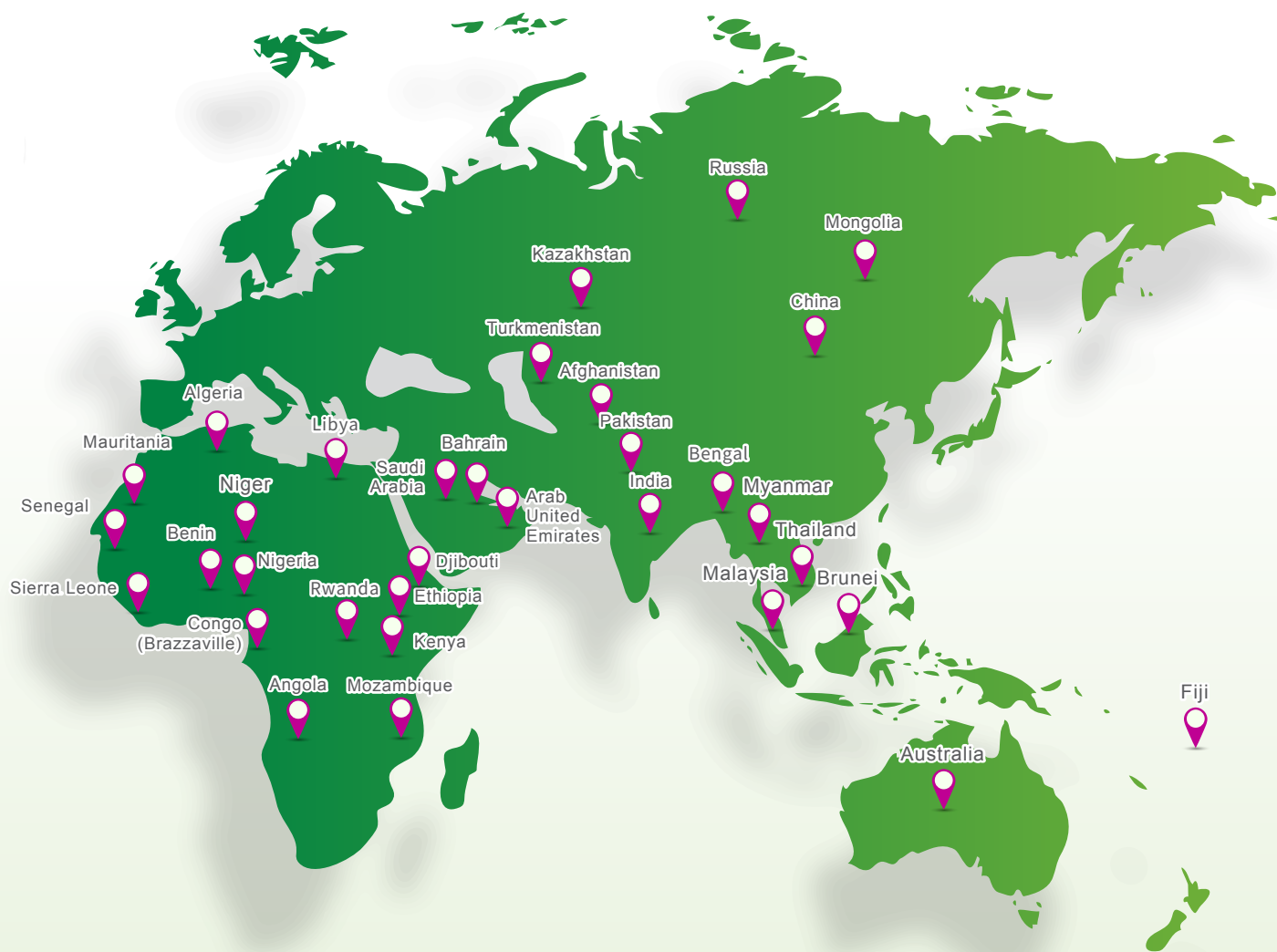
2 Business Review

In support of the above VMC, the Group has successfully incorporated the concept of circular economy into its business model, making operations more resource-efficient and sustainable:



2 Business Review

Hinging on continuous efforts, the market coverage of D&G's practice has reached across the globe. Since the beginning of the practice, the Group's business operation has expanded to more than 30 countries in the below map. The total number of employees of the Group reached 402. They are distributed in business locations in nine different countries and regions, and all subsidiaries are wholly-owned. The Group's achievement allowed it to be successfully listed on the HKEx in 2015, further increasing its influence in the market.



For the financial performance of the Group during the reporting year, please refer to the Group's 2020 Annual Report.

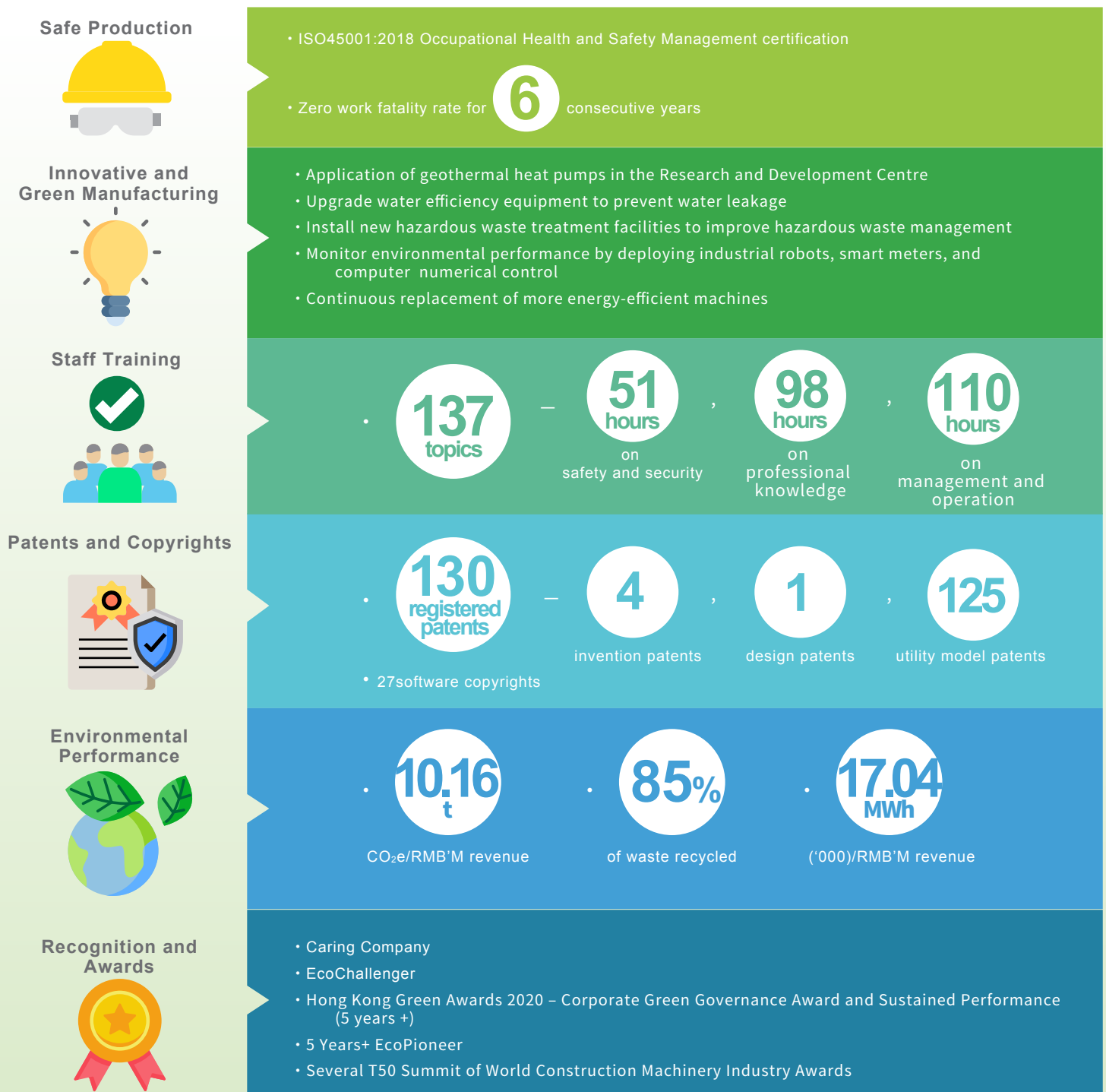
3 Sustainability Highlights

In the face of the global pandemic outbreak, the Group continues to strengthen its sustainability strategy and performance with a more environmentally friendly operation in the asphalt mixing plants, in order to create a healthy and sustainable society.

Although this was a challenging year, the Group did not stop taking part in different environmental initiatives such as becoming a member of Green Council, as a founding member of the Sustainable Procurement Charter, mapping Sustainable Development Goals (SDGs) into the business operation, committing to sustainable procurement and enhancing engagement with stakeholders. The Group strives for further improvements to its sustainable development journey.

The theme of the Group's Sustainability Report this year is "Creating a healthy community, achieving a sustainable future". The Report will present its sustainability performance from responsible governance to green operation, demonstrate how the Group shoulders corporate social responsibility with stakeholder engagement and brings positive impacts to society under the pandemic.

The sustainability performance is highlighted as follows:



4 Chairman's Statement

Dear Stakeholders,

I am pleased to present D&G's sustainability report for the year ended December 31, 2020, which outlines our efforts on the road to sustainable development, especially on creating values for the environment, society, and stakeholders under the difficulties of the pandemic.

2020 was a difficult year, which included factors such as the COVID-19 pandemic and global economic instability. However, D&G did not hesitate thereby. Instead during the reporting year, we took further actions on the potential risks and opportunities related to Environmental, Social and Governance ("ESG") issues from the management perspective. In response to the COVID-19 pandemic, the Group adopted various measures to protect the health of employees, including setting up a leading Group for Epidemic Prevention and Control Work to establish a prevention and control system, provide pandemic supplies to the employees, implement working from home, conduct regular disinfection of the workplace, and monitor employees' health conditions.

In addition, we are also eager to enhance the governance of the Group's sustainable development. After using the Global Reporting Initiative ("GRI") standards in the previous years, establishing the ESG committee, and adopting green financing, this year the Group has included SDGs set by the United Nations for the first time in the Sustainability Report, making disclosures to the appropriate SDGs that are relevant to D&G's business. In the future, we will consider formulating different strategies and actions, in order to contribute to SDG and sustainable development. D&G will gradually enhance and improve its governance of sustainable development, and will carefully consider different ways to improve its governance and disclosure of ESG.

As a socially responsible corporate, D&G will continue to develop environmental protection technologies to improve product performance, and apply its expertise in manufacturing recycled equipment to create a greener future. Moreover, we will continue to establish a stable and sustainable supply chain, strive to promote environmentally friendly procurement, and achieve waste reduction at the source. While promoting business development, we will adopt a comprehensive management approach on various ESG issues. to lay the foundation for sustainable operations.

The theme of the report is "Creating a healthy community, achieving a sustainable future". Facing the challenges in the reporting year, we did not back off to look for opportunities, used actions to support its core values Integrity, Innovation, Responsibility and Reciprocity. I would like to sincerely thank the management team and employees for their efforts and contributions to the sustainable development of the company under the pandemic.

Choi Hung Nang
Chairman
30 June 2021

5 Stakeholder Engagement

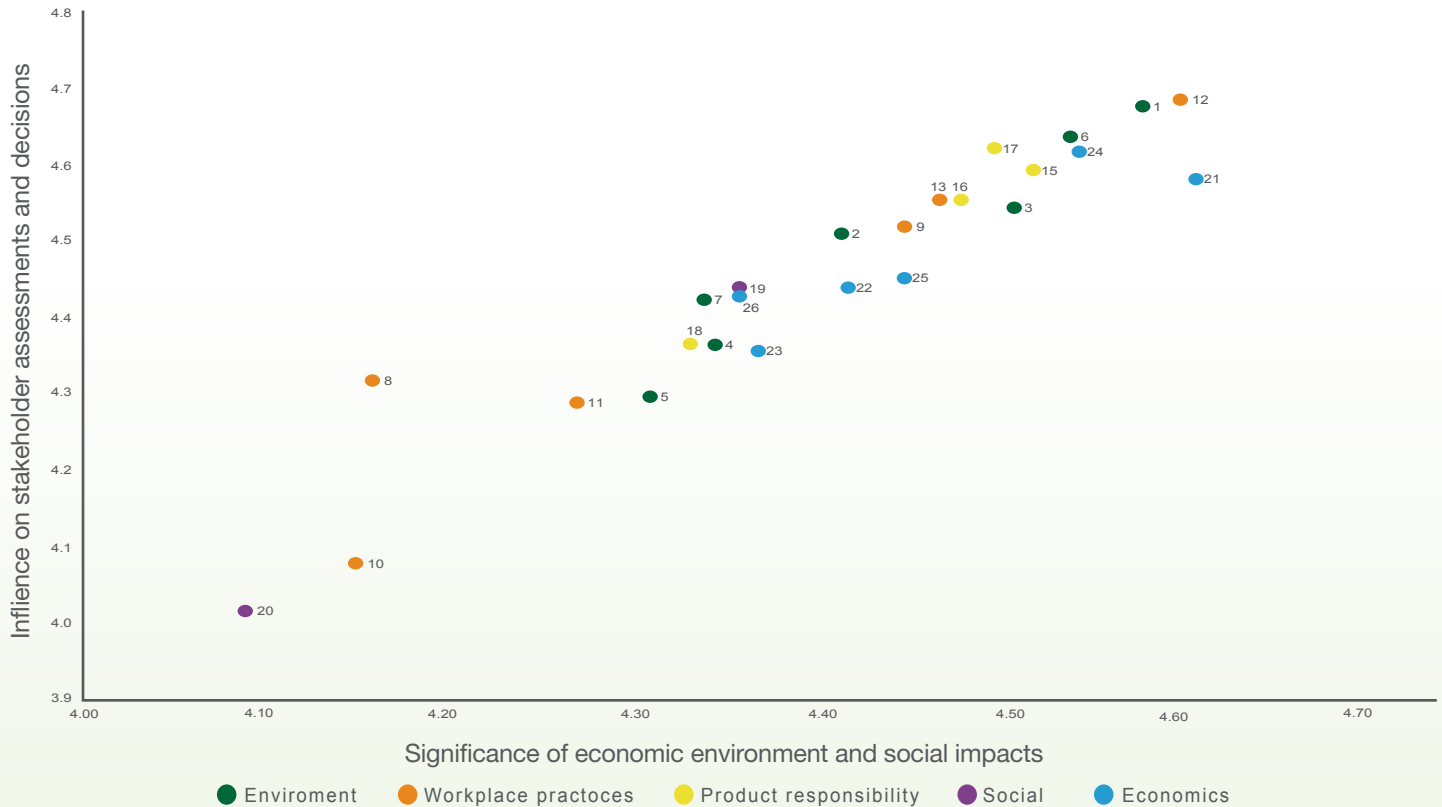
In order to proactively understand the expectations and needs of stakeholders, and listen to their valuable opinions, D&G has established communication channels with stakeholders to assist the Group in business planning. During the reporting year, D&G maintained connection with stakeholders through various methods, including WeChat official account, official website and other network communication platforms.

Stakeholder Groups	Participants	Topics	Engagement Methods	Engagement Time
Employees 	<ul style="list-style-type: none"> • Management • Employees • New employees 	<ul style="list-style-type: none"> • Quality management • Environmental management • Occupational health and safety management 	<ul style="list-style-type: none"> • Quality / environmental / occupational health and safety management system trainings • Quality / environmental / occupational health and safety management system three aspects audit • Employee meeting / satisfaction questionnaire • On-the-job training and physical examination 	<ul style="list-style-type: none"> • Three-system trainings: Whole year • Three-system audit: September • Staff meeting: January, April, July • Employee satisfaction questionnaire: December • On-the-job training and physical examination: Whole year
Customers 	<ul style="list-style-type: none"> • Road construction companies • Road construction machinery distributors 	<ul style="list-style-type: none"> • Discuss on cooperation 	<ul style="list-style-type: none"> • Satisfaction questionnaire • Factory inspection • Site visit 	<ul style="list-style-type: none"> • Satisfaction questionnaire: January, July • Site visit: Several times
Suppliers 	<ul style="list-style-type: none"> • Material suppliers • Subcontractors 	<ul style="list-style-type: none"> • Trainings and technical exchange • Assessment and capability survey 	<ul style="list-style-type: none"> • Study visit • Product technical standards exchange forum • Supplier capability survey • Supplier assessment 	<ul style="list-style-type: none"> • Study visit: December • Exchange forum: Several times • Supplier capability survey: Several times • Supplier assessment: May
Education and research partners 	<ul style="list-style-type: none"> • Construction machinery association road machine chapter • China Highway and Transportation Society • Institute of Tsinghua University, Hebei 	<ul style="list-style-type: none"> • Technical exchange 	<ul style="list-style-type: none"> • Daily communication exchange (Associations/research centres) • The 11th China Asphalt Mixing Plant Industry Summit (Construction Machinery Association Road Machine Chapter) • Teaching and technical sharing and exchange forum (Research Institute of Highway Ministry of Transport) 	<ul style="list-style-type: none"> • Communication exchange: Several times • SIndustry summit: December • Technical sharing and exchange forum: November
Government and other public bodies 	<ul style="list-style-type: none"> • Provincial and municipal local governments • County Party Committee and County Government 	<ul style="list-style-type: none"> • Inspection 	<ul style="list-style-type: none"> • Inspection • Factory exchange interviews 	<ul style="list-style-type: none"> • Provincial level: May • Municipal: June, December • County: Several times
Business partners 	<ul style="list-style-type: none"> • Distributors • Exclusive dealers • Joint venture partners 	<ul style="list-style-type: none"> • Introduction of product performance • Product knowledge training and discussion 	<ul style="list-style-type: none"> • Seminars • Training sessions • Meetings and discussion 	<ul style="list-style-type: none"> • July, November
Social media 	<ul style="list-style-type: none"> • Industry magazine • Industry network platform 	<ul style="list-style-type: none"> • Information promotion 	<ul style="list-style-type: none"> • Collaboration and cooperation • Advertising and promotion 	<ul style="list-style-type: none"> • Several times in a year

5 Stakeholder Engagement

Materiality Assessment

During the reporting year, the Group hired a consulting firm to conduct stakeholder engagement, using quantitative approach to identify the material topics for the Group. Stakeholder engagement is conducted by questionnaire surveys, collecting opinions from a total of 70 external stakeholders, which are the opinions of the customers. With the assistance of the consulting firm, the senior management had selected 26 economic, environmental and social issues for participants to rate the issues anonymously in the questionnaire (1 is least important, 5 is the most important). Based on the scoring of these issues, the Group has identified a total of 13 important issues, which are disclosed in detail in the report to respond to the stakeholders.



The Group wishes to invite more stakeholder groups to express their opinions in the coming year, to further increase the reference value of materiality assessment. The following are the economic, environmental and social issues that the Group has voluntarily disclosed.

Aspects	Number	Sustainability Issues	Material Issues
Environment	1	Air quality control	✓
	2	Greenhouse gases emissions and control	✓
	3	Energy consumption and conservation	✓
	4	Water use and conservation	
	5	Non-hazardous waste management	
	6	Hazardous waste management	✓
	7	Material use	
Workplace practices	8	Employment standards	
	9	Labour standards	
	10	Diversity and equal opportunity	
	11	Non-discrimination	
	12	Occupational health and safety	✓
	13	Training and development	✓
Product responsibility	14	Quality assurance	✓
	15	Marketing and labelling	✓
	16	Customer privacy	✓
	17	Customer health and safety	✓
	18	Supplier environmental and social assessment	
Social	19	Stakeholder engagement	
	20	Community involvement	
Economic	21	Economic performance	✓
	22	Indirect economic performance	
	23	Procurement practices	
	24	Compliance	✓
	25	Anti-corruption	✓
	26	Anti-competitive behaviour	

Regarding to the management of the Group's material topics, it will be disclosed in the following sections.

6 Sustainable Value Chain

A sustainable value chain has a vital impact on the stability of D&G's business operations. As such, D&G attaches great importance to several factors of sustainable value chain, including concrete objectives, risk management, business integrity and transparency, procurement and quality assurance practice, understanding of industry and market trends, and maintaining long-term cooperation with customers and business partners, to achieve business success.

Corporate and Sustainability Governance

The Group regards excellent corporate governance as the key to maintaining a sustainable value chain. With top-down management approach, D&G formulates comprehensive policy and supervision mechanism, develops a well-defined structure and division of labour among departments. First, the senior management, composed of the Board and the Chief Financial Officer, are responsible for reviewing the effectiveness of internal control systems and risk management methods, determining strategic business objectives, and identifying its operating departments, including sales and marketing, production, finance, engineering and customer service. Among the 12 senior management members, six of them are independent and non-executive directors ("INED") and non-executive directors ("NED"). They give advice on corporate governance affairs, such as important strategy development, performance, accountability, major appointments and transaction issues.

The Group's Sustainability Committee (the "Committee") centrally manages environmental and social issues, to improve the efficiencies of decision-making and implementation of different issues. Members of the Committee include Executive Director and General Manager, Marketing Centre, Deputy General Manager of Production Centre, Deputy General Manager of Control Centre, Chief Engineer, and staff of the Technical Research Office. If the Committee encounters any economic problems, it can raise the issues to the corresponding departments. Besides, in order to facilitate the Committee's execution of specific planning and works relating to sustainability governance, the Committee will establish a sustainable development working group to assist in the implementing relevant measures.

6 Sustainable Value Chain

United Nations Sustainable Development Goals

Through the establishment of 17 SDGs, United Nations calls on all countries while facilitating economic development, to solve social problems and protect the earth. These goals include: eradicating poverty, solving famine, achieving equity, and combating climate change. As a corporation that has incorporated sustainable development into our business direction, D&G is eager to contribute to the realization of these SDGs. Therefore, the Group has preliminarily mapped its core business and actions with five SDGs, and considers formulating different strategies and actions in the future for more detailed disclosures.

SDG 3 Good health and well-being



- Establish a Safety Leading Group to ensure the health and safety of employees
- Set work safety goals, such as zero fires, explosions and major accidents of chemical leakage, zero occupational diseases, etc.
- Implement prevention measures in response to COVID-19

SDG 9 Industry, innovation and infrastructure



- Provide efficient, reliable, safe and environmentally friendly conventional recycled asphalt mixing equipment for domestic infrastructure
- Strengthen product innovation research and development, improve environmental performance
- Promote green economy through green financing and strengthening value chain and market

SDG 11 Sustainable cities and communities



- Through the development of environmentally friendly and recycled asphalt mixing equipment to reduce the harmful effects of urban development on the environment, especially air quality and waste management

SDG 12 Responsible consumption and production



- Integrate the concept of circular economy into business operation, strengthen resource utilization, recycling and reuse to reduce waste
- Manage wastes properly in an environmentally friendly way, and greatly reduce their flow into the air
- Promote sustainable procurement and realize sustainable development in the supply chain

SDG 13 Climate Action



- Strengthen energy consumption management, replace more energy-efficient production equipment continuously, and reduce greenhouse gas emissions

6 Sustainable Value Chain

Risk Management

Any uncertainty that threatens or affects business development and goals are defined as risks by D&G, while risk management is one of the areas that the Group emphasizes on. The Group adopts the formulated internal risk management policies and measures to prevent and control the identified significant risks, such as resource supply sustainability, overseas markets management, financial credit reliability, and environmental compliance.

In order to avoid and reduce the business operation risks, the Group considers operational, environmental and social factors when making business decisions, and ensure its sustainability. In face of the risks of different natures, the Group uses its internal risk management system to conduct corresponding risk assessments. Based on the results of confirmed analysis, the Group determines the risk level of the project (divided into high, medium and low), and classifies the project in the risk database, which will be considered risk-and-opportunity factor when making business decisions.

If a project is regarded as high-risk under risk assessment, the Quality Management Department (the “QM Department”) will execute and oversee the risk management measures of the entire project, in accordance with the initial assessment results and with the assistance of relevant departments. Overall, D&G has adopted the following measures in consideration of the probability of risk occurrence to reduce potential risks:



Operational Compliance

As a socially responsible company, the Group implements innovative and compliant operations. D&G establishes stringent management control departments, processes and policies, where the compliance in economic, social, and environmental is regulated by the Legal and Compliance Department (“L&C Department”). Among them, the Safety and Environmental Protection Department (“S&E Department”) is responsible for supervising the environmental and safety performance, to support the compliance in environmental aspects, and response to the related updates by the government. S&E Department is required to regularly receive relevant sustainable trainings arranged by the government, so as to ensure the operation complies with the latest and relevant local laws and regulations.

During the reporting year, D&G was complied and did not violate the laws and regulations on environmental, social, and economic aspects that were subjected to high fines and non-monetary sanctions. During the reporting year, D&G had no recorded case that was resolved by the dispute mechanism.

6 Sustainable Value Chain

Quality Assurance

Product quality and performance are the cores of the Group's business. Through the practice of the circular economy concept, D&G invests in new technologies to improve product skills and performance, maintains stringent production supervision, improve resource efficiency and provide optimal quality. The Group has successfully obtained multiple international standard certifications, in recognition of its efforts in productivity efficiency and stable quality:



In order to ensure the stability of product quality, the Group has formulated quality assurance procedures and measures in accordance with the international standard ISO9001:2015 Quality Management System:



Quality Control Policy

Provide framework for quality control measure



Quality Inspection

Ensure all final products have been inspected according to the inspection guidelines prior to distribution



Quality Meeting

Facilitate the disclosure and review on the quality measures to ensure their effectiveness



Quality Information Management System

Manage relevant information to ensure all parties involved have access to the latest information



Customer Service

Follow up and handle customer complaints, and solve customers' queries to ensure customer satisfaction

6 Sustainable Value Chain

The Group has appointed the Process Management Department to standardise the quality testing process. This includes preparing procedures and instructions for employees to carry out works in accordance with relevant instructions, where mass production can only take place after confirmation by the factory supervisor or inspector.

Each department has various quality management responsibilities. During the production process, the supervisor must supervise and ensure that the production process is under control, and seek technical support from the Process Management Department when necessary. The equipment must be regularly maintained and repaired to prevent the production efficiency from being affected due to its failure. If the QM Department encounters any problems during the inspection process, it must promptly notify the Production Department to take prompt corrective measures. In addition, the Group arranges regular on-the-job training for employees to enrich their operational knowledge and enhance work efficiency.

The Group is committed to identifying and controlling defective products, to ensure the products delivered meet the specified standards. The Production Department is responsible to isolate and place the defective semi-products and products in “Defective Products Area” first. Depending on the reasons, they are then repaired or handled by the QM Department or the Technology and Process Management Department. The repaired products shall be reassessed and confirmed by the QM Department. As for the scrapped products, the Production Department will place them in the waste area and recycle as far as possible. For the major cases, they will be discussed during the quality assurance meetings, hence developing improvement measures to avoid recurrence.

D&G attaches high importance to product safety and adheres to safety requirements, guarantees that the products are able to operate properly in that country or region. Prior to the commencement of production, the Group strictly complies with the standards of the country or region where the equipment operates, and considers the impacts of compositions of products on the environment and society. To secure the health and safety of the customers, D&G carries out quality inspections on all products in accordance with the CE and EAC certification standards. In the reporting year, D&G had no recalled sales or shipped products due to safety and health concerns.

Apart from safety design, the Group emphasises the product safety and usage are consistent with those described at the time of sales. In order to ensure that customers are able to safely use the product and understand the characteristics of the product, the Group provide sufficient and correct relevant information regarding to the product’s safety. This includes technical data, drawings and safety operation manuals, where detailed installation instructions or technical indicators are provided as well, to increase the convenience of customers when installing equipment. During the reporting year, the Group did not violate the regulations regarding health and safety, information, and logos and marketing of product and service.

In respect for intellectual property rights, the Group bans adoption of pirated software, and clearly states that all employees are prohibited from downloading software on company computers without authorisation. By the end of the reporting year, D&G owned up to 130 registered patents and 27 and software copyrights.

The Group focuses on protecting customer privacy. When the Group signs a contract with a customer, it must also attach a confidentiality agreement to prevent leakage of customer data. the Group also regularly maintains information technology protection systems to prevent the system from being attacked by malware and to prevent data theft. During the reporting year, the Group was not aware of any material non-compliance and complaints in relation to the violation of customer privacy matters.

The Group has consistently developed new technologies and products in the R&D Centre established in December 2017. The building assists in specifying the quality monitoring process, formulated technical standards for purchased materials, and provided technical data required for outsourcing. Part of the building has been opened to the public, to strengthen the public’s understanding of mixing plants produced by the Group. For instance, the building is equipped with virtual reality tools to allow visitors to experience the production process of asphalt mixing plants.

6 Sustainable Value Chain

Sustainable Procurement

The Langfang factory of D&G is a crucial business and production site. In order to minimise the environmental footprints caused by the transportation of materials, D&G prioritises domestic and local suppliers and support local economy. In terms of logistics of merchandises, D&G is devoted to gradually extending the coverage of customer base, and improving the domestic and international freight logistics systems. The Group also regularly evaluates the performance of logistics companies that are currently cooperating with and bidding, including their overall loading capabilities and integrated service levels. During the reporting year, the Group has already added 16 suppliers. Among a total of 154 suppliers, only 3 of them were overseas suppliers.

In order to ensure the materials' quality and supply chain stability, the Group implements sustainable supply chain management through stringent control systems and policies. The Group has also allocated different departments to undergo risk and performance assessments:

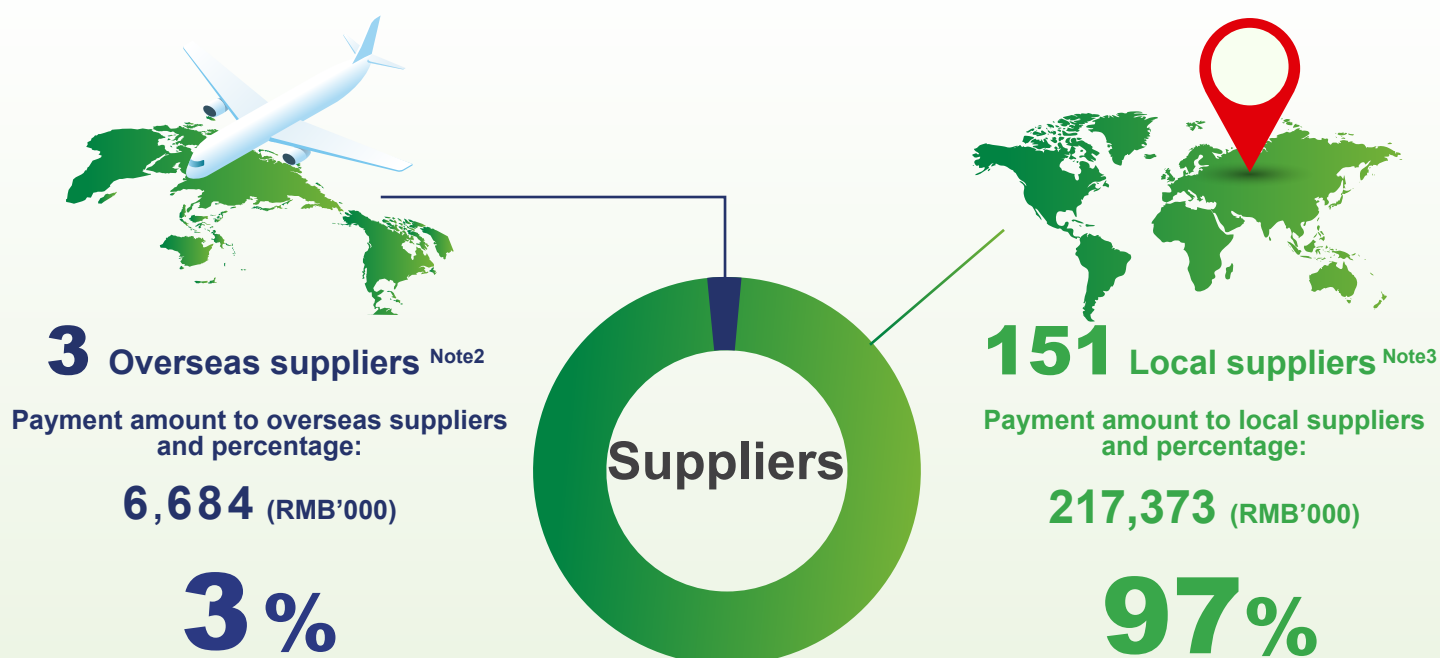


During the procurement process, apart from basic requirements such as quality, price and delivering capacity of the supplier's products, environmental, occupational health and safety ("EHS") performance as well as the financial status of the suppliers are incorporated into consideration. Besides, D&G has adopted sustainable procurement charter, where choosing suppliers must consider different factors such as environmental, social and ethical. Thus, the suppliers are required to submit relevant documents for verification. In terms of basic requirement, the Material Supplies Department will consider the procurement standard and production requirement, and compare several factors, including materials quality, price, delivery date, packaging, after-sale service and technological support. The Material Supplies Department selects several qualified suppliers for comparison. In terms of EHS, suppliers have to prove their comprehensive EHS management systems through submission of relevant qualifications and test reports. This ensures they can control the sources of pollution and hazards on-site effectively. Besides, the suppliers have to indicate clearly that there is no material environmental pollution or fatality case. The relevant departments could conduct on-site inspection if necessary.

6 Sustainable Value Chain

The Group stepped forward to tighten the EHS requirements for supplier assessment. The suppliers with higher scores are regarded as the major suppliers and are offered larger orders, whereas other suppliers are classified as low-priority and alternative. In order to ensure the sound performance of the major suppliers and give opportunities to the low-priority and alternative ones to improve, D&G reviews the supplier list by conducting yearly assessment on all suppliers. If the supplier fails the yearly assessment, it has to reply and provide improvement plan within two working days after the release of the assessment results. Otherwise, it will be treated as acquiesced. The supplier with improvement made would then be re-assessed. To ensure the fairness of the review mechanism, the unqualified suppliers would be classified as alternative suppliers, yet they can still undergo annual reviews.

Apart from the Material Supplies Department, the QM Department is also responsible for the quality control of the procured materials. If there is major quality issue when conducting inspection, measurement, observation and process verification, the QM Department shall issue a “non-conformity report”, and hands over the case to the Procurement Department for product return. If the “non-conformity report” is issued twice while the quality is not improved or maintained below standard, the Material Supplies Department shall conduct an emergency assessment, and deal with the supplier and keep relevant records in accordance with the assessment results. D&G would terminate the cooperation with directly disqualified suppliers for at least two years.



Note 2: Overseas suppliers refer to suppliers located outside of Mainland China

Note 3: Local suppliers refer to suppliers located in Mainland China

During the reporting year, the Group's commitments to the Sustainable Procurement Charter have noticeable progress. Despite this, D&G has not ceased its work on sustainable procurement. By setting new objectives for the coming years, the Group continues to scale up its contributions to sustainable procurement.

6 Sustainable Value Chain

Policy	Strategy	Objective of 2020	Target of 2020	Progress of 2020	Objective of 2021	Target of 2021
<ul style="list-style-type: none"> Strive to implement sustainable measures by considering ESG factors 	<ul style="list-style-type: none"> Incorporate sustainability into the system 	<ul style="list-style-type: none"> Conserve raw materials 	<ul style="list-style-type: none"> Develop DGX4000 series plant to save at least 12 tonnes per set of steel consumption 	<ul style="list-style-type: none"> The newly developed DGX series plant saved 10 tons of steel per set compared to the products of the same original series 	<ul style="list-style-type: none"> Conserve raw materials 	<ul style="list-style-type: none"> Redesign the hot mix storage bin of DG4000/5000 series to save at least 5 tonnes per set of steel consumption
<ul style="list-style-type: none"> Strive to reduce the consumption of natural resources 	<ul style="list-style-type: none"> Optimize warehouse layout to achieve sustainability 	<ul style="list-style-type: none"> Reduce pollution emissions, save energy and minimise consumption through production cutting process <ul style="list-style-type: none"> Reduce exhaust emissions from fuel forklifts Optimise power consumption and save energy 	<ul style="list-style-type: none"> Upgrade and procure a laser cutting machine, which conserves about 9,000 kWh of electricity <ul style="list-style-type: none"> Procure at least 2 electric forklifts to reduce fuel consumption by approximately 1,000 liters per unit Upgrade metal-halide lamps to LED lamps in the factory to save about 30,000 kWh of electricity 	<ul style="list-style-type: none"> Purchased and upgraded a laser cutting machine, which saved around 46,800 kWh of electricity in 2020 <ul style="list-style-type: none"> In 2020, 5 electric forklifts were purchased, which saved approximately 1,395 L/unit of fuels in 2020 Energy-saving or metal halide lamps in the factory were upgraded to LED lamps, which saved 64,025 kWh of electricity in 2020 	<ul style="list-style-type: none"> Optimize the warehouse layout in the factory 	<ul style="list-style-type: none"> Reduce the distance of material transportation in the factory \geq 1000km;
<ul style="list-style-type: none"> Strive to reduce factory pollutant emissions 	<ul style="list-style-type: none"> Purchase filter cotton and install filter cotton in fixed spray booths to reduce hazardous waste discharge 	<ul style="list-style-type: none"> Procure paintings with less pollution and improve production processes to reduce volatile organic compounds ("VOC") emissions 	<ul style="list-style-type: none"> Adopt high-solid paintings and reduce emissions by about 10,000 kg VOC <ul style="list-style-type: none"> Improve the process in small pieces painting, produce and use spray paint hangers, which can save energy by 50% 	<ul style="list-style-type: none"> Use of high-solid paint in 2020 reduced VOC emissions by approximately 12,715kg <ul style="list-style-type: none"> Improved the painting process of small parts, created and used paint hangers, which saved energy consumption by 33% 	<ul style="list-style-type: none"> Prevent the accumulation of solid waste such as paint slag, dust, etc., and reduce the discharge of hazardous waste 	<ul style="list-style-type: none"> Reduce emissions of hazardous waste by 10 tonnes in 2021;
<ul style="list-style-type: none"> Strive to enhance suppliers' awareness of sustainable development, and encourage innovation, wide application of new technologies and designs 	<ul style="list-style-type: none"> Encourage suppliers to innovate and widely apply new technologies and designs 	<ul style="list-style-type: none"> Further enhance suppliers' awareness of sustainable development 	<ul style="list-style-type: none"> 10 suppliers implemented Sustainable Procurement Policies <ul style="list-style-type: none"> The document "Supplier Management Measures" has been revised to increase the proportion of EHS in supplier management evaluation to 10% 	<ul style="list-style-type: none"> 10 suppliers implemented Sustainable Procurement Policies <ul style="list-style-type: none"> The document "Supplier Management Measures" has been revised to increase the proportion of EHS in supplier management evaluation to 10% 	<ul style="list-style-type: none"> Further enhance suppliers' awareness of sustainable development 	<ul style="list-style-type: none"> Increase to 20 large-scale suppliers in 2021 to implement sustainable procurement policies
<ul style="list-style-type: none"> Strive to minimise the sustainability risks and impacts of our products and services 	<ul style="list-style-type: none"> Apply risk management tool in procurement process 	<ul style="list-style-type: none"> Further improve "risk identification, evaluation, and response measures, in order to minimise the risks and impacts associate with procurement sustainability 	<ul style="list-style-type: none"> Further improve the implementation of "Risk identification, evaluation and response measures" 	<ul style="list-style-type: none"> Improved the "Risk Identification, Evaluation and Response Measures" 	<ul style="list-style-type: none"> Further improve "risk identification, evaluation, and response measures, in order to minimise the risks and impacts associated with procurement sustainability <ul style="list-style-type: none"> Add EHS requirements to the contract signed with the supplier 	<ul style="list-style-type: none"> Continue to operate the "Risk Identification, Evaluation and Response Measures" in 2021 <ul style="list-style-type: none"> 90% of the contract adds EHS requirements, that is, "Party B shall strictly abide by the country and our company's environmental and safety requirements during the supply process, take care of protection, reduce environmental pollution, and strictly control the occurrence of safety accidents."

6 Sustainable Value Chain

By implementing the above measures, D&G desires to not only create a more stable supply chain, but also to bring positive impacts on sustainable operation and awareness of suppliers. Anticipating that the requirements of business partners and customers for products and services will be increasingly strict, D&G will continue to maintain close relationships with suppliers to ensure their qualities will align with the latest requirements and standards.

Ethics and Integrity

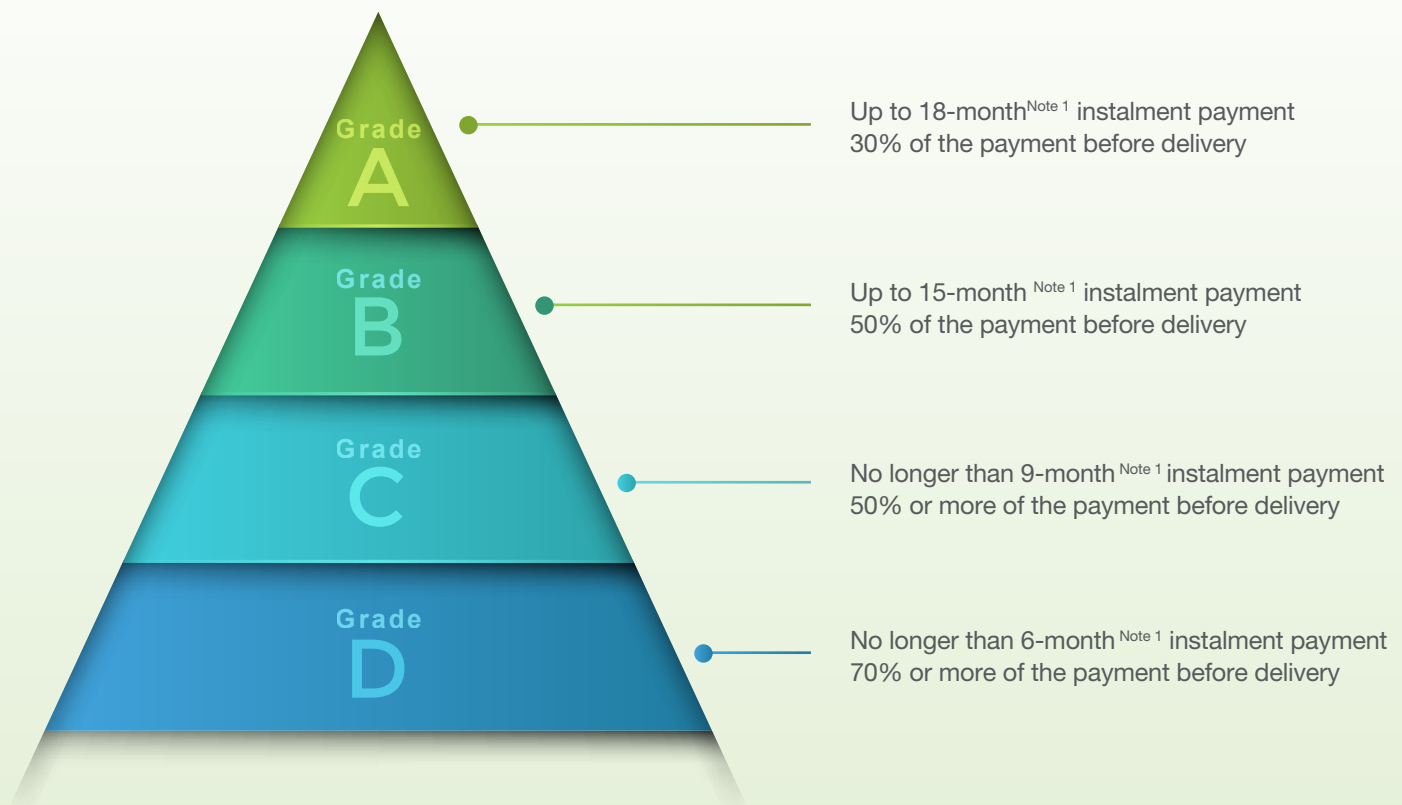
Good integrity and ethics are part of the core values of the Group. D&G encourages employees to be self-disciplined, with reward and punishment mechanism and establishment of relevant management standards. Employees are required to attend regular training to understand the importance of occupational ethics to the Group. On top of internal management, the Group also communicates the standards with external stakeholders, such as suppliers and business partners.

D&G emphasises on fair competition, and believes that healthy competition is able to drive development and improvement of the industry. With the assistance of the L&C Department, the Group has formulated policies to eliminate anti-competitive or monopolistic behaviour, and ensure that the Group's operations comply with relevant laws and regulations. During the reporting year, the Group has complied with the regulations related to anti-competitive behaviour, anti-trust and monopoly practices.

To ensure that its credit policies effectively protect the interests of both parties, D&G also attaches great importance to the integrity management between corporate and customers. Having noticed long-term arrears affairs, the Group has reviewed current customer credit policies and collection arrangements, as well as strengthened the internal control procedures. As shown in the figure below, the credit policies currently established by the Group mainly divide the customer credit ratings into four major categories:

Customer Credit Rating

Acceptable Payment Rules



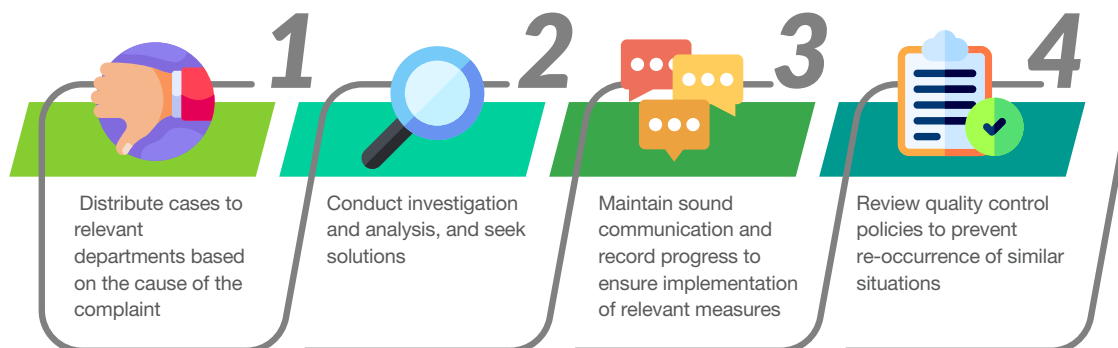
Note 1: From the date of contract signing

The Group also attaches great importance to integrity and anti-corruption. The Group encourages the employees to report any suspicious misbehaviours anonymously or in person, through the established whistle-blowing channels such as mailbox, mailing address, telephone (fax) or email. In case of reported misconduct, the L&C Department would conduct investigation and contact the complainant and the parties involved. Meanwhile, it also ensures the confidentiality of sources in order to protect whistleblowers. Regardless of the findings of the investigation, the L&C Department shall inform the complainant about the results and evaluate the seriousness of the case and decide whether to have internal punishment or contact relevant authorities for handling. For sake of fairness, if the relevant parties are not pleased with the results, they could request re-investigation and submit relevant and additional information. The L&C Department could ask for confirmation from the senior management accordingly. If the case was confirmed, the complainant could be monetarily or administratively rewarded according to the conclusion from the senior management. Due to the Group's excellent business ethics, the Group had not noticed any relevant corruption cases during the reporting year.

6 Sustainable Value Chain

Customer Service

For the Group, customer feedback is an opportunity to improve its quality control framework and measures, and to prevent such problems from recurring. In this regard, D&G has established multiple communication channels for customers to voice out their opinion. The process for handling customer complaints is as follows:



To ensure continuous improvement of product quality and EHS issues, the Group has developed an assessment mechanism to review the job performance of the QM Department and the S&E Department. If the complaint is related to EHS requirements, the S&E Department would be responsible for verifying the relevant products and services, and implementing the corresponding corrective measures, while The QM Department shall monitor the progress and effectiveness of various measures.

As for complaints regarding quality problems that have been found after delivery or after use, the Engineering Service Department will collect and handle them in a unified manner, and promptly report them back to the QM Department. The QM Department holds a quality meeting every two weeks, during which it formulates corresponding improvement and preventive measures based on the analysed and summarised data. Meanwhile, the Engineering Services Department shall negotiate with customers in a timely manner, including following up and reporting on the progress of the negotiations, in order to efficiently seek solutions that satisfy customers.

In order to manage the needs of customers effectively, the Group has divided the complaint cases into four general categories:

Type	Description	No. of Case Received in 2020
General complaints	Customer complaints that can be easily resolved through communication	779
Crisis complaints	Customer complaints that have a major impact on the Company's image and brand	0
Major complaints	Customer complaints that have a potential impact on the Company's image and brand.	9
Invalid complaints	Customer complaints that are caused by misunderstandings	25

During the reporting year, the Group was not aware of any material non-compliance in relation to health and safety, advertising and labelling. The complaints related to products and services and received by D&G were mainly due to minor accessory failures. The Group has a comprehensive complaint handling mechanism. With regard to complaints filed by customers, the Group was aware of the incident in a timely manner and explained clearly to customers. Also, the re-delivery of accessories and compensation were arranged. All relevant departments involved have also formulated preventive and corrective measures to prevent similar problems from recurring.

In view of the drastic increase in demand for customised service, D&G has immediately adopted a number of measures such as strict supervision procedures and strengthened R&D, so as to effectively control costs, efficiency and quality. For instance, the Group has established an industrial Internet platform to improve efficiency and quality of customer service, thereby ensuring customer satisfaction. The platform is positioned as self-built industrial Internet cloud platform for enterprises, mainly providing services of asphalt mixture production, sales, data statistics, decision analysis and information communication. The Group is expecting that the platform will create service revenue of more than RMB 12 million for D&G, and save customers about RMB 240 million worth of material waste each year. The initiative helps to promote effective coordination of all stages during the production process, and to reduce material loss and assure product quality.

6 Sustainable Value Chain

D&G industrial Internet platform:



Industrial Partnership

D&G has been working hard to maintain sound industry partnerships, cooperate with different professional scientific research institutions, and join members of different professional associations and institutions. This enables D&G to share the sustainable development operation model of its business, keep track of the industrial trend, and strive to promote the green development of the industry:

Vice president of China Construction Machinery Association Road Machine Chapter

Permanent member of The Hong Kong Metals Manufactures Association Limited

Member of Group 7 and Group 26 of Federation of Hong Kong Industries

Friends of the Earth Regenerative Partnership Scheme (until March 2020)

Council member of the SME Service Committee of China Construction Machinery Association (CCMA)

Member of Equipment and Materials Procurement Branch of China Association of International Engineering Consultants (CAIEC)

6 Sustainable Value Chain



Partner Organisations

Institute of Tsinghua University, Hebei

Partnership Projects

Burning system design

Energy consumption and optimisation

Energy-saving, emission reduction, environmental protection and resources recycling

Hebei Asphalt Pavement Intelligent Equipment Technology Research Centre

Burning system design

Energy consumption and optimisation

Energy-saving, emission reduction, environmental protection and resources recycling

“Asphalt Pavement Recycling, Technology and Demonstration”

The Research Institute of Highway, the Ministry of Transport

“Asphalt Pavement Recycling, Technology and Demonstration”

Monoblock recycling asphalt mixing plant

Tsinghua University

Combustor development

Changan University

Hebei University of Science & Technology

Hebei University of Technology

ShanDong JiaoTong University

Industry-university-research agreement

6 Sustainable Value Chain

In this reporting year, the Group's efforts have been recognised by various institutions and obtained relevant certifications:

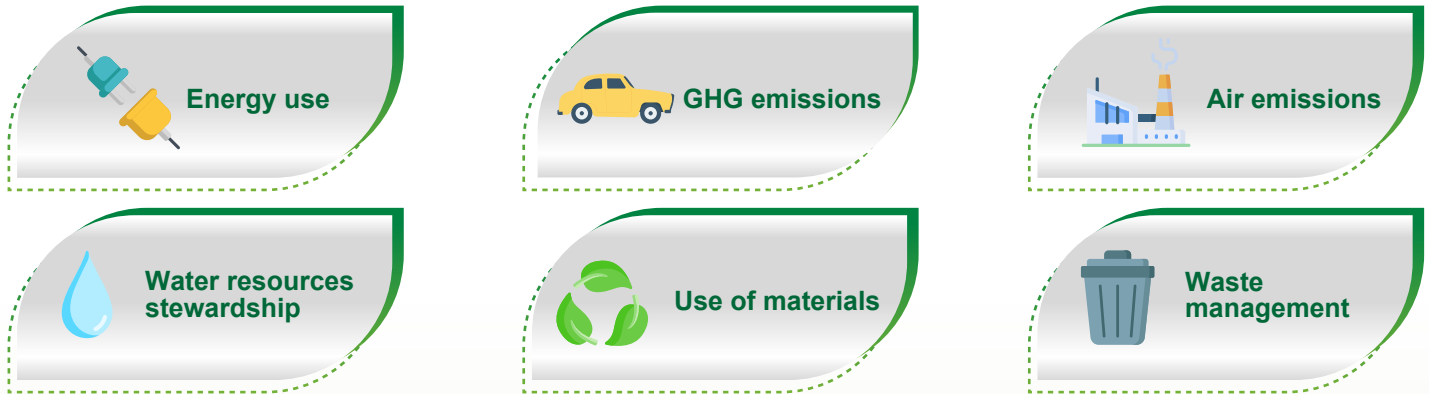
Month	Award	Organiser/ Organisation
3	Caring Company 2019/20	The Hong Kong Council of Social Service
4	Contract and Trustworthy Enterprise Certificate	China Enterprise Credit Service Public Platform
	Certificate of Enterprise Credit Grade	China Enterprise Credit Service Public Platform
	Technology Giant Certificate	Hebei Provincial Department of Science and Technology
9	Industry Cares 2020	The Federation of Hong Kong Industries
	High Technology Enterprise Certificate	Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, Hebei Provincial Tax Service State Taxation Administration
10	Corporate Environmental Leadership Awards	The Federation of Hong Kong Industries
	5 Years+ EcoPioneer	The Federation of Hong Kong Industries
11	China Mixing Plant Innovative Technology Award	T50 Summit of World Construction Machinery Industry
	China Mixing Sustainable Product Award	T50 Summit of World Construction Machinery Industry
	China Mixing Equipment Advance Manufacturing Award	T50 Summit of World Construction Machinery Industry
	World Top 100 (Plus 50) Construction Machinery Manufacturer Certificate	T50 Summit of World Construction Machinery Industry
	China Top 50 Specialized Construction Equipment Manufacturers	T50 Summit of World Construction Machinery Industry
12	Corporate Green Governance Award 2020 - Corporate Vision	Green Council
	Hong Kong Green Awards 2020 - Sustained Performance 5 years +	Green Council

The above awards have marked the success of D&G in promoting green development of the industry. The Group will continue its active participation in relevant activities, and execute excellent governance system, shouldering the corporate mission of sustainable development.

7 Environmental Management

Environmental issue is an important component in D&G's sustainable development journey. This does not only limit to reducing operational costs, but also strengthening natural resource management, and reducing the environmental impact of operations, to build a greener future for the next generation. Based on the identified material environmental issues, the Group incorporates the concept of sustainable development into every stage of its operational, with the commitment of formulating and implementing management strategies.

Material Environmental Topics



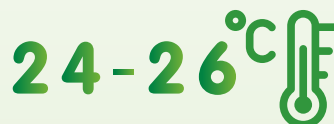
Green Operation

D&G has established the Committee to strengthen environmental governance. The Committee is mainly responsible for assisting the Group to update environmental and other sustainability strategies accordingly. These include monitoring relevant policies and strategies, regularly reporting the situation and improvement suggestions to the Board. It also fosters the communication among stakeholders such as the Board, employees, customers and investors. D&G has made enormous efforts in environmental protection, and practiced the spirit of sustainable development throughout operations. During the reporting year, the Group has strictly complied with the national laws, regulations and standards in relation to air pollution, waste water discharge and waste.

D&G also advocates an ideal and green working environment. The Hong Kong headquarters office has also implemented a green office policy. Through adopting good environmental management, the Group aspires to cultivate employees' green working culture, share information and strengthen internal and external communication. The policy encourages employees to practice the following environmental commitments:



Turn off air-conditioning, lights and electrical appliances when leaving a room



Set indoor temperature between 24 and 26 degree Celsius, and regularly clean air conditioners



Promote paperless office in OA system

Print annual reports, envelopes and cards on paper that is certified by Forest Stewardship Council

Reuse envelopes, recycle papers, print on double-sided papers and use e-cards as far as practicable



Encourage employees to bring their own drinking cups and cutlery to reduce the use of single-use ones



Reuse Christmas and New Year decorations



Reduce the use of glue and other stationery with toxic substances

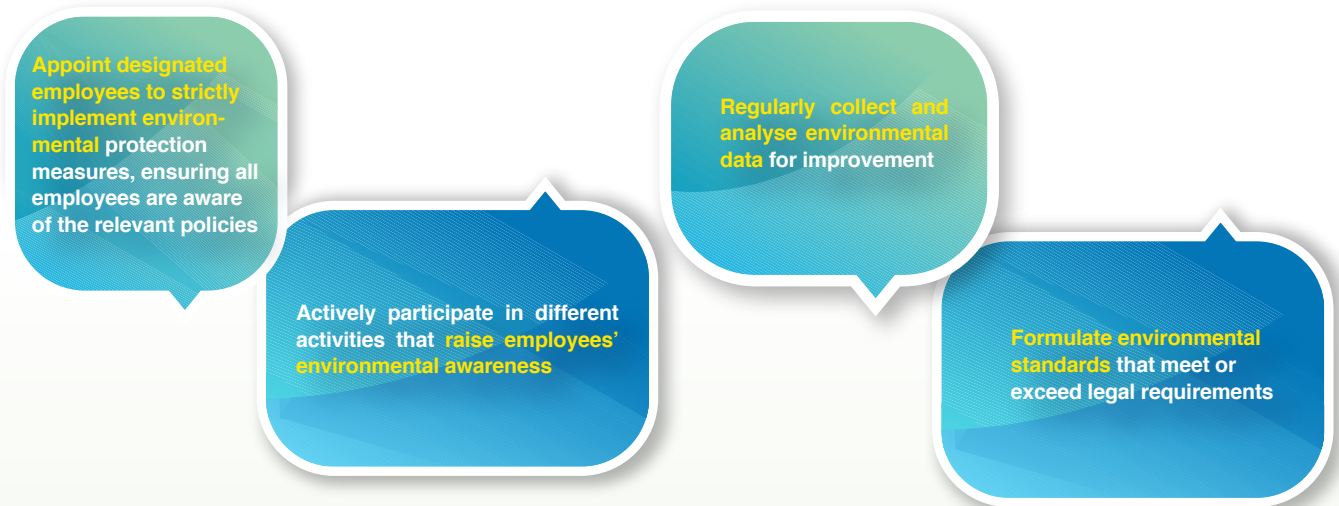


Plant green plants in the office

Meanwhile, the Group has added natural elements to the work environment, introduced green plants to facilitate the physical and mental health of employees. The green area in Langfang factory is approximately 7,500 m².

Environmental Policy

As a responsible manufacturer of asphalt mixture mixing equipment, D&G emphasises the compliance with all applicable environmental law and regulations. In order to lead the asphalt road construction in practicing green production, the Group has strengthened its environmental management approach through ISO14001:2015 Environmental Management System. The Group regularly reviews the effectiveness of current policies and implements relevant improvement measures, with continuous monitoring of environmental performances. With the aim to raise the environmental awareness in the Langfang factory, the Group has established the following environmental manuals clearly for the employees:



The Group has set clear environmental management goals: 100% pass rate for environmental monitoring; 100% hazardous waste disposal rate; limit the number of violations of paint spraying facilities and welding dust equipment to less than 1; limit the number of production days affected by environmental or safety issues due to internal reasons to less than 15 days.

Climate Change and Energy Consumption

D&G's daily energy consumption include the municipally supplied electricity for production, and the natural gas for factory boiler operation, heating and cooking in the staff canteen kitchen. In terms of GHG emissions, natural gas consumption and the Group's vehicles result in the direct GHG emissions (Scope 1), while electricity consumption causes indirect GHG emissions (Scope 2). Recognising the urgency of the climate change issue, the Group is implementing a series of measures to promote high-efficiency emission reductions, such as studying the feasibility of using sustainable energy sources, and helping to mitigate climate change in the development of operations.

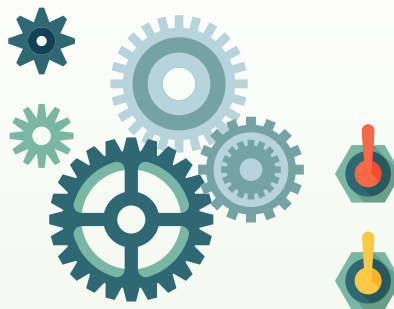
The Group has set up the "Energy Conservation and Consumption Reduction Management Guidelines" to manage its energy consumption, to enhance energy efficiency. The guidelines require employees of all departments to consider the environmental impacts when selecting the energy type, and encourages them to prioritise more energy-saving products. In accordance with low carbon energy management, the Group has taken the following measures to mitigate climate change:

Manufacturing operations



- Adopt smart meters for real-time energy management such as issuing alarm signal if abnormal use is detected
- Apply industrial robots and computer control to improve operational efficiency and reduce energy consumption
- Use ground source heat pumps in research centers, utilising geothermal resources for heating and cooling purposes

Manufacturing facilities









- Install variable frequency control for water circulation equipment in the factory
- Continuously replace more energy-efficient production equipment
- Use electromagnetic induction for preheating before welding

Lighting



- Use sunlight panels in some buildings to make use of daylight and reduce the power consumption of the lighting system
- Replace traditional lamps in the factory with more energy-saving and durable LED lighting system
- Install lighting switch system in different zones for each department to control and manage the lights as needed
- Install voice command switch for some of the corridor lighting
- Replace all the lights in the staff's 108 dormitories with LED

The Group has appointed the S&E Department to develop clear energy saving targets based on the current situation of energy usage, including replacing the two high-energy-consuming CNC plasma cutting machines in the production workshop with one CNC laser cutting machine; replacing all the lighting lamps in the workshop and warehouse, and the factory searchlights with LED energy-saving lamps; and replacing 100% of the dormitory lighting with LEDs lamps. The S&E Department communicates closely with the Langfang factory and other departments, collects and assesses monthly energy conservation performance of each production unit and department, hence supervising the actual effectiveness of their energy saving measures. During the reporting year, the Group respectively reduced 14 of the 1000-watt metal halide lamps with 9 of the 400-watt LED lightings, and replaced 7 of the 100-watt normal bulb with 42 of 150-watt LED lightings, saving approximately 7,800 kWh of electricity yearly. At the same time, the Group also added a fibre laser cutting machine to improve energy efficiency.

Energy Consumption	Unit	2020	2019
Electricity consumption 	MWh	3,345	3,740
	GJ	12,043	13,465
Electricity intensity 	MWh/ RMB'M Revenue ^{Note 5}	8.83	8.38
Natural gas consumption 	m ³	285,378	337,362
	MWh	3,111	3,677
	GJ	11,110	13,134
Natural gas intensity 	MWh/ RMB'M Revenue	8.21	8.24
Total energy consumption 	GJ	23,153	26,599
Total energy intensity 	MWh/ RMB'M Revenue	17.04	16.62

GHG Emissions	Unit	2020	2019
Scope 1: Direct emissions ^{Note 6}	tCO _{2e} (tonnes of CO ₂ equivalent)	618	731
Scope 2: Indirect emissions ^{Note 7}	tCO _{2e}	3,231	3,616
Total GHG emissions ^{Note 8}	tCO _{2e}	3,849	4,346
Total GHG emissions intensity	tCO _{2e} /RMB'M Revenue	10.16	9.74

Note 5: The Group's revenue for the year ended 31 December 2020 and year ended 31 December 2019 were RMB 379 million and RMB 446 million, respectively.

Note 6: Although the Group's GHG emission currently do not include those arising from its vehicles as it is relatively not material, D&G shall review the GHG emission scope on a regularly basis to enhance disclosure for future reports.

Note 7: Scope 2 GHG emissions in 2019 had been adjusted in alignment with the calculation method adopted in 2020.

Note 8: The Group's total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group's operations.



The decrease in electricity intensity and natural gas intensity during the reporting year is mainly due to the following reasons:

- Due to the epidemic, the office and work are shut down and the production is reduced
- All workshop lights, factory searchlights and warehouse lights in the storage and transportation department were replaced with energy-saving LED lights

In respect of this, the Group plans to conduct energy management analysis by district, and identify abnormal or high energy sources to monitor and formulate corresponding energy conservation measures.

Air Emissions

In order to reduce air pollution and create an ideal and healthy working environment for employees, the Group strictly controls the air emissions from its machinery manufacturing process, and implements clean production. The air emissions discharged by the Group are mainly derived from production activities of the Langfang plant, including nitrogen oxides (“NOX”), sulfur oxides (“SOX”) and particulate matter (“PM”). According to the local laws, standards and relevant requirements, the Group has set out “Air Emissions Management Guidelines” to facilitate the classification and management of air pollutants incurred by the manufacturing activities, and to provide guidelines for accurate monitoring of air emission concentration levels.

Types of Air Emissions	Air Emission Management	Monitoring and Auditing
<p>Air emissions from stationary sources (such as production equipment and natural gas boilers)</p> 	<ul style="list-style-type: none"> • Air emissions must be treated properly prior to the discharge • Relevant signs regarding emission restrictions are set out at the chimney • Regularly maintenance and repairment of air emission and purification facilities are conducted to ensure their normal operation • Welding smoke dust removal purification devices, paint spray water curtain and activated carbon adsorption devices are installed to filter air emissions 	<ul style="list-style-type: none"> • Third-party qualified environmental monitoring organisations are routinely appointed to measure exhaust emission levels according to emission standards
<p>Air emissions from mobile sources (such as automobiles)</p> 	<ul style="list-style-type: none"> • Air emissions of the factories’ vehicles are monitored in accordance with the “Guidelines of Prevention and Control of Motor Vehicle Exhaust Pollution” 	<ul style="list-style-type: none"> • Tests are carried out by inspection agencies of the local government as stated by relevant emission standards

Based on the above management requirements, the Group has appointed the S&E Department to set out relevant air emission policies that are applicable to the factories, and to monitor air emission management of each department and manufacturing unit. The S&E Department also appoints qualified third-party environmental monitoring organisations to carry out sophisticated assessment of air pollutants emission levels to ensure the emission standard is met. If illegal emissions occurred, the S&E Department would record the incident and propose improvement solutions promptly. In addition, D&G was assessed as a positive list enterprise by the Ministry of Ecology and Environment during the reporting period, which can take independent emission reduction measures during the period of emergency response to severe pollution weather.

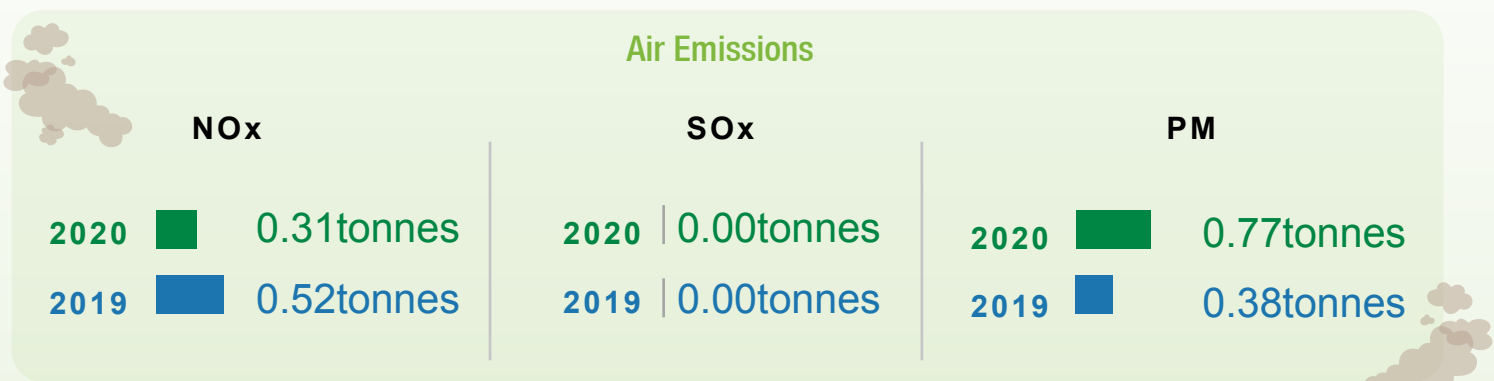
To encourage employees in each workshop or department to raise awareness of different air emission sources and corresponding pollutants and reduce air emissions, the Group is committed to adopting the following targeted mitigation measures



Source of Air Emissions	Mitigation and Management Measures
Welding fumes	Extracted by exhaust fan and treated by purifier
Particulates generated from grinding wheel and shot blasting	Removed by pulse bag dust collector
Metal dusts	Removed by central dust collector and reused
VOC gas emitted from paint spraying	Treated by water curtain and carbon adsorption
Cooking fumes from cafeteria	Removed by fume purifier

During the reporting year, the Group replaced 10 diesel forklifts and upgraded 3 electric forklifts, which reduced diesel use and overall air emissions to improve air quality.

Air Emissions

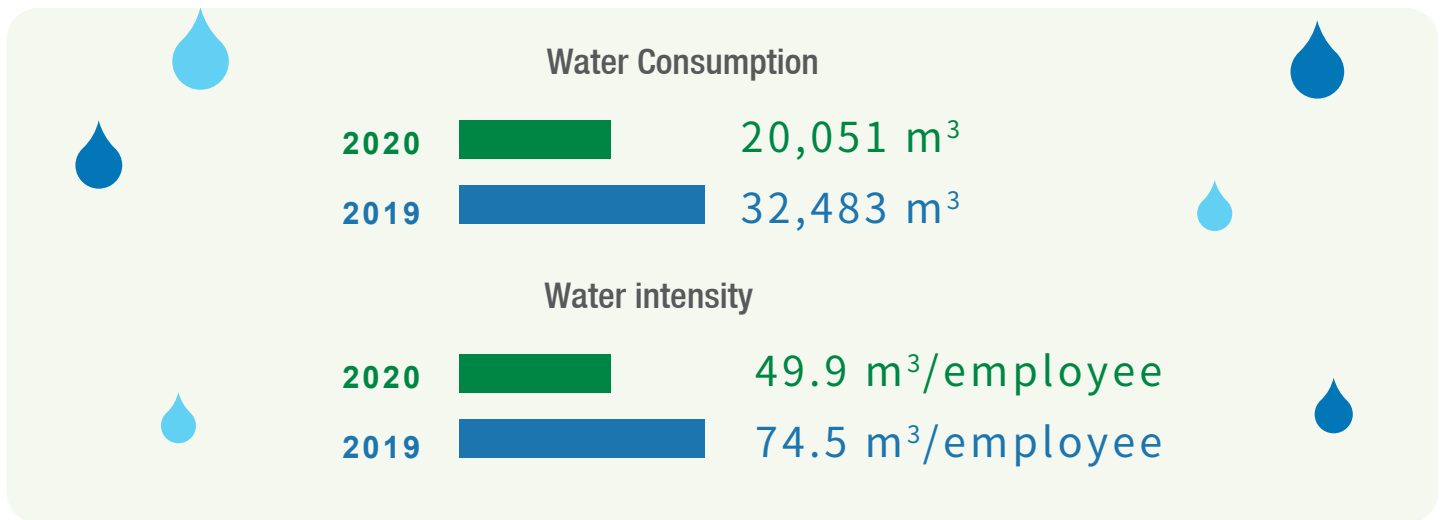


During the reporting year, the Group ensured that the emission of air pollutants from the Langfang base complies with legal requirements. The increase in PM emissions was due to the inspections in the previous reporting year coincided with the time when the production was relatively small, while in this reporting year was during the peak production period. As a result, PM emissions increased accordingly. The emission of NO₂ was decreased by 41%, since the air emission of the boiler was significantly reduced after the low-nitrogen combustion modification. The Group will continue to work to improve the emission system and contribute to the improvement of air quality and employee’s health.

Water Consumption and Wastewater management

The Group recognised the importance of water resources. In daily operational and manufacturing processes, the Group does not consume a significant amount of water resources. However, the demand from the staff dormitory of the Langfang factory is relatively high. Thus, the Group has made extensive efforts to implement water saving measures, to reduce water consumption in operation site from source, and educate all departments to opt for environmentally-friendly water equipment and products as far as possible. For instance, in some green areas, sprinkler irrigation replaces flood irrigation in a bid to enhance water use efficiency. According to the “Energy Conservation and Consumption Reduction Management Guidelines”, each department should use and install water equipment configuration according to actual conditions and needs, and carry out regular check-up, maintenance and replacement of the faucets and other water equipment to avoid water wastage. Since the water is sourced from the municipal water supply services, there are no material issues in sourcing water.

Apart from encouraging all manufacturing units and departments to recycle cooling water from boilers, D&G also upgraded water-saving appliances, such as faucets, sprinklers, pipe valves, etc. during the reporting year to prevent dripping and leakage, and changed flood irrigation to sprinkler irrigation in green areas to improve water efficiency.



Due to the completion of the new green area project of the Group, which is managed by the Company with sprinkler devices installed, the water intensity in this reporting year has decreased by 33% compared to the previous reporting year. During the reporting year, the Group refitted the sprinkler irrigation equipment for the green areas, adding 18 fixed sprinklers, 8 mobile sprinklers, and 5 sprinkler pipes to change the flood irrigation method. In addition, the Group will observe the water consumption status of newly added workshops and green areas, and re-formulate appropriate water saving measures.

In terms of wastewater, the Group strictly follows the national “Integrated Wastewater Discharge Standard”, requires all sewage discharge departments to ensure the sewage flows into designated equipment or discharged through proper pipelines to avoid pollution of the neighbouring ecosystem.

In order to strengthen the management of wastewater discharge, the Group would not discharge the wastewater used for the cleaning system in the painting workshop outside the factory directly. Instead, it would be recovered, treated and recycled. The Group also strictly manages the wastewater in accordance with the operating procedures. In order to ensure that there is no leakage in the sewage treatment and collection system, the Group appointed the Administration Department to regularly monitor the operation of the sewage treatment equipment.

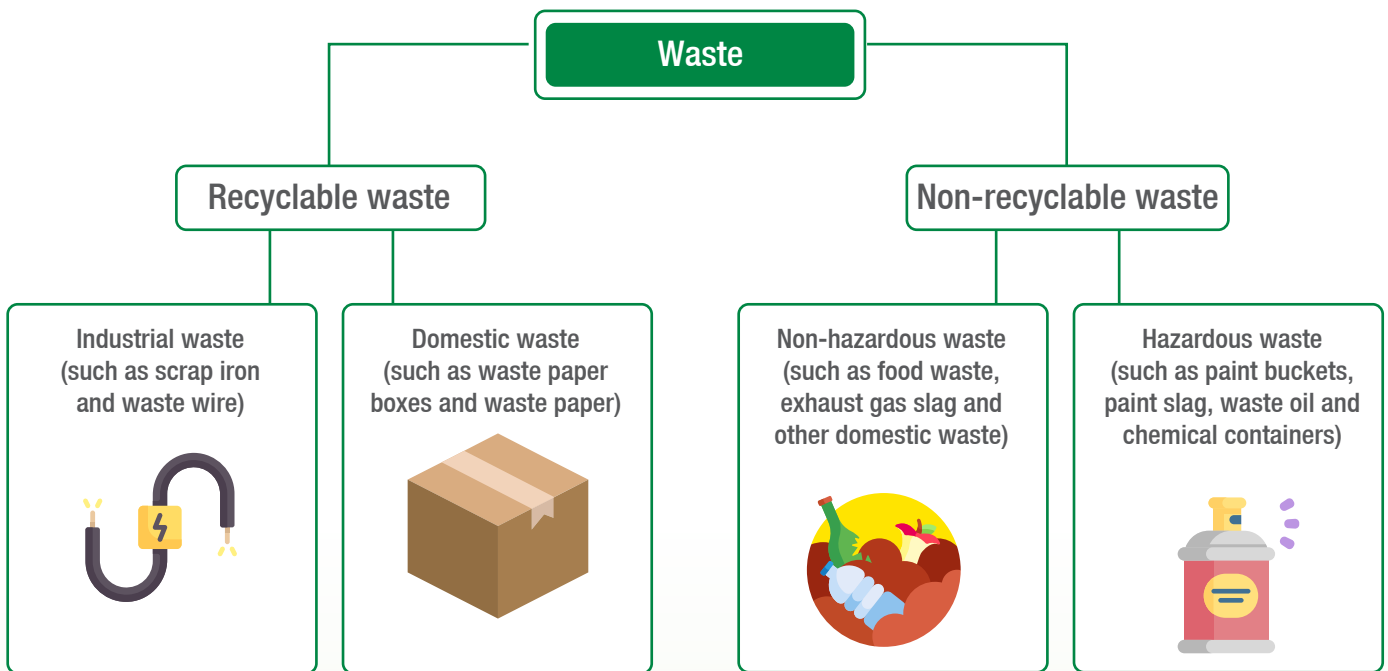
In addition, in order to further improve the management of sewage discharge, the S&E Department will arrange qualified third-party testing agencies to conduct annual inspections at integrated sewage outlet of the factory, the analyse the monitoring report, and identify the areas for improvement. During the reporting year, the Group’s sewage discharge complied with the national emission standards.

Waste Management

D&G places high importance on sustainable waste management, and practices the spirit of ‘Use Less, Waste Less’ to improve resources efficiency. The Group uses the “4R” waste management approach, which refers to reduce, reuse, recycle and replace, for the implementation of waste management. D&G emphasises on resources efficiency, recycling and reusing steel, cable materials, packaging wood and carton in the operation process as far as possible. The S&E Department spectates the management status of wastes irregularly, and proposes relevant improvement suggestions to all departments.

The Group formulates the internal “Waste Management Guidelines” in order to provide employees with standardised procedures and guidelines regarding waste handling and thus facilitate sound waste management. This hopes to avoid the potential risks caused by improper waste disposal to the Group and local communities, and to ensure that production activities comply with national laws and regulations related to waste disposal. Each department shall assign a dedicated person to collect the waste generated by that department.

Waste generated are generally divided into two main categories, namely recyclable and non-recyclable waste:



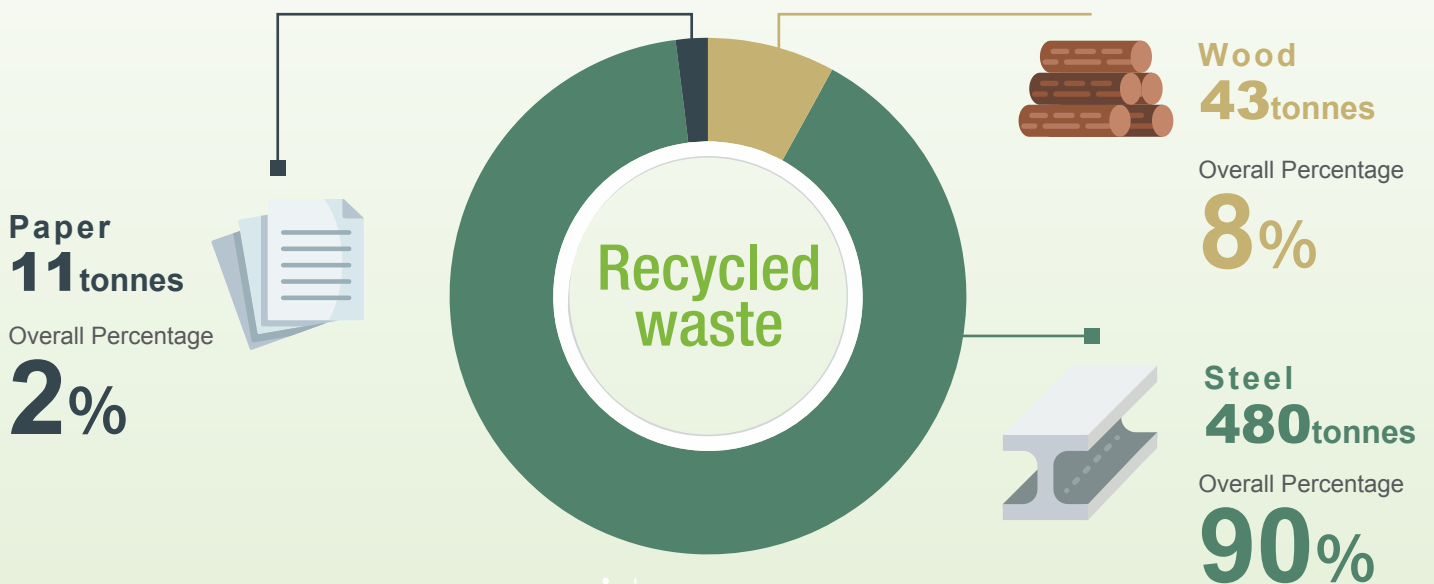
Among non-recyclable waste, hazardous waste is a material environmental issue identified by the Group. Due to the nature of hazardous wastes that can cause work safety risks and affect the health of employees, the Group pays special attention to its proper disposal. During the reporting year, all hazardous wastes were properly classified, transported and disposed of locally.

Centralised storage and management of other nonrecyclable waste was responsible by the Administration Department. Meanwhile, each department must reuse or recycle the waste generated from manufacturing as far as possible. For instance, the Group utilises the paint bucket flattening machine to flatten waste paint barrel to save storage space. During the reporting year, the Group added a new weighing spreader for waste oil drums in hazardous waste warehouses, which can accurately weigh hazardous waste when entering the warehouse, avoid the weight errors during transfer, and improve hazardous waste management. At the same time, the Group also lays filter cotton in the pit of the painting workshop for pre-filtration to avoid the generation of large amounts of hazardous waste.



Waste	Unit	2020	2019
Total amount of hazardous waste	tonnes	92	87
Recycled steel	tonnes	480	405
Recycled paper	tonnes	11	17
Recycled wood	tonnes	43	37
Other recycled waste ^{Note 9}	tonnes	0	34
Total waste recycled	tonnes	534	493

Note9: Other recycled waste refers to scrap iron foam and rust ash from the sand blasting workshop.



The amount of hazardous waste generated during the reporting year increased significantly due to the increase in the number of gear oil pumped out, and gear oil is treated as hazardous waste. There are two reasons for the increase in gear oils. First, upon customers' request, some projects needed to use low-temperature resistant gear oil, gear oil that comes with the reducer had to be extracted before injecting the low-temperature resistant gear oil. Second, when using inventory materials, the gear oil in the reducer had moved with the placement time, so they had to be drawn out and injected with new gear oil.

After improving waste management during the reporting year, the Group has found countermeasures to recycle all scrap steel and other non-hazardous waste generated during the production. The recycling rate during the reporting year was thus significantly increased. The Group will continue to strive to reduce the generation and recycling of waste, to reduce its environmental footprints.

Material Use

In order to reduce the carbon footprint caused by material transportation and support the local economy, the Group prioritises local procurement, and uses recycled materials to make fire-fighting sandboxes, dormitory water heater bases and brackets for CNC cutting machines. This makes daily operations more environmentally friendly and economically efficient, and reduce the need to purchase new raw materials. On top of green procurement strategy, the Group has been focusing on the operating concept of circular economy. Through reducing the use of resources, promoting product recycling and reusing resources, resources are effectively used and waste generation is minimised.

Reducing waste at source is one of the Group's concepts on material usage. For manufacturing asphalt mixing equipment, steel is a crucial raw material. Therefore, D&G uses renewable steel to minimise the environmental footprint from the use of steel. On the other hand, the Group uses an average of approximately 1.53 tonnes of gear oil annually, and thus recycle the remaining gear oil. The Group also selects reusable or recycled cartons and wood such as pallets and boxes in the production base, and packs them in batches as much as possible, which increases the number of items in each package to reduce the use of packaging materials.

By establishing a more accurate fixed-rate picking system, the Group strives to control the material use for each equipment to achieve the goals of saving RMB 11,000 in single production costs and reasonably using materials in stock for more than half a year. The Group would also optimise the use of all warehouse space and proper storage of materials so as to ensure quality and safety of the materials. The Procurement Department and Finance Departments are responsible for the classification and management of the purchased materials, which are divided into four categories according to demand:

Material Types	Definition	Management Methods
A	Small variety and large amount of funds needed	Frequently audit inventory and accurately calculate the actual demand of materials to avoid excessive amount or waste
B	Percentages of varieties and cost are approximately equal	Regularly audit inventory, comparatively less frequent than type A materials
C	Large variety and small amount of funds needed	Regularly audit inventory, comparatively less frequent than type B materials
D	Stagnant materials ^{Note 4}	Intermittently conduct audit as compared to other types of materials

Note 4: Stagnant materials are defined as materials with little consumption and low inventory turnover

Use of Materials	Unit	2020	2019
Total weight of material consumption	tonnes	1,973	4,138
Weight of non-renewable materials used	tonnes	25	30
Weight of renewable materials used	tonnes	1,948	4,108

During the reporting year, the renewable materials purchased by the Group included wood and cartons, while the non-renewable materials referred to steel. Since steel is one of the crucial raw materials for manufacturing the Group's asphalt mixing equipment, its consumption accounts for a large proportion of the overall material usage. In addition, since all the large structural materials originally produced in the factory have been changed to outsourcing production, the consumption of steel has been drastically reduced. The Group will actively continue to study the solutions to reduce steel consumption, fulfilling its promise of green operation and optimising the overall resource efficiency.

7 Environmental Management

Environmental Initiatives

D&G has spent enormous efforts to promote environmental protection in the production bases and workplaces. In addition, in order to increase employees' environmental awareness, the Group also actively takes a leading role to participate in various environmental protection initiatives, to build a green living and working environment together. Through the following activities of experiencing environmental protection, the Group wishes employees to understand that everyone should contribute more to the establishment of a sustainable society, and cultivate positive environmental values.

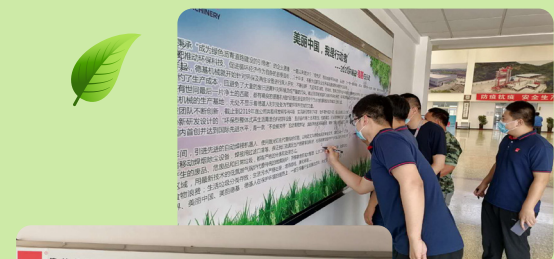
Earth Hour 2020

In support of climate change actions, the Group participated in the "Earth Hour" organized by the World Wide Fund for Nature ("WWF") on March 28. This is a global energy-saving activity proposed in response to global climate change, recommending households and business users to turn off unnecessary lights and power-consuming products for one hour at 20:30 local time. D&G employees actively participated in the activities and brought their children to join as well. This helped to instill the awareness of low-carbon and environmental protection. This was the 8th consecutive year that D&G has participated in the event.



World Environment Day 2020

To further guide and establish the "Awareness of energy conservation and environmental protection of all D&G's people and implement D&G's "Energy Conservation and Environmental Protection on June 5, 2020 in Langfang, the World United Nations World Environment Day, D&G's Corporate Culture Team (企业文化小组) organised the "2020 Environment Day, D&G is in Action" in the lobby of the complex building of the base. This included publicity and employee signature activities, promoting various energy conservation and environmental protection awareness to the employees, creating an atmosphere of environmental protection within the Company and implementing various environmental protection measures in the Company.



Hong Kong Green Day 2020

In support of the United Nations' World Environment Day (June 5), the Green Council organized Hong Kong's Environment Day "Hong Kong Green Day" since 2013. Due to the pandemic, this year's "Hong Kong Green Day" was changed to online. The Group also became one of the sponsors of the event this year to participate in this event, and deliver environmental protection messages to the community.



D&G's employees and their operation sites play an important role in the sustainable development of the Group. Thanks to the support of different aspects of the community, together with the outstanding performance of every employee behind it, this helps driving the vigorous development of the Group. As a responsible company, the Group adheres to the people-oriented management policy to fulfil its corporate citizenship responsibilities, and starts with the following important social issues, and strives to give back to the society.



Our Employees

Healthy and Safety

D&G promises during daily operation, to provide a healthy and safe working environment for employees. Especially during the reporting year, due to the outbreak of the novel coronavirus, the Group paid more attention to protecting the personal hygiene and health of its employees.

As part of the manufacturing industry, D&G pays more attention to the production safety in the Langfang factory, where production has been identified as the main occupation risk. Through adopting the safety management approach of "Safety First, Focus of Prevention, Integrated Governance", the Group has established safety production policies and measures, hence enhancing the safety awareness in the workplace. Meanwhile, The Group has obtained ISO45001:2018 Occupational Health and Safety Management Certification. During the reporting period, D&G's occupational health and safety management system passed the recertification audit and obtained the ISO45001:2018 system certificate.

In order to closely monitor the actual implementation and effectiveness of relevant policies and measure, the Group has internally established the Safety Leading Group (the "SLG"), which comprises of the President, production manager and relevant department heads. The Production Department shall be equipped with a full-time (concurrent) safety production management personnel who is responsible for conducting employee education regarding safety production, and implementation of safety production supervision and inspection.

Adhering to the people-centered operation approach, protecting employees' health and safety are the priority consideration of the Group. The Group also strives to develop a safety culture in the production sites. Thus, the Group arranges regular safety training for the employees, including fire drills and relevant courses, explaining the occupational hazards and safety practices in details. To eliminate occupational hazards, the Group allocates relevant equipment and provides personal protective equipment and labour protection products for staff, such as fire extinguishing equipment, goggles and gloves.

The Group has set safety production goals – zero major accidents of fire, explosion and chemical leakage; zero occupational diseases; 100% validity of the certificate for special operations personnel; limiting production days affected by environmental protection or safety issues due to internal reasons to less than 15 days.

Under the safety management framework, each department of D&G cooperates with one another, comprehensively manage occupational health and safety, and thereby implement and oversee relevant measures effectively:

SLG



- Manage daily production safety work, such as conducting safety inspection and monitoring
- Research and develop safe production technology and labour protection plan
- Investigate and handle work-related incidents
- Implement safe production emergency plans
- Review safe production planning and annual plan to set production safety targets
- Update all departments on national laws and regulations related to occupational health and safety

S&E Department



- Standardise occupational risk identification and control processes
- Formulate safe risk management solutions or control plans
- Carry out regular safety inspection in the factory
- Confirm and implement relevant safety measures to comply with the relevant laws and regulations
- Update relevant policies in respect of business as well as the relevant laws and regulations
- Organise consultation and maintain communication with external organisations on safe production matters
- Implement occupational health check plans for employees

Human Resources Department (the “HR Department”)



- Organise safety education activities such as safety training and fire evacuation drill
- Report incidents to respective departments promptly and conduct follow-up investigations
- Establish communication with the Labour Administration Department of the local government

Production Department



- Provide safe production training to employees
- Implement on-site supervision of safe production
- Execute various safety instructions of SLG

Equipment Department



- Manage ancillary security facilities of various buildings and building measures of the Group
- Employ and communicate with qualified construction contractors
- Inspect various buildings and ancillary security facilities daily to ensure their normal operation

Administration Department



- Ensure the safety of the Group’s drinking water and conduct water quality assessment from time to time
- Manage and repair air conditioning systems of offices and factories
- Formulate contingency plan for food poisoning

Engineers and Technical Staffs




- Perform testing on safety technology and labour hygiene technology to ensure the safety, accuracy and stability
- Review and approve technical documents

The Group also arranges body checks for employees before, during and after their discharge of job duties, since it is possible for employees to get occupational diseases at work, including pneumoconiosis, eye, ear, nose and throat diseases, and chemical poisoning. The S&E Department is responsible for distributing the results to the person in charge or employees themselves, forming occupational health summary and keeping records. Without the approval of the management, the relevant information is not allowed to be borrowed or copied in a bid to protect the employees' privacy. During the reporting year, the Group has not noticed any record of health issues related to occupational hazards.

COVID-19 Mitigation Measures

With the outbreak of COVID-19 during the reporting period, the Group has quickly adopted several mitigation measures to ensure the safety and health of employees, and to ensure that the impact on business operations is minimized. Measures in response to COVID-19 include:

- 
- Establish a leading working group for the prevention and control of COVID-19;
 - Develop a pandemic prevention and control system and work plan;
 - Maintain normal business execution through online communication;
 - Provide anti-epidemic supplies include: work clothes, anti-smashing shoes, gloves, goggles, earplugs, masks, alcohol-based hand disinfectants, according to the different positions of the employees;
 - Implement working from home for the employees;
 - Disinfect and ventilate the company's office, production and living places twice a day with disinfectant;
 - The production workshop is ventilated every day to maintain air circulation
 - Suspend visits by customers in medium and high risk areas during the epidemic;
 - Allow only factory entry after checking the health code and itinerary code and measuring the body temperature at the doorman office of visiting customers in low-risk areas;
 - Require visitors to wear masks all the way into the factory, and the vehicles of visitors need to be disinfected before entering the factory;
 - Implement prevention and control in areas such as canteens and dormitories to prevent crowds from gathering, maintain social distance and personal hygiene;
 - Strengthen the health monitoring of employees before returning to work. Employees and family members can apply to return to the factory only if they have no fever for 14 consecutive days;
 - For those who are suspected of COVID-19 and have close contacts, if they cannot arrange quarantine on their own for 14 days, the company will uniformly arrange quarantine in designated areas and formulate a management control system.





Visitors and vehicles need to be disinfected before entering the factory



Measure the temperature of employees before entering the factory



Disinfect the workplace regularly



Maintain social distancing in the workplace

Talent Recruitment and Retention

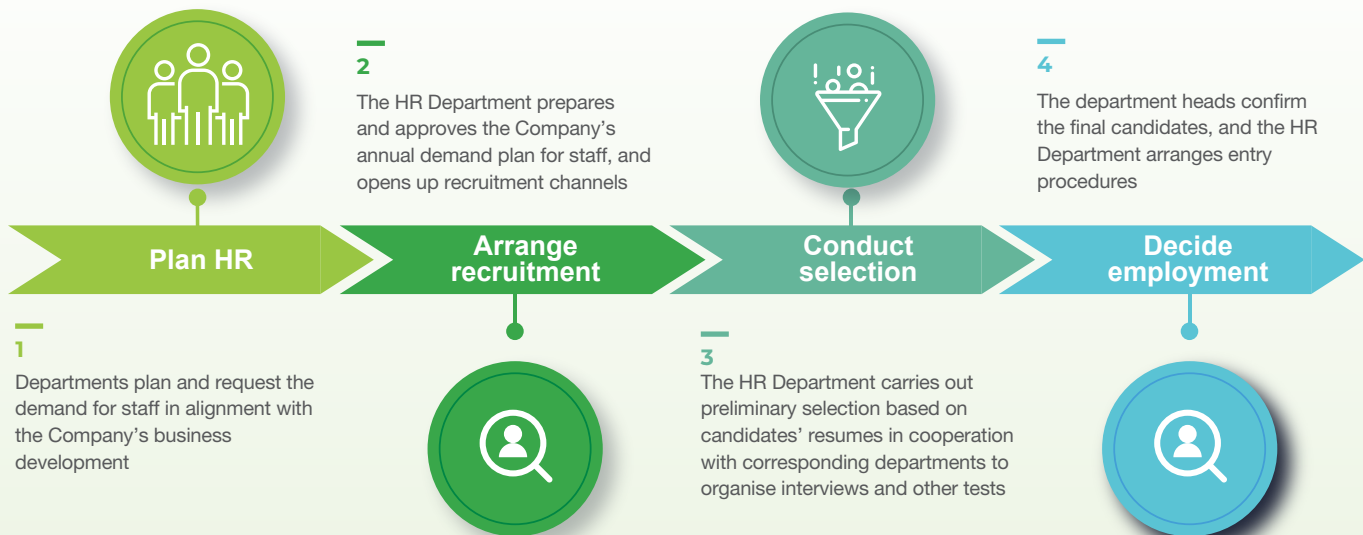
Employees play an indispensable role in the sustainable development of D&G. The Group's human resources ("HR") management is rigorous, which includes recruitment, promotion, transfer, salary and benefits, and training development. D&G has formulated an internal employment policy and fully protects the rights and interests of employees. At the same time, the Group is also eager to attract, cultivate, and retain outstanding talents that are consistent with the company's development philosophy, and grow together with D&G.

Talent Attraction

With increasingly international development of business, D&G believes that as a global citizen, a diverse and inclusive team can help stimulate innovative minds, and lead D&G's connection to the world. As a result, the Group applies the principle of "openness, equality, competition and basis of merits", regardless of the employees and candidates' gender, disability, marriage state, race, religion, age, nationality and sexual orientation etc., to objectively select and recruit suitable talents based on their capabilities and seniority. The Group is committed to ensuring equal employment opportunities for applicants, and provide employees with a harmonious and inclusive working environment without discrimination.

According to the work development in the upcoming year, each department should draft the annual HR demand plan. The HR Department then develops an overall recruitment plan and submits to the General Manager for approval. The general recruitment process is shown in the diagram below:

Recruitment Process



Each new employee is assigned for a two- to three-month probation. The corresponding departments shall provide the employees with unbiased comments based on their work performance including skills, job adaptability and work effectiveness. The results of these assessments are submitted to the General Manager to confirm whether the employees officially become regular staff of D&G.

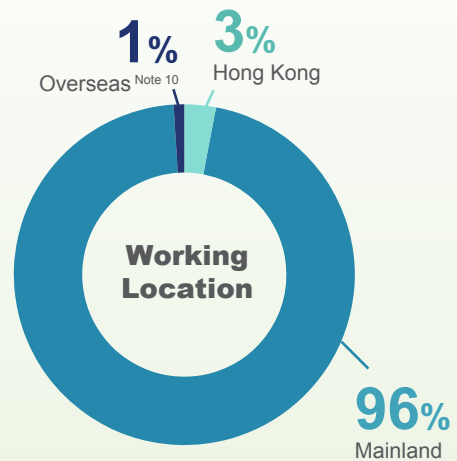
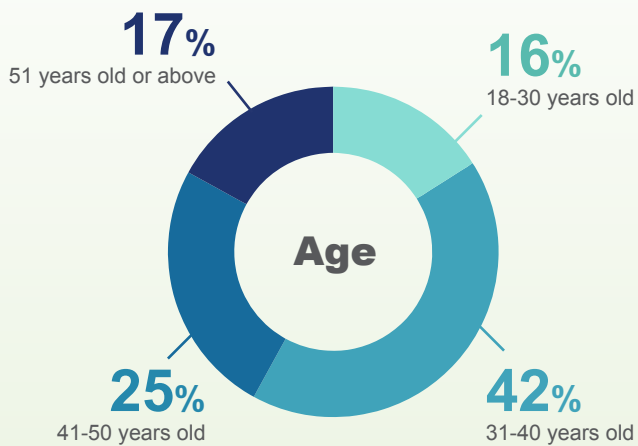
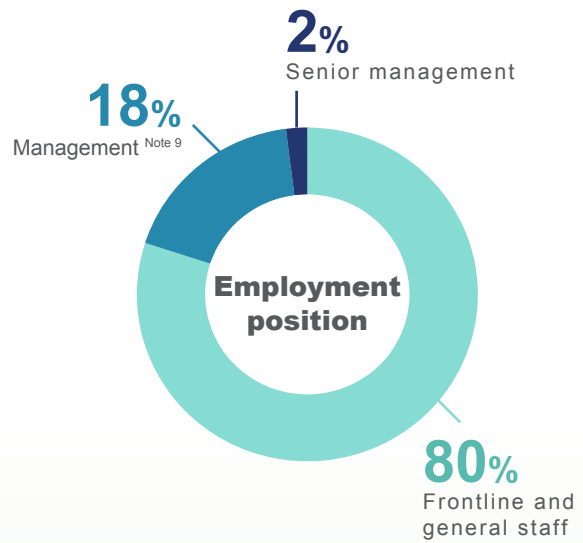
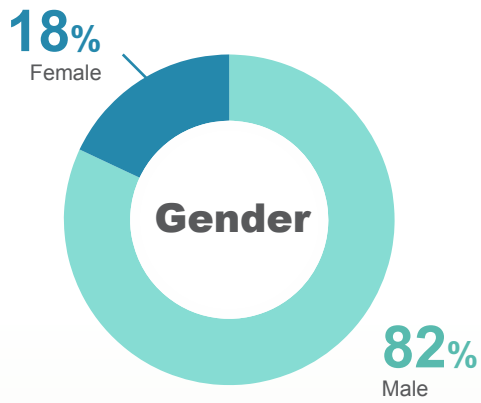
In terms of HR management, the Group respects human rights, and prohibits employment of child and forced labour. The Group also strongly demands that its suppliers and partners jointly oppose such behaviours. If the misuse of child labour is discovered, the Group will not only terminate the labour contract promptly, but will also help the individual to re-enroll in school. The Group accepts other adult family members as a replacement to work until the child is qualified in age in order to lessen the financial burden of his/her family. In addition, if the child is confirmed to be sick or injured when terminating the contract, the Group would arrange him/her to undertake treatment at qualified medical institutions, and promise that all medical and living expenses associated during the medical treatment period would be covered. The HR Department is responsible for carefully verifying the valid identification documents, age and labour rights of new employees, to avoid hiring forced or child labour.

In order to avoid the use of forced labour, the Group has specified a number of regulations in the internal code to protect employees' rights:

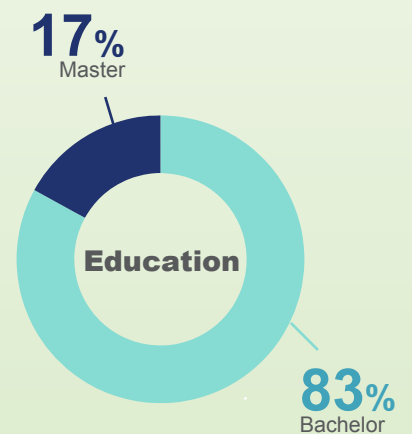
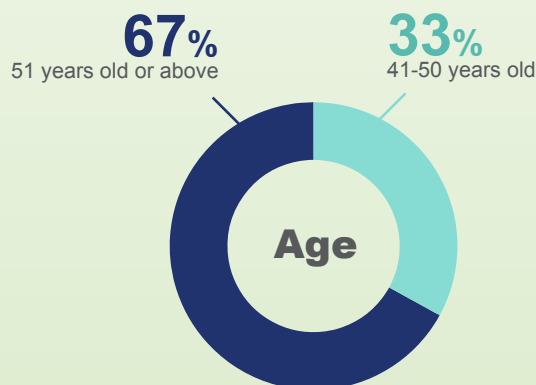
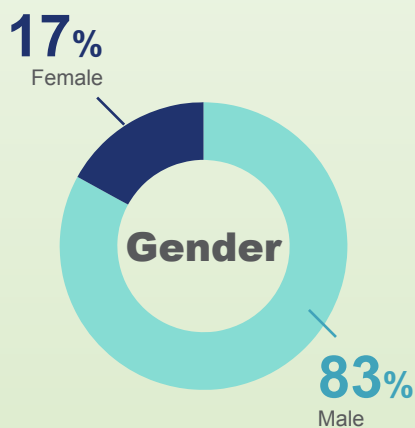
- No fees shall be charged to employees during recruitment process
- Employees' identification documents shall not be detained
- Overtime working is only on employees' voluntary basis
- Employees' human rights such as using restrooms and drinking water in the workplace shall not be exploited
- Violence and threats shall not be allowed to force employees to work
- The management departments shall immediately stop illegal activities, implement accountability

During the reporting period, D&G strictly complied with relevant labour laws and regulations, and was not aware of any discrimination, child labour or forced labour cases

Employment Information



Senior Management ^{Note 11}



Note 9: Management refers to employees ranked "Manager" apart from the Group's Senior Management

Note 10: Overseas include Thailand

Note 11: Senior Management refers to the Group's Directors and Chief Financial Officer

All employees in the reporting year were full-time and permanent.

Supervisors of various departments conduct appraisals of existing employees to objectively evaluate their work performance in the past year, including work efficiency, coordination with the team, and work attitude. The Group will make corresponding salary adjustments based on the results of the review, and consider granting promotion opportunities.

Purpose of Annual Appraisal

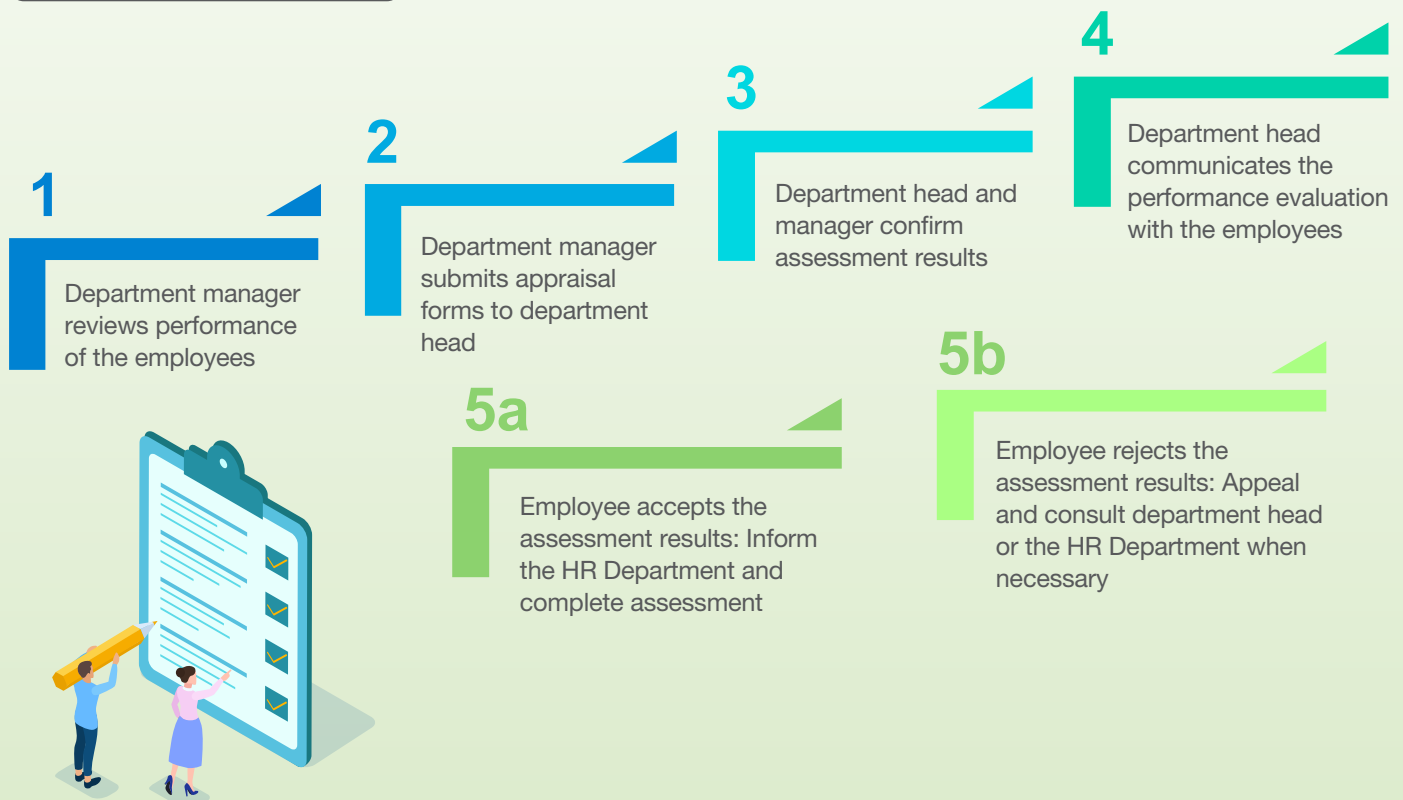
Objectively evaluate the working performance of each employee, and give fair feedback and treatment



Discover the expertise and potential development direction of the employees

Identify the room for improvement and provide targeted training to enhance employees' abilities

Procedures of Annual Appraisal



Employee Benefits

The Group strives to create a harmonious and friendly working environment. In accordance with local government requirements, the Group has ensured that employees receive due benefits, reasonable remuneration packages and other comprehensive protections. Since the Group's significant location of operation is the bases in China, its HR management is also mainly focused on these bases.

The Group provides the following benefits to the employees:

- Provide communication support to employees who need external communication
- Provide cooling snacks and drinks that help prevent heat stroke to employees
- Provide medical support to sick employees
- Offer solatium to employees whose relatives passed away
- Offer service award to employees who served the Company for more than 10 years
- Set up various sports venues and sports equipment in the factory
- Offer social insurance and housing provident fund for employees
- Provide dormitory or shuttle bus for employees in factory
- Set up staff canteen in the factory
- Offer presents or cash prize to employees as festival celebration
- Enjoy national rest days and statutory holidays
- Organise birthday party and offer shopping vouchers for employees



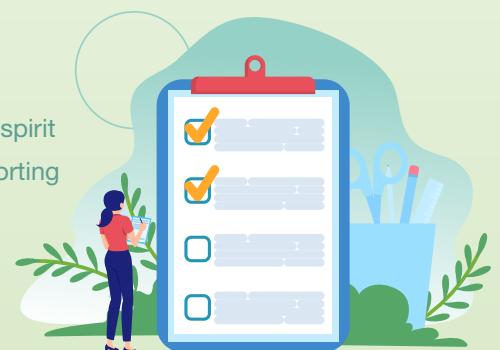
In terms of remuneration packages, the Group provides reasonable remuneration to employees. The salary level of employees is formulated according to their job responsibilities, required qualifications and skills, labor and market factors, and following the principles of economy, legitimacy, comparability, and competitiveness. The Group also implements an overtime pay policy. All employees must first shall notify the manager and gain approval before working overtime, and obtain overtime payments according to the number of working hours extended. In addition, employees who have worked for more than a year can enjoy an annual bonus on a monthly basis, which commends and encourages employees for their dedication to D&G.

In respect of recruitment, transfer, resignation, assessment, training and internal communication, the Group takes mutual respect and protection of employees' rights as its primary principles. To minimise the impacts on operational efficiency, the HR Department to consistently monitor turnover data and evaluate the reasons behind so as to ensure effective turnover management.

In addition, the Group conducts employee satisfaction surveys for all employees every year to understand their opinions and ideas on the company and work arrangements. As one of the stakeholders that understand the Group's business operations best, the valuable opinions of employees are an important factor in pushing D&G forward. After collecting the questionnaire results, the HR department would integrate the data and summarise the results, and submit suggestions to the management for careful consideration. If necessary, the Group will notify each department of the implementation of relevant policies and measures, to cooperating with the implementation within a specified time.

Employee Satisfaction Survey

- Assessment and salary adjustment
- Division of labour and team coordination
- Training and professional development
- Internal communication and team spirit
- Working environment and supporting facilities



Employee Cohesion

The Group also attaches importance to the physical and mental health of its employees, and strives to help them to achieve work-life balance with rest. D&G focuses on establishing team spirit and tacit understanding between employees, provides them with a healthy and harmonious working environment, and enhances their sense of belonging. Meanwhile, the Group is also committed to providing employees with nutritious and balanced meals in the staff canteen set up in the factory. The Group's Corporate Culture Team organised a number of employee activities during the reporting year to promote healthy living:

“Overcoming Difficulties, D&G has me” theme essay activity

In order to better guide employees to think carefully about how to contribute their thoughts, words, and actions to the realization of the strategic goal of “Management Improvement 2.0” of D&G, the Corporate Culture Team organised and carried out the “Overcoming Difficulties, D&G has me” theme essay activity in July 2020. The activity encourages employees to express the profound journey and insights based on their own personal experiences in overcoming difficulties in their lives. This event received positive responses and participation from employees of various departments. A total of 236 submissions were received, and a total of 22 articles stood out. Each centre exceeded the number of submissions.



D&G Machinery's Second Badminton Competition

To enrich employees' spare time, enhance their physical fitness and teamwork spirit, the Company's Corporate Culture Team began planning related employee activities after the epidemic resumed work. From August to September 2020, the corporate culture working group successfully held the D&G Machinery's Second Badminton Competition. Although it was at the peak season of production, this did not affect the employee's enthusiasm for participating in the competition, where registration was still active, and the whole activity was carried out steadily in a harmonious atmosphere.



D&G Machinery's Third Tug of War Competition

In order to enhance the cohesion and centripetal force of employees, stimulate the hardworking entrepreneurship spirit of the employees, strengthen communication and cooperation between departments and employees, create a united, harmonious and positive atmosphere of the company, the Corporate Culture Team organised the D&G Machinery's Third Tug of War Competition.



Training and Development

D&G values the personal professional development of employees, encourages them to regularly enrich their knowledge and skills, to understand and keep up with changes in the industry. Therefore, the Group promises to provide employees with diversified and appropriate training opportunities and development plans, to stimulate their potential, improve the quality of employees, promote the steady development of business, and convey a sustainable corporate culture. Based on the training needs of employees and their positions, the Group provides suitable, wide-ranging and diversified training programs:

Value training

Convey the Company's strategy, behavioural norms, occupational ethics and values, and increase employees' working motivation

Job skills training :

Provide standardised training corresponding to job duties and improve employees' skills in process and operation

Professional knowledge training :

Enhance professional knowledge and skills training related to employees' positions

Management training :

Provide management knowledge and idea training for the management and employees with management potential, enabling them to understand the Company's development goals and business strategies



In order to provide comprehensive training resources, the Group has formulated training strategies based on the following principles:



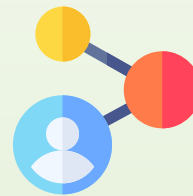
Focused:

Focus on meeting the needs of the Group's long-term development strategy and improving employees' business skills and comprehensive quality



Systematic:

Provide comprehensive and systematic training in line with the Company's overall development direction and employees' personal career development



Participative:

Encourage employees to participate in trainings



Applicable:

Emphasise the practicality of training and its added value to employees to ensure the effectiveness of training

To improve the overall professional level of employees, and formulate training strategies for the coming year, the HR Department is responsible for supervising, organising and implementing training plans. Besides, the Group would carry out an annual survey on employees' training needs based on the "Employee Training Management Guidebook", and evaluates the training plans provided by all departments to construct training strategy for the upcoming year.

In order to ensure the effectiveness of the training, the HR Department assesses the employees' training outcomes and effectiveness through different assessment methods, such as written test or live demonstration. The HR Department also distributes questionnaires to participating employees after each training to collect their feedbacks, and takes it as a reference for improvement of future training plans.

D&G's training plan is mainly classified into four categories, namely occupational health and safety, management and operation, professional knowledge and environmental protection. During the reporting year, D&G has arranged a series of training programmes covering these areas:



Average training hour of employee & percentage		
Each employee	27.5 hours	97%
Male	26.5 hours	83%
Female	32.0 hours	17%
Senior management ^{Note 12}	51.7 hours	1%
Management ^{Note 13}	22.2 hours	19%
Frontline and general staff	28.3 hours	80%

Note 12: Senior Management refers to the Group's Directors and Chief Financial Officer

Note 13: Management refers to employees ranked "Manager" apart from the Group's Senior Management

Our Community

D&G's production business is inseparable from our community. Therefore, the Group is committed to taking social responsibility, actively extending care from the supply chain and working environment to the community. In addition to environmental protection work, the Group focuses its resources on young people and disadvantaged groups. During the reporting year, D&G donated a total of RMB 55,000.

D&G continued the five years of "D&G Machinery Scholarship" with Yanshan University, Changan University and Hebei University of Science & Technology respectively, with an aim to reward students with excellent academic performance. ShanDong JiaoTong University was also added as a qualified university of the scholarship. In addition, the Group has also signed "Industry-University-Research Cooperation Agreements" with ShanDong JiaoTong University on top of other universities with the cooperation agreements, to jointly participate in the equipment appearance industrial design project.

9 Looking Forward

In the face of continuous challenges in the future, including the COVID-19 pandemic, political and economic turbulence, climate change crisis and other environmental issues, D&G will continue to conduct comprehensive risk assessment and business planning, to adapt to the ever-changing market, and increase resilience against risk exposures. The Group will also uphold sound governance, review relevant policies and management mechanisms to ensure effective and smooth operations. In terms of environmental management, the Group will continue to review the environmental requirements of suppliers, monitor their carbon emissions data, and strive to reduce the environmental footprint and business impact on the environment. Following the concept of circular economy, D&G expects to improve the working and living environment for employees and communities, create a sustainable and more valuable supply chain, and contribute to the SDGs.



Environmental Performance

Indicator	Unit	2020	2019	2018
Materials ^{Note 1}				
Total weight of material consumption	tonnes	1,973	4,138	3,782
Weight of non-renewable materials used	tonnes	25	30	54
Weight of renewable materials used	tonnes	1,948	4,108	3,728
Air Emissions ^{Note 2}				
PM	tonnes	0.77	0.38	0.61
SOx	tonnes	0.00	0.00	0.00
NOx	tonnes	0.31	0.52	0.54
GHG Emissions ^{Note 3}				
Scope 1: Direct GHG emission ^{Note 3}	tCO ₂ e	618	731	722
Scope 2: Indirect GHG emission ^{Note 4}	tCO ₂ e	3,231	3,615	4,231
Total GHG emissions	tCO ₂ e	3,849	4,346	4,953
GHG emissions intensity	tCO ₂ e/RMB'M Revenue	10.16	9.74	15.09
Energy Consumption				
Electricity consumption	MWh	3,345	3,740	4,379
	GJ	12,043	13,465	15,763
Natural gas consumption	MWh	3,111	3,677	3,632
	GJ	11,110	13,134	12,973
Total energy consumption	MWh	6,456	7,417	8,011
	GJ	23,153	26,599	28,736
Energy Intensity	MWh/RMB'M Revenue	17.04	16.62	24.41
Water Consumption				
Total water consumption	m ³	20,051	32,483	31,386
Water intensity	m ³ /employee	49.9	74.5	69.3
Hazardous Waste				
Total hazardous waste	tonnes	92	87	47
Non-hazardous Waste ^{Note 5}				
Scrap steel	tonnes	0	0	0
Recycled materials	tonnes	534	493	431
Total non-hazardous waste	tonnes	0	0	0
Recycled non-hazardous waste	%	100	100	100

Note 1: Material consumption data has been disclosed since 2018 in accordance with the GRI standards. The Group did not use any recycled input materials, so the relevant data was not disclosed.

Note 2: Air emissions were calculated based on monitored concentrations and emission rates, and were calculated using dry gas flow and annual operating hours, respectively. The Group's air emissions did not include emissions of persistent organic pollutants, volatile organic compounds and hazardous air pollutants, as they are not material to the operation of the Group.

Note 3: The Group reported in accordance with the principles and methods of local and international carbon accounting standards. The GHG emissions (Scope 1) include GHG emissions from natural gas combustion owned or managed by the Group and were calculated in accordance with GHG Protocol Tool for Energy Consumption in China (Version 2.1). The GHG emissions (Scope 2) include the electricity purchased by the Group, the emission factors for electricity used in China was referenced to the 2017 China Regional Grid Baseline Emission Factor; for Hong Kong was referenced to the Hong Kong Electric Power 2020 Annual Report; for Singapore was referenced to the local Environment Bureau 2020 emission factor. The energy conversion factor for natural gas was calculated in accordance with China's CO₂ emissions accounting and reporting guidelines. The Group's total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group's operations.

Note 4: The GHG emissions (Scope 2) from 2018 to 2019 had been adjusted in alignment with the calculation method adopted in 2020. Although the Group's GHG emission currently do not include those arising from its vehicles as it is relatively not material, D&G shall review the GHG emission scope on a regularly basis to enhance disclosure for future reports.

Note 5: Non-hazardous waste includes: scrap steel, wood and cardboard boxes. Since 2018, D&G has recycled all non-hazardous waste from the production process, so there is no data regarding the amount of non-hazardous waste disposal. Currently, the Group only discloses the amount of non-hazardous waste that is relatively material to the its production. The Group is progressively upgrading the waste collection and data management system to enhance the disclosure of non-hazardous waste in the future.

Social Performance

Indicator	Unit	2020	2019	2018
Workforce				
Total	No. of people	402	436	453
By Gender				
Male	No. of people	329	358	363
Female	No. of people	73	78	90
By Position				
Senior management ^{Note 7}	No. of people	6	6	6
Management ^{Note 8}	No. of people	73	67	69
Frontline and general staff	No. of people	323	363	378
By Age				
18-30	No. of people	66	89	122
31-40	No. of people	168	171	159
41-50	No. of people	99	108	108
51 or above	No. of people	69	68	64
By Working Location				
Hong Kong	No. of people	14	14	15
Langfang	No. of people	315	330	335
Beijing	No. of people	29	45	49
Shanghai	No. of people	17	18	18
Guangzhou	No. of people	18	20	22
Shangxi	No. of people	2	1	0
Xi'an	No. of people	1	0	1
Chengdu	No. of people	5	2	2
Singapore	No. of people	0	0	2
Pakistan	No. of people	0	1	5
India	No. of people	0	4	4
Thailand	No. of people	1	1	-

Indicator	Unit	2020	2019	2018
Senior Management Breakdown ^{Note 9}				
By Gender				
Male	No. of people	5	5	5
Female	No. of people	1	1	1
By Age				
31-40	No. of people	0	1	1
41-50	No. of people	2	2	3
51 or above	No. of people	4	3	2
By Educational Level				
Diploma	No. of people	0	0	1
Bachelor	No. of people	5	5	4
Master	No. of people	1	1	1
New Employee Hire Breakdown ^{Note 10}				
Total	No. of people	18	38	-
By Gender				
Male	No. of people	16	33	-
Female	No. of people	2	5	-
By Age				
18-30	No. of people	8	7	-
31-40	No. of people	8	17	-
41-50	No. of people	1	11	-
51 or above	No. of people	1	3	-
By Working Location				
Hong Kong	No. of people	1	-	-
Langfang	No. of people	16	35	-
Shanghai	No. of people	0	1	-
Chengdu	No. of people	1	-	-
Xi'an	No. of people	0	1	-
Thailand	No. of people	0	1	-
Employees Turnover Rate ^{Note 11}				
Overall	No. of people	52	59	51
	%	12.4	13.3	11.4
By Gender				
Male	No. of people	45	45	42
	%	13.1	12.5	11.7
Female	No. of people	7	14	9
	%	9.3	16.7	10.1

Indicator	Unit	2020	2019	2018
By Age				
18-30	No. of people	12	4	22
	%	15.5	3.8	17.7
31-40	No. of people	19	32	14
	%	11.2	19.4	9.2
41-50	No. of people	9	19	8
	%	8.7	3.7	7.5
51 or above	No. of people	12	4	7
	%	17.5	6.1	10.8
By Working Location				
Hong Kong	No. of people	1	2	0
	%	7.1	13.8	0
Langfang	No. of people	42	46	45
	%	13.0	13.8	13.5
Beijing	No. of people	3	3	4
	%	8.1	6.4	7.9
Shanghai	No. of people	1	1	2
	%	5.7	5.6	11.4
Guangzhou	No. of people	1	0	0
	%	5.3	0	0
Xi'an	No. of people	0	1	0
	%	0	200	0
Singapore	No. of people	0	2	0
	%	0	200	0
Pakistan	No. of people	0	4	0
	%	0	133	0
India	No. of people	4	-	-
	%	200	-	-

Indicator	Unit	2020	2019	2018
Occupational Health and Safety				
Total number of work-related fatalities	No. of incident(s)	0	0	0
Total number of injuries	No. of incident(s)	7	8	6
Injury rate per 1,000 employees	-	16.7	18.0	14.0
Lost day(s)	Day(s)	150	112	207
Lost time incident rate (LTIR) ^{Note 12}	-	1.7	1.8	1.3
Training and Education ^{Note 13}				
Topics	No.	137	80	59
By Types of Topics				
Occupational health and safety	Hours	50.7	11	42
Management and operation	Hours	110	28.5	51
Professional knowledge	Hours	97.5	265	106.5
Environmental protection	Hours	0	0	25
All types	Hours	258.2	304.5	224.5
Average Training Hours and Percentage of Employees ^{Note 14 & Note 15}				
By Gender				
Male	Hours	26.5	9.6	11.9
	%	83	-	-
Female	Hours	32.0	2.5	11.0
	%	17	-	-
By Position				
Senior management	Hours	51.7	8.8	7.7
	%	1	-	-
Management	Hours	22.2	4.0	11.4
	%	18	-	-
Frontline and general staff	Hours	28.3	9.1	11.8
	%	80	-	-
Geographical Location of Suppliers ^{Note 16}				
China ^{Note 17}	No.	151	176	171
	%	97	98.9	99.0
Oversees ^{Note 18}	No.	3	2	2
	%	3	1.1	1.0
Community investment	RMB	55,654	72,000	5,302

Note 7: Senior Management refers to the Group's Directors and Chief Financial Officer.

Note 8: Management refers to employees ranked "Manager" apart from the Group's Senior Management.

Note 9: The Group has disclosed the breakdown of senior management since 2018.

Note 10: The Group has disclosed the breakdown of new employee hire since 2019.

Note 11: The number of employee turnover and employee turnover rate are only applicable to full-time employees. The turnover rate is calculated as follows:

Turnover rate = $L / E * 100\%$

L = Number of employee turnover in the reporting year

E = (Number of employee at the beginning of the year + number of employee at the end of the year)/2

Note 12: Lost Time Injury Rate (LTIR) - the ratio is the number of all fatal and lost working hours incidents multiplied by 200,000 working hours (equivalent to approximately 100 working hours per year) divided by working total hours.

Note 13: In order to reflect the resources and efforts put into the overall development of employees, the Group has revised the strategy for employee training disclosure.

Note 14: The Group has collected and analysed the average number of hours of training for employees by gender and position since 2018.

Note 15: The Group has collected and analysed the average number of hours of training for employees by position since 2020.

Note 16: The Group has provided data on the number and geographical location of suppliers since 2018.

Note 17: Local suppliers refer to suppliers located in Mainland China.

Note 18: Overseas suppliers refer to suppliers located outside of Mainland China.

Disclosure of the GRI Standard		General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
102: General Disclosures			
Organisational Profile			
102-1	Name of organisation		2. Business Review
102-2	Activities, brands, products, and services		2. Business Review
102-3	Location of headquarters		2. Business Review
102-4	Location of operations		1.1 Reporting Period and Scope
102-5	Ownership and legal form		2. Business Review
102-6	Markets served		2. Business Review
102-7	Scale of the organisation	KPI B1.1	2. Business Review
102-8	Information on employees and other workers	KPI B1.1	All employees in the reporting year were full-time and permanent. For detailed information about employees, please refer to the Performance Tables.
102-9	Supply chain		6.6 Sustainable Procurement
102-10	Significant changes to the organisation and its supply chain		6.6 Sustainable Procurement
102-11	Precautionary Principle or approach		6.3 Risk Management
102-12	External initiatives		6.9 Industrial Partnership 7.8 Environmental Initiatives 8.2 Our Community
102-13	Membership of associations		6.9 Industrial Partnership
Strategy			
102-14	Statement from senior decision-maker		4. Chairman’s Statement
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	KPI B7.2	6.1 Corporate and Sustainability Governance
Governance			
102-18	Governance structure		6.1 Corporate and Sustainability Governance
Stakeholder Engagement			
102-40	List of stakeholder groups		5.1 Communication Channels
102-41	Collective bargaining agreements		Percentage of total employees covered by collective bargaining agreements (that is union) was 97% in the reporting year.
102-42	Identifying and selecting stakeholders		5.1 Communication Channels
102-43	Approach to stakeholder engagement		5.1 Communication Channels
102-44	Key topics and concerns raised		5.2 Materiality Assessment

Disclosure of the GRI Standard		General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEG ESG Guide	Section/Statement
Reporting Practice			
102-45	Entities included in the consolidated financial statements		Please refer to the Group's 2020 Annual Report
102-46	Defining report content and topic Boundaries		1. About this Report
102-47	List of material topics		5.2 Materiality Assessment
102-48	Restatements of information		The data calculation method of this report is consistent with last year.
102-49	Changes in reporting		1. About this Report 5.2 Materiality Assessment
102-50	Reporting period		1. About this Report
102-51	Date of most recent report		1. About this Report
102-52	Reporting cycle		1. About this Report
102-53	Contact point for questions regarding the report		1. About this Report
102-54	Claims of reporting in accordance with the GRI Standards		1. About this Report
102-55	GRI content index		11. Content Index
102-56	External assurance		12. Verification Statement
200: Economic			
201: Economic Performance			
201-1	Direct economic value generated and distributed		Please refer to the Group's 2020 Annual Report
204: Procurement Practices			
103	Management approach	GD B5 KPI B5.2 KPI B5.3 KPI B5.4	6.6 Sustainable Procurement
204-1	Proportion of spending on local suppliers	KPI B5.1	6.6 Sustainable Procurement
205: Anti-corruption			
103	Management approach	GD B7 KPI B7.2	6.7 Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	KPI B7.1	6.7 Ethics and Integrity
206: Anti-competitive Behaviour			
103	Management approach		6.7 Ethics and Integrity
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		6.7 Ethics and Integrity
300: Environmental			

Disclosure of the GRI Standard		General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
301: Materials			
103	Management approach	GD A2	7.7 Material Use 10. Performance Tables
302-1	Materials used by weight or volume	KPI A2.5	7.7 Material Use 10. Performance Tables The Group did not have any direct consumption of packaging material and thus, the relevant data were not disclosed.
302: Energy			
103	Management approach	GD A2 GD A3	7.3 Energy Consumption and GHG Emissions
302-1	Energy consumption within the organisation within the organisation	KPI A2.1	7.3 Energy Consumption and GHG Emissions 10. Performance Tables
302-3	Energy intensity	KPI A2.1	7.3 Energy Consumption and GHG Emissions 10. Performance Tables
302-4	Reduction of energy consumption	KPI A2.3	7.3 Energy Consumption and GHG Emissions 10. Performance Tables
303: Water and Effluents			
103	Management approach	GD A2 GD A3	7.5 Water Consumption and Wastewater Management
303-1	Interactions with water as a shared resource	KPI A2.2 KPI A2.4	7.5 Water Consumption and Wastewater Management Water sourcing is not material to operations
303-2	Management of water discharge-related impacts	GD A3 KPI A3.1	7.5 Water Consumption and Wastewater Management
05: Emissions			
103	Management approach	GD A1 GD A3 KPI A3.1	7.3 Climate Change and Energy Consumption 7.4 Air Emissions
305-1	Direct (Scope 1) GHG emissions	KPI A1.1 KPI A1.2	7.3 Climate Change and Energy Consumption 10. Performance Tables
305-2	Energy indirect (Scope 2) GHG emissions	KPI A1.1 KPI A1.2	7.3 Climate Change and Energy Consumption 10. Performance Tables
305-4	GHG emissions intensity	KPI A1.2	7.3 Climate Change and Energy Consumption 10. Performance Tables
305-5	Reduction of GHG emissions	KPI A1.5	10. Performance Tables
305-7	NOx, SOx, and other significant air emissions	KPI A1.1	7.4 Air Emissions 10. Performance Tables

Disclosure of the GRI Standard		General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
306: Effluents and Waste			
103	Management approach	GD A1 GD A3	7.6 Waste Management
306-2	Waste by type and disposal method	KPI A1.3 KPI A1.4 KPI A1.6	7.6 Waste Management 10. Performance Tables
306-4	Transport of hazardous waste	KPI A1.6	7.6 Waste Management
307: Environmental Compliance			
103	Management approach	GD A1	7.1 Green Operation
307-1	Non-compliance with environmental laws and regulations	GD A1	7.1 Green Operation
400: Social			
401: Employment			
103	Management approach	GD B1	8.1 Our Employees
401-1	New employee hires and employee turnover	KPI B1.2	8.1 Our Employees 10. Performance Tables
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		8.1 Our Employees
403: Occupational Health and Safety			
103	Management approach	GD B2 KPI B2.3	8.1 Our Employees
403-2	Work-related injuries	KPI B2.1 KPI B2.2	8.1 Our Employees 10. Performance Tables
404: Training and Education			
103	Management approach	GD B3	8.1 Our Employees
404-1	Average hours of training per year per employee	KPI B3.1 KPI B3.2	8.1 Our Employees 10. Performance Tables Data on the percentage of employees trained was not disclosed, but the Group plans to disclose the information in the future
405: Diversity and Equal Opportunity			
103	Management approach	GD B1	8.1 Our Employees
405-1	Diversity of governance bodies and employees	KPI B1.1	8.1 Our Employees 10. Performance Tables
406: Non-discrimination			
103	Management approach	GD B1	8.1 Our Employees
406-1	Incidents of discrimination and corrective actions taken	GD B1	8.1 Our Employees

Disclosure of the GRI Standard		General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEx ESG Guide	Section/Statement
408: Child Labour			
103	Management approach	GD B4	8.1 Our Employees
408-1	Operations and suppliers at significant risk for incidents of child labour	KPI B4.1 KPI B4.2	8.1 Our Employees
409: Forced or Compulsory Labour			
103	Management approach	GD B4	8.1 Our Employees
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	KPI B4.1 KPI B4.2	8.1 Our Employees
413: Local Communities			
103	Management approach	GD B8	8.2 Our Community
413-1	Operations with local community engagement, impact assessments and development programmes	KPI B8.1 KPI B8.2	8.2 Our Community
414: Supplier Social Assessment			
103	Management approach	GD B5	6.6 Sustainable Procurement
414-1	New suppliers that were screened using social criteria	KPI B5.2	6.6 Sustainable Procurement
416: Customer Health and Safety			
103	Management approach	GD B6	6.5 Quality Assurance
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	KPI B6.1 KPI B6.4	6.5 Quality Assurance
417: Marketing			
103	Management approach	GD B6	6.5 Quality Assurance
417-2	Incidents of non-compliance concerning product and service information and labelling	KPI B6.2 KPI B6.3	6.5 Quality Assurance
418: Customer Privacy			
103	Management approach	GD B6	6.5 Quality Assurance
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	KPI B6.5	6.5 Quality Assurance
419: Socioeconomic Compliance			
103	Management approach		6.3 Risk Management
419-1	Non-compliance with laws and regulations in the social and economic area		6.4 Operational Compliance

11 Verification Statement

Verification Scope

Allied Environmental Consultants Limited (“AEC” or “the Company”) was commissioned to undertake an independent verification of D&G Technology Holding Company Limited (“D&G”) 2020 Sustainability Report (the “report”). The scope of verification covers the data and contents relating to D&G’s sustainability performance at offices in Hong Kong, Beijing, Shanghai, Guangzhou, Pakistan, and main manufacturing plant and adjacent employees’ dormitory located in Langfang, Hebei from 1 January 2020 to 31 December 2020 (the “reporting year”).



Verification Standards and Methodology

The report was verified with reference to International Standard on Assurance Engagement (ISAE) 3000 (Revised) (Assurance Engagements Other Than Audits or Reviews of Historical Financial Information). The verification included an evaluation of the report’s alignment with the “core” option of Global Reporting Initiative standards (the “GRI standards”), and Appendix 27 Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in The Stock Exchange of Hong Kong (the “HKEx”).

In order to ensure the report adheres to the reporting principles and standards, our Company had designed and undertaken the following activities to gather evidence before drawing the conclusion:

- Conduct review of material issues and assess the relevance of those to D&G’s business;
- Conduct meetings with staff that are involved in sustainability management, report preparation and provision of report information;
- Provide advice on stakeholder engagement activities with no direct contact with the external stakeholders;
- Conduct review of supporting evidence for claims made in the report; and
- Verify all calculated and disclosed data in the report.

Level of Assurance

As set out in ISAE 3000, our Company provided limited assurance in the review that is defined by the scope and methodology described in this statement.

Conclusion

Based on the scope of work and assurance procedures performed, all material aspects, data and information in the report were prepared in accordance with the GRI Standards: Core Option, and in compliance with the HKEx ESG Guide.

Regarding the work undertaken during the assurance process, we are of the opinion that the information stated in the report provides a structured, balanced and reliable disclosure of D&G’s sustainability performance during the reporting year. In addition, the report demonstrates the quality of accuracy, timeliness, comparability, clarity and reliability.

In conclusion, the report provides a comprehensive account of D&G’s management approach and sustainability performance in a proactive, consistent, fair and truthful manner.

Competency and independence

AEC is composed of sustainability and environmental consultants that are experienced in the industrial sector, and are trained and competent in a range of related standards and skills including but not limited to GRI Standards, Global Real Estate Sustainability Benchmark (“GRESB”), AA1000AS, the HKEx ESG Reporting Guide, Carbon Audit, ISO 9001 and ISO 14001.

In addition, AEC conducted the verification and assurance of sustainability data and reporting as an independent consultant. Upholding high ethical standards, it is claimed to have been no conflict of interest with D&G while performing the verification. Throughout the process, AEC has verified all disclosed data, content and compliance with the stated reporting standards.

Ms. Kwok May Han Grace

Chairman and Managing Director of Allied Environmental Consultants Limited
Hong Kong
30 June 2021