



德 基 科 技

D&G TECHNOLOGY

D&G TECHNOLOGY HOLDING COMPANY LIMITED

<INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY>

STOCK CODE 1301

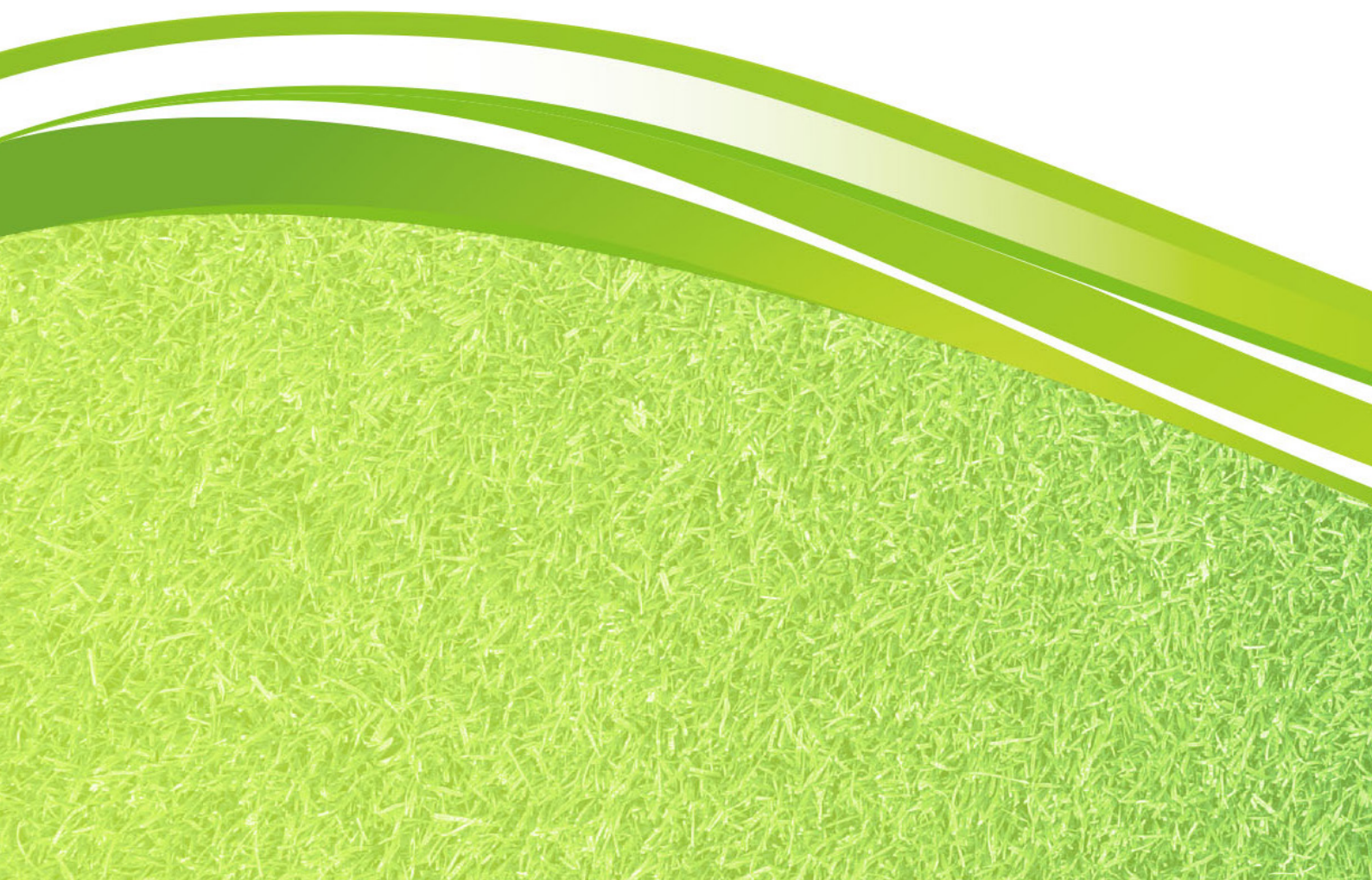


# SUSTAINABILITY REPORT

## 可持續發展報告 2017

技術創新  
環保先行







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# 1. SUSTAINABILITY HIGHLIGHTS

The "One Belt One Road" initiative established by the PRC government has provided years of momentum for the Group's growth and development. The "One Belt One Road" initiative has allowed the Group to be stretched domestically and internationally with business opportunities, and also internally to continue its research and integrated business approach. Innovative methods have been implemented in the manufacturing process to improve operational efficiency and environmental protection. Moreover, since the completion of the new Research and Development Center, staff has been relocated into a new environment where they are empowered to innovate and work cohesively with one another.

Under the theme of "Journey of innovation, environmental protection, and reciprocity", the Group's Sustainability Report will highlight and detail the environmental and social benefits that the Group has received and shared with various stakeholders.

**The sustainability highlights include the following**

## Safe manufacturing



- Zero Fatal Incident (3rd consecutive year since record)
- 7 injury rate per 1000 employees

## Smart and Green manufacturing



- Geothermal heat pumps applied in new Research and Development Center
- LED lighting replacements applied across factory
- Use of industrial robots, smart meters, and computer numerical control

## Environmental performance



- 7.52 tCO2/RMB'M revenue
- 86% of waste recycled
- 18 kWh ('000)/RMB'M revenue

## Patents and Copyrights



- 58 registered patents- 4 invention patents, 54 utility model patents
- 24 software copyrights

## Trainings provided to employees



- Safety and security training -361 hours
- Technical and operational training - 348.5 hours
- Managerial and Professional Training -258 hours

## Recognition and awards



- Caring Certificate
- Green Corporate Awards
- Green Initiatives
- Green Corporate Membership



## 2. CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the sustainability report of D&G Technology Holding Company Limited (the "Company") and its subsidiaries (hereafter collectively referred to as "D&G" or the "Group") for the year ended 31 December 2017. From a business-sustainability point of view, this year marked a season of continued growth and internal upgrades.

Marching in step with the PRC government's policy, we have continued to expand and develop overseas markets along the "One Belt One Road" initiative. We have witnessed fruits of our efforts as we have successfully obtained six contracts of the China-Pakistan Economic Corridor projects. The contracts won were considered our flagship "One Belt One Road" projects, proving that our asphalt mixing products and services were recognized in the market. We are confident that with enhanced product quality and services, we anticipate more "One Belt One Road" projects can be obtained in the future.

On another momentous occasion, we have completed the construction of our research and development facility at Langfang, China. This facility would serve as the heart of D&G's business as we continue to stimulate innovation and advocate the exchange of ideas. With enhanced research and development capabilities, we will continue to explore cutting-edge technology in order to develop and manufacture more environmentally-friendly and energy-saving asphalt mixing plants. Moreover, the building facility has incorporated environmentally-friendly designs, further emphasizing our commitment to "walk the talk" and be recognized as a forward-thinking and green organization.

Innovation and eco-friendliness has been the important attributes in the Group's success over the years, and this year was another year of recognition by various stakeholders. D&G has been recognized as one of the "China Top 30 Construction Machinery Manufacturers" in 2017, ranked within the "China Top 50 Construction Machinery Manufacturers" for the seventh consecutive year. In addition, the Group has also been awarded the "EcoChallenger" in BOCHK Corporate Environmental Leadership Awards, jointly organized by the Federation of Hong Kong Industries and Bank of China (Hong Kong). Our perseverance and efforts in green governance has garnered the award of "Corporate Green Governance Award – Corporate Vision", organized by Green Council.

As we continue our business strategy and hold firm to our commitment to innovative and eco-friendly products and services, we are confident that growth can be sustained in years to come. Lastly, on behalf of the board of directors of the Company, I would like to express my gratitude to our management team and staff for their effort and support in steering the Company towards sustainable development.

**Choi Hung Nang**  
*Chairman*

06 July 2018





## 3. ABOUT THIS REPORT

### 3.1 About the Group

Established in 1999 and listed in 2015, D&G Technology (the “Company” or “D&G” or the “Group” referring to the Company and its subsidiaries unless otherwise stated) has become a leading medium-to-large scale asphalt mixing plant manufacturer and service provider in China. The Group mainly produces conventional hot-mix asphalt mixing plants (“conventional plants”) and hot-mix asphalt mixing recycling plants (“recycling plants”) that are efficient, reliable, safe and environmental-friendly to be used in all grade roads and highways construction and maintenance projects. Besides, the Group offers asphalt mixing plant related services which include sales of spare parts and components, provision of equipment modification services and operating leases of asphalt mixing plant in various countries, including China, Singapore, Pakistan and India.

### 3.2 Reporting Scope

The scope of the report covers D&G’s offices in Hong Kong, Beijing, Shanghai, Guangzhou, Xian, Chengdu, Singapore, Pakistan and India and main manufacturing plant and adjacent employees’ dormitory located in Langfang, Hebei.

This is the Group’s third published Sustainability Report covering the financial reporting period from 1 January 2017 to 31 December 2017. All ESG-related activities during the reporting period are presented in this report.

### 3.3 Reporting Framework

This report is prepared in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) issued by The Stock Exchange of Hong Kong Limited. The Group adheres to the principles of materiality, quantitative, balance and consistency to report on the measures and performances in the reporting period. A content index is attached at the end of this report as a tool to navigate readers to the specific topics corresponding with the ESG Guide. Information regarding corporate governance is addressed separately in the annual report in pursuance of Appendix 14 of the Main Board Listing Rules.

The Group appointed Allied Sustainability and Environmental Consultants Group Limited (stock code: 8320) to prepare for this report.

The Group’s senior management team has been engaged in the report preparation and has approved this Sustainability Report. The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and contribution towards this report and the environmental and social performances throughout the year.

### 3.4 Contact Details

We welcome any feedback and suggestions for not only the sustainability report but also the Group’s sustainability strategies. Feel free to contact us at: [info@dgtechnology.com](mailto:info@dgtechnology.com)



### 3.5 Stakeholder Engagement

D&G is dedicated to align its business strategies with stakeholders' expectations and needs. To better understand expectations and needs, D&G endeavored to communicate and involve its stakeholders through establishing various communication channels. In the reporting period, D&G has engaged its stakeholders via numerous engagement channels.

Stakeholder Groups	Specific Stakeholders	Engagement Methods
<b>Investors</b>	<ul style="list-style-type: none"> <li>Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Site visit tours at Langfang</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Management</li> <li>Employees</li> <li>Potential and new recruits</li> </ul>	<ul style="list-style-type: none"> <li>Training and development</li> <li>Employees satisfaction surveys</li> <li>Meetings</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Road construction companies</li> <li>Road construction machinery distributors</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction surveys</li> <li>Site visit tours at Langfang</li> <li>Client site visits</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Material suppliers</li> <li>Subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>Supplier site visits</li> <li>New product introduction training</li> </ul>
<b>Education and Research Partners</b>	<ul style="list-style-type: none"> <li>Research Institutes</li> <li>Industry Associations</li> </ul>	<ul style="list-style-type: none"> <li>Site and data audit / review</li> <li>Technical seminars</li> <li>Collaborative forums?</li> </ul>
<b>Government and Other Public Bodies</b>	<ul style="list-style-type: none"> <li>Country and local governments</li> <li>Regulators</li> <li>Welfare Department</li> </ul>	<ul style="list-style-type: none"> <li>Site visit tours at Langfang</li> <li>Inspection and interview</li> </ul>
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>Distributors</li> <li>Exclusive Dealers</li> <li>Joint Venture partners</li> </ul>	<ul style="list-style-type: none"> <li>Seminars</li> <li>Trainings</li> <li>Meeting and discussion</li> </ul>
<b>Professional Association</b>	<ul style="list-style-type: none"> <li>Industry Associations</li> </ul>	<ul style="list-style-type: none"> <li>Technical meeting / seminar</li> <li>Hosting the 8<sup>th</sup> China Asphalt Plant Summit</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Neighbouring residents</li> </ul>	<ul style="list-style-type: none"> <li>Public consultation</li> <li>Project announcement</li> </ul>
<b>Social Media</b>	<ul style="list-style-type: none"> <li>Industrial magazines</li> <li>Industrial web platform</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration and cooperation</li> <li>Advertising and promotion</li> </ul>



### 3.6 Materiality Assessment

The Group strived to improve on sustainability reporting and strategy forming. During one of the stakeholder sessions held in last reporting period, the Group has received comments from the stakeholders on the need for highlighting the strategy and management approach to the overarching sustainability development.

The Group has initiated a first round of introductory training in the Global Reporting Initiative (GRI) in the reporting period. GRI is an internationally well-known standard for government and business institutions reporting on sustainability issues. Through the training and the understanding of the GRI framework, the Group aims to be well-versed in a wider range of sustainability issues, and starts to prepare publishing its annual sustainability report in accordance to the GRI standard. Moreover, the application of GRI would enable the management to achieve the Group's sustainable development with an organized strategic approach.



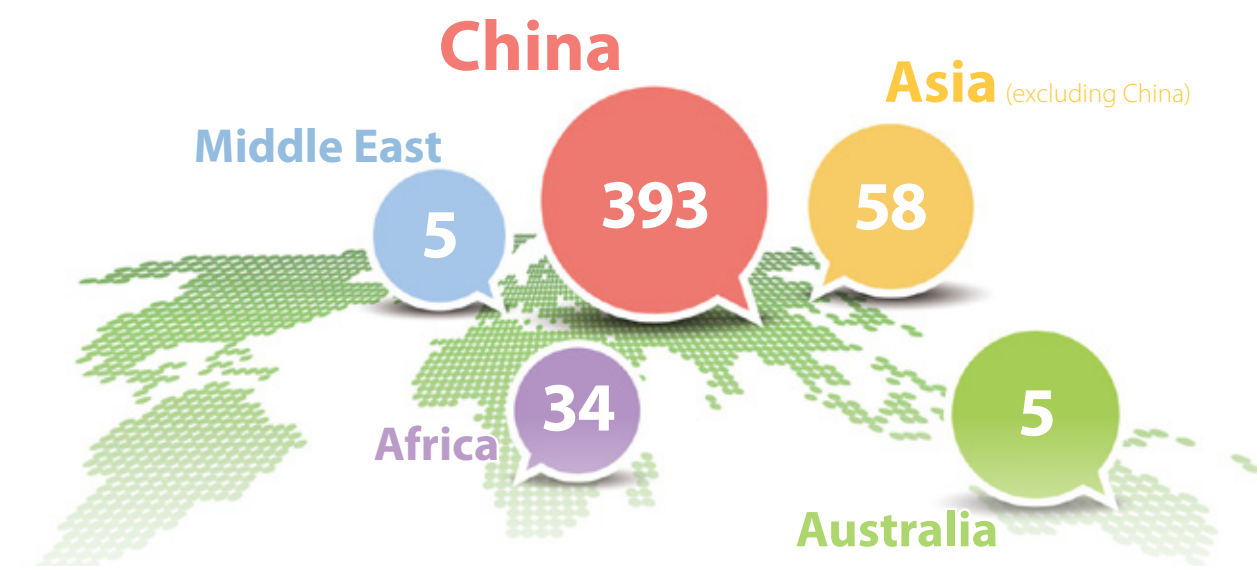
D&G staff participate in sustainability workshop



## 4. INNOVATION

### 4.1 D&G Products

The journey of D&G's innovation starts with its asphalt mixing plants, which have been proven to be both versatile and eco-friendly. As of 31 December 2017, the Group has sold and distributed asphalt mixing plants worldwide including Asia, Europe, Africa and Australia.



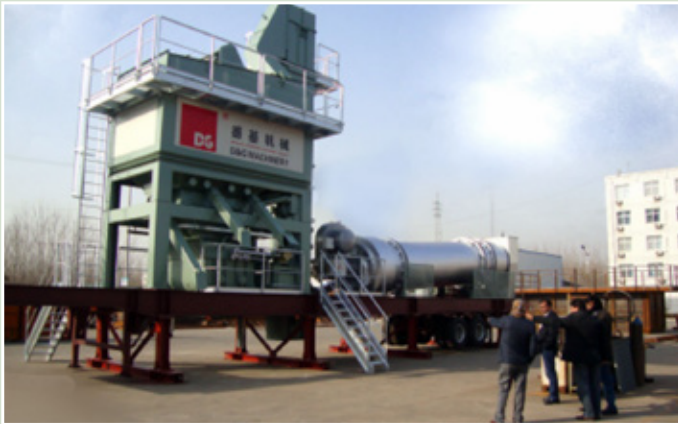


Customers may choose from the four major categories of asphalt mixing plant depending on the various needs and technical requirements:

STANDARD SERIES	Highlights
 <p data-bbox="304 993 986 1019">An aerial photograph of a large-scale asphalt mixing plant. The plant is a complex of various structures and conveyor systems. Labels point to several key components: a 'Vibrating Screen' at the top, a 'Hot Mix Storage Bin' on the left, a 'Control Room' below it, a central 'Mixing Tower', a 'Bag Filtering House' on the right, a 'Dry Drum' below the mixing tower, a 'Bitumen Storage and Heating System' at the bottom, and a 'Cold Feeder' on the far right. The plant is situated in an open area with some vegetation in the background.</p>	<ul data-bbox="1034 569 1294 858" style="list-style-type: none"><li>• 100-400 t/h</li><li>• Conventional</li><li>• Easy to operate</li><li>• Reliable</li><li>• Easy for maintenance</li></ul>
COMPACT SERIES	Highlights
 <p data-bbox="304 1604 986 1770">Customers are able to save on transportation costs for the Compact Series, and these asphalt mixing plants have been designed with individual elements that have been precisely selected and professionally configured for shipping container housings.</p>	<ul data-bbox="1034 1166 1262 1548" style="list-style-type: none"><li>• 100-240 t/h</li><li>• Reduced shipping costs</li><li>• Made for long distance transportation</li><li>• No production capacity compromised</li></ul>



### MOBILE SERIES



In a fast-moving world, on-to-move customers are able to utilize the Mobile Series asphalt mixing plant for quick and efficient works. reclaimed asphalt pavement

### Highlights

- 100-120 t/h
- Fast Transit
- Easy installation
- Suitable for maintenance work

### RECYCLING SERIES



As one of the first manufacturers in China to develop asphalt recycling plant and export the products to advanced countries such as Australia and Singapore, D&G takes pride in its Recycling Series in promoting a more eco-friendly approach to asphalt production.

### Highlights

- 15-140 t/h
- 10-50% reclaimed asphalt pavement ("RAP")
- Reduce costs
- Environmentally friendly
- Efficient Production

### Environmental benefits

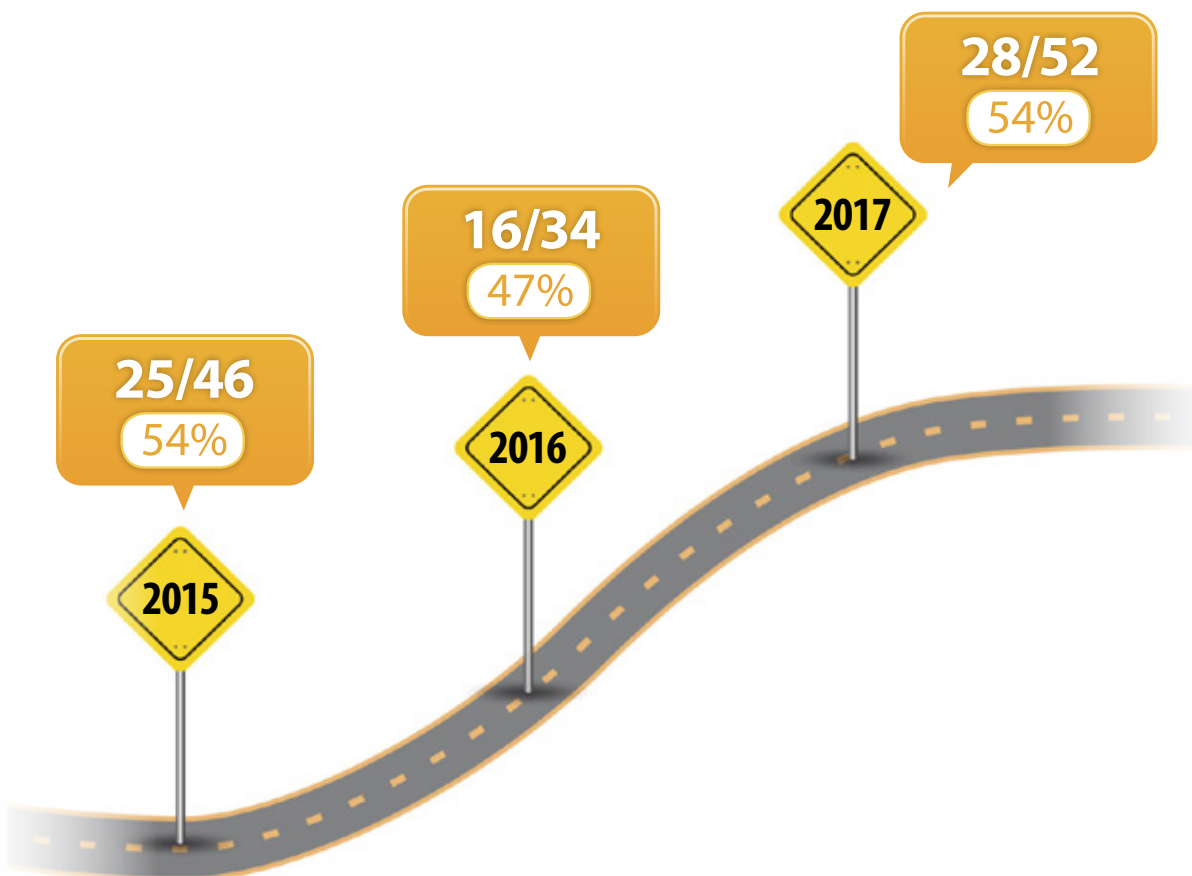
- 10-35% fuel reduction
- Reduced emissions *(compared with conventional plants)*
  - ◆ CO<sub>2</sub> – 60%
  - ◆ SO<sub>2</sub> – 70%
  - ◆ VOC – 50%
  - ◆ CO – 10-30%
  - ◆ NO<sub>x</sub> – 60-70%
  - ◆ Particulates – 20-25%





D&G has made solid efforts in marketing its RAP plants to further promote the message of eco-friendly asphalt mixture productions. The Group believes that with the application of these RAP plants, customers would be able to “pave the way to a sustainable future”- not only to reduce the pollution emissions and environmental footprint from asphalt production, but also able to reduce costs used in aggregates.

### Percentage of RAP plants sold



Since 2016, all of asphalt plants sold have installed DG Leap to ensure system reliability and allow D&G engineers to remotely control and provide technical support to customers. Moreover, 87% of new asphalt mixing plants sold in the reporting period contains iCloud technology, which further allowed D&G staff to provide solutions and extended services via data gathered in iCloud.

## 4.2 New Research and Development Center



**D&G New Research and Development Center**

The new Research and Development (“R&D”) Center officially came into operation in December 2017. The R&D Center is designed to be an open-office which can stimulate the innovation and advocate the exchange of ideas. The exhibition hall is equipped with the latest virtual reality gadget which allows visitors to experience the asphalt-production process. The new facility not only served as a home to dedicated employees, but also a boost to the Group’s morale.



**Open-office layout allows better interaction amongst the staff**



**D&G interior designs of the R&D Center**



**LED lightings in the whole R&D Center**





During the reporting period, D&G hosted the 8th China Asphalt Plant Summit (the "Summit"), organized by the China Construction Machinery Association, Road Construction Machinery Chapter. Delegates of the Summit, from different enterprises, had the opportunity to tour around D&G's production facilities at Langfang, and most importantly had the opportunity to visit the brand new R&D Center. D&G was able to share with industry peers the clean and orderly production environment and the exhibition hall with showcase of D&G's achievements, milestones, and latest technology and gadgets.



Glendy Choi with Mr Sun Jun-Jie, Chairman of Road Construction Machinery Chapter



Group photo of the delegates of the Summit





Delegates of the Summit touring the exhibition hall



Delegates get hands-on experience with the Group's new virtual reality gadget



### 4.3 Customer-Oriented

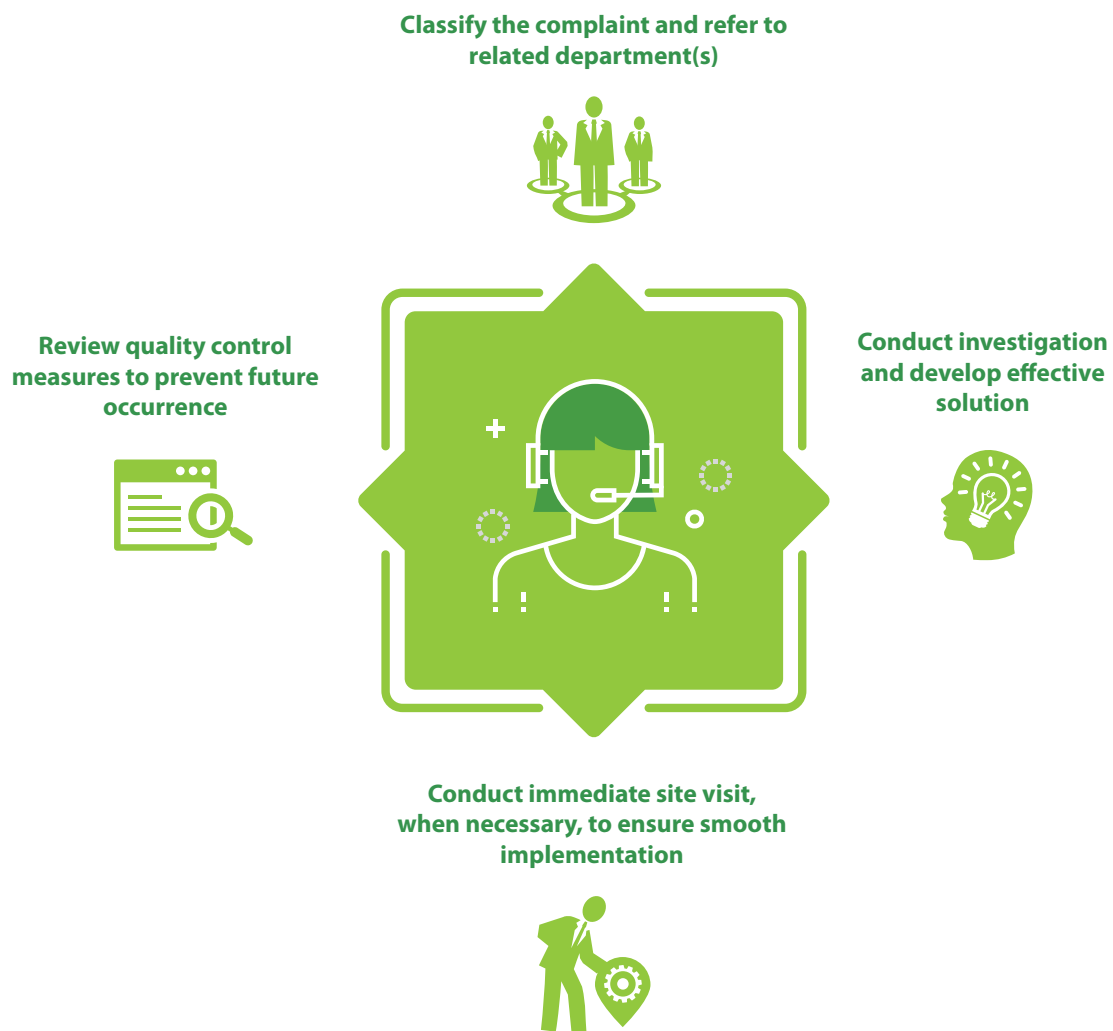
Achieving total customer satisfaction is fundamental to secure D&G's competitive edge. Driven by the dedication to deliver customer satisfaction through high quality products and services, D&G continuously improves its quality management. From supply chain management to aftersales support services, the Group has adopted the quality standards of ISO9001 Quality Management System to complement its quality control framework.

The quality control framework stipulates the procedures for the followings quality control measures:





In case of customer's complaint, the Group considers it as an opportunity to re-examine the quality control framework and measures to prevent the recurrence of such issues and deliver sustained improvement. In this regard, the Group has adopted the following procedures to resolve customer's complaint:



Based on this quality control framework, D&G is improving its quality control measures on an ongoing basis to identify underlying causes of defects and takes on a pre-emptive approach to manage product defects.





## Supply Chain Management

The Group's quality control framework has also stipulated the control measure for its supply chain management. To ensure the quality of D&G's products is up to high standard, the materials used in the process are purchased from an approved list of suppliers who are subject to regular evaluation. The evaluation process is comparable to the supplier selection process in which suppliers are selected based on production quality, technical support, production capability, environmental, health and safety performance. D&G treats its suppliers as partners in sustainable development and encourages the suppliers to have their own sustainability program to ensure compliance with the regulatory requirements for occupational health and safety, environment, and human rights. Furthermore, the suppliers are all required to sign an integrity agreement to protect all parties' legal rights and to prevent any corrupted activities. All confirmed cases of violations would be subject to disqualification from the approved list of suppliers and termination of procurement contracts.

Out of the 140 suppliers, over 90% of them are local suppliers. In addition to the benefit of supporting local economy, this has also helped to reduce the environmental emissions from transportation.



## Intellectual Property and Data Protection

All customer-related information is carefully curated by the administration department. The department is also responsible for managing the Group's intellectual properties:



**Invention  
Patents**



**Utility Model  
Patents**



**Software  
Copyrights**

### 4.4 Industry Partnerships

D&G strives to foster a business environment where green innovation is one of the drivers of development. With this objective in mind, D&G has continued to be the partner of research institutions to further promote research and development in this area.

The Group participated in the following research institutions for its research and development in the areas of green asphalt technologies by the institutes:

#### INSTITUTION

#### RESEARCH FOCUS AREAS

**Institute of Tsinghua  
University, Hebei**

- Burning system design
- Energy consumption optimization
- Energy-saving, emission reduction, environmental protection and resources recycling

**Hebei Asphalt Pavement  
Intelligent Equipment  
Technology Research Center**

- Burning system design
- Energy consumption optimization
- Energy-saving, emission reduction, environmental protection and resources recycling
- "Asphalt Pavement Recycling Technology Equipment and Demonstration"

**The Research Institute of  
Highway, the Ministry of  
Transport**

- "Asphalt Pavement Recycling Technology Equipment and Demonstration"
- Monoblock recycling asphalt mixing plant



In addition, D&G has actively participated in conferences and industry exchanges around the world. The following highlight some of D&G’s participation over the reporting period.



**Organisation**

The Silk Road Planning Research Center, the National Cooperation and Reform Center of China National Development and Reform Commission, the Industrial and Commercial Bank of China and Ernst & Young

**Details**

Ms. Glendy Choi, CEO of the Group was invited to participate in the First Advanced International Conference on “The Belt and Road” Industry and Finance hold in Beijing to share the Group’s development plan and industry financial cooperation experience. The Group was recognised with its high-performance, high-quality, cost-effective products



**Organisation**

The Belt and Road Office of the HKSAR Government, together with Commerce and Economic Development Bureau, Development Bureau, Education Bureau and Home Affairs Bureau

**Details**

Ms. Glendy Choi was invited to be the speaker of “Belt and Road Experience Sharing Forum” to share their experiences in the “Belt and Road” regions







**Organisation**

Jointly organized by the Government of the Hong Kong Special Administrative Region (HKSAR) and the Hong Kong Trade Development Council (HKTDC)

**Details**

Ms. Glendy Choi, was invited to be one of the speakers at the second “Belt and Road Summit” to share her perspective on capturing the vast business opportunities presented by the initiative.



**Organisation**

Hong Kong Trade Development Council (HKTDC) and co-organized by the Environment Bureau of the Government of HKSAR

**Details**

The Group has participated in Eco Expo Asia 2017 to express its dedication of fostering global green innovations through showcasing the green practices and green achievements of D&G



**Organisation**

Jointly organized by the China Construction Machinery Industry Association, the American Equipment Manufacturers Association and the Korea Construction Machinery Manufacturers Association

**Details**

D&G was selected as the Top 50 China Construction Machinery Manufacturers for 7 consecutive years since 2011. This year, the Group ranks 20th. And was also awarded the World Top 100 (Plus 50) Construction Machinery Manufacturer” for the first time. Ms Glendy Choi was also entitled as “100 Most Influential Person of China Construction Machinery Industry”.

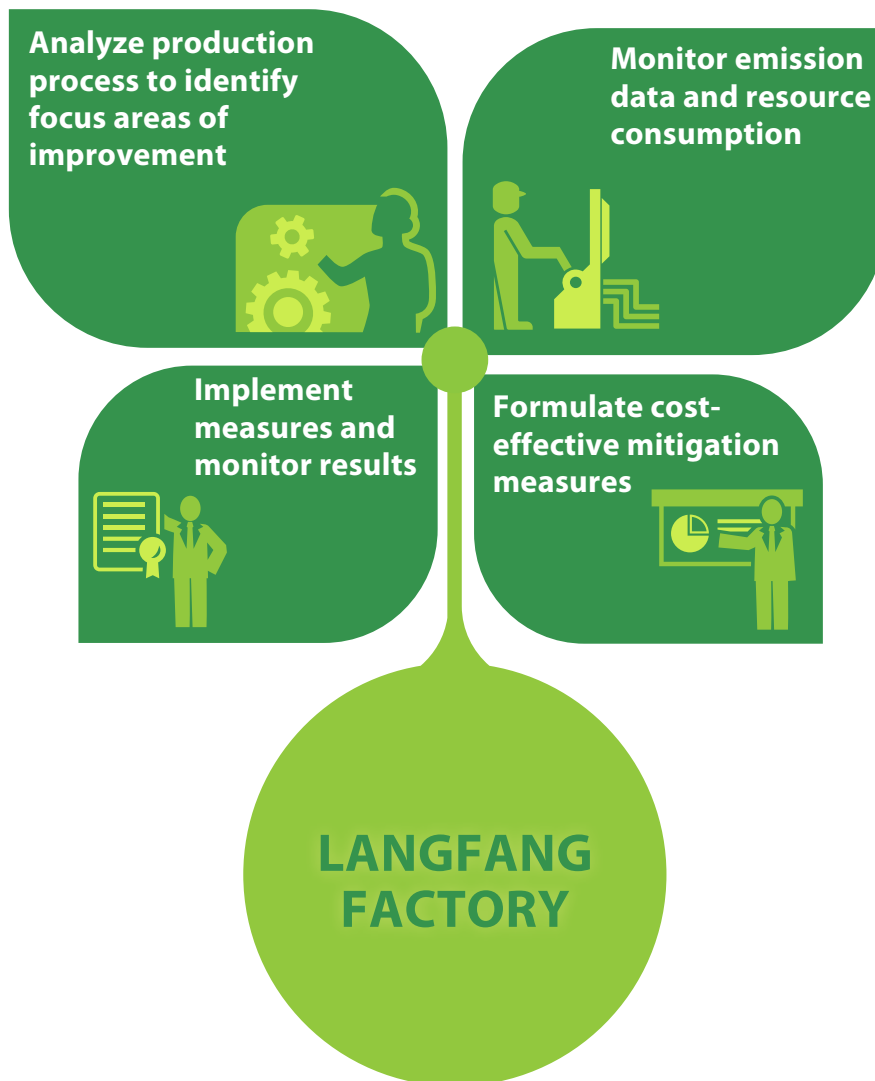


# 5. ENVIRONMENTAL PROTECTION

## 5.1 Strategy and Management Approach

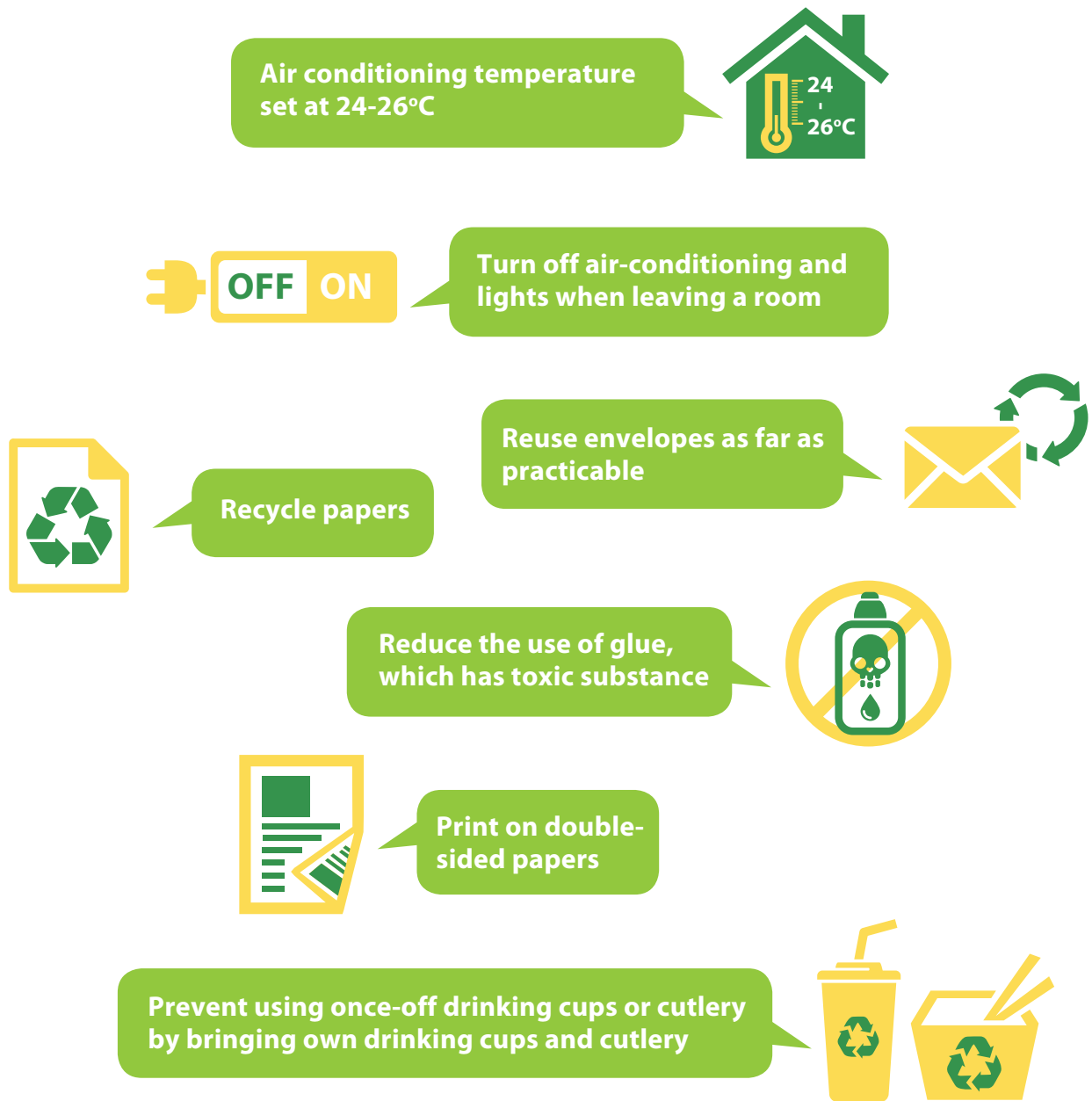
Being green is the core of D&G's products, management mindset and activities. Whether at the production facilities or at office areas, the Group has provided upgrades to facilities, implemented environmental policies in compliance with local laws and regulations, and encouraged employees to adopt a low-carbon lifestyle. As D&G promote the eco-friendliness of its asphalt mixing plants, so must day-to-day activities echo the green initiatives and endeavors.

Guided by the ISO 14001 environmental management system, employees in Langfang factory were required to abide by a set of standards that reduces emissions and optimizes resource consumption. The green management protocol include:





At the Hong Kong headquarters office, green office policies have been implemented with an aim to educate and raise employee awareness. The internal green policies include:



During the reporting period, the Group has complied with all relevant laws and regulations with regards to air pollution, wastewater pollution and waste generation.



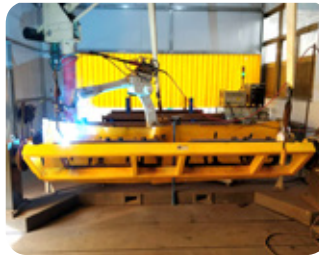


## 5.2 Energy Consumption & Greenhouse Gas Emissions

The main usages of energy were electricity to power the facilities and equipment, and natural gas to provide heating in the facilities and the cooking equipment in the kitchen of staff canteen. Both sources of electricity and natural gas came from government utility grids.

The following measures were undertaken to reduce energy consumption as far as practical:

- LED lighting
- Use of electromagnetic induction heating for pre-heat processes before welding
- Industrial robots, smart meters, and computer numerical control to optimize operation efficiency and reduce energy consumption



Industrial robot



Digital plasma cutting laser machine

### Annual Electricity Usage



2017	4,089,774 kWh 9.13 ('000 kWh/RMB'M Revenue)
2016	2,769,784 kWh 8.62 ('000 kWh/RMB'M Revenue)

### Annual Natural Gas Usage



2017	448,748 m <sup>3</sup> 1.00 ('000 kWh/RMB'M Revenue)
2016	326,987 m <sup>3</sup> 1.02 ('000 kWh/RMB'M Revenue)

### Annual Greenhouse Gas Emission



2017	3,369.04 tCO <sub>2</sub> e <sup>-</sup> 7.52 (tCO <sub>2</sub> e <sup>-</sup> /RMB'M Revenue)
2016	2,296.20 tCO <sub>2</sub> e <sup>-</sup> 7.14 (tCO <sub>2</sub> e <sup>-</sup> /RMB'M Revenue)

The above figures are the representatives of the Group's performance.



### 5.3 Air Pollutant emission

The main sources of air pollution from the Group's activities came from Langfang's manufacturing facilities. The Group has installed a number of air filters, exhaust systems, and dust removal facilities across all production facilities to reduce the likelihood of air pollutants from escaping to the atmosphere. The following summarized the sources of air pollution and respective mitigation measure for proper air pollution control:

Air pollutant source	Mitigation measure
<b>Welding fumes</b>	Extracted by exhaust fan and passes through purifier before emitted to atmosphere
<b>Particulates generated from grinding wheel and shot blasting</b>	Collected by pulse bag dust collector 
<b>Metal dusts</b>	Collected and recycled for use
<b>Volatile organic compounds (VOC) gas emitted from paint spraying</b>	Water curtain and carbon adsorption treatment before emitted to atmosphere
<b>Cooking fumes (from cafeteria)</b>	Fume purifier to remove fume and odor

### 5.4 Water Management

The manufacturing process at Langfang production facilities does not require a large amount of water. The main source of water consumption is by people, mostly at the adjacent staff dormitory. Langfang site has consumed an annual of 25,772m3 of water in the reporting period.

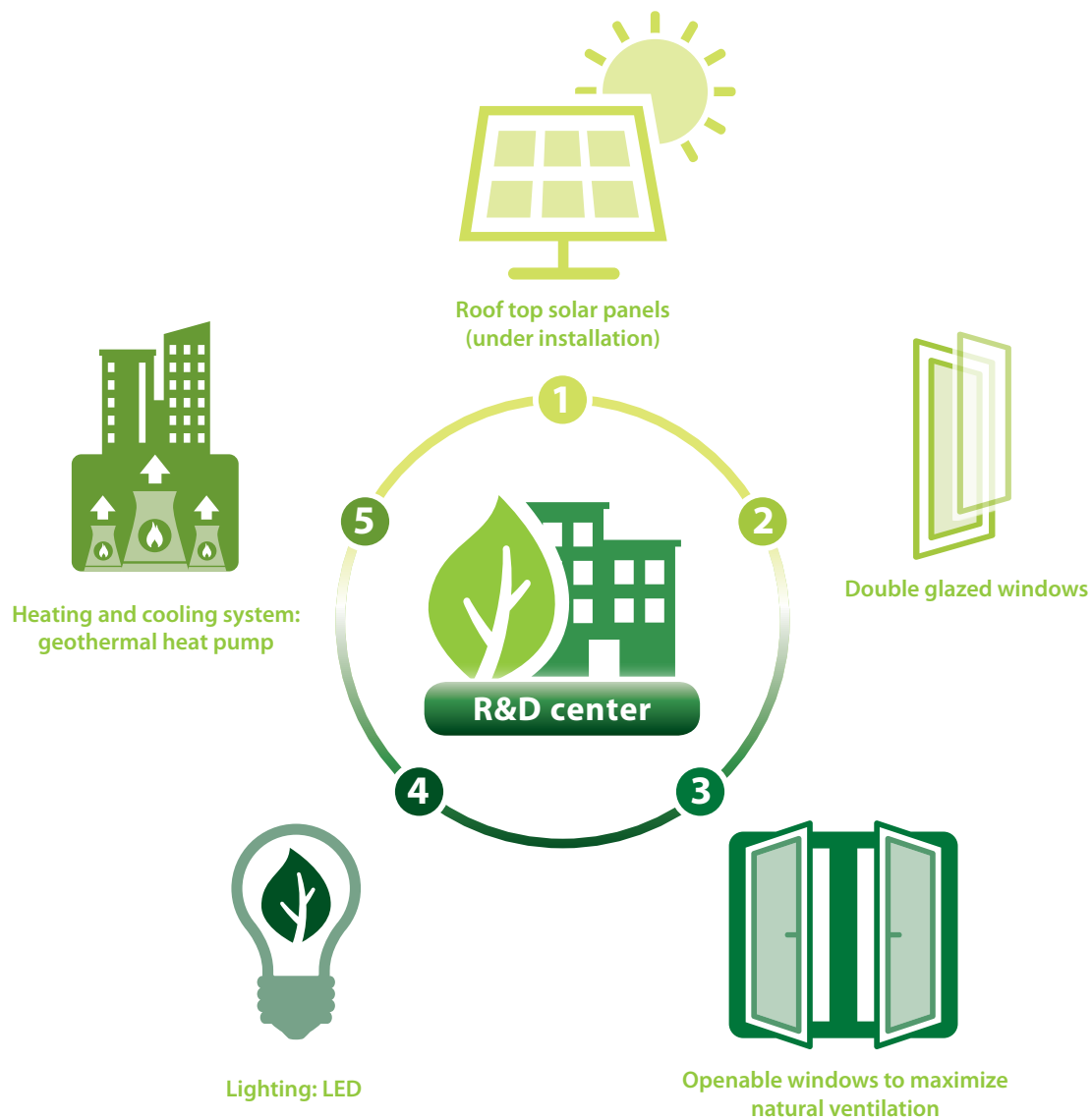
### 5.5 Waste Management

During the reporting period, the Group has generated a total of 486 tonnes of non-hazardous waste, all of which were recycled, and 77 tonnes of hazardous waste. Non-hazardous wastes consisted of wooden boxes and packaging material, and excess metal wastes from manufacturing processes. Hazardous wastes consisted of paint bucket, paint slag and used oil, all of which were stored in safe locations until qualified hazardous waste processing companies come to collect the waste safely and regularly.



## 5.6 Environmental Initiatives

The new R&D Center consisted of the following green designs:





## 6. RECIPROCITY

### 6.1 Building a Culture of Innovation and Excellence

Innovation is pivotal to D&G's sustainable growth, the Group has continued to build a team of highly capable employees who are the hands and feet that transform innovative ideas into action. This process begins with recruiting talents who have the right skills and knowledge. The human resources department has ensured that the recruitment and promotion process is just and fair. All candidates are given equal opportunities to demonstrate their abilities and are only selected when they have met the job requirements.

The Group has a zero-tolerance policy towards any acts of corruption and bribery. All employees are obliged to abide by the Code of Conduct, and when employee is discovered to be in violation of the Code, the individual is subjected to disciplinary and legal liability. The whistle-blowing channels provided a mean for employees to discreetly report any suspected misconduct and malpractice. During the reporting period, there was no legal case filed against D&G or its employees.

Skills development is key to building employees' capabilities for enhanced job performance. The Group has invested in a comprehensive training program to equip employees with a broad range of skills. The training program covered topics such as internet and big data, business development, product quality control, risk management, and environmental-friendly productions.

The Group believes its performance is also influenced by employees' morale. In this regard, D&G has strived to create an optimal working condition where employees can have a fulfilling career while maintaining work-life balance. In addition to providing employees with competitive remuneration package and reasonable working hours, the Group had organized a variety of activities to enhance employee's overall well-being.

#### Summer Banquet and Annual Gala

The Group organized two events during the reporting period to thank the employees for their contributions and provided the opportunity for employees of all levels to build rapport.



### Employee Basketball Tournament and Sports Day

The Group encouraged the employees to engage in a sportive lifestyle by organizing sports activities. The goal is to help employees build closer bonding with each other and develop a teamwork mentality.



### Occupational Health and Safety

Occupational Health and Safety is another issue pertinent to the working condition. In part of its commitment to create a safe and healthy working environment, the Group has developed safety policies that are aligned with the relevant laws and regulations. In complement to the policies, the Group has implemented an Occupational Health and Safety Management System (OHSMS) corresponding with the requirements of OHSAS 18001:2007 certification. The OHSMS has stipulated the standard operating procedures for employees to follow and implement at work. The following highlights the key safety procedures undertaken to ensure a safety working environment:

- **Emergency plans and status assessment**
- **Annual occupational hazards inspections**
- **Monitoring reports of occupational working environment**
- **Frequent safety checks, drills and exercises relating to health and safety**
- **Employee trainings on occupational health and safety, including the correct use of Personal Protective Equipment (PPE)**
- **Health screening for all employees**
- **Archive of employees' medical files**



## 6.2 Community Service

D&G is devoted to reciprocate the benefits enjoyed during its years of growth to promote the betterment of the environment and community. During the reporting period, the Group has participated in a number of activities to raise environmental awareness and care for children in need. The Group's staff has raised and donated gifts to a local welfare agency to help children in need.



D&G employees participate in the Green Run Event



Glendy Choi participates in Earth Hour



Coastal clean-up



D&G staff participate in "A day with Food Angel"





## 7. LOOKING FORWARD

The Group will continue to strive for innovation and excellence in all business endeavors in order to maintain sustainable development. We will continue to expand and explore new opportunities of “One Belt One Road” initiative in order to maximize business diversification. In particular, the Group has placed emphasis on the research and development of burner combustion components, one of the components of asphalt mixing plants, and has applied for relevant patents of combustion technology. We fully intend to consider all potential business synergies in order to incorporate in our strategic development such that we may expand our network to create value for our stakeholders, the environment, and the society.



## 8. AWARDS AND RECOGNITION


The awards reflect the Group's quality management and environmental awareness. This year, D&G has received various awards as shown as follows:



	Organizer	Award / Recognition / Certificate
	<p><b>Green Council</b></p>	<p><i>Hong Kong Green Awards 2017 – Corporate Green Governance Award</i></p>
	<p><b>Federation of Hong Kong Industries</b></p>	<p><i>BOCHK Corporate Environmental Leadership Awards 2016 - EcoChallenger</i></p>
	<p><b>Green Council</b></p>	<p><i>Hong Kong Green Day 2017 - Certification of Appreciation</i></p>





	Organizer	Award / Recognition / Certificate
	<p><b>Quam IR</b></p>	<p><i>Quam IR Awards 2016 – Main Board Category</i></p>
	<p><b>Friends of the Earth (HK)</b></p>	<p><i>Certificate of Participation at the "COOL Corporate Membership Scheme 2016/2017" &amp; Best Performance Award</i></p>
	<p><b>Industry Cares</b></p>	<p><i>Caring Certificate – SME Group 2017</i></p>
	<p><b>Organizing Committee of T50 Summit of World Construction Machinery Industry / China Construction Machinery Magazine</b></p>	<p><i>World Top 100 (Plus 50) Construction Machinery Manufacturer</i></p>





	Organizer	Award / Recognition/ Certificate
 <p>河北省中小企业名牌产品证书 编号: HBZJHP2014-006 廊坊德基机械科技股份有限公司 你单位生产的下列产品获2014年河北省中小企业名牌产品, 特发此证。 注册商标: DG牌 产品名称: 滚筒混合料搅拌机 有效期: 至二〇一八年二月 河北省工业和信息化厅 河北省中小企业名牌审定委员会 二〇一五年二月</p>	<p>Industry and Information Technology Department of Hebei Province, Hebei SME Famous Brand Approval Committee</p>	<p><i>Hebei SME Famous Brand</i></p>
 <p>河北省名牌产品证书 编号: JBSMF2016-994 廊坊德基机械科技股份有限公司 你单位生产的“DG牌滚筒混合料搅拌机”获2016年河北省名牌产品, 特发此证。 注册商标: DG 产品名称: 滚筒混合料搅拌机 有效期: 三年 河北省质量技术监督局 河北省名牌产品评审委员会 二〇一六年六月</p>	<p>Hebei Provincial Administration of Quality and Technical Supervision</p>	<p><i>Hebei Province Famous Brand Product Certificate</i></p>
 <p>河北省优质产品证书 编号: JBYZ2016-483 廊坊德基机械科技股份有限公司 你单位生产的“DG牌滚筒混合料搅拌机”获2016年河北省优质产品, 特发此证。 注册商标: DG 产品名称: 滚筒混合料搅拌机 有效期: 三年 河北省质量技术监督局 二〇一六年四月</p>	<p>Hebei Provincial Administration of Quality and Technical Supervision</p>	<p><i>Hebei Province Quality Product Certificate</i></p>
 <p>企业信用等级证书 CERTIFICATE OF ENTERPRISE CREDIT GRADE 廊坊德基机械科技股份有限公司 中国中小企业协会 廊坊德基机械科技股份有限公司 协会信用等级进行了评定, 结果为AAA级, 有效期从2017年1月1日起, 颁发证书。 信用等级: AAA 颁发日期: 2017年1月1日 颁发机构: 中国中小企业协会 中企协中评字[2017]第001号</p>	<p>China Association of Small and Medium Enterprises</p>	<p><i>Certificate of Enterprise Credit Grade</i></p>

## 9. LIST OF MEMBERSHIP

No.	Name of association	Type of membership
<b>Mainland China</b>		
1	China Construction Machinery Association	Board member
2	China construction machinery association road machine chapter	Vice president of the unit
3	China Highway Construction Association – Road Building & Maintenance Machinery Branch	Vice president
4	China Association of Resources Comprehensive Utilization (presently named as China Association of Circular Economy) Highway Engineering Material Recycling Branch	Vice president
5	Hong Kong Chamber of Commerce in China	Company member
6	China Asphalt Plant Summit	Rotating chair
7	Beijing ecological design and green manufacturing Promotion Association	Vice president of the unit
8	China Environmental Protection Machinery Industry Association	Board member
<b>Hong Kong</b>		
1	The Hong Kong Metals Manufacturers Association Limited	Permanent member
2	Federation of Hong Kong Industries	7 <sup>th</sup> Group 26 <sup>th</sup> Group
3	Hong Kong Green Purchasing Charter	Fellow member
4	Friends of the Earth (Hong Kong)	COOL Corporate member
5	World-Wide Fund For Nature Hong Kong	Silver Member
6	Hong Kong General Chamber of Commerce	Member

# 10. PERFORMANCE TABLE

## Environmental Performance<sup>1</sup>

Indicator	Unit	2015	2016	2017
<b>Gaseous Emissions<sup>2</sup></b>				
Particulate Matter	Tonnes	2.9	7.8	0.53
Sulfur Dioxide (SO <sub>2</sub> )	Tonnes	0.086	0.00	0.00
Nitrogen oxides (NOx)	Tonnes	0.75	0.70	0.97
<b>Greenhouse Gas (GHG) Emissions<sup>3</sup></b>				
Scope 1: Direct emission	Tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	158	193	265
Scope 2: Indirect emission	tCO <sub>2</sub> e <sup>-</sup>	1,579	2,103	3,104
Total	tCO <sub>2</sub> e <sup>-</sup>	1,737	2,296	3,369
GHG Intensity	tCO <sub>2</sub> e <sup>-</sup> / RMB'M revenue	4.45	7.14	7.52
<b>Hazardous Waste</b>				
Total	Tonnes	40.5	48.4	77.1
<b>Non-Hazardous Waste<sup>4</sup></b>				
Total	Tonnes	229.7	196.4	486.3
<b>Energy Usage</b>				
Electricity	kWh ('000)	1,975	2,770	4,090
Gas	kWh ('000)	2,894	3,564	4,892
Total	kWh ('000)	4,869	6,334	8,981
Energy intensity	kWh ('000) / RMB M' revenue	12.5	19.7	20.0
<b>Water Consumption</b>				
Total	m <sup>3</sup>	20,134	24,963	25,772
Water consumption intensity	m <sup>3</sup> / no. employee	45.4	57.8	57.9

<sup>1</sup>Environmental KPIs for 2015 represent the performance of Langfang and Hong Kong premises; in 2016 Beijing, Shanghai, Guangzhou and Singapore premises have been added; and in 2017 Pakistan and India premises have been added.

<sup>2</sup>Gaseous emissions calculated based on monitored concentration and emission rate, and converted using the dry gas flow rate and annual operating hours, respectively

<sup>3</sup>The Group reports GHG in accordance with the principles and methodologies of local and international carbon accounting standards. The emission factor used for cities in China is referenced from < 2015 中國區域電網基準線排放因子 >; for Hong Kong is referenced from Hong Kong Electric; for Singapore is referenced from the Singapore National Environment Agency's "Information on Emission Factors".

<sup>4</sup>Non-hazardous waste recorded include: steel scrap, wood, paper carton boxes





## Social Performance

Indicator	Unit	2015	2016	2017
<b>Workforce</b>				
Total	No. of people	444	438	445
<b>By Gender</b>				
Male	No. of people	365	358	356
Female	No. of people	79	80	89
<b>By Employment Position</b>				
Senior management	No. of people	8	7	7
Managers	No. of people	60	55	67
Frontline and general staff	No. of people	376	376	371
<b>By Age Group</b>				
18-20	No. of people	6	3	0
21-30	No. of people	172	143	126
31-40	No. of people	112	128	147
41-50	No. of people	108	106	106
51-60	No. of people	43	52	56
61 or above	No. of people	3	6	10
<b>By Location</b>				
Hong Kong	No. of people	12	13	14
Langfang	No. of people	334	334	331
Beijing	No. of people	64	53	52
Shanghai	No. of people	15	15	17
Guangzhou	No. of people	18	22	20
Xi'an	No. of people	0	0	1
Chengdu	No. of people	0	0	2
Singapore	No. of people	1	1	3
Pakistan	No. of people	0	0	4
India	No. of people	0	0	1



Indicator	Unit	2015	2016	2017
<b>Employee Turnover<sup>1</sup></b>				
<b>By Gender</b>				
Male	No. of people	19	60	37
	%	5.3	16.6	10.4
Female	No. of people	9	13	6
	%	11.6	16.4	7.1
<b>By Age Group</b>				
18-20	No. of people	0	1	0
	%	0	22.2	0
21-30	No. of people	11	30	18
	%	6.3	19.0	13.4
31-40	No. of people	10	21	15
	%	8.7	17.5	10.9
41-50	No. of people	5	15	8
	%	4.6	14.0	7.5
51-60	No. of people	4	5	1
	%	8.7	10.5	1.9
61 or above	No. of people	1	1	1
	%	28.6	22.2	12.5
<b>By Location</b>				
Hong Kong	No. of people	0	1	0
	%	0	8	0
Langfang	No. of people	42	60	38
	%	12.5	18.0	11.4
Beijing	No. of people	8	8	4
	%	12.5	13.7	7.6
Shanghai	No. of people	1	2	1
	%	6.7	13.3	6.3
Guangzhou	No. of people	1	2	0
	%	5.6	10.0	0
Xi'an	No. of people	0	0	0
	%	0	0	0
Chengdu	No. of people	0	0	0
	%	0	0	0
Singapore	No. of people	0	0	0
	%	0	0	0
Pakistan	No. of people	0	0	0
	%	0	0	0
India	No. of people	0	0	0
	%	0	0	0
<b>Health and Safety</b>				
Total number of work-related fatalities	No. of people	0	0	0
Lost days due to work injury	Days	28	237	32
Lost Time Injury Rate (LTIR) <sup>2</sup>	Unit	1.3	1.4	0.7



Indicator	Unit	2015	2016	2017
<b>Training<sup>3</sup></b>				
<b>By Type</b>				
Occupational health and safety	Total hours	-	204	361
	Average hours / employee	-	0.47	0.81
Managerial skills	Total hours	-	167	258
	Average hours / employee	-	0.38	0.58
Professional skills	Total hours	-	483	348.5
	Average hours / employee	-	1.1	0.78
All types	Total hours	-	854	967.5
	Average hours / employee	-	1.95	2.17

<sup>1</sup> Turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. The turnover rate is calculated based on the following formula:

$$\text{Turnover \%} = \frac{\text{NELDY}}{(\text{NEBY} + \text{NEEY}) / 2}$$

Where:

NELDY = Number of Employees who Left During the Year

NEBY = Number of Employees at the Beginning of the Year

NEEY = Number of Employees at the End of the Year

The turnover rate refer to the total number of employee turnover of the respective category (gender/age group/location) per the total number of employee of the corresponding category (gender/age group/location).

<sup>2</sup> Lost Time Injury Rate (LTIR), which is defined as the sum of fatal incidents, lost-time incidents and cases multiplied by 200,000 (equivalent to around 100 persons working for one year) and divided by the total number of man-hours worked.

<sup>3</sup> The strategy of disclosure regarding training for staff has been modified in order to reflect resources and efforts placed in staff all-rounded development.



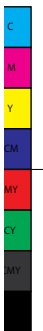
# 11. ESG CONTENT INDEX



	Aspect / Description / KPI	Statement/Section	Page No.
<b>A. Environment</b>			
<b>A1 Emission</b>			
A1	General Disclosure	5.1	22
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A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	10	35
A1.3	Total hazardous waste produced and, where appropriate, intensity	10	35
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A1.5	Description of measures to mitigate emissions and results achieved	5.2 - 5.6	24 - 26
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<b>A2 Use of Resources</b>			
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A2.2	Water consumption in total and intensity	10	35
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A2.5	Total packaging material used for finished products and with reference to per unit produced	Packaging material is not material to operations	NA
<b>A3 The Environment and Natural Resources</b>			
A3	General Disclosure	5	22 - 26
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5	22 - 26
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B1.2	Employee turnover rate by gender, age group and geographical region	10	35 - 36
<b>B2 Health and Safety</b>			
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B2.1	Number and rate of work-related fatalities	10	37
B2.2	Lost days due to work injury	10	37
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	6.1	28



	Aspect / Description / KPI	Statement/Section	Page No.
<b>B3 Development and Training</b>			
B3	General Disclosure	6.1	27
B3.1	Percentage of employees trained by gender and employee category		
B3.2	Average training hours completed per employee by gender and employee category		
<b>B4 Labour Standard</b>			
B4	General Disclosure	The Group abides by all laws and regulations related to child labour and forced labour. The Human Resources Department is in charge of monitoring and ensuring such compliance. There were no non-compliance incidents regarding child and forced labour during reporting period	NA
B4.1	Description of measures to review employment practices to avoid child and forced labour		
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<b>B5 Supply Chain Management</b>			
B5	General Disclosure	4.3	18
B5.1	Number of suppliers by geographical region	4.3	18
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	4.3	18
<b>B6 Product Responsibility</b>			
B6	General Disclosure	There was no material non-compliance regarding product responsibility during the reporting period	9 - 21
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons		
B6.2	Number of products and service related complaints received and how they are dealt with		
B6.3	Description of practices relating to observing and protecting intellectual property rights	4.3	19
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B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	4.3	19
<b>B7 Anti-Corruption</b>			
B7	General Disclosure	There was no non-compliance with anti-corruption practice in the reporting period	27
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	6.1	27
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	6.1	27
<b>B8 Community Investment</b>			
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德 基 科 技


D&G TECHNOLOGY


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