



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 2018

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1. Scope of This Report

This environmental, social and governance report (the "Report") describes the performance of **Prosper Construction Holdings Limited** (the "Group") in the aspects environmental, social and governance, as well as the associated compliance status of the operating regions in 2018.

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 sites in Macau.

The Report is published annually each financial year for the same period as for the Annual Report of the Company for this year. The Report covered the period from 1 January 2018 to 31 December 2018.

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

Stakeholders to the Group's operation from an ESG perspective include its employees, directors, investors, business partners, and the community in general. The Group acknowledges the importance of effective communication with stakeholders and collects contributions from diverse range of stakeholders for continuous assessment through regular internal meetings and various communication channels with external parties, such as meeting with clients, joint site inspection with clients and consultants, provision of suggestion boxes and a client satisfaction survey, and periodic supplier and subcontractor evaluation.

3. Environmental, Social and Governance Performance

3.1 Environment

3.1.1 Emissions

Air Pollution Prevention Policy

On the construction site, the Group mindfully controls the waste discharge by plants and equipment and the following measures are taken:

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; and
4. Switching off all plants, machinery and vehicles when not in use.

As of 31 December 2018, the key sources of air emission by the Group were air pollutants generated from fuel consumption of vehicles. The emission volume was as follows:

Pollutant	Group's Emission Volume (kilogram)
Nitrogen oxides (NOx)	1310.98
Sulphur Oxide (SOx)	6.82
Particulate Matters (PM)	1.22

Note: There was no construction project in Macau in the year 2018 and only some preparation works starting from October 2018, and consequently there was no diesel oil consumption in this year.

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.

As of 31 December 2018, the Group's GHG emission volume and intensity were as follows:

GHG Emission Source	Group's Emission Volume
Gasoline consumption by mobile sources (liter)	25,766
Petroleum gas consumption (megajoule)	7
Power consumption by facilities (kWh)	32,247
Vehicle driving distance (kilometre)	221,431
Employee flight mileage (kilometre)	235,243
Paper consumption (kilogram)	407

Total GHG emission (tonne carbon dioxide equivalent)	138.63
Number of employee (person)	20
GHG emission intensity (tonne carbon dioxide equivalent / person)	6.93

Note: There was no construction project in Macau region in the year 2018 and only some preparation works starting from October 2018, and consequently there was no diesel oil consumption in this year.

Office Equipment Waste Reduction/Reuse/Recycling Policy

The Group has taken a series of measures to reduce wastes in the office, including double-sided printing, cartridge recycling, storing documents electronically and properly using e-mails. As a result, the paper use in the Group's daily operation was reduced.

Waste Reduction Policy

Measures of Reducing Hazardous and Non-Hazardous Waste, and Methods of Disposing Wastes

Process	Hazardous Waste	Non-Hazardous Waste
Assessing the operational procedures, identifying the sources of waste, and formulating waste reduction plans	√	√
Adopting unconventional work modes or process to reduce waste	√	√
Classifying and labeling waste	√	√
Sending hazardous waste to licensed recycling companies	√	-
Sending non-hazardous waste to designated cleaners or contractors, or periodically transporting non-hazardous waste to large waste deposit locations.	-	√

Since there was no construction project in Macau region in the year 2018 and only some preparation works starting from October 2018, consequently the Group did not generate significant amount of wastes in the year 2018.

During the reporting period, the Group has complied with all applicable environmental laws and regulations and did not identify any legal violation.

3.1.2 Use of Resources

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

Green Office Policy

Amid the daily operations of the Head Office and Office on construction site, the Group encourages the use of electronical documents. We have replaced printed documents with computer-based documents, and endeavoured to realise paperless office and resource sharing, thereby reducing the use of printed documents. The Group also required employees to opt for double-sided printing, and reuse the discarded single-sided printed paper, so as to save paper.

Energy Conservation Policy

To reduce overall energy consumption, the Group has adopted the following measures:

1. Prioritising the use of more energy-efficient products, so as to reduce overall energy consumption.
2. Using electrical appliances with energy labels 1 or 2.
3. Setting the temperature of air conditioners at 22-25 degree centigrade.
4. Switching computers that stand idle for at least 20 minutes to power-saving mode.
5. Switching off air conditioners, lights, computers, printers, photocopiers and electric appliances if they are not in use or when the last employee leaves the office/work area.
6. Switching off all plants, machinery and vehicles when not in use.

The Group requires every employee to participate in the initiative of energy conservation and emission reduction. They are required to switch off equipment that are not in use, and check whether all equipment are turned off before leaving work. In addition, the Group has carried out activities of promoting the knowledge about energy conservation and emission reduction, so as to prompt employees to develop habits of saving energy and protecting environment.

Policy of Reducing Water Use in Daily Operation

The Group strives to reduce water consumption in daily operations. “Save Water” stickers are attached to all taps to remind staff to save water and responsible contact number is prominently displayed to facilitate reporting by employees any case of faulty taps. The Group assigns staff to arrange regular checks for ensuring no taps are faulty or leaking. On the construction site, wastewater is reused in the wheel washing facility.

In addition, the Group is mainly engaged in infrastructure development and construction activities. The operation does not involve packing of any finished goods, and therefore does not consume any of packaging materials.

As of 31 December 2018, the main resources consumed by the Group amid its operation were as follows:

Resource	Annual Consumption by the Group
Power consumption by facilities (kWh)	32,247
Gasoline consumption by mobile sources (liter)	25,766
Water consumption (cubic metre)	1,173
Paper consumption (kilogram)	407

	Average Consumption Intensity per Employee
Power consumption by facilities (kWh / person)	1,612
Gasoline consumption by mobile sources (liter / person)	1,288
Water Consumption (cubic metre / person)	59
Paper consumption (kilogram / person)	20

Note: There was no construction project in Macau region in the year 2018 and only some preparation works starting from October 2018, and consequently there was no diesel oil consumption in this year.

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 fulfills environmental management in accordance with the internationally recognized ISO14001 standard, and has updated the system to the latest 2015 version in compliance with the certification requirements. 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. Relevant measures will be taken to handle major identified environmental issues. The Group's Macau construction site will complete an "Environmental Inspection" checklist each month to ensure site conditions meet the statutory requirements. Furthermore, the Group has set up environmental protection targets and project teams were encouraged to strive for achieving the targets.

Water Quality Monitoring Policy

Although in this year there was no reclamation works amid the construction projects managed by the Group, the Group is committed to managing strictly quality of water surrounding the construction sites of reclamation projects in compliance with the environmental regulations and other relevant requirements. The project team has recruited a qualified unit to monitor the quality of the sea waters surrounding the reclamation projects. In case of any abnormal situations, 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 ISO 14001 trainings, trainings on air pollution prevention technologies/practices, and other related trainings. Through these trainings, employees could be familiar with system requirements and environmental issues incurred from the 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 assesses environmental performances of suppliers every year. A supplier that underperforms in the environmental area may be removed from the supplier list. Such arrangement can ensure that suppliers pay more attention to the environmental impact of their products.

Green Procurement Policy

The Group adopts environmentally friendly products, and selects electric appliances with energy labels 1 or 2 (Such as computers, printers, lights, among others).

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

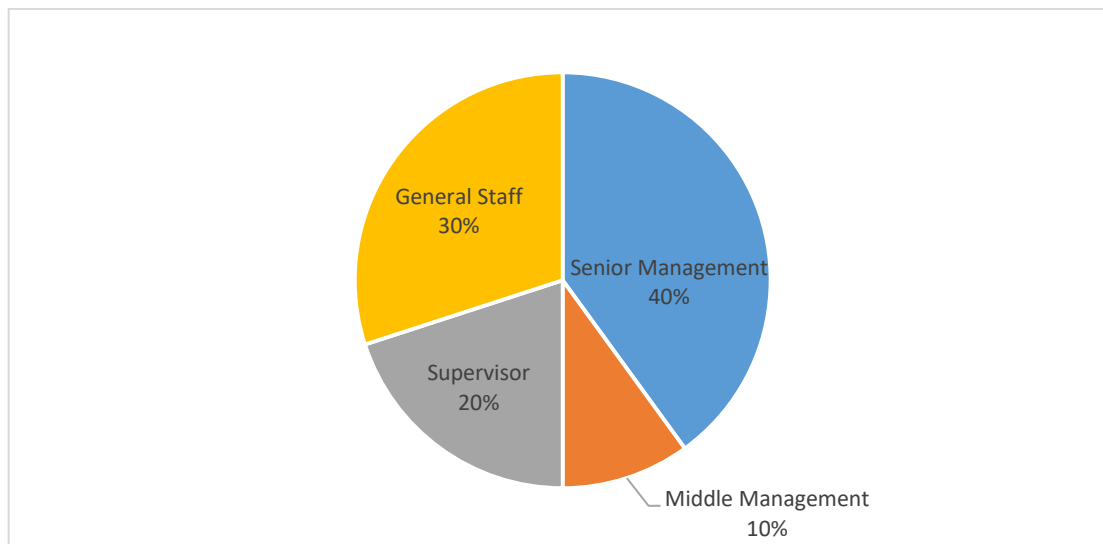
Any employee to be terminated will receive a verbal notice of 7 days before the decision takes effect or pursuant to terms of relevant employment contract and related employment ordinance in Hong Kong.

During the reporting period, the Group did not identify any legal violation related to employment or discrimination.

As at 31 December 2018, the number of employees in the Group (at locations covered by the scope of the Report, ie. Hong Kong headquarter and construction sites in Macau) was listed as follows:

	Number of employees in the Group
Gender	
Male	13
Female	7
Job Type	
Full time	20
Part time	0
Age	
18 – 24	0
25 – 34	4
35 – 44	3
45 – 54	8
55 – 64	5
65 or above	0
Total	20

In accordance with job grades, the diagram below illustrates the proportion of relevant employee groups :



There was a total of 9 employees leaving the Group in this year, in which two-third belonged to employees in Hong Kong. Moreover, in accordance with age groups, their monthly average staff turnover rate are listed as follows :

	Monthly average staff turnover rate (%)
Gender	
Male	4.49
Female	2.38
Age	
25 – 34	0.00
35 – 44	5.56
45 – 54	2.08
55 – 64	6.67

3.2.2 Occupational Health and Safety

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

Safe Working Environment Policy

On the construction site, the Group collaborated with main contractors to identify high-risk activities. The main contractors are obliged to provide all necessary safety equipment. The Group's employees on the construction site help main contractors build safe work platform and shelter. Furthermore, the Group provides medical kit for emergent use. The occupational health and safety officer regularly checks safety status of the construction site and provides safety training to employees.

Indoor Air Quality Control Policy

To create a pleasant working environment and maintain sound indoor air quality, the Group sets up non-smoking areas in the head office and its construction site in Macau.

During the reporting period, the Group did not identify any legal violation related to occupational health and safety of the local operating region. Within the same period, no record of death or lost work day caused by work-related incident was found.

3.2.3 Human Resource Development and Training

Career Development Policy

The Group hopes junior employees can become familiar with their work as soon as possible, so senior employees will be appointed as the mentors of such junior employees to help them develop work and people skills.

On the construction site, the main contractors appoint safety supervisors to provide trainings to the Group's employees. If the Group is the main contractor, it will provide safety knowledge introduction and related training to employees on the construction site as required by developers.

3.2.4 Labour Standards

As per related laws and regulations, the Group prohibits the hiring of child labour or use of any forced labour. During the employment process, the Group conducts strict checks to ensure job applicants are at least 18 years old regarding the occupational safety within construction sites. The Group respects employee's rights in respect of employment, resignation, overtime work and personal freedom. The Group also prohibits forced labour in any form, including bonded labour, and never forces employees to work overtime.

During the reporting period, the Group did not identify any employment of child labour or legal violation related to forced labour.

3.2.5 Supply Chain Management

Supplier Selection Standards

The Group systematically monitors on the supplier selection process. All subcontractors/suppliers are required to complete an application form, and the Quantity Survey department assesses the information provided. To determine if a supplier/subcontractor is to be added to the approved list, the Group considers the following criteria: their management system (including quality, occupational health and safety, environmental and security management), their experience and past performance.

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, and suggestions will be made on the basis of the assessment results.

The Quantity Survey department uses the assessment results in an annual subcontractor/supplier performance assessment. If the 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. The subcontractor/supplier that is removed from the list shall not apply to re-enter the list until one year after such removal.

3.2.6 Product Responsibility

Product and Service Quality Warranty Policy

The Group fulfills quality management in accordance with the internationally recognized ISO 9001 standard, and has updated the system to the latest 2015 version in compliance with the certification requirements. Since certification, the Group continually arranges internal and external audits in accordance with the 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. Through this 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 regular supervision of construction sites for assuring quality compliance of the reclamation projects. Customers or consultants could also access to review relevant results for verification of product and service quality.

Product and Service Health and Safety Warranty Policy

On the construction site, the project manager and his or her team have to ensure safety standards of the reclamation project meet relevant contractual requirements. Customers or consultants can also review relevant check results to examine product and service quality.

After-Sale Service Policy

During the maintenance period, the project manager will be responsible for following up on all problems and maintenance projects

Customer Data Protection Policy

To protect customer's confidential information, all information and documents related to customers' intellectual properties (Such as drawings, technical specifications and other confidential documents) shall be managed and stored by designated departments carefully.

During the reporting period, the Group did not identify any legal violation 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 provides training to all the directors. Directors jointly oversee the functioning of the corporate governance mechanism. In addition, the Board of Directors has set up four board committees, namely the audit committee, the remuneration committee, the nomination committee and the risk management committee, each with delegated authority in overseeing different aspects of corporate governance of the Group.

Anti-corruption Policy

The Group requires staff to comply with the laws and regulations and forbids any fraudulent or corrupt behaviour. A formal whistle-blowing programme has been established to allow both internal and external stakeholders to report cases to the Audit Committee, which is empowered to assess those cases and decide if a full investigation is necessary. During the reporting period, the Group did not receive any reported case of fraudulent practice or corrupt behaviour.

Whistle-blowing and Fraud Reporting Policy

The Audit Committee is responsible for handling of the whistle-blowing matters. In case of any suspected extortion, fraud or money laundering discovered by employees, who may report to the Audit Committee through e-mails. The Group has elaborated the policy to employees and explained the procedure for reporting frauds or other immoral activities in event of any situation suspected by employees. The Audit Committee is empowered to assess those cases and decide if a full investigation is necessary. The Committee will keep all information confidential.

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 supervisors or deputy general manager. During the reporting period, the Group did not receive any reported case regarding conflict of interest.

Bidding Policy

For high-value or long-term procurement or service contracts, employees shall provide at least 3 offers to CEO/project managers 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 violation related to corruption or fraud activities.

3.2.8 Community Investment

Over the past years, the Group is dedicated to community contribution through various channels, such as supporting the charitable activities organized by The Community Chest and sponsoring the education funds and activities of community organizations. All these activities could bring hope and support to the vulnerable groups and give back to the society. The Group is committed to upholding this social responsibility for continual liaison with community and related groups in order to understand their needs and strive for meeting community demands.