



瑞港建設控股有限公司

PROSPER CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6816)

Environmental, Social And Governance Report

Year 2019

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1. Scope of Report

This environmental, social and governance report (the "Report") describes the annual information of **Prosper Construction Holdings Limited** (the "Group") in the aspects of environmental, social and governance, as well as the compliance status associated with the operating regions in the year of 2019.

Infrastructure development is the most important business segment of the Group and contributes the majority of the Group's profits. The scope of the Report covers the Hong Kong headquarter and construction site in Macau during the reporting period (Nova Zona Urbana reclamation area C earth fill and dam construction project in Macau). The Group was granted access to the construction site in Macau and started the early-phase preparation work for reclamation project since January 2019, which was formally launched in June.

The Report is published annually for each financial year. The Report covered the period from 1 January 2019 to 31 December 2019 (the "Reporting Period"), which coincides with the reporting period of the latest annual report of the Company.

The Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the actual situation of the Group.

2. Communication with Stakeholders

In accordance with the environmental and social categories of this Report, the stakeholders associated with the Group include employees, directors, investors, business partners, and the community in general. The Group acknowledges the importance of effective communication with stakeholders and collects opinions of various stakeholders through internal meetings and external communication channels, amongst which include meetings with clients, joint site inspection with clients and consultants, provision of suggestion boxes and client satisfaction survey, as well as evaluation of suppliers and contractors.

3. Environmental, Social and Governance Performance

3.1 Environment

3.1.1 Emissions

Control of Air Pollution

On the construction site, the Group adheres to the general environmental practices and procedures of main contractor for managing the operations of site and equipment, in order to mitigate the emission of pollutants:

1. Vehicles entering or leaving the construction site have to pass through the wheel washing facility to ensure that no soil or sand is taken on to outside roads;
2. Dusty work activities such as drilling must be completely covered or shielded to prevent dust from escaping;
3. Regular checks on machine exhausts (dark smoke identification) to identify repair or maintenance needs;
4. Switching off all plants, machinery and vehicles when not in use.

For the Reporting Period, the sources of air pollution incurred by the Group were mainly those exhaust gases generated from fuel consumption. The emission volume was as follows:

Pollutant	Group's Emission Volume (kilogram)
Nitrogen oxides (NOx)	1,170,264.80
Sulphur Oxide (SOx)	5,822.47
Particulate Matters (PM)	2.76

Business Trip Reduction Policy

The Group deeply understands that business trips will increase energy consumption and result in more greenhouse gas (GHG) emission. Therefore, the Group actively reduced business trips to minimise the GHG emissions and adopted other effective communication modes. For instance, the Group used telephone conference, emails and video conference to replace face-to-face meetings that require employees to travel long distance to attend. By doing this, the Group strives to reduce GHG emission caused by extra travels.

Procurement Policy in Favor of Local Suppliers

On the premise of meeting related hardware and software conditions, the Group encourages each operational outlet to prefer local suppliers so as to reduce the distance of transporting goods, minimise waste gas discharge and GHG emission, and save energy.

For the Reporting Period, the Group's GHG emission volume and intensity were listed as follows:

GHG Emission Source	Unit	Group's Total Emission Volume
Gasoline consumption	(liter)	28,290
Diesel oil consumption	(liter)	1,761,178
Electricity consumption	(kWh)	90,265
LPG consumption	(megajoule)	6,328
Vehicle driving distance	(kilometre)	312,026
Employee flight mileage	(kilometre)	136,128
Total GHG emission	(tonne carbon dioxide equivalent)	4,809
Number of employees	(person)	22
GHG emission intensity	(tonne carbon dioxide equivalent / person)	218.6



**Direct
(Scope 1)
GHG emission
4,706.44
tonne CO₂
equivalent**

**Energy Indirect
(Scope 2)
GHG emission
78.31
tonne CO₂
equivalent**

**Other Indirect
(Scope 3)
GHG emission
24.61
tonne CO₂
equivalent**



**GHG emission intensity
per capita
218.6
tonne CO₂ equivalent /
person)**

Waste Management at Office

The Group's office has made good use of electronic operation system, through which documents are saved in electronic form and external communication was readily proceeded via e-mails. Use of paper is mainly for record purpose and consequently no significant amount of paper-based waste was generated during the operations. Moreover, the Group has adopted administrative measures for minimization of wastes, which included double-sided printing, recycling of a few garbage such as printer cartridge.

Waste Management at Site

In 2019, the Macau construction site of the Group adhered to the relevant procedures and instructions of the main contractor for execution of site works. From the project stage of early-phase preparation until the reclamation, the construction wastes generated would all be responsible by the main contractor for statistics and handling. Therefore, there was no record of wastes generated in 2019 under the scope of the Group's operation.

Under the circumstances of the Group responsible for managing wastes within construction site, unless there are specified project requirements, the general procedure will adopt the following practices for handling of hazardous and non-hazardous wastes.

Process	Hazardous Waste	Non-Hazardous Waste
Assessing the operational procedures, identifying the sources of waste, and formulating waste reduction plans	√	√
Optimizing the working modes or processes for minimizing waste generation	√	√
Classifying and labeling waste	√	√
Sending hazardous waste to licensed recycling companies	√	-
Sending non-hazardous waste to designated cleaning companies or contractors, or periodically transporting non-hazardous waste to large waste deposit locations.	-	√

During the Reporting Period, the Group has complied with all applicable environmental laws and regulations and did not identify any legal non-compliance.

3.1.2 Use of Resources

The Group has taken relevant measures to reduce use of resources, which include:

Green management

Amid the operation processes of the Group's headquarter office and construction site office, it is advocated to maintain documents in electronic form and to increase in use of computer files for replacing printout, as well as to implement paperless office operation and file sharing for reduction of paper use. Employees are also required to opt for double-sided printing and reuse the discarded single-sided printed paper, with the aim to fulfill the principle of saving paper. Moreover, the Group promotes the knowledge on energy saving and emission reduction, which instills employees with working habits on environmental protection and skills for effective implementation of the Group's measures on energy saving and emission reduction.

Office Resource Management

To reduce overall energy consumption, the Group's offices had adopted the following measures:

1. Priority in use of products of higher energy efficiency, including those electrical appliance with Grade 1 or 2 energy label, for reducing energy consumption;
2. For those equipment items which could be set in sleep mode, such as computer, photocopier, which would be switched to energy-saving mode after a specified idle time period;
3. For energy consuming devices such as air-conditioners, lightings, which would be turned off when not in use;
4. Before off duty, the last employee who was leaving the office / workplace would be requested to ensure all energy consuming devices were switched off.

Site Resource Management

Amongst the daily operations of construction site, the Group is striving to reduction in use of water, for example, water would be reused in the wheel washing facility at the gate of the construction site. Also, the site was using energy saving lights / LED lighting, and required employees to shut down all machines and vehicles' engines when they were not in use, for the purpose of energy conservation.

Within the Reporting Period, the Group's site project at Macau was mainly earth fill and dam construction, which did not involve packing of any finished goods, and therefore the business operation did not consume any packaging materials. The main construction materials were sand and metal building materials. Sand was the material for reclamation in the construction project, while metal building materials were those used for early-phase preparation and subsequent reinforcement works.

During the Reporting Period, the main resources consumed by the Group amid its operation were listed as follows:

Resource		Annual Consumption by the Group
Electricity	(kWh)	90,265
Gasoline	(liter)	28,290
Diesel oil	(liter)	1,761,178
Liquid Petroleum Gas (LPG)	(megajoule)	6,328
Water ^{Note #1}	(cubic metre)	4,202
Sand ^{Note #2}	(tonne)	1,656,899
Metal materials ^{Note #3}	(tonne)	199.96
Paper	(kilogram)	366.74

Resource		Average Consumption Intensity per Employee
Electricity	(kWh / person)	4,102.96
Gasoline	(liter / person)	1,285.90
Diesel oil	(liter / person)	80,053.55
Liquid Petroleum Gas	(megajoule / person)	287.65
Water ^{Note #1}	(cubic metre / person)	191.01
Sand ^{Note #2}	(tonne / person)	75,313.59
Metallic materials ^{Note #3}	(tonne / person)	9.09
Paper	(kilogram / person)	16.67

Note #1: For water consumption during the reporting period, those water consuming devices at Hong Kong office of the Group belonged to and were managed by the property management agency of the building where the office was located, therefore the above figure only covered water consumption by the Macau construction site.

Note #2: Sand was the material for reclamation in the Macau construction project.

Note #3: Metal materials were those used for early-phase preparation and the subsequent reinforcement works in the reclamation project of the Macau site.

3.1.3 Environment and Natural Resources

The Group understands the public and customers pay lots of attention to environmental issues, and therefore strives to implement green operational mode internally.

Green Operational Policy

The Group adheres to the international standard ISO 14001 for practicing environmental management. Since certification, the Group continually implements the standard requirements in arranging internal and external audits for assuring the compliance of environmental measures with the legal and customer requirements. The senior management of the Group is committed to maintenance of the system, and the management will scrutinize the system during review meetings. Significant environmental aspects have been identified and relevant control measures have been put in place. The Group's construction site at Macau has conducted monthly environmental surveillance to ensure the compliance with the requirements of the related environmental regulations.

Water Quality Monitoring Policy

The Group managed the reclamation project to ensure the quality of water surrounding the construction site in compliance with the environmental regulations and other relevant requirements. The project team has recruited a qualified unit to monitor the quality of water surrounding the site. In case of any abnormal situation, the Group will take mitigation measures immediately.

Employee Training on Environmental Protection

For effective implementation of the stipulated environmental measures by employees, the Group provided relevant employees with trainings related to environmental protection, which facilitated them familiar with environmental system requirements as well as environmental issues incurred from the construction projects.

Furthermore, in accordance with the Group's policy, emergency drill for chemical leakage shall be carried out regularly in operating construction site. The drill includes action checklists, and procedures for handling chemical crisis and leakages. The drill gives employees opportunities to exercise the emergency handling procedures.

Promoting the Green Concept in Supply Chain

The Group evaluates supplier performance on an annual basis for reviewing their environmental impacts and hence identifying the environmental risks incurred from the supply chain. Whenever necessary, appropriate measures are communicated with the related suppliers for managing the possible occurrence of incidents.

Green Procurement Policy

The Group prioritizes procurement of environmentally friendly products, and selects electrical appliances with Grade 1 or 2 energy labels (for example: computers, printers, lights, etc.).

3.1.4 Climate Change

Climate change is causing extreme weather in recent years, the Group has identified this significant impact to construction projects, hence has defined and adopted relevant measures for responding to the impacts caused by typhoons and rainstorm weather. Those measures aim to prevent occurrence of danger and damage, they cover but not limit to the following:

- For construction sites, prior to typhoon, use rope or other tools to secure the outdoor devices or machinery for prevention of blowing down by strong wind;
- For office, prior to typhoon, ensure all windows to keep closed, as well as regular window inspection and timely repairs;
- For employees, define clear instruction to arrange the work and other operations at the time of warnings hoisted for typhoon and rainstorm weather.

Also, the Group is convinced greenhouse gas as the key contributor of climate change, and has adopted the energy saving and emission reduction measures mentioned in previous sections of this report, in an attempt to reduce the emission of greenhouse gas, and ultimately mitigate the trend of climate change.

3.2 Society

3.2.1 Employment

The Group strives to protect each employee's rights and interests, and has formulated a series of employment policies to ensure that employees are treated fairly.

Fair Employment and Anti-Discrimination Policy

The Group promotes a fair employment environment and does not discriminate potential or existing employees on the basis of gender, age, race, marital status and religious belief etc.

The promotion opportunities inside the Group are provided based on the results of evaluation of relevant employees' performance, experiences and abilities. Other factors such as gender, marital status and physical disabilities will not be considered in this regard.

Work-Life Balance Policy

The Group shall not force any employees to work overtime. In event of any voluntary overtime work required to meet project deadlines, compensation in form of leave or money will be granted in return.

Indemnity Policy

The Group has put in place insurance policies to cover injuries and deaths resulting from incidents during course of employment. The Group's policies related to work hours, holidays and overtime compensations are implemented according to the local laws and regulations.

Policy for Termination of Employment

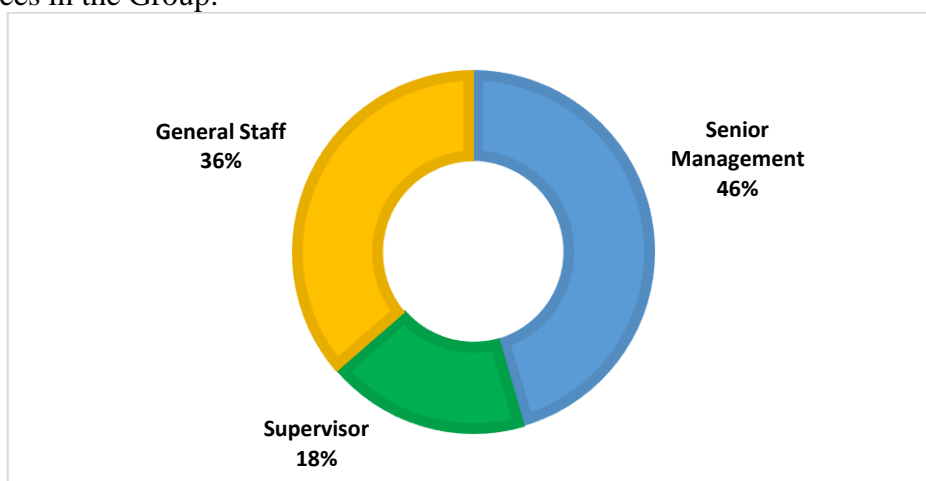
Any employee to be terminated will receive a verbal notice of 7 days before the decision takes effect or pursuant to terms of relevant employment contract and related employment ordinance in Hong Kong.

During the Reporting Period, the Group did not identify any legal non-compliance related to employment or discrimination.

For the Group's employees in the operating regions covered by this Report, they were distributed at Hong Kong and mainland China. Those working at the Macau site for the Group were appointed by labour subcontracting and were not directly employed by the Group. As at 31 December 2019, the number and distribution of employees in the Group was listed as follows:

	Number of employees in the Group
Gender	
Male	16
Female	6
Job Type	
Full time	22
Part time	0
Working Region	
Hong Kong	18
Mainland China	4
Age	
18 – 24	0
25 – 34	5
35 – 44	5
45 – 54	7
55 – 64	5
65 or above	0
Total	22

In accordance with job grades, the diagram below illustrated the proportion of employees in the Group:



In this year, all employees leaving the Group were based in Hong Kong and the monthly average staff turnover rate was 1.75%. Meanwhile, the table below listed out the monthly average staff turnover rates in accordance with gender and age groups:

	Monthly average staff turnover rate (%)
Gender	
Male	1.04
Female	2.38
Working Region	
Hong Kong	1.75
Mainland China	0.00
Age	
25 – 34	1.67
35 – 44	1.67
45 – 54	1.19
55 – 64	1.39

3.2.2 Occupational Health and Safety

The Group has taken multiple measures to prevent injuries and deaths caused by industrial accidents.

Health and safety management at Site

On the construction site, the Group collaborates with main contractor to identify jobs in high risk. Pursuant to the opinions of occupational health and safety officer, control measures are established in response to different occupational safety risks. Main contractors are obliged to provide all necessary safety equipment to those employees being appointed by the Group. The Group also allocates medical supplies for emergency use.

Site employees of the Group assist main contractor to build safe work platform and shelter. The occupational health and safety officer, appointed by main contractor, is responsible for regular site supervision to assure safety conditions as well as for provision of safety training to site employees.

The Group also provides health examination to employees in order to prevent them suffer from occupational disease.

Health and safety management at Office

In the office, the Group provides employees with appropriate equipment, for example: chair with arms and adjustable height feature, as well as a healthy working environment including the engagement of external agency for regular pest control. In addition, training on office-related safety topics is provided to new employees for preventing occurrence of accident.

During the Reporting Period, the Group did not identify any legal non-compliance related to occupational health and safety regulations of the local operating region. Within the same period, there was no lost workday caused by work-related injury, and also there was no employee record of work-related fatality in the past three years (including this reporting year).

3.2.3 Human Resource Development and Training

The Group hopes junior and newly joined employees familiar with their work promptly and for this purpose experienced employees are appointed as the mentors to lead them develop both the job skills and people skills. Furthermore, on-the-job employee trainings generally include the following topics:

- i. Special construction requirements in the client's project;
- ii. New technology and knowledge related to construction;
- iii. Management skills, such as leadership skill, communication skill;
- iv. Environmental protection measures of the Group;
- v. Trainings related to anti-corruption and integrity.

Site work training

On the construction site, the main contractor provides safety supervisor training for participation by the Group's employees. In case of the Group being the main contractor, training on safety introduction will be provided to site employees according to the requirements from the developer.

During the Reporting Period, the Macau site was operating under the form of labour subcontracting, consequently all site workers were not directly employed by the Group. Moreover, for trainings related to site work, such as site safety training, they were provided by the main contractor of the project and the labour subcontracting agency. Therefore, there was no training record of site workers at Macau in 2019 under the scope of the Group's operation covered by this Report.

3.2.4 Labour Standards

For compliance with the related laws and regulation, the Group prohibits the employment of child labour or use of any forced labour.

During the recruitment process, the Group checks strictly on identity cards of job applicants, or requests the appointed labour service agency to conduct review for assuring the job applicants meeting the legal minimum age. For safety consideration of the site work, job applicants for site work must meet 18 years old.

The Group respects rights of employees in the aspects of recruitment, resignation, overtime work and personal freedom. For achieving this policy, human resource policies have been established to assure employees working on a voluntary basis. The Group prohibits all forms of forced labour, including bonded labour, and never forces employees to work overtime. All employees have the right to resign at the reasonable notice period as defined in the employment contract or other relevant agreements.

During the Reporting Period, the Group did not identify employment of any child labour or legal non-compliance related to forced labour. In event of any occurrence of child labour or forced labour during operation, the Group shall handle and eliminate the related non-compliant situation in accordance with laws.

3.2.5 Supply Chain Management

Supplier Selection Criteria

The Group monitors the supplier selection criteria in a systematic way. All subcontractors/suppliers are required to complete an application form, and the Quantity Survey department will review and approve the information provided. For determining inclusion of the supplier / subcontractor in the approval list, the criteria of the Group will generally consider their following conditions:

- i. Company reputation and background;
- ii. Quality of products and/or service provided;
- iii. Project experience and the past performance.

When necessary for evaluation of the environmental risks incurred by individual supplier / subcontractor in the supply chain, the criteria will also include their achievement in the related certification, such as ISO 14001 environmental management system, or other certification related to green building. Moreover, where applicable, it will also consider the environmental-friendly characteristics of the products or materials provided by them so as to mitigate the environmental impact. Furthermore, under the appropriate situation, it will consider other risks in social responsibility aspects, including their occupational health and safety measures and security management, etc.

Supplier Performance Assessment

The construction site is required to complete the subcontractor/supplier assessment once every six months, and the project manager reviews the performance of the subcontractor/supplier in respect of safety, quality, as well as environmental and security management. The Group will provide suggestions on the basis of the assessment results.

The Quantity Survey department will count the assessment results in the annual performance assessment of subcontractor/supplier. If the subcontractor / supplier performance is poor ,or fails to fulfil the contractual requirements, the subcontractor/supplier may be removed from the list with the approval of senior management. After their names deleted from the approval list, the relevant subcontractors/suppliers are not allowed to reapply for approval within one year.

3.2.6 Defect Liability and Responsibility

Project Quality Assurance

The Group adheres to the international standard ISO 9001 for managing construction quality in each project stage. Since certification, the Group continually arranges internal and external audits in accordance with the aforesaid standard requirements, and the management team also scrutinizes the system during review meetings for assuring the control measures in compliance with the related regulations and other quality requirements. Also, mechanism has been set up to ensure that external communication on promotion, claims or explanation aligns to the facts. Through this quality management system, the effectiveness and the monitoring capability had been raised to support assurance of product and service quality. In addition, the policies of the Group also stipulate the project team on the necessity of regular site supervision to assure quality of the reclamation works meeting the relevant requirements. Customers or consultants could also access to review the related results and supervise the site for verification of the project and service quality.

Project Safety Assurance

On the construction site, the project manager and his or her team have to ensure safety standards of the reclamation project meet the contractual requirements. Customers or consultants could also access to review the related safety supervision results for verification of the project safety and compliance status.

After-Sale Service Policy

During the maintenance period, the project manager will be responsible for following up on all problems and maintenance works related to the project.

Protection of Customer Information and Intellectual Property

For protection of customer's confidential information, all information and documents related to customers' intellectual properties (example: drawings, technical specifications and other confidential documents) shall be managed and stored by designated departments in diligence. The Group has established file server for storing all internal information of the company. Employee access is restricted, and only authorized person could review the customer information as pursuant to the defined access rights.

During the Reporting Period, the Group did not identify any legal non-compliance related to construction project responsibility. Also, in the course of construction projects, no customer complaint was received as a result of safety and health issues.

3.2.7 Anti-corruption

Governance Policy

The Group has provided trainings to members in the Board of Directors. Scope of trainings included the topics related to potential conflict of interest and connected transactions. In this Reporting Period, each director has been trained on the related topics of not less than 2 hours. Members of the Board jointly oversee the functioning of the corporate governance mechanism. They also had set up subsidiary committees, namely the audit committee, the remuneration committee, the nomination committee and the risk management committee, amongst which each of them has the delegated authority in overseeing different aspects of corporate governance in the Group.

Anti-corruption Policy

The Group requires employees to abide by the laws and regulations, and prohibits all forms of fraudulent or corrupt behaviour. The Group has established code of conduct for the employees, in which listed out the related business ethics that must be respected by employees, including prohibition of accepting improper benefits, and prohibition of employees requesting or accepting from any parties in business relationship with the Group for commission, rebate, bonus, loan, gift or benefit, except it is approved by the Board and in compliance with laws. The policies related to business ethics have also been communicated to business partners of the Group for their understanding and adherence.

Whistle-blowing mechanism

The Group has established a formal whistle-blowing mechanism, through which both internal and external stakeholders could report incident. Audit Committee is responsible for handling of the whistle-blowing issue, evaluation of the case, and determination for the necessity of full investigation. Committee will keep confidential of all information.

In case of any suspected extortion, fraud or money laundering discovered by employees, the relevant employee could report to the Audit Committee through e-mail. The Group has elaborated the policy to employees and explained the procedure for reporting frauds or other suspected immoral activities.

During the Reporting Period, the Group did not receive any reported case of fraudulent practice or corrupt behaviour.

Third Party Financial Audit Policy

The Group has engaged the third-party independent accountant “PricewaterhouseCoopers” to proceed financial audit. The Group will review opinions provided by the accountant.

Conflict of Interest Reporting Policy

The Group requires employees to disclose any situation that might reasonably be expected to give rise to conflict of interest, and report any suspected case to the responsible senior management. During the Reporting Period, the Group did not receive any reported case regarding conflict of interest which had not been declared in advance.

Bidding Policy

For high-value or long-term procurement or service contracts, employees shall provide at least 3 offers to CEO / project manager for assessment. The senior management assesses the subcontractor/supplier based on their evaluation forms every year, thereby choosing partners for the next year.

During the Reporting Period, the Group did not identify any legal non-compliance related to corruption or fraud activities.

3.2.8 Community Investment

Social responsibility is always one of the key elements in the business philosophy of the Group, and therefore the Group is seeking opportunities for collaboration with different stakeholders to support activities beneficial to the community and people in need. The participated community activities covered plenty of aspects like poverty alleviation, caring visit, and education sponsoring. Examples included the Group’s participation in the charity activities held by The Community Chest, and sponsoring in educational funds and activities of other community organizations. With the goal to bring hope and support to the needy people in community, the Group is committed to upholding this philosophy, which liaises with community and related organizations to help the community and give back to society.