



KWOON CHUNG BUS HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 306)

2022/2023

Environmental, Social and Governance Report





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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

Purpose and Reporting Scope

Kwoon Chung Bus Holdings Limited (the “Company”, together with its subsidiaries, collectively “Kwoon Chung” or the “Group” or “we” or “us”) is pleased to present the Environmental, Social and Governance (“ESG”) Report (the “Report”) for the period from 1 April 2022 to 31 March 2023 (the “Reporting Period”). The Report is intended to communicate the major strategies and performance related to the Group’s sustainable development to stakeholders.

Unless otherwise stated, the scope of this Report primarily covers our business segments in Hong Kong, which are material to ESG concerns and significant to our Group. Our operations in Hong Kong include the following areas:

- I. Provision of non-franchised bus services
- II. Provision of franchised bus and public light bus (“PLB”) services
- III. Provision of limousine services

Reporting Standards

This Report is prepared in accordance with the latest disclosure requirements under the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 (the “ESG Reporting Guide”) to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “HKEX”).

Reporting Principles

Reporting Principle	Description in the ESG Reporting Guide	Our Application of Reporting Principle
Materiality	The threshold at which ESG issues determined by the board of directors of the issuer are sufficiently important to investors and other stakeholders that they should be reported.	In the preparation of this Report, a materiality assessment was conducted to identify issues that are significant to both the Group and its stakeholders. A focused approach was employed to gather and disclose pertinent information on these critical matters.
Quantitative	Key Performance Indicators (“KPIs”) in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	This Report delivers quantitative and comparative data and KPIs, with ample explanation provided where relevant.

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Reporting Principle	Description in the ESG Reporting Guide	Our Application of Reporting Principle
Balance	The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	This Report provides an impartial assessment of our ESG performance, outlining both accomplishments and obstacles in an objective manner.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	This Report follows a consistent methodology in its preparation, and provides a clear explanation of any changes made to the methods compared to the previous year.

Access to the Report

The Report has been prepared in both English and Chinese and is available on the Group's website at www.kcbh.com.hk. In case of discrepancy, the English version shall prevail.

Feedback

To achieve sustainable growth, the Group recognises the importance of the opinions of all stakeholders in its decision-making processes. Should you have any opinion on this Report or our sustainable development performance, please contact us at info@kcbh.com.hk.

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About the Company

Vision and Mission



Kwoon Chung serves with pride and devotion. We provide safe, reliable, efficient, and environmentally friendly designated bus routes services, non-franchised and franchised bus, and other transportation services to our customers.



Throughout our operations, the Group is devoted to the following missions:

1. To adhere to a rigorous work attitude and strive to provide quality services that satisfy customer requirements.
2. To promote environmental awareness in:
 - ◇ *Caring for the environment*
 - ◇ *Reducing the generation of pollution and waste*
 - ◇ *Recycling resources*
3. To identify, understand, and consistently fulfil customer requirements and applicable laws and regulations.
4. To introduce a governance policy that emphasizes coordination, cooperation, and interaction, contributing to the sustainable development of society and environmental protection.

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Our Approach to Sustainability

Kwoon Chung is committed to incorporating ESG considerations throughout our daily operations and decision-making processes at all levels of management. We recognise that a balance between sustainable development and business growth is essential to creating long-term value for our stakeholders. As such, we prioritise the health and safety of our employees, minimise our environmental impact, and serve the communities in which we operate. Our corporate responsibility is built around the core tenet of “We protect our people and the environment” in order to achieve sustainable growth and accelerate productivity. We believe that by adhering to ESG principles, we can create a better and greener future for the next generations.

ESG Governance

An effective sustainability governance structure is the cornerstone of our continued success. To ensure that sustainability is an integral part of our corporate agenda, we have established an ESG governance structure, wherein the board (the “Board”) of directors of the Company holds the ultimate responsibility for overseeing the Group’s ESG issues, including but not limited to our sustainability management approach, strategy, and initiatives, with an emphasis on the Group’s long-term development and positioning. Delegated by the Board and supported by the ESG working group, the executive management assists the Board in overseeing ESG management approach and issues to drive the planning and implementation of the Group’s ESG-related matters and advises the Board on ESG-related matters through regular meetings to ensure that the Board stays abreast of the Group’s ESG performance, risks and opportunities, as well as the implementation progress of relevant plans.

The Board	Executive Management	ESG Working Group
<ul style="list-style-type: none">• Review the ESG framework and oversee the ESG strategy and goals• Monitor and manage material ESG-related risks• Establish ESG-related goals and targets in relation to the businesses• Review the progress made against ESG-related goals and targets	<ul style="list-style-type: none">• Oversee policies and practices related to ESG issues• Review and implement the Group’s ESG strategy• Identify and review the Group’s ESG-related risks	<ul style="list-style-type: none">• Implement ESG-related programs• Regularly communicate with stakeholders• Collect ESG information and data for reporting

ESG Risk Management

Effective ESG risk management is crucial for achieving sustained business success in today’s ever-changing world. As part of the Board’s role in steering the long-term sustainability direction of the Group, the Board bears the ultimate responsibility for overseeing the Group’s ESG-related risk management, enabling us to remain resilient in the face of unprecedented changes and challenges.

In order to enhance our risk mitigation and response, during the Reporting Period, we conducted an ESG-related risk assessment to identify, evaluate and prioritize risks by considering their risk levels in terms of potential impact and likelihood. We implemented appropriate controls to mitigate ESG-related risks and ensure their effectiveness at the appropriate business level. The Board oversees the effectiveness of these control measures and provides suggestions, when necessary.

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Stakeholder Engagement

We recognize the value of maintaining strong relationships with our stakeholders. By actively promoting open dialogue with our major stakeholders, we strive to understand the sustainability issues that most of them concern and respond to their needs and expectations. We engage with stakeholders regularly to gather a range of perspectives along the value chain. Our identified key stakeholders, the respective concerned topics and the major engagement channels are as follows:

Key Stakeholders	Concerned Topics	Major Engagement Channels
Investors, potential investors and shareholders	<ul style="list-style-type: none"> Financial performance Corporate governance Risk management Operation and strategy 	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Corporate reports and announcements Meeting with investors and analysts (if applicable)
Employees	<ul style="list-style-type: none"> Welfare and benefits Working environment Training and development Occupational health and safety Self-actualisation 	<ul style="list-style-type: none"> Regular meetings Task force Training, seminars and briefing sessions Intranet and emails Annual performance appraisal
Customers	<ul style="list-style-type: none"> Safe and high-quality services Stable relationship Information transparency Integrity and business ethics 	<ul style="list-style-type: none"> Company website, brochures, corporate reports and announcements Email and customer service hotline Feedback and report Passengers Liaison Group (“PLG”) meetings for Franchised Bus Division
Suppliers/ Sub-contractors	<ul style="list-style-type: none"> Long-term partnership Honest cooperation Fair and open Information resources sharing 	<ul style="list-style-type: none"> Regular business meetings, supplier conference, phone calls and interviews Supplier review and assessment Tendering process Emails, circulars and manuals Company website
Government/ Regulators	<ul style="list-style-type: none"> Taxation compliance Regulatory compliance Business ethics 	<ul style="list-style-type: none"> On-site inspections and checks Research and discussion through work conferences, work reports preparation and submission for approval Corporate reports and announcements Company website Compliance control
Non-government organizations	<ul style="list-style-type: none"> Social responsibilities 	<ul style="list-style-type: none"> Voluntary work Charity and social investment Company website
Media	<ul style="list-style-type: none"> Corporate Image Social responsibilities 	<ul style="list-style-type: none"> Company website Company event Charity and social investment

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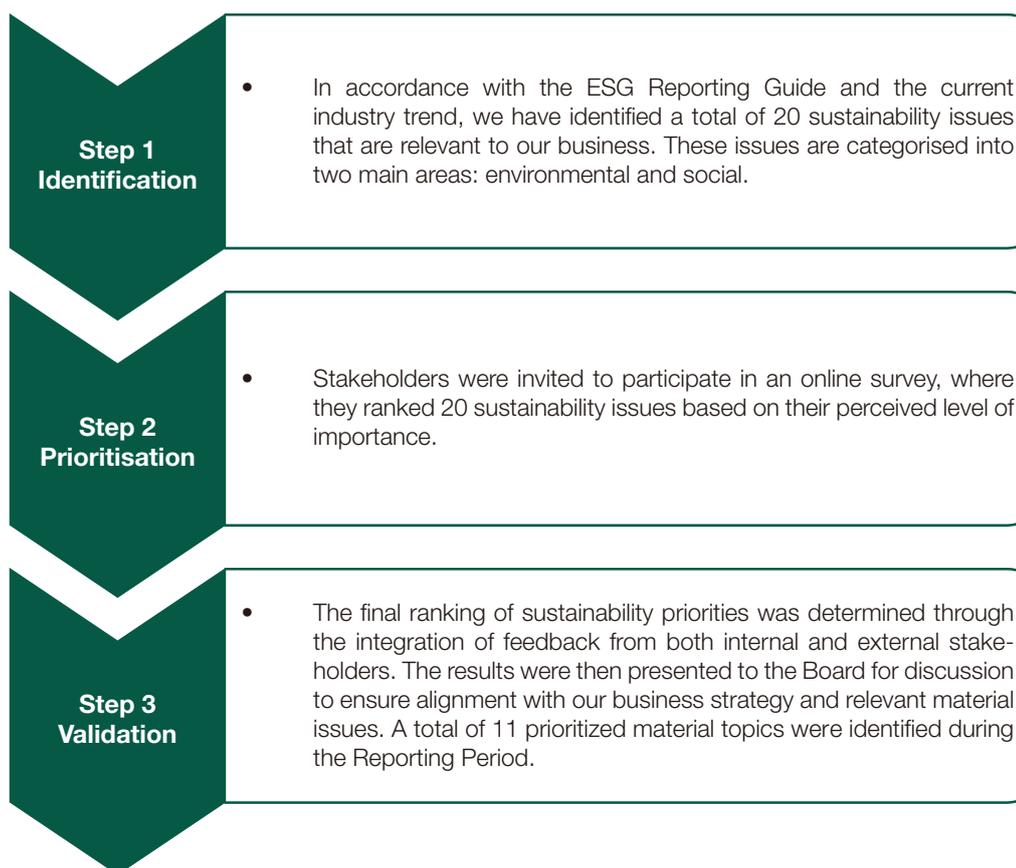


Key Stakeholders	Concerned Topics	Major Engagement Channels
Peers	<ul style="list-style-type: none"> Honest cooperation Fair and open Partnership opportunities 	<ul style="list-style-type: none"> Company website Business meetings
Industry Association	<ul style="list-style-type: none"> Industry involvement 	<ul style="list-style-type: none"> Industry conference Company website
Community	<ul style="list-style-type: none"> Community involvement Social responsibilities Transparent information 	<ul style="list-style-type: none"> Voluntary work Charity and social investment Company website

Materiality Assessment

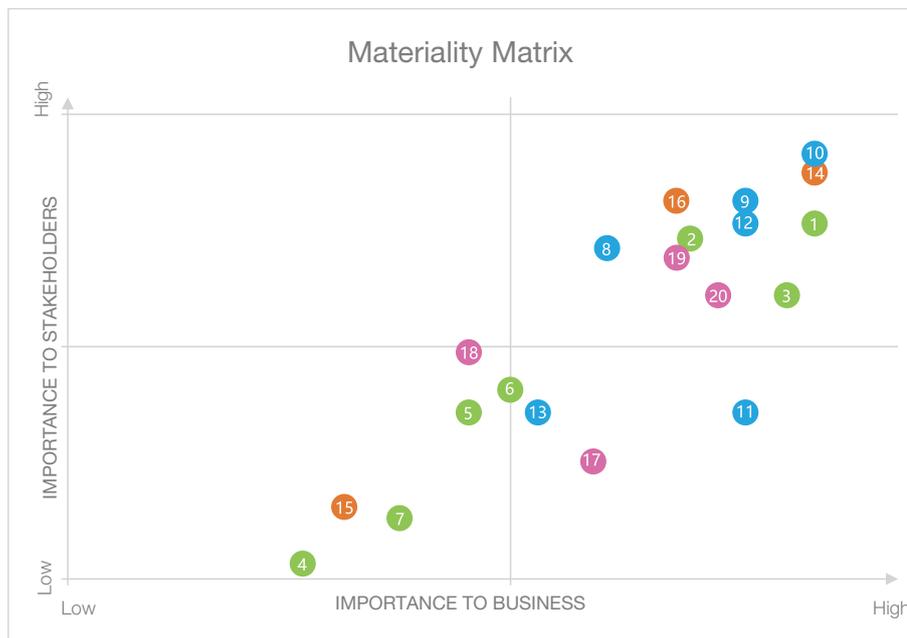
We consider materiality assessment to be a critical process in identifying sustainability topics of high importance to our stakeholders and the Group. This enables us to report on the relevant material sustainability topics in accordance with the materiality reporting principle. Along with our standard communication channels, we engaged an independent consultant to aid in conducting a materiality assessment during the Reporting Period. The outcomes of the materiality assessment and relevant ESG topics are reviewed and discussed by the management and the Board. Our materiality assessment process involves identifying issues, prioritising them based on materiality ranking from survey analysis, and validating the issues.

The materiality assessment process is shown as below:



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The following materiality matrix shows the results of the materiality assessment. The top right corner of the matrix represents the prioritized material topics of our stakeholders.



1	Air Emissions	14	Customer Servicing (including Quality Assurance, Complaint Handling and Consumer Privacy Protection)
2	Waste Treatment	15	Marketing Promotion and Advertisement
3	Carbon Emissions and Energy Saving	16	Anti-Fraud and Corruption
4	Water Conservation	17	Community Investment
5	Climate Change Risk	18	Data Protection and Cyber Security
6	Green Procurement	19	Economic Performance
7	Environmental Risks along Supply Chain Management	20	Business Expansion
8	Employee Welfare		
9	Equal Opportunity, Diversification and Anti-discriminatory		
10	Occupational Health and Safety		
11	Staff Training and Development		
12	Employment Compliance (including Child and Forced labour)		
13	Social Risks along Supply Chain Management		

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Safety and Quality Services

Our business is built upon the foundation of quality and safety, which are critical to our customers. We continuously strive to improve our safety, reliability, and customer service, as these are key components of our overall value proposition. We believe in the philosophy of “Serving with Pride and Dedication” and aim to embed a strong safety culture, known as “Safety-We Care”, that is embraced by all employees. This culture serves as a guide for personal and organisational behaviour, reducing the Group’s risk profile on an ongoing basis.

To this end, we have launched a training, safety, and performance management department led by a team of industry professionals with strong backgrounds in the local and international public transport markets. The department adheres to industry best practices and utilises the latest technology to develop appropriate policies, provide support for line management oversight, and enhance monitoring of daily bus operations.

With the effort of our dedicated employees and management, our quality management system’s rigorousness has been recognized by the ISO 9001:2015 Quality Management System at one of our principal purpose-built depots in Mui Wo, as well as by the ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health & Safety Management System. These certifications indicate our strong commitment to providing safe and quality services.

Our Vehicle Fleet

We conduct regular reviews of our bus specifications to ensure we meet high standards of safety, comfort, and accessibility. In particular, our double-deck buses have equipped with features, such as a straight staircase for improved access to the upper deck, priority seating, and more spacious seats. Our entire double-deck fleet also offers super-low floor access. Additionally, our coach fleet is equipped with speed limiters to enhance safety on the roads.

Safety Measures

Regular Maintenance

The Group has implemented a comprehensive inspection and maintenance program to ensure that our fleet is in optimal condition and meets safety regulations. We conduct regular quality inspections on a set cycle and some vehicles undergo thorough monthly inspections, including checks on emission data, components, and braking systems. In addition, the Transport Department would assign vehicle examiners to conduct random checks.

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Safety Facilities

To ensure the safety of our passengers and bus captains, we have implemented the following measures:

Surveillance Cameras

- In order to ensure the safety of passengers and protect the interests of bus captains, a comprehensive surveillance system has been installed on all new buses. These cameras are capable of real-time monitoring, if necessary, and include forward-facing dashboard cameras as well as indoor cameras. This system allows the Group to more effectively monitor road conditions and the behaviour of bus captains and other road users.

Electronic Stability Programme (“ESP”)

- ESP is a crucial safety feature that prevents a bus from skidding or overturning when cornering or operating on a slippery road surface. This feature is designed to enhance the vehicle’s stability and control, reducing the risk of accidents and ensuring the safety of our passengers and bus captains.

Electronic Braking System (“EBS”)

- EBS enables optimisation of the drive and braking operations on our vehicles. It also facilitates monitoring and maintenance of the braking system.

Driver Monitoring System (“DMS”)

- DMS is an advanced safety system that assesses and monitors our bus captains’ alertness through a driver-facing camera mounted on the dashboard. The camera tracks the driver for any signs of drowsiness or other distractions, issuing warnings and alerts in real-time to ensure the driver’s attention is back on the road. This monitoring device uses image processing and advanced facial recognition technology to detect the driver’s level of alertness. Early audio alerts and vibration warnings are activated when fatigue or an abnormal situation is detected.

Geo-fencing

- By implementing and merging geo-fencing and global positioning system (“GPS”) technology as well as the road speed restriction data, our vehicles’ systems can identify the prevailing legal speed limit. Alerts and warnings can then be activated to remind the bus captains to reduce the speed in the event that reaches the speed limit at any given moment during its journey.

Safety Belts

- All seats on our new buses are equipped with safety belts, and the majority of our existing fleets have also been retrofitted with this feature. To further promote the use of safety belts among our passengers, we are implementing measures to increase awareness of their availability and benefits.

We perform monitoring of the functionality of safety belts and vehicle telematics systems regularly. In addition, bus captains are required to conduct daily pre-service inspections to ensure the safety of the buses.

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Intensive Staff Training

To meet our commitment to delivering safe and reliable transportation services that align with our “Safety–We Care” culture, we expect all staff members, including bus/limousine captains, station assistants, school bus escorts, and control room officers, to conduct themselves in a professional manner that meets or exceeds customer expectations. To enhance safety awareness among our employees, we provide a range of training programs that utilise actual video footage of past accidents. These programs are designed to equip our employees with the necessary skills and knowledge to deliver transportation services that are both safe and reliable. The following examples illustrate training content for various staff members:

<p>Bus/Limousine Captains</p> 	<ul style="list-style-type: none"> • Emotional management • Excellent service quality • Standard operating procedure • Concept of defensive driving • Major causes of traffic accident
<p>School Bus Escorts</p> 	<ul style="list-style-type: none"> • Personal appearance/attitude • Children’s safety and discipline • Standard operating procedure • Emergency handling
<p>Maintenance Staff</p> 	<ul style="list-style-type: none"> • Basic electricity theory • Safety of vehicles maintenance • Workshop safety • Training for new model buses

Providing Great Travel Experience

Special measures during pandemic

Following the successful control of the fifth wave of the pandemic, the Group has remained committed to adhering to the instructions regarding anti-epidemic measures implemented by the Government of the Hong Kong Special Administrative Region (the “Government”). Our top priorities continue to be the health and well-being of our employees and passengers. To this end, we have developed and implemented a comprehensive set of anti-epidemic measures to ensure the health and well-being of our passengers:

- ◇ Antiviral and antibacterial coating services are applied to compartments throughout the entire fleet all year around (at six months intervals)
- ◇ Passengers had reminded to wear face masks on board until the mandatory mask-wearing requirement was removed
- ◇ All employees, including our bus/limousine captains, are highly recommended to measure their body temperature before starting work
- ◇ Compartments throughout the entire fleet are stocked with alcohol hand sanitiser gel for passengers to use

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Listening and acting upon customers' feedback

We consider customer feedback to be a crucial source of market intelligence that enables us to achieve continuous improvements in our service quality levels. To this end, we employ a variety of methods to collect feedback from customers, including communication channels on public platforms, meetings with corporate customers, schools, and residents associations to review service performance. During the Reporting Period, seven PLG meetings were hosted by our Franchised Bus Division to communicate with the public. We are committed to understanding the root cause of each complaint and taking prompt and effective actions to prevent similar incidents from recurring in the future, to the extent reasonably practicable.

During the Reporting Period, the Group received 195 complaints and suggestions regarding franchised bus services referred by the Transport Complaints Unit of the Government's Transport Advisory Committee, which were related to the adequacy and standard of services. All complaints were thoroughly investigated and managed in accordance with the Group's internal guidelines.

During the Reporting Period, no material complaints were received relating to our services that have had a significant impact on the Group.

Regular internal quality inspection

We take a proactive approach to identifying and addressing areas for improvement, ensuring that we provide safe and reliable transportation services to our customers. We regularly conduct "mystery customer" programs and internal surveys in our depots (and across our operating area) to inspect and identify deficiencies. The results of these inspections and investigations are reported and tracked by management to ensure that necessary actions are taken to achieve our goal of delivering continuous improvements in service quality.

Due to our business nature, recall procedures are not applicable.

Advertising and Privacy Protection

To ensure that customers' right to know is protected, the advertisement of our services is strictly regulated to avoid misleading information.

In the course of our daily operations, we process a significant amount of private information about the Group, its customers, and other stakeholders. To protect their rights and interests, we handle this information with caution and comply with the Personal Data (Privacy) Ordinance (Cap. 486). For instance, we clear all CCTV recordings after three months to safeguard our customers' privacy. We are committed to data privacy, which ensures that we maintain the trust of our customers and stakeholders by providing them with safe and reliable transportation services.

During the Reporting Period, the Group was not aware of any material breach of applicable laws and regulations in relation to advertising and privacy protection, including but not limited to the Trade Descriptions Ordinance (Cap. 362) and the Personal Data (Privacy) Ordinance (Cap. 486).

With regard to our business nature, product labelling is not applicable to the Group and intellectual property is considered as an immaterial issue.



Protecting our Environment

The Group places great importance on environmental protection and sustainable development and considers it as one of our top priorities. As a road transport operator in Hong Kong, we are fully aware of the impact our operations have on the environment and the public. We have obtained ISO 14001:2015 Environmental Management System Certification for one of our depots that provides bus repair and maintenance services. This certification demonstrates our commitment to managing our environmental responsibilities in a systematic manner that contributes to sustainability, aligning with international environmental management standards.

In addition, the Group is a signatory of the Low Carbon Charter of the Business Environment Council, with the aim of contributing to Hong Kong's long-term decarbonization and achieving carbon reduction targets. Furthermore, our subsidiary, New Lantao Bus Company (1973) Limited, is an active participant in the Civic-Exchange initiated "Zero Emissions Mobility Consortium". Through collaboration with other industry players, we are working towards achieving the goal of zero emissions for Hong Kong and creating a roadmap for decarbonizing road transport within a specific timeframe.

During the Reporting Period, the Group was not aware of any material breach of environmental laws and regulations, including but not limited to:

- ◇ Air Pollution Control Ordinance (Cap. 311)
- ◇ Air Pollution Control (Construction Dust) Regulation (Cap. 311R)
- ◇ Waste Disposal Ordinance (Cap. 354)
- ◇ Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C)
- ◇ Noise Control Ordinance (Cap. 400)
- ◇ Environmental Impact Assessment Ordinance (Cap. 499)
- ◇ Buildings Energy Efficiency Ordinance (Cap. 610)
- ◇ Ozone Layer Protection Ordinance (Cap.403)

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Climate Change

The Group recognizes the potentially harmful impacts of climate change, including extreme weather, on various aspects of the external environment. To address and adapt to these impacts, we have formulated and reviewed the “Climate Change Policy” in accordance with our corporate strategies and the development of climate change issues related to our business operations. We have identified climate-related risks that may pose a threat to our business operation, and we regularly assess the effectiveness of existing mitigation measures in order to enhance the resilience of our business to climate change.

Extreme weather conditions, such as typhoons, heavy rainstorms, and flooding, have the potential to adversely affect our business operations and pose a threat to our employees’ safety. As a precaution, we provide our employees with guidance to help them work under these conditions. In light of the increasingly strict laws and regulations related to climate change, as well as the growing need for transparency in ESG-related performance, we continuously review our internal policies and practices to make sure that they comply with the most recent policies of the Government, regulatory updates, and industry standards.

We are dedicated to addressing climate change and achieving our green objectives, as detailed below:

Emissions 	<ul style="list-style-type: none">• To reduce air and greenhouse gas (“GHG”) emissions through implementing environmentally friendly measures.
Waste 	<ul style="list-style-type: none">• To minimise waste by promoting recycling and waste reduction at source.
Energy 	<ul style="list-style-type: none">• To optimise energy use efficiency and advocate for energy-saving practices.
Water 	<ul style="list-style-type: none">• To enhance water efficiency and advocate for water conservation by implementing water-saving practices.

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Environmental KPIs

	2022/23	2021/22	Unit
Air Emissions^{1,2}			
Nitrogen Oxides (“NOx”)	305.01	272.46	Tonnes
Sulphur Oxides (“SOx”)	0.27	0.24	Tonnes
Particulate Matter (“PM”)	22.89	20.47	Tonnes
GHG Emissions²			
Direct Emissions (Scope 1)	47,092.94	42,661.26	Tonnes CO ₂ e
Indirect Emissions (Scope 2)	481.86	617.16	Tonnes CO ₂ e
Total GHG Emissions (Scope 1 and 2)	47,574.80	43,278.42	Tonnes CO ₂ e
Intensity of GHG Emissions	39.87	43.65	Tonnes CO ₂ e/million HKD revenue
Energy Consumption³			
<u>Direct Energy</u>			
Diesel	167,056.33	150,000.43	MWh
Gasoline	1,855.22	959.24	MWh
Liquefied Petroleum Gas (“LPG”) ⁴	46.50	346.29	MWh
<u>Indirect Energy</u>			
Purchased Electricity	1,061.54	1,213.88	MWh
Total Energy Consumption (Direct and Indirect)	170,019.59	152,519.84	MWh
Intensity of Energy Consumption	142.49	153.81	MWh/million HKD revenue
Water Consumption⁵			
Total Water Consumption	20,778.60	24,102.30	m ³
Intensity of Water Consumption	17.41	24.31	m ³ /million HKD revenue

¹ Our reporting on air and GHG emissions are mainly based on the requirements in “How to prepare an ESG Report” published by the HKEX and “GHG Protocol Corporate Accounting and Reporting Standard (revised edition)” published by the World Business Council for Sustainable Development and World Resources Institute. Operational control approach is adopted when defining organizational boundary for the purpose of GHG accounting and reporting.

GHG emissions is presented in carbon dioxide equivalent (CO₂e). Our scope 1 direct emissions cover GHG emissions directly produced by businesses owned or controlled by the Group, while scope 2 indirect emissions cover GHG emissions of indirect energy mainly resulted from electricity (purchased or acquired) internally consumed by the Group.

² The travel distance of the mobile vehicle is estimated based on Energy Consumption Indicators and Benchmarks provided by Electrical and Mechanical Services Department, using the recommended amount of mobile fuel per distance.

³ Our total energy consumption includes purchased electricity and non-renewable fuels consumed. The relevant conversion factors are reference from the “Technical Note: Conversion of fuel data to MWh” published by CDP.

⁴ During the financial year 2021/22, the green PLB temporarily changed its operating route for several months. Throughout the Reporting Period, the green PLB operations remained inactive until it resumed its route connecting the Hong Kong-Zhuhai-Macao Bridge Port in January 2023. As a result, LPG consumption was reduced.

⁵ Some of the operating premises under the Group of which the water supply was solely controlled by the respective building management which considered the provision of water consumption data or sub-meter for individual occupant not feasible. Hence, the water consumption data excluded consumption from those operating premises.

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	2022/23	2021/22	Unit
Hazardous Waste			
<u>Liquid Waste</u>			
Spent Lube Oil	64.20	43.20	m ³
Spent Lube Oil (Waste Water)	31.00	41.00	m ³
Spent Oil Filter	0.20	0.12	m ³
Total Hazardous Waste (Liquid)	95.40	84.32	m ³
Intensity of Hazardous Waste (Liquid)	0.08	0.09	m ³ /million HKD revenue
<u>Solid Waste</u>			
Waste Battery	10.45	7.23	Tonnes
Total Hazardous Waste (Solids)	10.45	7.23	Tonnes
Intensity of Hazardous Waste (Solids)	0.008	0.007	Tonnes/million HKD revenue
Non-hazardous Waste			
General Refuse	1.16	1.13	Tonnes
Tyres	30.91	21.87	Tonnes
Total Non-hazardous Waste	32.07	23.00	Tonnes
Intensity of Non-hazardous Waste	0.03	0.02	Tonnes/million HKD revenue

Energy Consumption, Air and GHG Emissions

Our business operations heavily rely on vehicles and electricity consumption for our offices, ticketing points, bus stations, and depots. Fuel usage and electricity consumption are our major sources of energy consumption, air, and GHG emissions. To minimize the impact on the environment, the Group has implemented internal measures to manage vehicle use and plans to achieve carbon neutrality by the Year 2050 in accordance with the Government's target. We regularly review and revise our bus routes and schedules to optimize environmental performance and have invested in new state-of-the-art bus and crew scheduling software to improve operational efficiency and eliminate unnecessary vehicle movements. We also monitor engine idling with advanced GPS tracking devices and have successfully converted some key bus routes from a high frequency single decker bus operation to a slightly lower frequency double decker bus mode, resulting in reduced noise, air emissions, and fuel consumption without compromising customer service. These measures have helped improve traffic congestion, reduce vehicular flow, and improve roadside air quality.

Water Consumption

During the Reporting Period, we did not experience any issues in sourcing water as it is provided by local suppliers in the areas where we operate, primarily in Hong Kong. However, we recognize the significance of water conservation and aim to improve water efficiency by promoting conservation efforts. To raise staff awareness and encourage water conservation, we have been posting reminders in our offices. Our commitment to water conservation reflects our dedication to sustainable development and responsible resource management.

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Waste Management

During our daily operation, waste oil and batteries used in our vehicle fleet are the major hazardous wastes generated. To manage and reduce hazardous wastes associated with our operations, the Group has adopted the following measures:

- ◇ Developed a “Waste Handling Policy and Guideline” for corresponding departments
- ◇ Assigned trained technicians to perform recycling
- ◇ Stored and handled such wastes in designated areas at bus depots (before disposal)
- ◇ Engaged with qualified and registered service-providers to collect and process such wastes in a proper way in accordance with the statutory standards

Waste tyres, scrapped vehicles, used paper, and general refuse are the primary contributors to non-hazardous waste generation. The Group is committed to responsible recycling, storage, and disposal of waste to reduce non-hazardous waste production. Our dedication to waste reduction reflects our commitment to sustainable development and responsible resource management.

To minimise the amount of landfilled waste, the Group has adopted below measures:

- ◇ Raised staff’s environmental protection awareness by training
- ◇ Issued guidelines and reminders aimed at reducing waste at source

In addition, the Group is not involved in any use of packaging materials for finished goods.

Green Operations

Apart from the aforementioned practices, we adopted various measures to minimise our impact on the environment and natural resources, including:

Euro V and Euro VI vehicles

To improve roadside air quality and protect public health, the Group plans to replace aging buses, particularly Euro IV buses, with Euro V and VI buses in the coming years, which aims to achieve a 9% reduction in GHG emissions within three years and upgrade all buses to Euro VI Diesel Commercial Vehicles (“DCV”) within five years. During the Reporting Period, we upgraded a total of 53 buses in our fleet to ensure their engines meet the low-emissions standard of Euro V and Euro VI DCV, with over 61.6% of buses in our fleet meeting this standard as of 31 March 2023.

According to European emissions standards, NOx emissions of Euro V gasoline vehicles are approximately 30% less than that of similar vehicles of Euro IV. The NOx emissions of Euro V heavy diesel vehicles with a design weight over 3.5 tonnes, are approximately 40% less than that of similar vehicles of Euro IV, and the respirable suspended particulates (“RSP”) and NOx emissions of Euro V light diesel vehicles are approximately 80% and 30% less, respectively. As compared with Euro V, the NOx and RSP (PM10) emissions of Euro VI heavy diesel vehicles are approximately 80% and 50% less respectively, and the NOx emissions of Euro VI light diesel vehicles are approximately 55% less. We believe that replacing aging buses with Euro V and VI DCV can enhance the environmental performance by reducing the GHG emissions of the Group.

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Regular maintenance

The Group offers comprehensive vehicle maintenance programs to ensure that diesel-fuel generators, refrigeration, and air-conditioning systems in vehicles are properly maintained for energy efficiency and compliance with standards. Our repair technicians and frontline operational staff are vigilant in identifying high-emitting vehicles and carrying out repairs to restore their capacity and meet the strict exhaust emission standards set by the European Council of Environmental Ministers. Our management regularly reviews the emission inspection system to ensure compliance with regulations. This includes strengthening enforcement and enhancing testing procedures and executions to minimise errors and prevent the appearance of high-emitting vehicles.

CO₂ concentration

We strive to adhere to all legal and regulatory requirements in all aspects of our operations. In order to ensure that the levels of CO₂ concentration in our buses meet the required standards, we conduct regular random testing. Additionally, we have also engaged the services of professional third parties to perform testing on CO₂ concentration in our vehicles.

Waste water treatment

To treat effluents before discharge, our depots are equipped with sewage treatment facilities as well as grease traps. Waste is collected by eligible professional third parties regularly.

Advocating eco-friendly habits for driving

As part of our commitment to reduce our carbon footprint, we actively promote eco-friendly driving habits among our bus/limousine captains. In addition to upgrading to more environmentally friendly vehicles, we encourage our bus/limousine captains to switch off idling vehicles to minimise engine idling.

Promoting eco-friendly habits for office operation

For office operations, we have issued guidelines on electricity saving, water conservation, and the use of paper and other office supplies to reduce waste and enhance employees' environmental awareness.

Implementation of electric buses

To achieve the Government's carbon neutrality target by the Year 2050, we are promoting the use of electric vehicles and other environmentally friendly vehicle propulsion technologies. To explore the environmental benefits of electric buses, we have been cooperating with the Government to conduct trial runs and assess their operational efficiency and performance in handling local traffic conditions. Two single-decker electric buses commenced the trial in 2018. The trial of electric buses had been completed, and they have now entered substantive service to serve as an overnight resident shuttle service on Route N38 between Yat Tung Estate and Tung Chung Station Bus Terminus during the pandemic period. Two additional single-decker electric buses have entered service during the Reporting Period.

The regular repair and maintenance of the electric buses, as well as the repair of the charging station and high voltage portion of the electrical system, are now conducted by the electric bus manufacturer or other contractors. We will consider procuring necessary maintenance equipment and training up in-house maintenance staff to cope with the growing need for electric buses in the future.

Environmental management system certification

Our depots undergo regular surveillance audits to ensure that we comply with strict environmental management standards. As previously stated, one of our key depots has been certified for the ISO 14001:2015 Environmental Management System standard. This certification demonstrates our commitment to managing our environmental responsibilities in a systematic way that contributes to sustainability. By aligning our internal environmental policy with this international standard, we aim to achieve the desired outcomes of an environmental management system, including improving our environmental performance, meeting compliance obligations, and achieving sustainability targets. These provide value not only for the environment but also for the Group and its stakeholders.

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Nurturing our People

The Group is committed to creating a safe and harmonious work environment for our employees, while also providing competitive and reasonable benefits. To protect the rights of both our employees and the Group, we strictly adhere to all relevant labour laws and regulations, including but not limited to the Employment Ordinance (Cap. 57), Employees' Compensation Ordinance (Cap. 282), Minimum Wage Ordinance (Cap. 608), and Employment of Children Regulations (Cap. 57B).

During the Reporting Period, the Group was not aware of any material non-compliance of labour-related laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other welfare and benefits.

Employee Overview

As of 31 March 2023, the Group has 2,636 employees in Hong Kong. The distribution of employees by gender, employment type as well as age group are outlined below:

Employee Composition	2022/23 (No. of employee)	2021/22 (No. of employee)
Total number of employees	2,636	2,399
By Gender		
Male	1,923	1,722
Female	713	677
By Employment Type		
Full-time	1,969	1,586
Part-time	667	813
By Age Group		
30 or below	132	80
31-50	826	799
51 or above	1,678	1,520

Dismissal and relevant compensation distribution follow the Group's code of conducts and comply with relevant labour regulations of its place of operations. The breakdown of the Hong Kong's employee turnover rate by gender and age group are as the following:

Employee Turnover Rate⁶	2022/23 (%)	2021/22 (%)
Turnover rate	30	28
By Gender		
Male	27	28
Female	37	27
By Age Group		
30 or below	48	40
31-50	33	26
51 or above	26	28

⁶ The employee turnover rate is calculated based on the total workforce at the end of the Reporting Period.

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Human Resources Strategy and Practices

The Group strives to be a desirable employer by following the principles of equal opportunity, non-discrimination, and diversity in various labour-related procedures such as recruitment, compensation determination, promotion, training and development. Our selection process is solely based on work ability, and we do not consider any factors such as age, gender, race, religion, sexual orientation, or disability that may affect our selection.

To ensure a workplace free from discrimination based on personal characteristics protected by law, such as gender, sexual orientation, disability, age, race, skin colour, national or ethnic origin, and family status, we have formulated and strictly implemented the internal “Equal Opportunities Policy”. Any form of workplace discrimination or harassment is not accepted.

We believe that open dialogue and feedback are essential in establishing a harmonious working environment and building a close relationship with our valuable employees. Therefore, we encourage all employees to raise any issues, concerns, grievances, or appeals through designated communication and whistle-blowing channels without fear of retaliation.

Staff Benefits and Welfare

Creating a harmonious and dynamic working environment is vital for talent retention and enhances employees’ sense of belonging to the Group. Therefore, we provide our employees with competitive remuneration packages and benefits. Our compensation and benefits include base salary, discretionary bonuses, health care plans, stock options, transportation allowances, and housing allowances (as appropriate). In addition, we ensure that our compensation packages are competitive enough by tracking relevant market information. We also regularly conduct salary assessments and promotion reviews based on the annual appraisal. The Group’s leave policy is based on the standard rules set out in the Employment Ordinance (Cap. 57), which entitles employees to different kinds of leave such as annual leave, public and statutory leave, sick leave, and maternity leave. Furthermore, we have presented the “Long Service Award” to employees who have made significant contributions to the Group over an extended period of time. The award includes a commemorative gold medallion as a token of our appreciation for their dedication and commitment to the Group. During the Reporting Period, a total of 110 employees were honoured with the “Long Service Award”. Among them, 41 employees received the 10-year award, 27 employees received the 20-year award, 4 employees received the 30-year award, and 38 employees received the award for retirement.

Occupational Health and Safety

Ensuring the health and safety of our employees has always been a top priority. We strive to provide our employees with appropriate occupational health and safety measures in compliance with relevant laws and regulations, such as the Occupational Safety and Health Ordinance (Cap. 509). The Group provides a staff medical insurance scheme for all full-time employees. For employees aged 60 and above, the medical insurance plan offers regular medical check-ups. Furthermore, one of our subsidiaries has implemented a safety management system that conforms to the ISO 45001:2018 Occupational Health & Safety Management System Certification to promote continuous improvement in safety performance across all aspects of our operations, including bus maintenance and design upgrades. The ISO 45001:2018 Occupational Health & Safety Management System is an internationally recognized standard designed to safeguard employees and visitors from work-related accidents and illnesses. The certification is designed to mitigate any factors that could lead to irreparable harm to employees and businesses.

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To ensure the health and safety of our frontline staff, we provide helmets, safety goggles, and anti-fall safety belts, as well as appropriate assisting equipment such as mobile working platforms. We also post safety notices and reminders at the workplace in addition to personal equipment.

In addition, we have established a Safety Committee, chaired by the Operations Director, to investigate and review any injuries and accidents that occur. Our goal is to ensure that all bus services are operated safely and reliably at all times. To achieve this, we have feedback loops in place to incorporate lessons learned into our safety and risk management processes as we move forward.

In each of the past three years, including the Reporting Period, we did not record any work-related fatalities. However, a total of 1,315 working days were lost due to work injuries or occupational diseases in the Reporting Period.

Although the COVID-19 pandemic is showing signs of improvement, we should continue to be cautious about our measures to control the spread of the virus in the workplace. We are closely monitoring the guidelines from the Department of Health and have implemented various anti-epidemic prevention measures, including but not limited to the following:

- ◇ Purchase adequate anti-epidemic prevention supplies for employees, such as air purifiers, disinfectants, hand wash, alcohol and face masks
- ◇ Check employees' body temperature at reception
- ◇ Encourage employees to get vaccinated
- ◇ Reduce in-person meetings and travelling
- ◇ Enhance pandemic prevention promotion
- ◇ Place separation boards at dining area

As part of our commitment to creating a healthy and safe work environment, we promote a culture that is free from smoking and encourage our employees to embrace it. The Group has developed a "Smoke-free Policy", along with a variety of effective measures, to ensure the safety and productivity of our employees. Through this policy, we aim to motivate smokers to quit or reduce their cigarette consumption and to raise awareness of the harmful health effects associated with smoking.

Talent Development

The Group values our employees as our most valuable assets and is committed to supporting their continuous career development. We provide our employees with ample training and promotion opportunities through a comprehensive promotion and training system that offers abundant training and development resources. To enhance employees' ability for long-term career development and personal growth within the Group, we provide training and development opportunities and encourage employees to undertake overseas training through internal and external training programs, as well as training subsidy programs.

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During the Reporting Period, the training analysis is outlined as below:

Employee Training Analysis⁷	2022/23	2021/22	Unit
Total training hours	14,470	8,833	hours
Average training hours	3.85	2.89	hours/person
Percentage of employees trained by gender			
Male	82.9	75.0	%
Female	17.1	25.0	%
Percentage of employees trained by employee category			
Senior Management	0.4	0.5	%
Middle Level Management	0.4	1.3	%
General & Technical Employees	99.2	98.2	%
Average training hours by gender			
Male	5.20	3.82	hours/person
Female	0.75	0.51	hours/person
Average training hours by employee category			
Senior Management	5.93	2.13	hours/person
Middle Level Management	1.26	1.05	hours/person
General & Technical Employees	3.89	2.93	hours/person

The Group conducts annual performance appraisals to evaluate employees' qualifications, experience, technical abilities, attendance rate, and contributions to the Group. The results of these appraisals are used to assess salary and promotion eligibility, with an emphasis on performance. This practice is part of the Group's commitment to promoting employee development and recognizing their contributions to the organization.

Labour Standards

We have a zero-tolerance policy towards the use of child or forced labour in our recruitment process and daily operations. Our Human Resources department ensures that all candidates are of legal working age by verifying their personal identification documents to prevent child labour. We outline the terms of working hours, rest periods, compensation, and termination in employment contracts and other human resources policies to prevent any forced labour employment. The Group strictly adheres to the requirements of standardized labour contracts and does not tolerate any form of unfair employment relationship. If any cases of child labour or forced labour are found, the Group will take immediate action to terminate such employment, and investigations will be carried out. During the Reporting Period, the Group was not aware of any child labour or forced labour within the Group.

⁷ The calculation is based on the number of employees trained during the Reporting Period, including those employees having left the Group during the Reporting Period, in order to present a more accurate conclusion of the training resources invested by the Group.

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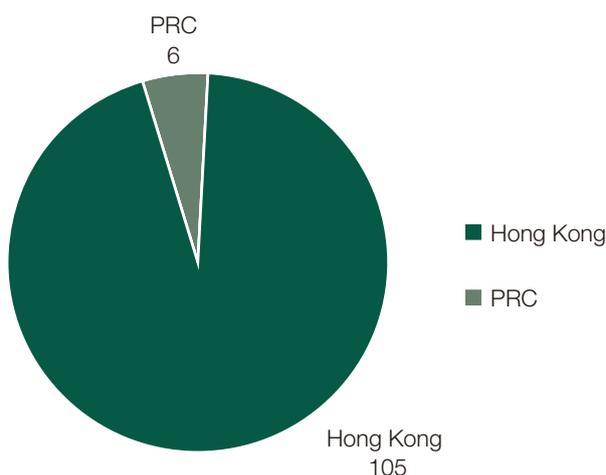


Managing our Supply Chain

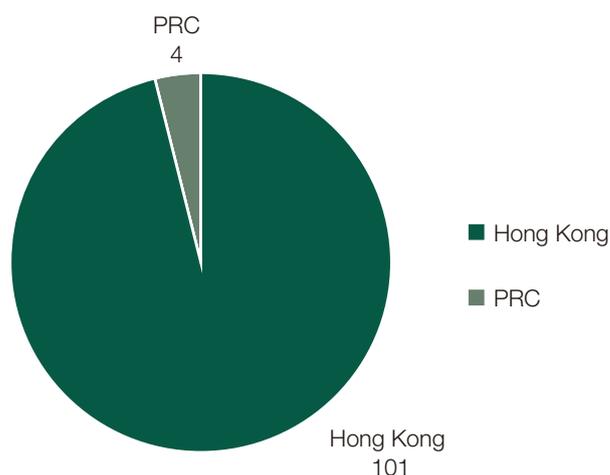
Suppliers' Overview

Our suppliers are primarily local bus manufacturers, fuel suppliers, repair and maintenance service providers. For the year ended 31 March 2023, we engaged with 111 major suppliers⁸. The geographical distribution of these suppliers is detailed below:

Number of Suppliers by Geographical Region 2022/23



Number of Suppliers by Geographical Region 2021/22



Selection of Suppliers

In selecting our suppliers, the Group considers various criteria, including the quality of products, prices, reputation, and credibility. To embrace sustainability within our value chain, we prioritize suppliers that are environmentally and socially responsible. The majority of our suppliers are located in Hong Kong, which allows us to minimize GHG emissions from delivery. We also promote environmentally preferable products and services during supplier selection by encouraging green procurement practices, such as using less packaging and focusing on resource-efficient products.

Our chosen bus manufacturers are mainly internationally-renowned companies that demonstrate a high standard of integrity in environmental and social responsibilities. We only select suppliers with satisfactory assessment records, and before reaching any agreement, we require suppliers and other business partners to confirm that their businesses are not in violation of any business, labour, and local environmental regulations. The supplier engagement practices were applied on all suppliers.

We conduct annual assessments of our suppliers and other service providers to ensure that the services or products received meet acceptable quality standards. We also engage in informal discussions with top management and suppliers on an as-needed basis to improve the capabilities of our suppliers and service providers going forward. In addition, we have identified, evaluated, and prioritized the environmental and social risks along the supply chain. These risks will be closely monitored, and appropriate mitigation measures will be taken to ensure that our operations are conducted in a responsible and sustainable manner.

⁸ Major suppliers refer to those suppliers directly contribute to our operations, such as vehicle and fuel suppliers, repair and maintenance service providers.

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Upholding Business Ethics

The Group does not tolerate any form of bribery, extortion, fraud, and money laundering. We abide by relevant laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201). To further reinforce our commitment, we have established internal policies such as the “Employee Handbook” and “HR-Policy – Business Ethics & Integrity” to outline the procedures for declaring interests and combating corruption. We have also implemented a whistleblowing system that includes a hotline and e-mail box. Our directors and employees undergo frequent anti-corruption training to stay aware of compliance issues. During the Reporting Period, we distributed the “Integrity and Corruption Prevention Guide on Managing Relationship with Public Servants” issued by the Independent Commission Against Corruption to our directors and employees. The purpose was to enhance their awareness and provide guidance on anti-corruption practices. Additionally, we regularly reinforce the significance of anti-corruption measures to our directors and staff through sharing news excerpts on corruption and integrity-related sentencing, along with relevant rules and guidance to prevent such occurrences.

During the Reporting Period, we were not aware of any material non-compliance concerning bribery, extortion, fraud and money laundering. Besides, the Group or our employees did not involve in any concluded legal proceedings related to material irregularities.

Caring for our Community

Kwoon Chung recognizes that our development depends on the resources and support of all sectors of society. To give back to the communities where we operate, we have invested resources to break down barriers and better integrate ourselves within the localities we serve. Our commitment to corporate social responsibility has been recognized by the Hong Kong Council of Social Service, which has awarded us the Caring Company Logo for multiple years. This award recognizes our performance as a good corporate citizen and our commitment to prioritizing care for society, our employees, and the environment.

Kwoon Chung Inclusive – Love in Motion

Kwoon Chung Inclusive and Accessible Transport Services Company Limited (“KCIS”) was founded in 2019 with the aim of providing accessible transportation services to those in need, in line with the principles of social harmony. KCIS currently operates 13 Feeder Service routes and 5 routes for the Weekend Recreational Rehabus Service. Feeder Service routes cater to individuals with mobility impediments (including elderly individuals) and their companions, providing flexible boarding and alighting options along the route. The Weekend Recreational Rehabus Service is designed to enable persons with disabilities to visit tourist attractions in Hong Kong on weekends and public holidays, promoting the city as a barrier-free destination. We are committed to delivering the highest quality of service and ensure that our bus captains receive extensive training, including emergency training, as well as training on emotional management and disability awareness. We have been awarded the Barrier-Free Outstanding Award by Free Guider, recognizing our dedication to creating a barrier-free community and providing accessible service. During the Reporting Period, HK\$950,000 was allocated to this service.

Free Rides Scheme of International Day of Disabled Persons (“IDDP”)

Kwoon Chung supported the IDDP event in Hong Kong by providing the “Free Ride Scheme for People with Disability and one of their Accompanying Carers” on 13 November 2022. On that day, we provided free rides on all of our franchised buses (except recreational route No. 1R) to individuals who presented the Registration Card for People with Disabilities or the Personalised Octopus with “Persons with Disabilities Status”.

Free Rides for the Elderly on Senior Citizen’s Day

As a commitment to giving back to the community, to celebrate the Senior Citizen’s Day on 20 November 2022, passengers aged 65 or older were offered free transportation on all routes (except recreational route No.1R) by showing their “Senior Citizen Card” or Hong Kong I.D. Card upon boarding.

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