Kwan On Holdings Limited
均安控股有限公司
(incorporated in the Cayman Islands with limited liability)
Stock Code: 1559



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025

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I. ABOUT THE REPORT

Objectives of the Report

This environmental, social and governance ("ESG") report (the "Report" or the "ESG Report") published by Kwan On Holdings Limited and its subsidiaries ("Kwan On", the "Group", "We") aims to provide the performance of the Group in respect of the environmental, social and governance in a transparent and open manner over the past year, in response to the concerns and expectations of our stakeholders on the sustainable development of the Group.

Scope of the Report and Reporting Period

The Report covers the reporting period from 1 April 2024 to 31 March 2025 (the "Reporting Period" or the "Year"), which is in conformity with the Group's financial year. The Report sets out the ESG obligation, managing approach, performance and initiatives of Kwan On as a licensed contractor. In particular, the environmental KPIs disclosed in the Report covers 13 contracts of key civil construction projects located in Hong Kong and Southeast Asia region (the "Key Construction Projects") secured by the Group by way of tender in the past year, including Civil Engineering and Development Department contracts (KL/2012/03, NE/2016/05, GE/2018/03, GE/2018/01, ED/2019/02), Water Supplies Department contract (2/WSD/21), Housing Authority contracts (20170102 and 20189126), Drainage Services Department contract (DC/2018/10), Highways Department contract (HY/2018/12), West Kowloon Cultural District Authority contract (GW/2015/05/038), as well as the Company's pipeline engineering projects in Southeast Asia, and commercial and residential building projects in Mainland China. On the other hand, the social KPIs covers the general business across the Group[1].

Reporting Standards

The Report has been prepared with reference to the requirements set out in the Environmental, Social and Governance Reporting Guide under Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx"). During the process of preparation of the Report, we summarised the Group's performance in terms of corporate social responsibilities based on the reporting principles of "materiality", "quantitative", "balance" and "consistency". Please refer to the table below for our understanding of and response to these reporting principles.

[1] Social KPIs cover the general business across Kwan On, including our construction-related businesses and property development businesses in Hong Kong and Southeast Asia.

Reporting principles	Implications	Our responses
Materiality	Where ESG issues are sufficiently important to investors and other stakeholders, they should be reported by issuers.	The Report identifies the stakeholders of Kwan On and presents their concerns. We also describe how we have determined the key issues and prioritise those issues using a materiality matrix. In addition, we have stated the provisions of "comply or explain" in relation to the matters not to be disclosed as they are not material to the Group and the reasons for making this decision.
Quantitative	KPIs should be disclosed in a measurable manner. The issuer may set targets to reduce a particular impact, so that the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose and impacts, and giving comparative data where appropriate.	The Report made quantitative disclosure about KPIs, and reported on the standards, methods or inputs for calculation used to compile KPIs and the sources of the conversion factors used.
Balance	The ESG Report should provide an unbiased picture to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment made by the report reader.	The Report discussed our achievements and challenges in sustainability.
Consistency	The issuer should use consistent calculation methodologies to allow for meaningful comparisons of ESG data over time.	The Report uses consistent methodologies wherever possible and explains any changes to the methodologies adopted last year.

Collection of Data

The information disclosed in this Report is derived from the Group's formal documents, statistics, or public information. The Board is responsible for the truthfulness, accuracy, and completeness of its contents.

II. STATEMENT FROM THE BOARD

On behalf of the Board of Directors (the "Board") of Kwan On Holdings Limited, I am pleased to publish the Environmental, Social and Governance Report 2025, which covers our sustainability performance and results from 1 April 2024 to 31 March 2025.

Looking back on 2024, in respect of ESG, the construction companies in Hong Kong focused on promoting green building technologies, optimizing resources use, improving supply chain sustainability and achieving environmental goals by digital means. the Company, as a reputable construction company with over 20 years of experience in the construction industry in Hong Kong, abides by its mission and upholds corporate responsibilities by devoting its whole to serving the community and its clients. The Board has prepared ESG policies which are incorporated into the Company's management manual to govern our sustainable operation in the areas of business ethics, workplace health and safety, environment, community engagement and stakeholder communication channels. Aspects such as occupational health and safety, environmental management, human resource management and supplier management are all covered. Each management team is responsible for monitoring and managing issues, risks and effectiveness in relation to ESG policies. We also clearly define our short– and long-term sustainability visions to implement sustainable emissions reduction plans in accordance with government regulations.

Since our management wishes to achieve the people-oriented purpose, we have defined clear responsibility and accountability for the safety management system. Employees may communicate directly to the project director about project safety matters, so as to achieve the ultimate goal of promoting safety and environmental protection with a concerted effort. The Company implements five key construction safety procedures in respect of "people, machinery, properties, law and environment", explaining every step in a construction project to all frontline colleagues. In project planning, we assess and review whether the construction process is safe or not to minimise construction hazards. The project manager will also lead by example in promoting safety awareness by regularly assessing the implementation of safety measures and resolving any problems that may arise during construction. In terms of the safety management system, we have developed a crisis response plan, which allows us to allocate resources immediately in case of emergency and take corresponding actions.

Looking forward, the Board will continue to uphold the Company's vision and mission to achieve sustainable development. By continuously monitoring and improving the overall sustainability performance, it will facilitate the Group's sustainability planning and the effective deployment of investment in important sustainability issues. We will work with all parties on the journey to advance the sustainable development process.

Chen Zhenghua
Chairman
30 June 2025

III. PRINCIPLE AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

Objectives of Sustainable Governance and Development

While driving its business to grow steadily, the Group has always upheld sustainable development as one of the core values of its corporate operations. We recognize that, to achieve long-term success, we should not only generate economic benefits, but also actively focus on environmental protection and social responsibility. Therefore, we are committed to fully integrating the sustainability principle into our strategic planning, operational processes and management systems, ensuring every engineering project meets green, eco-friendly and sustainable standards. Through continuous innovation and optimization, we aim to become a reputable and trustworthy green civil construction contractor. To this end, the Group is committed to strictly fulfilling environmental protection and social responsibilities by actively promoting green construction, energy conservation and emission reduction, and resource recycling to minimize environmental impact. We also highly emphasize on information transparency by regularly updating the public and stakeholders on our sustainability progress to enhance public trust. Furthermore, we will keep improving professional service quality and operational standards as well as advancing the application of green technologies, with an aim to build a greener, healthier and more sustainable future for the next generation.

Sustainable Governance Strategies

In line with the Group's concept of sustainable development, we have established a top-down Environmental, Social and Governance ("ESG") framework: the Board is responsible for formulating ESG strategies, assessing and identifying the Group's ESG risks, as well as ensuring the effectiveness of our risk management and internal controls; senior management is responsible for organising relevant initiatives in accordance with our ESG strategies and reporting to the Board on the progress of our ESG initiatives and the preparation of the Group's annual ESG report; the administration department, human resources department, financial accounting department, procurement department and project department are responsible for the execution of ESG initiatives, including the collection of stakeholders' feedback, internal and external materiality assessment and preparation of ESG reports, as well as reporting the progress of ESG-related issues and the preparation of ESG reports to the senior management.

Involvement of the Board

The Board is committed to integrating sustainable development into the Group's business development and assumes full responsibility for the following:

- assess and identify the Group's ESG-related risks and opportunities;
- ensure the Group has appropriate and effective risk management and internal control system in place;
- formulate the Group's ESG management approaches, strategies, priorities and objectives;
- review the progress and performance of ESG-related issues regularly; and
- review and approve the disclosures in the Group's ESG Report.



The Board regularly assesses and identifies the risks associated with sustainable development of the Company, proactively implements measures to manage them, and identifies potential business opportunities by strictly adhering to regulatory requirements and industry standards, so as to create long-term value for our shareholders and stakeholders. The Company also regularly reviews the progress towards its ESG targets and adjusts them as appropriate according to circumstances, ensuring that the adverse impact on the environment and society is minimized while driving business growth, thereby fulfilling its commitment to sustainable development.

IV. STAKEHOLDER ENGAGEMENT

Our understanding of and response to stakeholders' opinions are fundamental to the formulation and implementation of the Group's short-term and long-term development strategies. The Group proactively engages with key stakeholders (including shareholders and investors, government, employees, customers, suppliers and subcontractors, and the community), through various communication channels such as seminars, trade union organisations, opinion surveys or other platforms. Through continuous communication, we are able to gain a deep understanding of their concerns and needs, and respond to their concerns in a timely manner, thereby enhancing mutual understanding and cooperation. We believe that only by constantly listening to the voices of our stakeholders can we achieve sustainable development

The table below summarises how we communicate with our stakeholders, their concerns and our action plans.

Stakeholder groups	Communication methods/channels	Major demands/ concerns	Our action plans
Shareholders and investors	• Convene annual general meetings • Publish annual and interim reports • Public disclosures • Analyst meetings • Interviews, conference calls and e-mail engagement • Official website of the Company	• Maximise investment returns • Enhance company value • Facilitate information transparency and effective communication	• Regular general meetings • Regular board meetings • Frequently meet with investors

Stakeholder groups	Communication methods/channels	Major demands/ concerns	Our action plans
The government	• Information disclosure • Public consultation • Seminars • Reports/Surveys • Interviews	• Fulfill regulatory requirements • Pay tax on time and in compliance with laws • Maintain good relationship with the government • Promote employment • Echo with national strategies	• Compliance with national laws and regulations • Pay tax in full, on time and in compliance with laws • Create jobs
Employees	• Opinion surveys • Staff caring and welfare campaigns • Mental health counseling channels • Staff mailbox • Internal communications • Retain staff	• Provide a healthy and safe working environment • Enhance vocational skills • Provide more training opportunities • Access to benefits • Labour rights and interests • Staff caring • Fair promotion and development	• Organise training courses for professional development, enhancing vocational skills and promoting safety procedures • Identify employees' personal development needs and perform a fair and objective assessment • Create a competitive workplace • Staff caring and welfare campaign
Customers	• Listen to customer feedback • Handling enquiries or complaints • Customer satisfaction surveys • Customer communication meetings • Tender meetings	• Provide quality services • Respect for privacy and confidentiality	• Normalization and standardization of services • Conduct regular satisfaction surveys • Timely response to and handling of customer complaints

Stakeholder groups	Communication methods/channels	Major demands/ concerns	Our action plans
Suppliers and subcontractors	• Experience sharing sessions • Review on suppliers' and subcontractors' performance • Communication meetings • Conference Call • Surveys • Regular business sharing sessions	• Enhance transparency in procurement process • Ensure the selection process is conducted in a fair and equitable manner • Honor promises • Achieve win-win situation	• Provide equal chances for competing suppliers and subcontractors • Improve selection system for suppliers and subcontractors • Establish an open and transparent tendering system
Community	• Hotlines for handling complaints • Social charity events • Seminar and workshop	• Invest in public welfare • Adopt green operation strategies • Participate in community building • Promote community well-being • Care for the underprivileged groups	• Organise regular community charity activities • Hold charity events • Promote energy saving and environmental protection

V. MATERIALITY ASSESSMENT

In order to determine key disclosures for the Report, we have conducted materiality assessment on ESG issues with our stakeholders. The procedures of the materiality assessment are set out as below:

Step 1: Identify ESG issues

The Group identified the following 21 ESG issues based on the existing operations, and taking into the consideration of the disclosure requirements of "Environmental, Social and Governance Reporting Guide" and ESG management priorities in our industry.

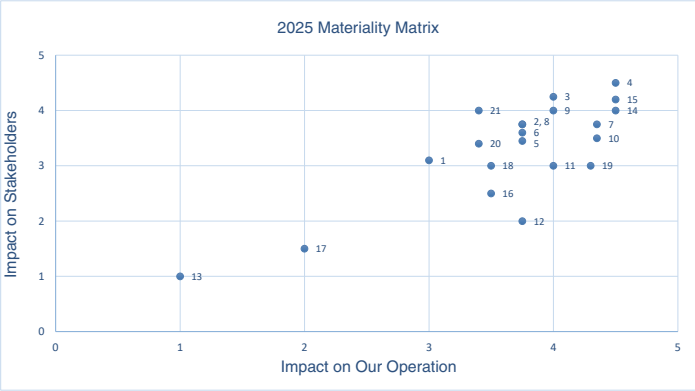
ESG aspects		No.	ESG issues
A. Environmental	Aspect A1: Emission	1	Air emission
		2	Greenhouse gas emission
		3	Waste management
	Aspect A2: Use of Resources	4	Energy consumption
		5	Water consumption
		6	Paper usage
	Aspect A3: The Environment and Natural Resources	7	Management of environmental and natural resource risk
	Aspect A4: Climate Change	8	Climate change-related issues
B. Social	Aspect B1: Employment	9	Equal opportunity
		10	Employee's welfare
	Aspect B2: Health and Safety	11	Occupational health and safety measures
	Aspect B3: Development and Training	12	Staff development
	Aspect B4: Labour Standards	13	Prohibition of child labour and forced labour
	Aspect B5: Supply Chain Management	14	Selection and evaluation of suppliers
		15	Monitoring and managing environmental and social risk along the supply chain
	Aspect B6: Product Responsibility	16	Service quality
		17	Managing complaints
		18	Protecting intellectual property rights
		19	Customer's data privacy and data security
	Aspect B7: Anti-corruption	20	Anti-corruption and anti-money laundering
	Aspect B8: Community Investment	21	Community involvement

Step 2: Materiality Assessment

The Group's management conducted meetings based on the opinions gathered from the engagement with our stakeholders and rates the degree of relevance and importance of every ESG issues from 0 to 5 (0 represents irrelevant; 5 represents most important).

Step 3: Priority

Based on the score from materiality assessment, we prioritised the issues in two dimensions, namely "impact on stakeholders" and "impact on our operation", and prepared the materiality matrix as below. Issues at the right upper quadrant are defined as the most important issues to the Group's business operation and our stakeholders.



No.	ESG Issues
1	Air emission
2	Greenhouse gas emission
3	Waste discharge
4	Energy consumption
5	Water consumption
6	Paper usage
7	Management of environmental and natural resource risk
8	Climate-change-related issues
9	Equal opportunity
10	Employee's welfare
11	Occupational health and safety
12	Staff development
13	Prohibition of child labour and forced labour
14	Selection and evaluation of suppliers
15	Monitoring and managing environmental and social risk along the supply chain
16	Service quality
17	Managing complaints
18	Protecting intellectual property rights
19	Customer's data privacy and data security
20	Anti-corruption and anti-money laundering
21	Community involvement

The Group is principally engaged in undertaking construction engineering projects in Hong Kong and Southeast Asia. While we rely on a stable workforce and our subcontractors to complete our projects, generation of different emissions during the course of our operation is inevitable. According to the results of the materiality assessment, energy consumption; monitoring and managing environmental and social risk along the supply chain; and selection and evaluation of suppliers are ESG issues that are of utmost concern to Kwan On and our stakeholders. By attaching more attention to the above-mentioned issues and regularly reviewing major ESG issues, we take into account the view of every stakeholder and firmly refine our long-term development strategy.

VI. ENVIRONMENTAL ASPECTS

Kwan On acknowledges the importance of maintaining sustainable development in its daily operation. While continuously expanding our business scale, the Group has always been committed to the concept of green environmental protection and actively fulfilled its corporate ecological responsibility. We strive to minimise impact on the natural environment by adopting various environmental protection measures including energy saving, emission reduction, reduction of waste disposal and optimisation of resource utilisation. We emphasize the protection of the ecological environment and the reduction of the natural resources consumption to ensure that the Company contributes to the sustainable development of society and the future while pursuing economic benefits.

The Group established different environmental targets for its construction sites to achieve sustainable development:

Environmental management indicators	Short-term targets for environmental management indicators	Long-term targets for environmental management indicators	Actions and progress
Reduce air emissions	• Maintain a minimum fleet of vehicles operating on site as required by our contracts and reduce the use of other vehicles. Reduce air emissions by at least 5% over the next five years, using 2021 as the baseline year	• Fully conversion to use of electrical vehicles • Establish further emissions reduction plan by 2026	• Promote environmental protection by optimising the vehicle fleet and gradually phasing out older vehicles and replacing them with electric vehicles • During the Year, reduction in fuel consumption of Hong Kong projects was approximately 49%

Environmental management indicators	Short-term targets for environmental management indicators	Long-term targets for environmental management indicators	Actions and progress
Reduce greenhouse gas emission	• Organize low-carbon training for our operating staff at least once a year for the next two years	• Achieve carbon neutrality in Hong Kong by 2060	• Provide low-carbon training to staff; • Save energy by maintaining air-conditioning temperatures at 25.5˚C; and • Support teleconferencing and video conferencing instead of physical meetings to reduce unnecessary transportation and carbon emissions
Reduce hazardous waste and non-hazardous waste discharge	• The Group is committed to stepping up its waste reduction efforts, starting with waste sorting and monitoring of disposal prosses. Continuing with the goals set in 2021 and continue to reduce paper usage by at least 3% in the next year	• Establish waste reduction plan by 2026	• Reduce and recycle construction site waste, particularly waste from civil engineering works; and • Wherever waste disposal is unavoidable, the Group engage qualified handlers to dispose of those waste to ensure compliant disposal

Environmental management indicators	Short-term targets for environmental management indicators	Long-term targets for environmental management indicators	Actions and progress
Reduce energy usage	• Replace upon expiry of designed life our existing lighting and electrical devices with energy-efficient alternatives, establish the quality supplier procedures to select eco-friendly suppliers whenever possible	• The Group plans to enhance energy management performance and energy efficiency in the long term through monitoring and recording energy consumption by business segment. Establish the relevant plan by 2026	• Switch on lighting only when necessary; • Maximise the use of daylight; and • Use LED lamps instead of conventional fluorescent lamps
Reduce water consumption	• Further encourage our staff to practice water conservation in daily operations	• The Group plans to enhance water management performance and water efficiency in the long term through monitoring and recording water consumption by business segment. Establish the relevant plan by 2026	• Post notices to remind staff of the need to conserve water, install water saving devices



A1: Emissions

As global issues including climate change intensify, we, as a responsible corporate group, attach great importance to environmental protection and are committed to minimising the Group's greenhouse gas emissions. We strictly comply with relevant laws and regulations such as "Air Pollution Control Ordinance", "Water Pollution Control Ordinance" and "Waste Disposal Ordinance", ensuring that all emission standards are met in our production and operation processes to protect the quality of air and water. For overseas projects in various regions, we have also engaged local third-party legal advisers to provide professional advices to ensure that each project complies with local environmental laws and regulations on pollutant discharge, waste disposal, etc. during the design, construction and operation stages. In order to better implement our environmental protection measures, we have formulated internal policies such as the "Waste Management Regulations" which provides detailed operational guidelines to guide our staff in their daily work in respect of environmental protection behaviour, with the aim of reducing pollution and conserving resources.

Air and Greenhouse Gas Emissions

During the Reporting Period, the main sources of the Group's air and greenhouse gas emissions were gasoline and diesel consumption of construction machinery and vehicles, purchased electricity for projects and offices, paper waste, fresh water and sewage. During the Reporting Period, the Group generated approximately 30.13 kg of nitrogen oxides, 0.64 kg of sulphur oxides and 372.02 kg of particulate matter, while the total greenhouse gas emissions amounted to approximately 494.37 tonnes of carbon dioxide equivalent. As most of the Group's current projects are at the completion stage, the emissions of nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) for the Year decreased by 47%, 49% and 46% respectively compared to the previous year, while the total greenhouse gas emissions decreased by 40% compared to the previous year. Looking ahead, we will continue to work towards the 2021 target of reducing air emissions by at least 5% over the next five years, in order to continue to reduce air and greenhouse gas emissions from the Group's operations.

In order to minimize the emission of air and greenhouse gases from the Group's operations, Kwan On has implemented a seres of environmental protection measures. From the procurement of environmentally friendly construction materials, to the use of energy-saving construction machinery and vehicles, to the rational use of electricity and paper, every aspect is carefully managed. We strictly monitor emissions from our offices and projects to ensure compliance with environmental standards. By continuously optimising our processes and introducing green technologies, the goal is to minimise the impact on the environment.

Sources of Air and Greenhouse Gas Emissions and the Measures Taken

Sources of air and greenhouse gas emissions	Measures taken
Fuel Consumption	Kwan On has taken a series of measures to reduce air and direct greenhouse gas emissions generated from fuel consumption (Scope 1[2]) as follows: • Construction vehicles and machinery deployed for the delivery of materials must meet the government's environmental and energy efficiency requirements; • More eco-friendly construction materials, machinery and vehicles are used; • Switch off the engine of an idling vehicle; • Encourage our staff to use public transport wherever possible; and • Regular maintenance and repairing of machinery, equipment and vehicles to maintain engine performance and fuel efficiency.
Purchased Electricity	Electricity consumption is the Group's major indirect source of greenhouse gas emissions (Scope 2[3]). During the Reporting Period, 76% of the total greenhouse gas emissions is attributed to the use of purchased electricity. Since 2015, the Group has been actively participating in the Energy Saving Charter on Indoor Temperature promoted by the Electrical and Mechanical Services Department to reduce electricity consumption by maintaining the average indoor temperature at 24˚C to 26˚C (especially during summertime). In addition, to further reduce the daily electricity consumption in our offices, we prefer electronic appliances with energy efficiency labels, replace the fluorescent tube in our offices with LED and encourage our staff to develop eco-friendly habits such as turning off lights and air conditioning after work.

[2] Scope 1 emissions cover direct greenhouse gas emissions from operations that are owned or controlled by the Group.

[3] Scope 2 emissions cover "energy indirect" greenhouse gas emissions resulting from the Group's internal consumption (purchased or acquired).

Sources of air and greenhouse gas emissions	Measures taken
Paper waste	Methane generated from the Group's disposal of paper waste at landfills has contributed to other indirect greenhouse gas emissions (Scope 3)[4]. To reduce greenhouse gas emissions, we actively encourage our employees to print internal documents on both sides and develop eco-friendly photocopying habit. Apart from reducing paper waste at source, the Group also encourages its employees to recycle paper waste in order to raise their awareness of saving paper.
Fresh water and sewage	Electricity consumed by governmental departments in treating water and sewage discharged by the Group also contributes to other indirect greenhouse gas emissions (Scope 3). Therefore, Kwan On has implemented various water saving measures to reduce our water consumption. For example, we install restrictors on our faucets and perform regular maintenance on our water fixtures to reduce water consumption and eliminate drips and leaks. Kwan On also limits the amount of detergents and chemicals used to reduce the wastewater discharged. In addition, wastewater is collected and treated by sewage treatment facilities before being discharged to the sewers. The Group's discharges also comply with the pH value, suspended solid and chemical oxygen demand standards stipulated in the Discharge Licence issued by the Environmental Protection Department.

Summary of Air Emissions

Air emission[5]	Unit	2024	2025
Nitrogen oxides (NO_x)	kg	56.32	30.13
Sulphur oxides (SO_x)	kg	1.26	0.64
Particulate matter (PM)	kg	686.09	372.02

[4] Scope 3 emissions cover all other indirect greenhouse gas emissions that occur outside the Group.

[5] The air emission is calculated based on the "How to prepare an ESG Report" Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx and "Energy Utilization Index and Benchmarking Tools" published by Electrical and Mechanical Services Department of the HKSAR Government in 2022 (https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk).

Summary of Greenhouse Gas Emissions and the Intensity

Greenhouse gas [6,7]	Unit	2024	2025
Scope 1: Direct greenhouse gas emission			
Generated from mobile combustion sources	tCO_2e	226.56	115.72
Total amount of direct carbon dioxide equivalent emission	tCO_2e	226.56	115.72
Intensity of total amount of direct carbon dioxide equivalent emission	tCO_2e/project	17.43	8.90
Scope 2: Indirect greenhouse gas emission			
Generated from electricity consumption	tCO_2e	594.59	373.85
Total amount of indirect carbon dioxide equivalent emission	tCO_2e	594.59	373.85
Intensity of total amount of indirect carbon dioxide equivalent emission	tCO_2e/project	45.74	28.76
Scope 3: Other indirect greenhouse gas emission			
Generated from disposal of paper waste at landfill	tCO_2e	0.34	0.51
Generated from consumption of electricity for fresh water and sewage processing by the governmental departments[8]	tCO_2e	3.26	4.29
Total amount of other indirect carbon dioxide equivalent emission	tCO_2e	3.60	4.80[9]
Intensity of total amount of other indirect carbon dioxide equivalent emission	tCO_2e/project	0.28	0.37
Total greenhouse gas emission			
Total greenhouse gas emission	tCO_2e	824.75	494.37
Intensity of total greenhouse gas emission	tCO_2e/project	63.44	38.03

6 Greenhouse gas emissions are calculated with reference to the "How to prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

7 The scope of the Group's environmental performance report covers 13 key civil construction contracts tendered by the Group in Hong Kong and Southeast Asia in the past year, the data of which were used to calculate the intensity of total greenhouse gas emission.

8 According to the 2020/21 Annual Report issued by the Water Supplies Department of the HKSAR Government and the 2020/21 Sustainability Report issued by the Drainage Services Department of the HKSAR Government, the electricity consumption per unit of treated fresh water and sewage are 0.612 kWh and 0.29 kWh respectively.

9 The calculation of Scope 3 emissions for the Year has included the Group's projects and offices in Hong Kong, and the calculation does not cover the Group's overseas projects during the Year. We will continue to improve the data collection and calculation system, and plan to include emissions from overseas projects in the calculation of Scope 3 emissions in the future.



Hazardous Waste

Due to the nature of its business, the Group does not directly generate large quantities of hazardous waste, KPI A1.3 (total amount of hazardous waste generated) is therefore not applicable to our business and the relevant data is not disclosed. Any hazardous waste generated will be disposed of by registered and licensed recyclers to ensure that the disposal process of hazardous waste complies with the relevant environmental regulations and rules.

Non-hazardous Waste

The Group's generation of non-hazardous waste mainly consists of waste paper generated from offices and construction waste generated from projects. During the Reporting Period, as most of the Group's projects were in the near-completion stage, the Group generated approximately 0.11 tons of waste paper and 1,635.49 tons of construction waste in 2025, representing a decrease of 74% in construction waste emissions as compared to the previous year.

Kwan On has been strictly complying with the "Waste Disposal Ordinance" and actively promoting environmental protection. Through quality site preparation and construction material management, we ensure that wastes generated during the construction process are properly disposed of. At the same time, we also raise the environmental awareness of our staff and encourage them to develop the habit of recycling and waste reduction at work. We insist on classification and separate storage of materials, minimising unnecessary purchases, and reusing and recycling waste materials as much as possible to reduce paper waste and construction waste. When it is necessary to dispose of construction waste, we will choose qualified agents to ensure that the wastes are handled and disposed of professionally and safely, and avoid polluting the environment by indiscriminate disposal.

Sources of Non-hazardous Waste and the Measures Taken

Sources of non-hazardous waste	Measures taken
Paper waste	Kwan On has implemented a series of paper saving measures to reduce the generation of paper waste and boost employees' awareness on paper saving: • Encourage our employees to use digital documents and two-side printing; • Encourage our employees to recycle used paper; • Set up a collection point in our office to promote paper recycling; • Encourage our employees to use email or notice boards for internal communications; and • Suggest everyone to bring their own cup to reduce the use of disposable paper cups.

Sources of non-hazardous waste	Measures taken
Construction waste	To effectively reduce construction waste generated from various projects, the Group has actively implemented a series of green procurement measures in its construction operations. We adopt a phased procurement strategy aligned with the construction schedule, taking into account the quantity, usage time and construction requirements of various types of construction materials. This approach not only avoids wastage of construction materials due to prolonged storage, but also ensures efficient material use, thereby reducing construction waste at the source. At the same time, Kwan On also requires its employees to prioritise the procurement of environmentally friendly materials that have lower impacts on the environment and are safe for humans, with characteristics of being recoverable and recyclable. In addition, the Group has formulated a detailed environmental management plan which clearly states the need to fully evaluate the recovery and recycling potentials of materials before the disposal of construction waste. If materials are deemed recyclable, special collection and reuse measures will be arranged to minimize waste generation. We also categorise and store recyclable waste materials, and assign a professional waste reduction officer to meticulously record and monitor the removal and disposal of waste processes, ensuring robust environmental protection measures are followed.

Summary of Non-hazardous Waste Generation and the Intensity

Non-hazardous waste [10]	Unit	2024	2025
Paper waste	Tonne	0.07	0.11
Construction waste	Tonne	6,338.10	1,635.49
Total amount of non-hazardous waste	Tonne	6,338.17	1,635.49
Intensity of total amount of non-hazardous waste	Tonne/project	487.55	125.82

[10] The scope of the Group's environmental performance report covers 13 key civil construction contracts tendered by the Group in Hong Kong and Southeast Asia in the past year and such data was used to calculate the intensity of total amount of non-hazardous waste in 2025.



A2: Use of Resources

Enhancing resource efficiency as well as reducing energy consumption and emission are environmental protection priorities to which the Group attaches great importance. In order to fulfill our corporate environmental responsibility, we have formulated the "Management Rules on Energy Saving and Reduction of Consumption", which clearly sets out a series of energy conservation measures and emission reduction targets. We strive to reduce energy consumption and resource wastage by optimising processes, promoting green technologies and enhancing employees' awareness of environmental protection. We hope to achieve a win-win situation in environmental protection while promoting the sustainable development of our business.

Energy Use

The Group's direct energy consumption is mainly attributed to the use of diesel and petrol from vehicles, and our indirect energy consumption is mainly attributed to purchased electricity. During the Reporting Period, the Group's total energy consumption was approximately 1,067.29 kWh in '000, representing a decrease of 46.6% from the previous year.

To enhance energy efficiency, the Group proactively implemented energy saving initiatives in our daily office operation and construction projects. In order to reduce the energy consumption of motor vehicles used for transportation, we strongly encourage our employees to use public transports. In addition, we have adopted various electricity saving measures to reduce the Group's indirect energy consumption, which include monitoring the use of motor vehicles and electricity consumption in our operation sites on a monthly basis, and continuously phasing out idle and older vehicles; encouraging employees to turn off all lighting and electrical equipment not in use after work; purchasing and using electrical equipment with energy-saving labels wherever possible; using LED lights instead of traditional fluorescent tube for illumination and maintaining the average room temperature at 24˚C to 26˚C. Since 2015, the Group has also been actively advocating Energy Saving Charter and 4T Charter Schemes jointly promoted by the Hong Kong Environment Bureau and the Electrical and Mechanical Services Department and has displayed posters of the charter scheme at prominent locations to encourage our staff to save energy.

Summary of Energy Consumption and the Intensity

Energy [11,12]	Unit	2024	2025
Direct energy consumption			
Diesel	kWh in '000	60.64	28.02
Petrol	kWh in '000	770.88	396.41
Direct energy consumption	**kWh in '000**	831.51	424.43
Intensity of direct energy consumption	**kWh in '000/project**	63.96	32.65
Indirect energy consumption			
Purchased electricity	kWh in '000	1,168.19	642.86
Indirect energy consumption	**kWh in '000**	1,168.19	642.86
Intensity of indirect energy consumption	**kWh in '000/project**	89.86	49.45
Total energy consumption			
Total energy consumption	**kWh in '000**	1,999.70	1,067.29
Intensity of total energy consumption	**kWh in '000/project**	153.82	82.10

Water Consumption

The Group consumes water from municipal water supply and therefore has not encounter any issues while sourcing water. During the Reporting Period, the Group consumed approximately 23,873.12 m^3 of water.

To optimise the use of water resources, Kwan On carries out various water saving initiatives in its operations, including:

- Regular maintenance of water facilities to prevent drips and leaks;
- Use of equipment such as wet and dry vacuum cleaners and sweeper vehicle;
- Installation of restrictors on faucets;
- Installation of high pressure faucets in pantries; and
- Post tips on how to reduce water consumption.

[11] The energy consumption is calculated based on the "How to prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

[12] The scope of the Group's ESG Report covered 13 key civil construction contracts tendered by the Group in Hong Kong and Southeast Asia in the past year and such data was used to calculate the intensity of total energy consumption in 2025.

Summary of Water Consumption and the Intensity

Water consumption [13]	Unit	2024	2025
Water consumption	m^3	33,745.32	23,873.12
Intensity of water consumption	m^3/project	2,595.79	1,836.39

Use of Packaging Material

Due to the nature of our business, the Group does not consume a large amount of packaging material for product packaging, the relevant data of KPI A2.5 (total packaging material used for finished products) is therefore not applicable to our business.

A3: The Environment and Natural Resources

To fulfill our corporate social responsibility, Kwan On is committed to minimising the impact of our business operations on the environment and natural resources. We have formulated the "Procedures for Identification and Assessment of Environmental Factors and Preventive Control" to identify in detail the potential environmental impacts during the course of construction and operation of our projects and propose mitigation measures to ensure such impacts are reduced to an acceptable level. For example, construction site tends to produce a lot of dust, therefore we have adopted a number of dust prevention measures such as concealing dusty materials and stockpile to minimise the spread of dust and protect the surrounding environment. We are also particularly concerned about pests in construction sites, which not only cause damage to the structure of buildings, but also affect residents in the vicinity. Therefore, the Group has formulated a comprehensive pest control solution, which includes regular application of pest control spray and recording of pest-prone area for timely actions. In addition, noise pollution may be generated during the construction which may affect nearby residents Therefore, we installed noise barriers and noise monitoring equipment in our sites to ensure that the noise level complies with the environmental standards. The Group is committed to adhere to the concept of green development and constantly explore innovative environmental protection measures to minimise its impact on the environment and resources in order to build an environmentally friendly and sustainable business.

[13] The scope of the Group's ESG Report covered 13 key civil construction contracts tendered by the Group in Hong Kong and Southeast Asia in the past year and such data was used to calculate the intensity of water consumption in 2025.

A4: Climate Change

Climate change is an issue of global concern and the development of a low-carbon economy has become an international consensus. Extreme weather and rising temperatures caused by climate change may pose potential risks to the Group's business. In order to cope with extreme climate change, the Group has identified and assessed a series of risks and impacts related to climate change as set out below:

Risk	Potential Impact
Physical risk	
Acute physical risks (weather-related events such as storms, floods, fires or heat waves)	• Adverse weather conditions such as typhoons, rainstorms and extreme heat cause damage to the construction sites, increasing the risk of damage to facilities and machinery as well as injuries to outdoor workers; and • Additional unplanned costs for repairing or relocating facilities during the impact of inclement weather.
Chronic physical risks (long-term climate change, such as changes in temperature, rising water levels, decreasing water availability, loss of biodiversity, and changes in land and soil productivity)	• Rising temperatures will result in a consequential increase in cooling costs; and • Difficulty for staff to work outdoors in hot weather for long periods of time, thus affecting operational efficiency.
Transition risk	
Legal and reputation risk	• The number of climate change regulations and guidelines issued by national regulatory bodies has been increasing in recent years. If our existing compliance procedures and business operations were not fully compliant with the new legal and regulatory requirements, or if we failed to respond and act promptly to the updated legal and regulatory requirements for our projects, we may incur additional compliance cost risks, or the Group's reputation may be adversely affected.

The Group places a high priority on the threats posed by extreme weather to employee safety and business operations. We have developed a comprehensive set of response measures in accordance with the "Guidelines on Safety at Work in Times of Inclement Weather", "Code of Practice in Times of Typhoons and Rainstorms" issued by Hong Kong Labour Department, and the "Guidelines on Site Safety Measures for Working in Hot Climate" issued by Construction Industry Council. Additionally, we have compiled an Extreme Weather Operations Manual, which provides detailed action plans for different weather conditions. For example, when the Hong Kong Observatory issues different wind signal warnings, the management will immediately implement corresponding preventive measures, allocate personnel, ensure the safety of outdoor workers and prevent accidents. For Hong Kong and overseas projects, we consult third-party legal advisors to keep abreast of the latest climate change-related regulations, ensuring that all business activities comply with local legal requirements. Additionally, we conduct regular inspections of contractors and subcontractors to ensure compliance with climate change regulations and environmental standards. In the offices, we arrange employees' working hours in accordance with the Hong Kong Labour Department's "Code of Practice in Times of Typhoons and Rainstorms", issue early warnings to allow employees to prepare for potential extreme weather conditions. The Group is committed to constantly improving its emergency response plans, enhancing the ability to address climate change, as well as safeguarding employee safety while maintaining the sustained and stable development of the enterprise.

VII. SOCIAL ASPECTS

B1: Employment

We believe that our employees are one of the important assets for the sustainable development of a business. Kwan On strictly complies with the laws and regulations on remuneration and dismissal, working hours, rest periods, equal opportunities, anti-discrimination and other benefits and welfare such as "Employment Ordinance", "Employees' Compensation Ordinance", "Disability Discrimination Ordinance", "Sex Discrimination Ordinance", "Race Discrimination Ordinance", "Minimum Wage Ordinance" and "Mandatory Provident Fund Schemes Ordinance". In order to effectively fulfill and monitor such requirements, we have formulated internal policies such as the "Recruitment Management System", "Attendance and Leave Management System" and "Fair Treatment Policy", which cover prudent recruitment procedures and fair treatment protocols, with a view to provide a decent working environment for our employees to unleash their potential and enhance their satisfaction and sense of belonging to the Group. As at 31 March 2025, the Group employed a total of 45 employees, including 43 full-time employees and 2 temporary employees.

Recruitment and Promotion

In terms of recruitment, the Group strictly enforces its "Recruitment Management System" to ensure fairness and transparency in the recruitment process and to uplift the overall human resource standards. To attract high-quality talent, we use multiple channels for recruitment, including posting job openings online, engaging headhunting firms to identify suitable candidates, and participating in job fairs. During interviews and screening, we place particular emphasis on candidates' integrity, teamwork skills, and professional ethics to ensure that recruited employees align with the Company's values. With strong believes in the principles of openness and equality, the Group has established reasonable promotion criteria, conducting regular evaluations of employees' performance and contributions, so as to motivate employees to realise their full potential. We encourage employees to continuously learn and grow, and through a fair and equal system, a solid talent pool is provided for the Group's sustainable development, while employees are offered more opportunities for career advancement, thereby achieving mutual progress and a win-win situation.

Compensation and Benefits

The Group has always placed great emphasis on staff remuneration and benefits by continuously reviewing and improving the relevant systems. We regularly analyse market compensation and benefits data and trends, together with the Company's business development and market environment to reasonably adjust employees' compensation and benefits levels, ensuring they remain competitive in the market. The Group has established a comprehensive performance appraisal system, regularly evaluating employees' work performance, and adjusting compensation and benefits based on appraisal results while distributing year-end bonuses to motivate employees in their work. In terms of benefits, the Company offers employees a variety of benefits, including medical insurance, annual leave, sick leave, various subsidies, and severance pay. Additionally, we frequently organise diverse employee activities, such as festive celebrations and team-building events, to enhance communication and collaboration among employees as well as to foster a harmonious work environment. These initiatives aim to enhance employees' sense of belonging and satisfaction, driving mutual development for both the Company and its employees.

Working Hours and Holidays

The "Attendance and Leave Management System" has been formulated by the Group to regulate the legal working hours of our employees on a daily or weekly basis. In addition to basic annual leaves and statutory holidays, employees are also entitled to other paid leaves such as birthday leaves, marriage leaves, bereavement leaves, maternity leaves and paternity leaves.

Equal Opportunities, Diversity and Anti-Discrimination

Kwan On Group is committed to creating a discrimination-free work environment, ensuring that every employee can work in an atmosphere of fair competition, mutual respect, and diversity. We strictly adhere to the "Recruitment Management System" and the "Fair Treatment Policy", upholding the principles of openness, fairness, and impartiality throughout the recruitment process to ensure that all applicants have equal employment opportunities. From recruitment to daily work management, the Company firmly prohibits any form of discrimination or harassment based on religion, ethnicity, race, gender, age, sexual orientation, disability, educational background, or nationality. We value diversity and encourage employees to respect different backgrounds and perspectives, fostering an inclusive corporate culture. The Company also repeatedly strengthens anti-discrimination training for employees, enhancing awareness among all staff to ensure everyone can work in a fair, safe, and diverse environment, thereby promoting the sustained healthy development of the enterprise.

As at 31 March 2025, among our 45 employees, the male-to-female ratio was approximately 77.7%:22.3%. During the Reporting Period, the Group recorded no case of discrimination.

B2: Health and Safety

We place a high priority on the occupational health and safety of our staff and are committed to creating a safe, healthy, and comfortable working environment. To this end, the Group strictly complies with relevant laws and regulations such as the "Occupational Safety and Health Ordinance" and the "Employees' Compensation Ordinance" to ensure that all workplaces meet safety standards. The Group has established and strictly enforces the "Project Safety Plan", which clearly stipulates the safety responsibilities of all levels of management, employees, and subcontractors to ensure that everyone is aware of their safety obligations. We hold regular safety meetings to communicate the latest safety measures and risk assessments with site supervisors and safety officers, and update and revise the "Project Safety Plan" as necessary to address changes in the work environment. Additionally, the Group disseminates the "Safety Policy" and "Internal Safety Rules" to all employees and subcontractors to enhance safety awareness and responsibility. We also organise regular safety training to enhance the safety skills and emergency response capabilities of all employees. During the Year, the Group has not experienced any work-related injuries resulting in lost workdays, and no work-related fatalities have occurred over the past three years. We will continue to adhere to the principle of safety first, continuously improve safety management measures, and ensure the safety and health of our employees.



The health and safety measures implemented include but are not limited to:

- Conduct regular interviews to show care for our staff and understand their needs;
- Provide protective gears such as safety helmets and gloves for our staff;
- Take out work injury insurance for our staff;
- Review on accidents and injuries regularly to ensure proper handling of work injuries;
- Provide appropriate training to our staff and appoint supervisors to guide them on the correct posture when handling heavy or bulky items;
- Inspect the machinery in advance and ensure that they are only operated by trained professional workers;
- Perform regular maintenance on machinery to prevent malfunctioning;
- Erect warning signs in areas with potential occupational hazards; and
- Engage professionals to conduct regular site inspections and oversee the implementation of the "Project Safety Plan".

B3: Development and Training

The Group places great emphasis on improving the professional skills to our staff, continuously providing various training courses and learning opportunities, and encouraging employees to participate in different professional training programmes and seminars, so as to strengthen their work skills and knowledge levels. We believe that employees' growth is the driving force behind the Group's development. During the Reporting Period, as the Group's projects in Hong Kong were in the completion stage while the overseas projects were still in the planning stage, no training courses were arranged for the staff of the relevant project sites for the time being. Looking ahead, we will actively plan diverse training programmes covering technical skills, management capabilities, and industry knowledge to help employees continuously improve themselves and adapt to industry changes. We are committed to building a learning-oriented organisation where employees grow alongside the Group to meet future challenges. Through continuous training and development, we ensure that employees' skills remain up-to-date, providing a solid talent foundation for the Group's sustainable development.

We have designed a series of training programs for different targeted groups:

- **Training for construction workers:** Provide training on occupational safety issues to allow our construction workers to have a comprehensive understanding and knowledge of our project features and safety information;
- **Training for new staff and newly-transferred staff:** Provide training and counseling on job functions, technical operations, rules and regulations to prepare them for their new duties;
- **On-the-job training:** Provide training courses on job-specific skills to ensure that the professional skills and knowledge of our staff are kept up-to-date; and
- **Training for management:** Provide courses and seminars to enhance their professional knowledge and leadership skills required as our management, allowing them to fully understand and implement the Group's decision-making approach.

We make reference to guidelines issued by professional organisations such as the Hong Kong Construction Association, the Occupational Safety and Health Council, and Labour Department, as well as relevant health and safety training programmes, regularly update and optimise our training contents to ensure that employees are equipped with the latest safety information. To support employees' career development and encourage lifelong learning, the Company has set up a staff development funding scheme, providing educational allowances and examination leaves and help employees improve their skills and knowledge levels. By continuously strengthening training and providing learning resources, we aim to create a safe and learning-oriented work environment that fosters employee growth.

B4: Labour Standards

In order to safeguard the legal rights and interests of our employees and fulfil the Group's social responsibilities, the Group strictly complies with laws and regulations such as the "Employment Ordinance", particularly in the prevention of child labour or forced labour. For overseas projects, we have actively sought legal advice from local third-party legal advisors to ensure that all projects and subcontractors engaged have strictly complied with local employment laws and regulations during the implementation of projects. During the Reporting Period, the Group did not record any cases of non-compliance of laws and regulations relating to the employment of child labour and forced labour.

To further standardise the recruitment process, we have established the "Recruitment Management System", which stipulates that our Human Resources Department must conduct background checks during the recruitment process to eliminate the use of child labour. The Group adheres to the principles of equality, voluntariness, and consensus when entering into employment contracts or agreements with employees, ensuring that all employment-related information, such as work location, working hours, and remuneration, is accurately communicated in accordance with legal requirements. We believe that through strict management and enforcement of these regulations, we can effectively prevent the occurrence of child labour and forced labour, ensure that employee rights are fully protected, and establish a positive corporate image.

The Group recorded no non-compliance during the Year and the relevant data of KPI B4.2 (description of steps taken to eliminate non-complying practices when discovered) is therefore not applicable to our operation.

B5: Supply Chain Management

Kwan On understands that an efficient partnership with our supply chain partners is one of the essentials to become a responsible and sustainable business. During the Reporting Period, the Group sourced goods and services from 42 Hong Kong suppliers and 13 Malaysian suppliers, and partnered with 50 Hong Kong subcontractors, 2 Mainland subcontractors and 21 Malaysian subcontractors.

The Group has formulated the "Service Provider Management System", which provides well-defined criteria for the selection of suppliers and subcontractors. While selecting cooperation partners, we will conduct a comprehensive evaluation of their performance to ensure compliance with the Group's technical requirements and environmental philosophy. Aspects to be evaluated include product or service quality, technical capabilities, integrity and compliance with laws, health and safety standards, as well as performance in environmental protection and social responsibility. Through a rigorous review process, we strive to collaborate with high-quality, environmentally responsible, and law-abiding suppliers to ensure the high quality and sustainability of projects. To build a responsible supply chain which provide high quality services, our suppliers and subcontractors are continuously monitored and evaluated using fair and strict criteria in the following three occasions:

- **Immediate assessment:** Conduct immediate assessment upon an occurrence of significant non-compliance of laws or regulations, including damage to environment, safety and quality issues, malicious claims, intentional breach of contract and negative media coverage;
- **Post-performance assessment:** Conduct evaluation on our suppliers and subcontractors after completion of a procurement agreement or contract; and
- **Annual assessment:** Conduct evaluation on all of our suppliers and subcontractors at least once a year. Suppliers and subcontractors are rated base on their performance of our project, willingness to cooperate, occupational safety, environmental protection and significant safety and liability issues. If they failed the assessment, the suppliers and subcontractors would not be engaged on Group level.

We strive to work with our suppliers and purchase environmental-friendly office supplies and construction material wherever possible. We conduct analysis to determine whether the item to be purchased fulfill specific environmental standards, such as whether it has obtained environmental certifications or approvals from an authoritative independent third party.

B6: Product Responsibility

As a recognised public construction contractor, Kwan On has always been committed to providing quality and professional construction services to its customers. We strictly comply with laws and regulations on product responsibilities such as the "Competition Ordinance" and the "Personal Data (Privacy) Ordinance" to ensure that our operations meet national and industry standards. In the course of its operations, the Group attaches great importance to ethical conduct and places emphasis on the protection of privacy and intellectual property rights of our customers, employees, subcontractors and suppliers, striving to maintain a fair and honest partnership. During the Reporting Period, the Group did not have any violations related to health and safety, advertising, labelling and privacy matters, nor did we receive any complaints from our customers or the public, or involve in any litigation related to health and safety matters of our construction. The Group's business does not involve any advertising activities and therefore our business operations do not expose to any significant risk related to advertising and labelling. As a result of the above-mentioned, the relevant data of KPI B6.1 (percentage of total products sold or shipped subject to recalls for safety and health reasons) was not applicable to our business.

Safeguard and Protect Intellectual Property Rights

As a responsible corporate, Kwan On has always emphasized the protection of intellectual property rights. We strictly complies with the prohibition of the use of unlicensed software and ensure that all software is legally obtained and licensed. The Company also forbids our staff from downloading unauthorised software on their work computers in order to protect the Company's integrity and compliant operations.

Project Quality Control

Kwan On has established "Quality Management Internal Auditing Standards" to further strengthen our project quality control system. The Company arranges regular site inspections by our project team, quantity surveyors, clients and consultants to ensure that the construction meets design and quality requirements. Monthly progress review meetings are also conducted to track the progress of the projects and identify and resolve potential problems, so as to ensure that our projects are completed and delivered on schedule.

Protection of Customer Privacy

Kwan On attaches great importance to the confidentiality of personal and sensitive business data. We have stringent privacy protection management measures in place to ensure that only authorised personnel are allowed to access and handle confidential data. To protect the data security of suppliers, subcontractors, customers and the Company, the Group strictly prohibits our employees from carrying storage equipment, maintenance equipment, portable storage devices or other data carriers out of our offices without prior approval. Regular security training is conducted to enhance employees' awareness of confidentiality and ensure that all data is strictly protected during transmission, storage and processing. We are committed to maintaining the trust of our customers and partners, and to ensuring that information security is an important component of our operations.



Customer Service

The Group always adheres to the business philosophy of "customer-oriented" and emphasize on the needs and satisfaction of our customers. We constantly review and optimize our service standards by collecting industry information, customer feedback and competitor intelligence to ensure that the diverse requirements of our customers can be met. In order to enhance customer trust and satisfaction, the Company has established a sound system and well-thought-out procedures to ensure that every customer complaint is handled in a timely and proper manner.

B7: Anti-corruption

Kwan On Group is firmly against any form of dishonest conduct such as commercial corruption, offering or receiving bribe and money laundering. We strictly comply with the "Prevention of Bribery Ordinance" and other relevant laws and regulations to ensure that all business operations comply with national legal requirements. During the Reporting Period, the Group was not involved in any legal cases related to corruption or bribery, which demonstrated our high commitment to the implementation of corporate integrity.

In order to further strengthen our culture of integrity, our detailed "Whistleblowing Policy" and "Employee Handbook" encourage employees to report any improper or illegal behavior in a timely manner. Employees may report, verbally or in writing, any suspected illegal or unethical behavior to their department head or the Group's senior management. We believe that transparent and courageous whistleblowing is vital in safeguarding corporate integrity.

In addition, the Group also actively promotes anti-corruption education by encouraging our management and employees of our quantity surveying department and procurement department to attend anti-corruption seminars organised by the Independent Commission Against Corruption on a regular basis. These seminars aim to enhance employees' knowledge about anti-corruption laws and to help them identify and prevent potential corruption in their daily routine, thereby jointly creating a clean and honest corporate environment.

B8: Community Investment

The Group believes that business is inseparable from the communities in which it operates. As a member of the community, Kwan On proactively invests in environmental protection, social services and education. We minimise the impact of our construction on the community by setting up complaint hotlines and establishing communication channels at construction sites to listen to residents' opinions and suggestions in a timely manner. Also, the Group promotes the reduction in the use of disposable plastic straws by actively responding to the "No Straw Campaign" in order to protect the environment. In addition, We cooperate with non-governmental organizations and charities to understand the needs of the community and participate in charity activities to promote neighborhood harmony and jointly create a safe, green and caring living environment.

VIII. KPI SUMMARY[1]

Environmental Performance

KPI No.	KPIs	Unit	2024	2025
A1.1 Emissions[2]	Nitrogen oxides (NO_x)	kg	56.32	30.13
	Sulphur oxides (SO_x)	kg	1.26	0.64
	Particulate matter (PM)	kg	686.09	372.02
A1.2 Greenhouse Gases[3]	**Scope 1: Direct greenhouse gas emission**			
	Mobile vehicles	tCO_2e	226.56	115.72
	Total amount of direct carbon dioxide equivalent emission	**tCO_2e**	226.56	115.72
	Intensity of total amount of direct carbon dioxide equivalent emission	**tCO_2e/project**	17.43	8.90
	Scope 2: Indirect greenhouse gas emission			
	Purchased electricity	tCO_2e	594.59	373.85
	Total amount of indirect carbon dioxide equivalent emission	**tCO_2e**	594.59	373.85
	Intensity of total amount of indirect carbon dioxide equivalent emission	**tCO_2e/project[4]**	45.74	28.76
	Scope 3: Other indirect greenhouse gas emission			
	Disposal of paper waste at landfill	tCO_2e	0.34	0.51
	Consumption of electricity for fresh water and sewage processing by the governmental departments[5]	tCO_2e	3.26	4.29
	Total amount of other indirect carbon dioxide equivalent emission	**tCO_2e**	3.60	4.80[6]
	Intensity of total amount of other indirect carbon dioxide equivalent emission	**tCO_2e/project**	0.28	0.37
	Total greenhouse gas emission			
	Total greenhouse gas emission	tCO_2e	824.75	494.37
	Intensity of total greenhouse gas emission	tCO_2e/project	63.44	38.03

1 Unless otherwise stated, the emission factors used to calculate Environmental KPIs were based on "How to prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

2 The amount of emission was calculated with reference to "Energy Utilization Index – Transport sector" (2022 edition) of Electrical and Mechanical Services Department.

3 The carbon dioxide equivalent emissions from direct generation and purchased electricity were calculated with reference to the conversion factors provided by scientific research institutions: https://archive.ipcc.ch/pdf/assessment-report/ar5/syr/SYR_AR5_FINAL_full_wcover.pdf, the 2020/21 Annual Report published by the Water Supplies Department of the HKSAR Government, and the 2020/21 Sustainability Report published by the Drainage Services Department of the HKSAR Government.

4 The scope of the Group's ESG Report covered 13 core civil engineering contracts tendered by the Group in Hong Kong and Southeast Asia in the past year and such data was used to calculate the related emission intensity data in 2025.

5 According to the 2020/21 Annual Report issued by the Water Supplies Department of the HKSAR Government and the 2020/21 Sustainability Report issued by the Drainage Services Department of the HKSAR Government, the electricity consumption per unit of treated fresh water and sewage are 0.612 kWh and 0.29 kWh respectively.

6 The calculation of Scope 3 emissions for the Year has included the Group's projects and offices in Hong Kong, and the calculation does not cover the Group's new overseas projects during the Year. We will continue to improve the data collection and calculation system, and include emissions from overseas projects in the calculation of Scope 3 emissions in the future.



KPI No.	KPIs	Unit	2024	2025
A1.3 Hazardous Waste[7]	Total amount of hazardous waste	Tonne	N/A	N/A
	Intensity of total amount of hazardous waste	Tonne/project	N/A	N/A
A1.4 Non-hazardous Waste	Paper waste	Tonne	0.07	0.11
	Construction waste	Tonne	6,338.10	1,635.49
	Total amount of non-hazardous waste	Tonne	6,338.17	1,635.60
	Intensity of total amount of non-hazardous waste	Tonne/project	487.55	125.82
A2.1 Energy[8]	**Direct energy consumption**			
	Diesel	kWh in '000	60.64	28.02
	Petrol	kWh in '000	770.88	396.41
	Amount of direct energy consumption	**kWh in '000**	831.51	424.43
	Intensity of direct energy consumption	**kWh in '000/ project**	63.96	32.65
	Indirect Energy Consumption			
	Purchased electricity	kWh in '000	1,168.19	642.86
	Amount of indirect energy consumption	**kWh in '000**	1,168.82	642.86
	Intensity of indirect energy consumption	**kWh in '000/ project**	89.86	49.45
	Total energy consumption			
	Total energy consumption	**kWh in '000**	1,999.70	1,067.29
	Intensity of total energy consumption	**kWh in '000/ project**	153.82	82.10
A2.2 Water Consumption	Water consumption	m^3	33,745.32[9]	23,873.12
	Intensity of water consumption	m^3/project	2,595.79	1,836.39

7 Not applicable to the Group as its business does not directly generate significant amounts of hazardous waste.

8 Energy consumption is calculated based on the "Energy Statistics Manual" from the Energy Statistics Division (ESD) of the International Energy Agency (IEA).

9 To ensure that the projects of the Group in all regions were covered within the calculation, the water consumption for 2024 was recalculated to include the Group's projects in Southeast Asia and Mainland China.

SOCIAL PERFORMANCE

KPI No.	KPIs	Unit	2024	2025
B1.1 Total Workforce	**By employment type**			
	Full-time	Number of individuals	94	43
	Part-time	Number of individuals	6	2
	By geographical region			
	Mainland China	Number of individuals	0	1
	Hong Kong	Number of individuals	100	45
	By gender			
	Male	Number of individuals	78	35
	Female	Number of individuals	22	10
	By age group			
	30 or below	Number of individuals	11	4
	31-40	Number of individuals	13	5
	41-50	Number of individuals	16	13
	51 or above	Number of individuals	60	23
B1.2 Employee Turnover[10]	**By employment type**			
	Full-time	%	61	43
	Part-time	%	83	93
	By geographical region			
	Hong Kong	%	82	74
	By gender			
	Male	%	84	75
	Female	%	71	71
	By age group			
	30 or below	%	85	67
	31-40	%	85	82
	41-50	%	85	59
	51 or above	%	80	78

[10] The employee turnover rate is calculated as follows: Employee turnover rate = Number of employees lost during the year/(number of employees at year-end + number of employees lost during the year)

KPI No.	KPIs	Unit	2024	2025
B2.1 Number and Rate of Work-related Fatalities[11]	Work-related fatalities	Number of individuals	Nil	Nil
	Rate of work-related fatalities	%	Nil	Nil
B2.2 Lost Days due to Work Injury	Lost days due to work injury	Days	Nil	Nil
B2.3 Safety Training	Number of employees participated in safety training	Number of individuals	Nil	Nil
	Total Safety Training Hours	Hours	Nil	Nil
B3.1 Percentage of Employees Trained	**Percentage of employees trained**	%	Nil	Nil
	By gender			
	Male	%	Nil	3
	Female	%	Nil	20
	By employee category			
	Senior management	%	Nil	0
	Middle level	%	Nil	25
	Junior level	%	Nil	3
B3.2 Average Training Hours Completed per Employee	**Average training hours completed per employee**	Hours	Nil	10
	By gender			
	Male	Hours	Nil	4
	Female	Hours	Nil	29
	By employee category			
	Senior management	Hours	Nil	0
	Middle level	Hours	Nil	36
	Junior level	Hours	Nil	4

[11] The number and rate of work-related fatalities of the Group in 2023 was zero.

KPI No.	KPIs	Unit	2024	2025
B5.1 Number of Suppliers	**Number of suppliers by geographical region**			
	Mainland China	Number of suppliers	Nil	Nil
	Hong Kong	Number of suppliers	80	42
	Malaysia	Number of suppliers	15	13
	Total number of suppliers	**Number of suppliers**	**95**	**55**
	Number of subcontractors by geographical region			
	Mainland China	Number of subcontractors	2	2
	Hong Kong	Number of subcontractors	100	50
	Malaysia	Number of subcontractors	20	21
	Total number of subcontractors	**Number of subcontractors**	**122**	**73**
B6.2 Number of Products and Service Related Complaints	Number of products and service related complaints received	Number of cases	Nil	Nil
B7.1 Legal Cases Regarding Corrupt Practices	Number of concluded legal cases regarding corrupt practices	Number of cases	Nil	Nil
	Anti-corruption training provided to directors and staff	Hours	Nil	Nil
B8.1 & B8.2 Community Investment	**Total contribution by focus areas of contribution**			
	Community investment	N/A	Nil	Nil

IX. REFERENCE TO HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
A. Environment			
Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A1.1	The types of emissions and respective emissions data.	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	VI. ENVIRONMENTAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, etc.		Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	This KPI is not applicable to our business as our operation does not involve the use of packaging material.
Aspect A3: The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	VI. ENVIRONMENTAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect A4: Climate Change			
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	VI. ENVIRONMENTAL ASPECTS
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Disclosed	VII. SOCIAL ASPECTS
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	VIII. KPI SUMMARY

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Disclosed	VII. SOCIAL ASPECTS
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	VII. SOCIAL ASPECTS VIII. KPI SUMMARY
KPI B2.2	Lost days due to work injury.	Disclosed	VIII. KPI SUMMARY
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	VIII. KPI SUMMARY
Aspect B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Disclosed	VII. SOCIAL ASPECTS
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	VIII. KPI SUMMARY
KPI B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	VIII. KPI SUMMARY

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Disclosed	VII. SOCIAL ASPECTS
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	VII. SOCIAL ASPECTS
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	VII. SOCIAL ASPECTS
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Disclosed	VII. SOCIAL ASPECTS
KPI B5.1	Number of suppliers by geographical region.	Disclosed	VII. SOCIAL ASPECTS, VIII. KPI SUMMARY
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	VII. SOCIAL ASPECTS
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Disclosed	VII. SOCIAL ASPECTS
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	VII. SOCIAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Disclosed	VII. SOCIAL ASPECTS
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	This KPI is not applicable to our operation.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	VII. SOCIAL ASPECTS
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	VII. SOCIAL ASPECTS
KPI B6.4	Description of quality assurance process and recall procedures.	Disclosed	VII. SOCIAL ASPECTS
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	VII. SOCIAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Disclosed	VII. SOCIAL ASPECTS
KPI 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.	Disclosed	VIII. KPI SUMMARY
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	VII. SOCIAL ASPECTS
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	VII. SOCIAL ASPECTS
Community			
Aspect B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Disclosed	VII. SOCIAL ASPECTS
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	VIII. KPI SUMMARY
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	VIII. KPI SUMMARY