



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, GOVERNANCE REPORT

YEAR 2016

1. Reporting Scope

This report covers the environmental, social and governance (“ESG”) information for Prosper Construction Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) and has been prepared based on the requirements of the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Marine construction is the Group’s most important business segment and contributes the majority of its revenue. The scope of this ESG report (“Report”) covers the Group’s Hong Kong head office and its operations in Macao.

This Report covers the period from 1 January 2016 to 31 December 2016, which coincides to the Group’s latest published annual report for the financial year ended 31 December 2016.

2. Stakeholders Engagement

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. Environment Protection

3.1 Air pollution and carbon emission control

On the construction site, the Group is mindful of pollution from plants and equipment and the following measures are taken:

- (i) 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;
- (ii) dusty work activities such as drilling must be completely covered or shielded to prevent dust from escaping;
- (iii) regular checks on machine exhausts (dark smoke identification) to identify repair or maintenance needs; and
- (iv) switching off all plants, machinery and vehicles when not in use.

In the office, a variety of practices have been implemented to reduce paper waste and overall energy consumption such as:

- (i) double-sided printing and recycling of discarded or shredded waste paper;
- (ii) reduced paper use for daily operation by storing documents electronically and by the use of email;
- (iii) prioritises the use the more energy efficient products, eg. electrical appliances with energy labels 1 or 2;
- (iv) setting the temperature of air conditioners is set at 22-25 degree;
- (v) switching off or to energy-saving mode all electrical appliances when they are not in use or when the last person leaves the room/work area.

The Group encourages employees to hold phone or video conferences instead of physical meeting meetings to reduce travelling and thus carbon emissions.

3.2 Marine environment and water quality protection

The Group is committed to environment conservation when undertaking its operation and has implemented various systems and measures to minimise the possibility of pollution and to preserve the marine ecological environment, which include but are not limited to the following:

- (i) identifying environmental protection requirements in project tender documents and assessing whether the Group has the capability to meet such requirements;
- (ii) taking into consideration the environmental impact in project planning and the design of work method statements;
- (iii) equipping all of the Group's vessels with fuel leakage defence equipment for suppressing the spread of floating fuel spills in case of leakage;
- (iv) installing facilities as required to prevent contamination, such as silt curtains to prevent sediment pollution when carrying out land reclamation works and underwater bubble curtains to act as a noise barriers to reduce noise level from marine piling works; and
- (v) sorting excavated materials from dredging and excavation works for recycling use or disposal, and in case of contaminated sediment, disposing of the excavated materials at designated dumping area according to the relevant regulations.

The Group is accredited with ISO14001 and follows the procedures and requirements of the environmental management system in its operation. Furthermore, the Group's Macau construction site will complete an Environmental Inspection checklist each month to ensure site conditions meet the statutory requirements. The Group also recruited a qualified unit to monitor the quality of the sea waters surrounding the reclamation project in Macao.

3.3 Resource conservation

In addition to emission control measures set out under paragraph 3.1 above, 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 a contact number to report faulty taps is prominently displayed. The Group will assign staff to make regular checks that no taps are faulty or left running. On the construction site, waste-water will be re-used in the wheel washing facility.

4. Human Resources and Community

4.1 Working condition

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 Group offers promotion opportunities for staff depending on an evaluation of performance, experience and ability and shares financial rewards with employees by way of discretionary bonus.

The Group endorses a work/life balance policy and does not encourage overtime work. Should staff be required to work overtime to meet project deadlines, compensatory leave will be granted in return.

4.2 Health and safety

The Group adopts tailor-made project safety plans for each project based on risk assessments with project owner or main contractor, as applicable.

All workmen and supervisory staff are provided with safety induction training, safety supervisor courses, and other relevant safety training as required.

The occupational, health and safety officer perform site safety inspection and prepare reports on a regular basis.

4.3 Development and training

The Group provides various vocational training to staff in order to provide them with opportunities to advance their career. It also provides sponsorship to staff to attend external job related training courses.

4.4 Community investment

The Group participated in the stock code balloting scheme and gold sponsor to a wine tasting event in the year 2016; proceeds from both events were to support the Community Chest charity.

5. Governance

5.1 Corporate governance

The Group's board of directors has set up four board committees, including 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.

The Group provides training to all the directors every year to ensure they have the up-to-date knowledge to discharge their duties and uphold good corporate governance.

5.2 Anti-corruption

The Group requires staff to comply with the laws and regulations and forbids any bribery, extortion, money laundering and other corrupt behaviour. A formal whistle-blowing programme has been established with dedicated channels for both internal and external stakeholders to report cases to the audit committee, which is empowered to assess these cases and decide if a full investigation is necessary.

The Group requires employees to disclose any situations that might reasonably be expected to give rise to a conflict of interest and to report any suspected cases to the appropriate supervisor.

5.3 Supply chain management

The group systematically monitors on the supplier selection process. For high value/quantity purchase or service contracts, at least 3 quotations have to be submitted to the CEO/Project manager for approval. Senior management reviews the subcontractor/supplier assessment form annually to review different aspects of their performances to determine which will be selected for the following year.

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

The construction site is required to complete the subcontractor/supplier assessment form every six months, and the project manager reviews the performance of the subcontractor/supplier and suggestions will be made on the basis of the assessment results.

The QS 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.