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ENVIRONMENTAL
SOCIAL AND GOVERNANCE REPORT

2018

THE MUSEUM
OF MODERN
ARCHITECTURE

ABOUT THIS REPORT INTRODUCTION TO THE REPORT

This report is the annual environmental, social and governance report (the “Report”) released by Modern Land (China) Co., Limited (the “Company”, “Modern Land”, “we” or “us”, together with its subsidiaries and related companies, the “Group”). It, adhering to the principles of materiality, quantification, balance and consistency, comprehensively illustrates the Group’s management approach and work performance in respect of the environment, society and governance during the period from 1 January 2018 to 31 December 2018, and focuses on the matters concerned by the stakeholders as well as the way the Company demonstrates the sustainable development of the economy, environment and society. Unless otherwise stated, the information presented in the Report represents data performance in 2018.

SCOPE OF THE REPORT

Upon materiality assessment, the Group decided that the Report mainly covers the overall performance of the Company’s operating projects that are under construction or have been delivered in the People’s Republic of China (the “PRC” or “China”) in two key areas, namely the environment and society.

PREPARATION BASIS OF THE REPORT

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”).

ACCESS AND RESPONSE TO THE REPORT

The electronic version of the Report can be downloaded from the following website: www.modernland.hk; for any comments or suggestions on the environmental, social and governance performance of the Company, please email ir.list@modernland.hk.

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THE MUSEUM OF MODERN
ARCHITECTURE

In 2018, changes in the central government policies demonstrated the shift from tight control to more relaxed regulatory policies in three phases, including reiterating the policy of “Houses are for living but not for speculation” at the National People’s Congress and the Chinese Political Consultative Conference (the “Two Sessions”) in March, signalling the determination to “resolutely curb the rise in housing prices” at the PolitBuro meeting at the end of July and issuing the requirement of “stabilizing land prices, housing prices and expectations” by the Ministry of Housing and Urban-Rural Development in August. At local level, changes in the policies can be categorized into two phases: for the first three quarters, the local governments were determined to stick to the regulatory policies without any intention of relaxing any policies introduced, including the continuous implementation of the “four tightening measures” (namely restrictions on purchasing, pricing, re-selling and lending), regulation of the property market and increase in the mortgage rate, etc., while there were signals indicating the loosening of the regulatory policy in the fourth quarter, with some cities partially uplifting restrictions on house pricing and many cities lowering the increase in mortgage rate.

1. MESSAGE FROM
TOP EXECUTIVES

The year 2018 was the 40th anniversary of the PRC’s reform and opening. Under the leadership of the PRC’s Communist Party in the past 40 years, the real estate industry in the PRC has continued to show a steady development. At the same time, the real estate market has grown from scratch, and the living environment of urban residents has been greatly improved. The per capita housing area has increased by 4.5 times to about 36.9 square metres (“sq. m”) per person.

Against the backdrop of instability in policy development, financial environment and regional markets, and benefit from our differentiated product roadmap as well as prudent investment allocation and financial management, the Company recorded steady growth in the operating results in 2018. Sticking to the core competitiveness of green technologies, the Company took the lead in developing green buildings, green communities and technology communities, so as to enhance its brand influence. By establishing the green financial capital platform, green real estate development platform and green digital interconnection service platform, the Company operated and maintained its operations with the customers truly as its focus.

In 2018, the Company ranked first in China Model Green Property Developers in Operation and was successfully accredited 9 technology patents, in total accumulated 91 core green patents. MOMA Building & Arts Museum (Tongzhou) is the first museum project which passed ACTIVE HOUSE international certification across the globe. Modern MOMA project is the only domestic project currently being consecutively awarded Three-Star Green Building Certification – Operation, the first domestic project being awarded Three-Star WELL Building Certification – Operation, and the only project being awarded both Three-Star WELL Building Certification – Operation and Three-Star Green Building Certification – Operation.

The Company strove to enhance its brand influence and proactively participated in green public welfare activities. The Company is always committed to fulfilling its social responsibilities. In 2018, the Company made donations to 24 schools in Yunnan and Guizhou region and continued to participate in public welfare undertaking. In terms of the brand, we witnessed further improvements in brand influence. In 2018, the Company was granted a total of 102 awards, including 22 green property operation awards, 18 finance awards, 20 elite technology awards, 16 green certifications, etc.



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ABOUT
MODERN LAND

2.1 COMPANY PROFILE



Modern Land (China) Co., Limited is a company listed on the Main Board of HKEX from 12 July 2013 with Class 1 qualification in real estate development in China .The Company was rated as one of top 100 China real estate enterprises for five consecutive years, and received the highest standard green rating certification from S&P and a “Green Finance Pre-issuance Stage Certification” from the Hong Kong Quality Assurance Agency in 2018, becoming the first mainland real estate stock company winning such honour.

The Company has always been adhering to the development concept of “Technology Buildings and Quality Living”, sticking to the development philosophy of “Natural Simplicity, Harmonious Health, Simple Focus, and Endless Vitality” and focusing on the theme of “Action of Loving My Homeland” to bring homeowners the sincere and real-life experience and achieve positive economic and social benefits.

The Company pours itself to a homeland of “Green Technology + Comfort & Energy-saving + Mobile Interconnecting Whole-life Cycle Communities”, successfully establishing “MOMA”, which stands for “the Museum of Modern Architecture” and means “new architecture of technology and art”, as the iconic brand of green technology real estate operators in China. MOMA consists of four text graphics “M” “O” “M” “A”. Two “M” symbolise our home, “O” represents the origin of the universe and “A” stands for human. The left and right half of the pattern symbolises architecture and life respectively, which in turn provides a vivid interpretation for the concept of the Company of “Technology Buildings and Quality Life” and “Action of Loving My Homeland”.

As of 31 December 2018, Modern Land holds and has applied over 180 patents, and has won more than 100 domestic and foreign green building awards, including one LEED-ND Certification granted by the United States Green Building Council and three Three-star (as the highest rating in the country) Green Building Certification — Operation of Residential Projects. Modern MOMA (Beijing) won the first China’s Three-star Health Certification — Operation of Residential Projects, which is also the first project awarded the Three-star Green Building Certification — Operation in the country in a consecutive way; Modern Wan Guo Fu MOMA (Foshan) was among the first batch of enterprises that obtained the Three-Star WELL Building Certification — Design in China. In addition, the Company has also won Three-star Green Building Certification — Design, elite technology awards, renewable demonstration award, green residence award, China Civil Engineering Zhan Tianyou Awards, the award granted by the Council on Tall Buildings and Urban Habitat, and many other domestic and foreign green buildings awards.



MODERN
LAND2.2 GREEN STRATEGY AND
MANAGEMENT VISION

Sustainable development has become an issue closely relating to each enterprise and individual since this concept was first put forward by the United Nations World Commission on Environment and Development in 1987. As a leader in China's energy-saving real estate industry, Modern Land always follows the philosophy of balancing economic and social development while practising environmental protection. Since its incorporation, the Company has been living up to its social responsibility and never forgets to give back to society in the process of its ongoing development.

As Chinese residents call for higher life quality amid economic development, energy-saving and green products will gradually dominate the market. Meanwhile, the relevant authorities in China have made it clear that green and energy-saving building is the inevitable development trend of China's real estate industry in the future. Shortly after the Company's incorporation, the Company began to delve into research and development of the green and energy-saving real estate, well ahead of other domestic real estate companies, and has secured huge leading advantages in such niche.

Modern Land always adheres to the development concept of "Technology Buildings and Quality Living" and the development philosophy of "Natural Simplicity, Harmonious Health, Simple Focus and Endless Vitality", and centres on the theme of "Action of Loving My Homeland" to offer consumers comfortable and energy-saving products, which not only affords them considerate and real living experience by improving the quality of their living environment, but also shows care for nature, energy conservation and environmental protection.

The Company aspires to ensure sustainable business development and operate in an environment-friendly manner and bring shareholders of the Company stable and long-term returns while protecting the environment. In addition, the Company, as an enterprise with great integrity and high operational standards, wishes to bring positive energy and contribute to the community on a continuous basis.

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2.3 STAKEHOLDER ENGAGEMENT
AND IDENTIFICATION OF
MATERIAL ISSUES

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2.3.1 INFORMATION ABOUT AND
COMMUNICATION WITH STAKEHOLDER

Modern Land duly considers and effectively responds to the concerns and appeals of stakeholders, in an effort to advance the economic and social development while sharing development results with them.

Stakeholders	Expectation of stakeholders	Communication and engagement mechanism	Corporate responses
Employees	<i>Uphold employee remuneration and benefits, care for safety and health of employees, improve communication mechanism, offer equal promotion and development opportunities, and participate in company management</i>	<i>Labour contracts and employee satisfaction survey</i>	<i>Strictly abide by the items of labour contracts, improve remuneration and benefits system, offer development paths for both position and function, and organise staff training</i>
Investors	<i>Boost the Company's market value and profitability and continuous improvement in the Company's environmental and social responsibility performance</i>	<i>General meeting, information disclosure, and company website</i>	<i>Release periodic reports, disclose information in a truthful and comprehensive manner, endeavour to improve results and generate profits, advance corporate governance and risk management level, convene general meetings, enhance investor relations management and strive to improve environmental and social responsibility management</i>
Customers	<i>Provide quality products and safeguard customer's legitimate interests</i>	<i>Sign contracts and agreements, and customer satisfaction survey</i>	<i>Provide a highly comfortable, green and energy saving living space, and quality property management services, and establish a sound customer service system and customer opinion, feedback and complaints mechanism</i>
Government	<i>Obey the law, operate in compliance with the regulations, and implement national policies</i>	<i>Engagement in relevant governmental meetings</i>	<i>Strictly observe relevant laws and regulations, continuously enhance corporate compliance management, and execute relevant national policies</i>
Suppliers	<i>Fair and impartial cooperation with integrity, mutual benefits and win-win to promote industry development</i>	<i>Sign contracts and agreements, and regularly hold tender and bidding, and supplier meetings</i>	<i>Actively perform the contracts and agreements by adhering to public and transparent business principles, adopt public and transparent procurement model, and develop an accountable supply chain</i>
Community	<i>Co-construct community civilisation, support community public welfare and focus on social development</i>	<i>Advocate and organise charitable activities, take part in voluntary activities, and employment guarantee</i>	<i>Devote to the public welfare by carrying out extensive charitable activities, construct a harmonious and civilised community, and aim to promote local employment</i>
Peers	<i>Fair competition, cooperation with integrity, transparent and public information, compliance with industry standards, and advancement of industry innovation</i>	<i>Exchanges with relevant research institutes, associations, mainstream media in the industry^[1]</i>	<i>Strengthen exchanges and cooperation with peers, jointly develop a healthy and orderly competition environment, participate in industry innovations and researches and appraisal of outstanding enterprises, achieve mutual benefits, win-win and mutual improvement, and put forward proposals for industry standards</i>

【1】Such as Chinese Society for Urban Studies (中國城市科學研究院), China Real Estate Association Human Settlement Committee (中國房地產協會人居環境委員會), China Real Estate Business (中國房地產報), etc.

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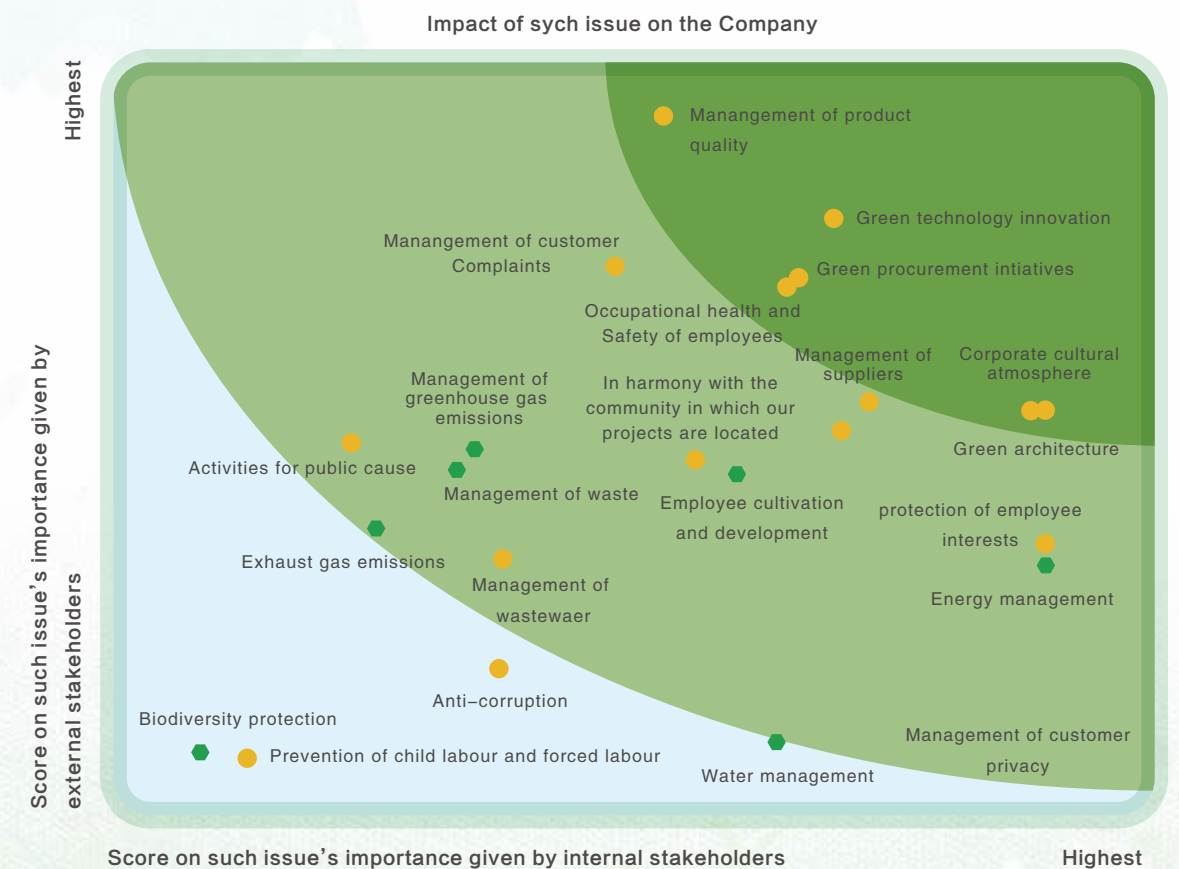
2.3.2 PROCESSES OF IDENTIFICATION OF MATERIAL ISSUES

Under the requirements of the ESG Reporting Guide issued by HKEX and with reference to the procedures for materiality analysis formulated by the Global Reporting Initiative ("GRI"), the Company collects the issues concerned by major stakeholders through questionnaire, interview and other forms, and conducts analysis and priority of such issues, to finalise the substantial ones in the environmental, social and governance aspects and make disclosure thereof in the Report.

Four steps of procedures for identification of material issues are as follows:

- Identify relevant ESG issues with reference to the ESG Reporting Guide issued by HKEX, GRI Sustainability Reporting Guidelines (GRI Standards version) and those disclosed by our peers at home and abroad;
- Prioritise the issues. While conducting materiality assessment, major considerations of internal stakeholders include the impacts on our corporate strategies, policies, procedures and commitments, impacts on the Company's competitive edges and management excellence, and current and future financial impacts on the Company; and major considerations of external stakeholders include the impacts on the Company's evaluation and decision-making, and on the interests of themselves;
- Verification. The Company's management reviews and approves the issues so identified and their priorities;
- Review. After this reporting period, the Company will seek feedback from internal and external stakeholders on the contents of the Report for this period, to prepare for the report for the next period.

The chart below is the materiality analysis matrix of Modern Land in 2018.



Grading Standard

According to their own degree of concern, internal and external stakeholders grade different issues in accordance with their importance

Chart Description

Horizontal axis: Internal Stakeholders' grading for each issue's importance

Vertical axis: External Stakeholders' grading for each issue's importance

- Social Issues
- Environmental Issues

ECONOMIC
RESPONSIBILITY

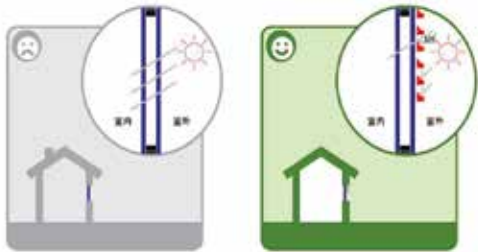


M O D E R N
L A N D

3.1 GREEN TECHNOLOGY INNOVATION

Modern Land has established its core competitiveness by focusing on “Green Technology + Comfort + Energy-saving + Mobile Interconnecting Whole-life Cycle Communities” and “Heating & Cooling Unique Solution + Air Quality Unique Solution + Energy Consumption & Operation Cost Reduction Unique Solution”. Modern Land insists on being an implementer and the leader of green technology real estate to achieve the goal of the rapid increase in scale and continuous improvement of core competitiveness.

Modern Land has its own research, development and design department and has developed a number of technological architecture systems such as geothermal pump system, ceiling radiation cooling and heating system, exterior temperature preservation system, high performance exterior window system, overall fresh air displacement ventilation and noise reduction system, which outfit MOMA products with fine characteristics. While establishing a high comfort level of living environment, with the indoor temperature around 20-26°C and humidity around 30%-70%, its energy consumption is estimated to be only 1/3 of the energy consumption level of normal residential buildings in China, which creates a pleasant ecosystem.



High performance exterior window system



Roof radiant cooling and heating system

After 18 years of accumulating practical experiences and continuous research and development, as at 31 December 2018, Modern Land has 116 green-related core technical patents with 26 of them are invention patents covering various aspects such as green building materials, green technology and green products. In 2018, Modern Land has developed projects such as “Dinosaur no.2 constant temperature and humidity system(恐龍貳號恒溫恒濕系統)”, “Dinosaur No. 3 near zero energy consumption prefabricated building research and development(恐龍三號近零能耗装配式建築研發)”, “Unattended energy room system(無人值守能源機房系統)” and “AI community technology platform(AI社區技術平臺)” with testing and modifications. Based on the application of the above core patent technology, Modern Land has formed a unique green technology system and MOMA product line.

In the future, the Company will start to achieve the following two goals in environmental technology innovation:

1. realizing the application of cross-season energy storage technology on residential projects, significantly reducing operating costs; and
2. combining the key technologies of “Active House and Passive House”^[2] with the renovation of old houses to provide technical reserves for the future old house renovation market.

【2】Active House (主動房): The concept of “Active House” has been put forward by countries such as Denmark, France and Germany, emphasizing the use of sunlight and energy storage instead of only focusing on insulation enhancement and higher level of winter indoor comfort. It also emphasizes the unification of comfort, environment and energy;

Passive House (被動房)(also known as被動式房屋、被動式住宅): It is originally from Germany while its trademark is owned by the Passive House Institute and is one of the nearly zero energy consumption building technology systems.

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3.2 GREEN ARCHITECTURE

Modern Land attaches great importance to the application of green scientific and technological achievements in architecture. The following table shows the Green Building Star Rating and the reduction of greenhouse gas emissions of Modern Land as at 31 December 2018.

No	Project name	Green Building Star Rating	Reported area (ten thousand square metres)	Electricity saving (kWh/year)	Carbon reduction (tonnes of carbon dioxide/year)
1	Man Ting Chun MOMΛ (Jiujiang) (Phase I Residential)	★★Design	14.10	1,084,362	868.60
2	Man Ting Chun MOMΛ (Nanchang) (Phase II Residential)	★★Design	17.10	1,008,588	807.90
3	Man Ting Chun MOMΛ (Nanchang) (Phase I Residential)	★★★ Design +Operation	9.00	1,427,640	1,143.50
4	Building Nos.1-3,5,7-10 of Modern Wan Guo Cheng (Beijing) (North District Residential)	★★★Operation	18.81	1,278,123	1,592.50
5	Building Nos. 12,13,15,21 of Man Ting Chun MOMΛ (Xiantao)	★★Design	7.90	854,470	634.90

No	Project name	Green Building Star Rating	Reported area (ten thousand square metres)	Electricity saving (kWh/year)	Carbon reduction (tonnes of carbon dioxide/year)
6	Building Nos. 1-3 of Guodian Man Ting Chun (Yangquan) (Phase I Mixed-use)	★Design	9.00	973,447	723.30
7	Building No. 5 of Man Ting Chun MOMΛ (Jiujiang) (Residential)	★★★Design	1.26	236,465	189.40
8	Building Nos. 1-3, 5-13, 15, 18, 19 of Wan Guo Cheng MOMΛ (Changsha) (Phase III)	★★Design	26.86	3,060,149	2,451.20
9	Man Ting Chun MOMΛ (Jiujiang) (Phase II)	★★Design	13.75	2,495,800	1,999.10
10	Building Nos. 19-22 of Wuhan Guanggu Man Ting Chun MOMΛ (Phase 2.1)	★★Design	9.94	1,070,792	857.69
11	Building Nos. 1-3, 5-8 of Modern Binjiang MOMΛ (Changsha)	★★Design	12.47	587,820	470.80
12	Building Nos. 8-12, 15 and their underground parking lots of Plot C of Wan Guo Cheng MOMΛ (Taiyuan)	★★Design	25.16	2,881,236	2,307.90
13	Hanyang Man Ting Chun MOMΛ (Wuhan)	★Design	10.28	1,107,418	822.50
14	Building Nos. 17, 20-23 of Modern Wan Guo Cheng MOMΛ (Changsha)	★★Design	16.25	1,449,830	1,161.30
15	Building Nos. 1-3, 5-7, 15-18, Commercial Building Nos. 8-13 and their basements of Modern International Man Ting Chun MOMΛ (Residential)	★★Design	19.49	1,046,464	838.20

No	Project name	Green Building Star Rating	Reported area (ten thousand square metres)	Electricity saving (kWh/year)	Carbon reduction (tonnes of carbon dioxide/year)
16	Building Nos. 1-3, 5-7 and their underground parking lots of Plot B of Wan Guo Cheng MOMΛ (Taiyuan)	★★ <i>Operation</i>	22.51	1,671,000	1,338.50
17	Building Nos. 16-20 of Man Ting Chun MOMΛ (Xiantao) (Phase II)	★★ <i>Design</i>	12.50	1,455,738	1,165.30
18	Building Nos.2,6 of Modern Xingsha Man Ting Chun (Residential)	★★ <i>Design</i>	5.32	935,620	749.40
19	Shangdi MOMΛ (Beijing) (Residential)	★★ <i>Design</i>	17.37	1,346,175	1,078.30
20	Modern Park (Hefei)	★★★ <i>Design</i>	18.90	1,486,110	1,190.32
21	Building Nos. 1-3, 5-13, 15, 18, 19 and their underground parking lots of Wan Guo Cheng MOMΛ (Changsha) (Phase III)	★★ <i>Operation</i>	31.21	1,360,826	1,090.03
22	Wan Guo Fu MOMΛ (Shanghai) (Residential)	★★ <i>Design</i>	12.74	1,560,379	1,249.81
23	Building Nos.1-3,5,7-10 of Modern Wan Guo Cheng (Beijing) (North District Residential) (Renewal)	★★★ <i>Operation</i>	18.81	1,278,123	1,592.50
24	Building Nos. 18,19 of Wan Guo Cheng MOMΛ (Changsha) (Phase I Residential)	★★★ <i>Operation</i>	4.82	211,878	263.99
25	Building Nos. C1#-C17 and their basements of Chunfeng Hushang (Wuxi)	★★ <i>Design</i>	7.49	917,365	734.78

No	Project name	Green Building Star Rating	Reported area (ten thousand square metres)	Electricity saving (kWh/year)	Carbon reduction (tonnes of carbon dioxide/year)
26	Modern Wan Guo Cheng MOMΛ (Wuhan)	★★ <i>Design</i>	22.31	2,732,498	2,188.64
27	Building Nos. 1-3 of Wan Guo Fu MOMΛ (Nanjing)	★★★ <i>Design</i>	4.24	333,392	267.03
28	Building Nos. 1-3 of Hankou Wan Guo Fu MOMΛ (Wuhan)	★★★ <i>Design</i>	5.63	442,688	354.57
29	Shaoquan Lake Mingyuan (Hefei)	★★ <i>Design</i>	35.16	4,306,348	3,449.24
30	Yangluo Man Ting Chun MOMΛ (Wuhan)	★★ <i>Design</i>	30.38	3,720,900	2,980.32
31	Swan Lake Wan Guo Fu MOMΛ (Hefei)	★★★ <i>Design</i>	29.33	1,679,540	1,345.22
32	Building Nos.1-4 and their basements of Modern Wan Guo Fu (Foshan) (Phase I)	★★★ <i>Design</i>	5.50	432,466	346.38
33	Building Nos. 1-5, S1, S2 and their underground parking lots of Modern MOMΛ (South district of Yanhu, Taiyuan) (Modern Plaza)	★★ <i>Design</i>	18.53	1,073,625	1,276

As at 31 December 2018, Modern Land had 5.1412 million sq.m of green building certified area, approximately 10.02 million sq.m of green building management area, and 191.0 thousand sq.m of healthy building certified area with 100% of its new projects having passed environmental impact assessment. In addition, Wan Guo Cheng MOMΛ (Tongzhou) won the Prize of High-end Technology(精瑞科學技術獎)- "Beautiful Community Award(美好社區獎)" and "Landscape Design Award(園林景觀設計獎)" and Modern Su Zhou Fu MOMΛ won the Prize of High-end Technology-"Landscape Design Award" in 2018.

3.3 DEVELOPMENT OF GREEN STANDARDS

Modern Land has actively participated in the revision of industry standards in order to develop the regulation of industry standards and facilitate healthy industry development with its knowledge. The green building standards formulated and revised by Modern Land in 2018 are as follows:

The Standards for Green Residential District (《綠色住區標準》) T/CECS377-2018: Modern Land was invited to participate in the revision of this standard. This revision is based on the concept of green high-quality development in the new era and is adhered to ecological priority, green development, regional synergy and boosting innovation, international advanced standards compliance and expansion of the green residential district, thereby improving and optimizing the standard system of a green residential district. This standard has been effective from 1 February 2019 and the original Standards for Green Residential District (T/CECS377-2014 version) were abolished.

The Evaluation Standards for Fully-furnished Residence (《住宅全裝修評價標準》) T/CRECC02-2018: Modern Land is one of the initiators and editors of this standard. This standard fills the blank of the domestic comprehensive evaluation of the quality and performance of boutique residential decoration, defines the starting and entry standards for residential renovation, and sets the basic threshold for the delivery of fully-furnished residence. Through the rating of one to five stars, this standard classifies the quality and standard of fully-furnished residence, and flexibly and effectively improves the quality of indoor living. By setting the bonus items, this standard provides guidance on the division of design and construction of fully-furnished residence and correctly selecting the materials based on the scientific rationale, which leads to industry upgrades. This standard has been effective from 1 January 2019.



The Design and Evaluation Standards for Hundred-year Residence (《百年住宅建築設計與評價標準》) T/CECS-CREA513-2018: As a participating party, Modern Land takes part in the preparation of this standard. This standard comprehensively combines the research and practice achievements of China in the field of hundred-year residence in the past ten years. Focusing on the “performance of residence”, this standard proposes a hundred-year residential standard system of “One System with Three Performances”. “One system” represents China's hundred-year residence general system and “Three Performances” are “long life performance, high-quality performance and green low carbon performance”. This standard not only provides guidance on the construction of a hundred-year residence in China, but also facilitates the transformation and upgrading of China's residential housing industry. This standard has been effective from 1 August 2018.



3.4 GREEN FINANCE

In August 2016, Modern Land published the Modern Land Green Bond Framework (《當代置業綠色債券框架》)(the “Framework”) under the Green Bond Principles as issued by the International Capital Market Association (ICMA). Under the Framework, the Company issued its debut US\$350 million Green Bond in October 2016 and became the first mainland real estate company to issue green bonds in the Hong Kong Stock Exchange. The Company opened the door for mainland real estate companies to issue green bonds and also achieved a breakthrough of Chinese issuers in the overseas bond market. In December of the same year, the Company upsized the issuance to US\$500 million and subsequently issued its second US\$130 million Green Bond in July 2017 and another highly successful US\$350 million issuance in February 2018 while obtaining the green rating certification, the global highest rating assigned by Standard & Poor's. The Company issued green bonds mainly for energy conservation and greenhouse gas emission reduction projects, and fully supported the China's vision of promoting green finance and continued to promote sustainable development of green technology property.



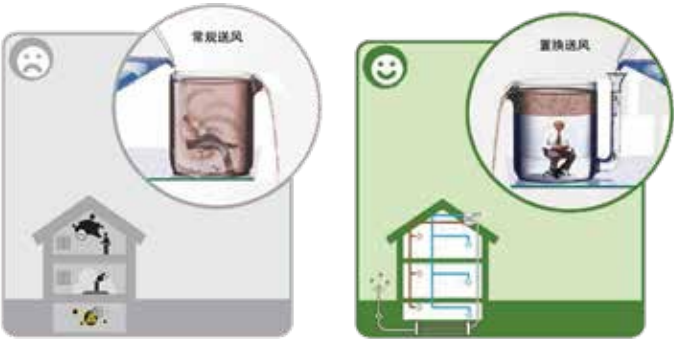
Case: Green and healthy construction of the Modern Land MOMΛ project

The Modern MOMΛ residential project is located on Xiangheyuan Road, Dongcheng District, Beijing with a total site area of 61,800 sq.m and total gross floor area of 221,426 sq.m. This project was awarded the Three-Star Green Building Label – Operation in June 2013, the Three-Star Green Building Label – Operation (renewal) in September 2017 and the WELL Building Three-Star Certification in June 2018. This project integrates health technology, healthy building materials and health concepts into the product system to create a healthy and comfortable living environment and encourage people to live a healthy lifestyle. Technical measures mainly include air purification and treatment, indoor pollution source control, drinking water and reclaimed water quality control, same-floor drainage noise reduction management, room sound insulation and noise reduction, full use of natural lights and indoor humidity control, etc.

MODERN
LAND

AIR PURIFICATION AND TREATMENT MEASURES

The project adopts 24-hour full replacement fresh air system, which collects outdoor high-altitude air and subsequently sends fresh air to each room at low speed through the ground air supply mode after filtering, dust removal, temperature and humidity treatment, ensuring a wind-free and noiseless indoor environment with clean air and rich oxygen. After testing, the indoor air quality is better than 90% of the limits specified in the current national standard "Indoor Air Quality Standards" GB/T 18883. The new air blower unit is equipped with high-efficiency plate type full heat recovery machine. The new and exhaust air has no cross-contamination, and the heat recovery efficiency is over 60%.



Full replacement fresh air system

MODERN
LAND

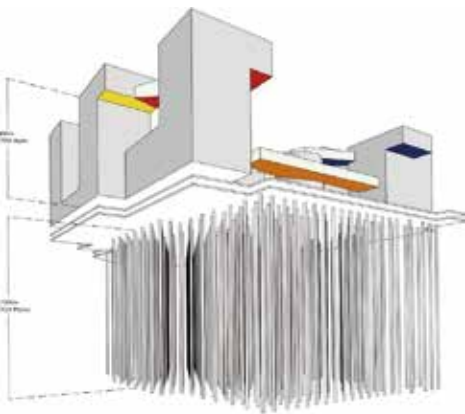
NON-TRADITIONAL WATER QUALITY AND CONTROL

The project collects high-quality miscellaneous water in the house and treats it with the reclaimed water system. After treatment, the effluent water quality meets the requirements of the "Water Quality Standard of Urban Recycled and Reuse Water for Urban Miscellaneous Water Consumption (《城市污水再生利用城市杂用水水质》)" (GB/T 18920) regarding flushing water. Water treatment stations are also set up in small districts. All high-quality miscellaneous water in the house will be collected and delivered to the reclaimed water station. After treatment, it will be used for residential flushing, community landscape, greening water and hydration process in summer cooling tower, etc.

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INDOOR ARTIFICIAL HOT AND HUMID ENVIRONMENT

The indoor artificial hot and humid environment consists of ground source heat pump technology, ceiling radiant heating system, external shading system and high-performance external insulation system. Ground source heat pump technology provides a low-cost, clean, environmentally friendly and renewable energy source through a heating system that uses a low-level heat source 100 meters below the ground. The ceiling radiant heating system creates a constant temperature and comfortable indoor environment by introducing different temperatures of circulating water into the system coil for heating or cooling in winter and summer. The external shading system can effectively block 90-95% of direct light when the sun angle exceeds 20 degrees, and block 75% of light when the sun angle is low. The high-performance external insulation system can play a good role of heat insulation, sound insulation, heat preservation and energy saving so that the indoor environment is neither cold in winter nor hot in summer.



Roof radiant cooling
and heating system

ENVIRONMENTAL
RESPONSIBILITY



M O D E R N
L A N D

4.1 RESOURCE CONSUMPTION MANAGEMENT

Modern Land attaches great importance to natural resources conservation and strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Water Law of the People's Republic of China* (《中華人民共和國水法》) and the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》). Saving energy and improving energy efficiency can save energy costs and reduce operating costs. It is also a way for the Company to fulfil its social responsibilities and achieve coordinated and sustainable development of people, resources and the environment.

4.1.1 ENERGY MANAGEMENT

Headquarters of the Company

The headquarters of Modern Land is located in Modern MOMA (Beijing) residential project. The property company has set up a dedicated technology facility department and has a mechanical and electrical energy conservation professional group to manage the use of various energy sources in accordance with the "Energy Management System" and operating standards. Professional engineering staff is stationed at the Company's office building to effectively manage the use of lightings and fan coil equipment. Electricity, natural gas and gasoline are mainly consumed in the Company's production and operation process.

Energy consumption of the Company's headquarters	2018	2017
Electricity consumption (kWh)	337,262.00	350,575.00
Natural gas consumption (standard cubic meter)	18,817.00	23,326.00
Gasoline consumption (tonnes)	10.80	25.55
Integrated energy consumption (mWh)	670.20	908.90
Integrated energy consumption intensity (kWh/sq.m.)	72.54	98.38

In respect of energy conservation, the Company prioritizes the use of energy-saving equipment and machinery, rationally utilizes the natural conditions of the site for lighting and ventilation and makes effort to reduce power consumption. The air conditioning in the office area is adjusted in time according to changes in weather. The management system stipulates that air conditioners will be switched off when no one is in the office and conference room, and doors and windows will be closed when the air conditioner is turned on to effectively reduce energy consumption. After office hours, on weekends and during holidays, the security guards inspect the office area every hour to ensure that the lightings and air conditioners are turned off when they are not in use. Only one elevator is in use during non-working hours.

In respect of business vehicle management, the Company complied with the *Operating Standards for Business Vehicle Management of Modern Land* (《當代置業公務車管理作業標準》) and cancelled non-senior travel vehicles and reduced 2 business vehicles during the year, resulting in the gasoline consumption of the Company reduced by approximately 14.75 tons compared to 2017.

UNDER-CONSTRUCTION PROJECTS



Solar streetlights in the construction site

The Company's engineering centre is responsible for the environmental management of all under-construction projects and has developed the construction site management system such as the *Operating Standards for Green Experiential Site of Modern Land* (《當代綠色體驗式工地作業標準》) and the *Standard Atlas for Green Experiential Site of Modern Land* (《當代置業綠色體驗式工地標準圖集》). In order to save energy, the

Company extensively uses LED lightings in the construction site and promotes the use of solar streetlights. Floor muck transport channels are also built to reduce the energy consumption of using reight elevators. The Company has also established a green experiential energy room management system to achieve a total energy consumption savings of approximately 10% over the industry average during the construction cycle.

4.1.2 MANAGEMENT OF WATER

The water consumption in the Company's headquarters is mainly for catering and toilet water. In 2018, the Company did not have any problem in obtaining applicable water sources.

Water consumption of the Company's headquarters	2018	2017
Water consumption (cubic metre)	4,453 ^[3]	7,428
Water consumption (cubic metre) Water consumption intensity (cubic metre / square metre)	0.48	0.80

The Company strictly requires the construction unit to save water. According to the Operating Standards for Green Experiential Site of Modern Land (《當代置業綠色體驗式工地作業標準》) issued by Modern Land, the water resources management is coordinated by the Company's project leaders under supervision of third-party supervision unit and is implemented by the construction unit and labour team. The Company adopts a water-saving sprinkler system at the construction site and preferentially selects spray equipment which is rotatable and could spray evenly. This system can reduce the impact on the surrounding construction and reduce water consumption.



Water-saving sprinkler system
along the site hoarding

[3] Due to the suspension of the landscape water system on the 4th floor of the Company's headquarters during the year, the water consumption has decreased compared to 2017.

4.2 MANAGEMENT OF EMISSIONS

The Company strictly abides by the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on Water Pollution Prevention and Control (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and other laws and regulations on prevention of environmental pollution. During the reporting period, there was no significant environmental pollution or ecological damage event.

4.2.1 MANAGEMENT OF EXHAUST GAS

The Company generates exhaust gas and directs greenhouse gas from combustion of natural gas for heat supply and combustion of gasoline by motor vehicles and produces indirect greenhouse gas from electricity consumption.

Exhaust emissions of the Company's headquarters	2018	2017
Sulfur dioxides (kg)	3.59	4.70 ^[4]
Nitrogen oxides (kg)	139.31	41.05 ^[5]
Particulates (kg)	14.63	5.52 ^[4]
Total greenhouse gas emissions (Tonnes of carbon dioxide equivalent)	280.02	342.70
Direct greenhouse gas emissions (Tonnes of carbon dioxide equivalent)	74.26	128.81
Indirect greenhouse gas emissions (Tonnes of carbon dioxide equivalent)	205.76	213.89
Greenhouse gas emission intensity (Kilograms of carbon dioxide equivalent/square metre)	30.31	37.09

The Company aims to reduce exhaust emissions mainly by managing energy consumption and increasing resource utilization.

[4] The 2017 Annual Report discloses sulphur dioxide emissions from gasoline combustion, while the Report includes sulphur dioxide emissions from gasoline and natural gas combustion.
[5] The HKEX "Appendix 2: Environmental Key Performance Indicators Reporting Guide" requires disclosure of driving mileage data by vehicle type, but as statistics on this indicator were not collected in 2017, data of oxynitride and particulates resulting from petrol combustion is not disclosed in the 2017 report.

4.2.2 MANAGEMENT OF WASTE

Headquarters of the Company

The printing equipment used by the Company during the operating process is rented equipment. The hazardous wastes such as waste toner cartridges and waste ink cartridges are only handled by the leasing company, and the domestic garbage generated is uniformly managed, transported and disposed of by the outsourcing company. At the same time, the Company actively promotes paperless office to reduce the production of waste toner cartridges and waste ink cartridges.

Under-construction projects

The Company's engineering management centre is responsible for the monthly or irregular special inspection of the construction sites of all projects based on the Operating Standards for Green Experiential Site of Modern Land (《當代綠色體驗式工地作業標準》). During the daily inspection process, the project department shall also strictly supervise the general contractor's management of waste sorting, collection and disposal, and impose penalties on the violation of the general contractor unit and order rectification.

The hazardous wastes involved in the construction of the Company's projects include waste oil, waste oil gloves, cotton yarn, waste oil drums, used fluorescent tubes, used dry batteries, waste asbestos products, etc., and the classification, collection, storage and unified transportation and concentration of such wastes are handled by third parties with hazardous waste disposal qualifications. The non-hazardous waste generated includes waste steel, waste wood, waste cement bags, waste wire and cable and construction waste. For such wastes, the Company adopts methods of resource reuse and treatment and promotes the use of aluminum formwork and steel climbing frames to enhance the material turnover rate and to recycles all materials after use.

The used wood formwork and flitch will be used for protecting products or making construction toolbox; in the engineering planning stage, the road construction combined permanent and temporary^[6] road to reduce the construction waste generated by the demolition of temporary roads after construction.

The Company's engineering department intends to research and promote the permanent and temporary combination of fire pipelines, promote the use of precision masonry and plaster-free processes at the construction site, and continuously research and promote the construction of high-turnover and low-loss materials to prolong the life of materials.



Customised temporary power distribution unit



High turnover steel climbing frame system



Combination of permanent and temporary road construction



Making toolbox by reusing the discarded board

[6] Permanent and temporary: combination of permanent use and temporary use.

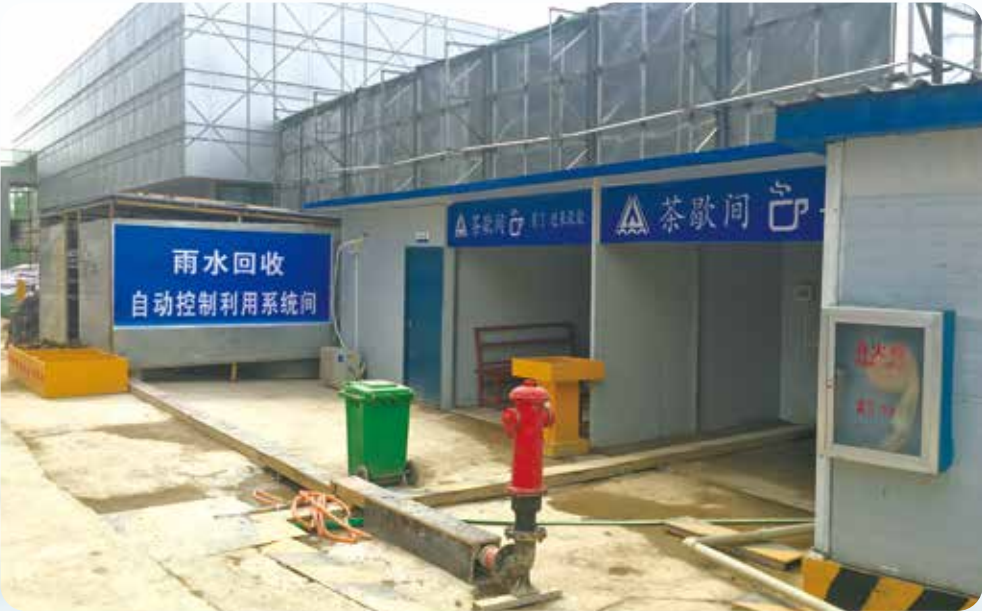
4.2.3 MANAGEMENT OF WASTEWATER

The Company not only attaches great importance on the conservation of water resources but also actively encourages the efficient use of water resources. In order to reduce wastewater discharge and improve water use efficiency, the Company has established a number of low-energy operation plans for the construction project, including the treatment, collection and reuse of reclaimed water and rainwater. The wastewater generated during the Company's operating process mainly comes from domestic office wastewater, flushing toilet wastewater and canteen wastewater. The wastewater generated in the operating process of the Company's headquarters is co-discharged with the community owners and other sources of wastewater, therefore, it is not possible to separately calculate the Company's wastewater discharge.

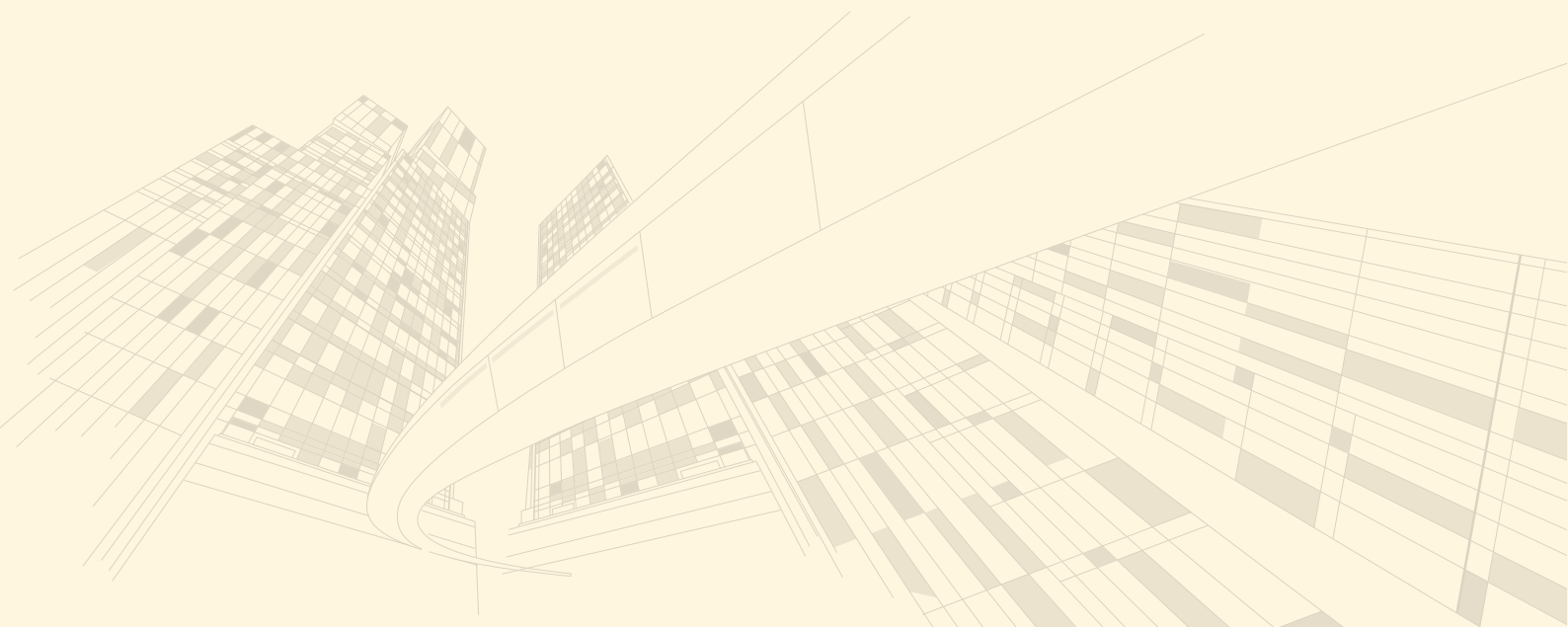
The wastewater generated during the Company's construction process mainly comes from car wash water and on-site dust-reducing spray water. According to the Operating Standards for Green Experiential Site of Modern Land (《當代置業綠色體驗式工地作業標準》), the construction unit is required: 1. to set a three-stage sedimentation tank at the main entrance and exit of the construction site to collect water from the mixing station and the washing tanks for watering the bricks and the field and reducing dust directly after sedimentation and to reuse the car wash water for greening and irrigation after sedimentation; and 2. to reuse the collected rainwater for green irrigation, toilet flushing and washing vehicles, etc. in the plant area after filtration. The Company will also study the use of collected rainwater and sewage at the site by continuously introducing new water-saving sprinkler systems.



Three-stage sedimentation tank at the site



Rainwater recycling system



SOCIAL RESPONSIBILITY



MODERN
LAND

5.1 PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

5.1.1 EMPLOYMENT AND STAFF BENEFITS

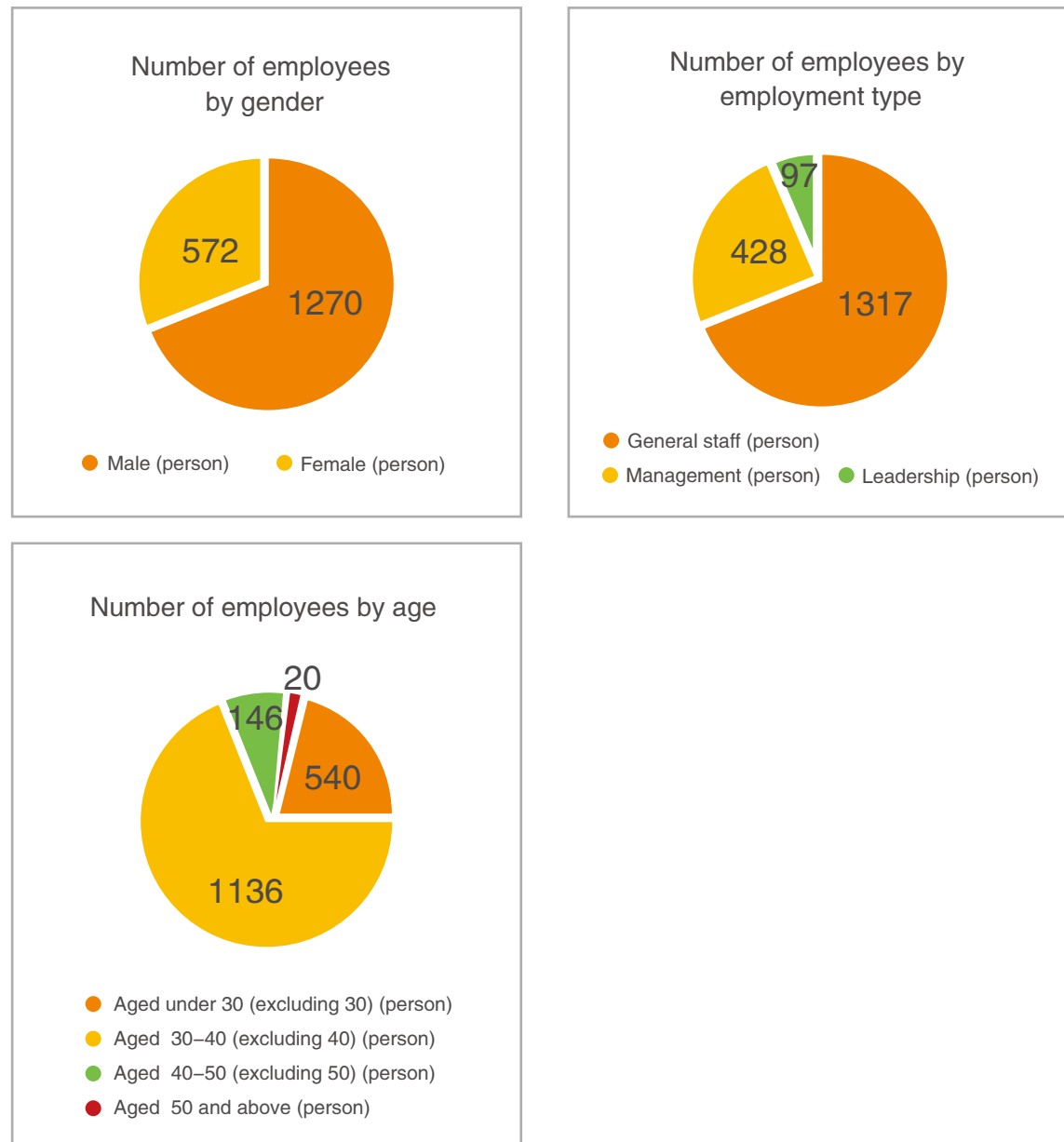
STAFF EMPLOYMENT

Modern Land strictly abides by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保障法》), the Regulations Concerning the Labour Protection of Female Staff and Workers (《女職工勞動保護規定》), the Regulations on Public Holidays for National Annual Festivals and Memorial Days (《全國年節及紀念日放假辦法》), the Regulations on Labour Security Supervision (《勞動保障監察特例》) and other relevant laws and regulations. In order to attract more qualified talents, the Company has developed the Recruitment Management Standards of Modern Land (《當代置業招聘管理作業標準》), which divides recruitment process into recruitment demand management, recruitment channel management, recruitment implementation management, talent assessment management, recruit interview management, recruitment progress management and recruitment assessment management. The recruitment demand management requires that staffing schedule shall be in strict compliance with the Company's position needs and staffing standards and based on the staffing organizational structure, job structure, staffing and team building data, which will be updated on a quarterly basis. The Company does not set requirements for gender, ethnicity, household registration, etc. in the recruitment process and respects the religious belief and personal stances of each candidate, and evaluates the applicant's capabilities and qualifications against the job requirements in a value-oriented manner without any ethnic, disability or gender discrimination or any other unfairness.

Modern Land adheres to the "five-aspect talent strategy", namely attracting talent, cultivating talent, making good use of talent, retaining talent and the flow of talent. The talent strategy focuses on four aspects, namely excellent talents, organization, mechanism and culture. Selecting, educating, employing, and retaining people based on unified talent standards are the foundation of talent strategy. Modern Land also clarifies common standards for leadership, management and backbone, which are the general competency model named "Two bombs and one arrow (兩彈一箭)" and "Three-Self Qualifications(三SHI)"^[7]. In the next three years, Modern Land will also achieve the human resource strategy of "Differentiated four highs and one elimination", representing differentiated competitive incentives with high level of standard, performance, adjustment and care and medium level of elimination to maximize its performance. In order to further standardize the recruitment process, the Company held an interviewer certification event in 2018. Through certification, each certified interviewer has a human resources professional perspective and selects candidates who meet the "Three-Self Qualifications(三SHI)" talent standards.

【7】 "Three-Self Qualifications(三SHI)" refers to: The first qualification requirement is self-identity with the Company's intellectual-empowered culture, contemporary core values, intellectual business principles, and modern green-technology undertakings. The second qualification requirement is being highly self-motivated, passionate, enthusiastic and responsible for others. The third qualification requirement is being professionally competent, multi-skilled and keen to learn and grow for self-achievements at present and in the future.

As of 31 December 2018, the Company had a total of 1,842 employees. The total number of employees by gender, age group and employment type are as follows:



In 2018, the Company had 783 newly recruited employees and 589 employees resigned. Resigned male employees represented 30.47% of our total male staff, and resigned female employees represented 35.31% of our total female employees.



The Company handles the off-boarding process of resigned employees according to the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). Resigned employees must complete the work handover and settle the relevant accounts. If the resigned employee is involved in compensation and disbursement of liquidated damages, the Company is responsible for the payment according to relevant national laws and regulations. Resigned employee who is involved in the disciplinary violation shall be liable for breach of contract. The Company has the right to pursue economic compensation from the employee in accordance with the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other relevant laws and regulations.

LABOUR STANDARDS

In strict compliance with the Provisions on Prohibition of Child Labour (《禁止使用童工規定》), the Company strictly prohibits labour under 16 during recruitment. The Company enters into a labour contract with each employee and adopts an appropriate attitude of work hard and rest well, and implements a working hour system in which the staff working hours are no more than 8 hours a day and five days a week.

During the reporting period, there had been no issues relating to child and forced labour, nor had there been any violation of relevant employment policies, laws and regulations.

STAFF WELFARE AND CARE

Based on its strategic business objectives, the Company has established an employee compensation and benefits system according to the Operational Standards of Incentive and Accountability Mechanism of Modern Land (《當代置業激勵問責機制模型作業標準》). The compensation structure, which follows the principle of value creation and revaluation and benefit sharing, mainly comprises a broad banding system and a special incentive and accountability mechanism:

1. the broad banding system covers salaries, performance bonuses, allowances and benefits, which are paid to each employee according to his/her value creation; and
2. the project incentive and accountability mechanism, which is built on the project procedures and operations, gives priority to assessing the implementation of 100 tasks for project milestones, project progress and quality, project receivables collection, project-specific net profit generation, balance of project cost budget, completion of critical works of project and other project data, in order to achieve the project budget goals, complete the project procedures and give incentives to the staff.

In addition, the Company contributes to social insurance plans for its employees in accordance with the national regulations and local laws and regulations, and the contribution percentages and bases are in compliance with local laws and regulations. The Company strictly complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Regulations on Public Holidays for National Annual Festivals and Memorial Days (《全國年節及紀念日放假辦法》)



The Company's senior management greets the reinstated staff



International Women's Day (8th March) activity



Staff birthday party



Tree planting and hiking event



Staff family care

and other national laws and regulations, and all employees are entitled to a variety of leave options including paid annual leave, maternity leave (for female employees), marriage leave and personal leave. Moreover, the Company offers additional paid annual leave to those employees who have worked continuously for more than 5 years. The Company carries out rich staff care activities on staff's birthday, employment anniversary and other festivals and assists staffs who have difficulties.

5.1.2 EMPLOYEE TRAINING AND DEVELOPMENT

With the further progress of market economy development in China, the competition among enterprises is becoming increasingly fierce. To get an invincible position in competition, it is required to constantly enhance competitiveness. The competition among enterprises is ultimately the competition in respect of talent and, to a certain extent, the competition in terms of corporate training. The most fundamental means for enterprises to achieve development is to place the focus on training, the enhancement of comprehensive quality of employees and recognition of corporate culture to build enterprise into a learning organisation and to ultimately realize a “win-win” situation between enterprises and employees through enhancement of corporate core competitiveness.



Elite Camp event

EMPLOYEE TRAINING



Training on Eight Skills for management staff and outreach activity



Cooperate with the University of British Columbia

In 2018, the Group's like-minded human resources centre and the professional training team jointly amended the Operating Standards on Training Management of Modern Land (《當代置業培訓管理作業標準》), the Operating Standards on Training Management of Regional Branches of Modern Land (《當代置業地區公司培訓管理作業標準》), the Operating Standards on Training Management of Orientation Camp of Modern Land (《當代置業新知營培訓管理作業標準》), the Operating Standards on Training Management of Eight Skills of General Manager of Modern Land (《當代置業總經理八項技能培訓管理作業標準》), Operating Standards on Like-minded Management of Modern Land (《當代置業同合管理作業標準》) and other standards, regulating the talent cultivation mechanism by standards and procedures.

In 2018, Modern Green Technological Real Estate College has upgraded its training system in an all-round way, aiming at building talent teams at all levels, launching orientation camp training for new staff, “Go Green Programme (聚綠前行計劃)” training for the new team, and the Elite Camp training for management staff. Staff at leadership level received “Training on Eight Skills of General Manager (總經理八項技能培訓)” while the senior management of the Group received strategic seminar project training.

For the staff at leadership level, we orchestrate “Training on Eight Skills of General Manager (總經理八項技能培訓)” for them on a semi-annual basis to help these managers understand the Modern Land's development strategies deeply and have a good command of the Company's processes and operations.

For employees at management level, we design the Elite Camp training for them mainly in the forms of internal and external central training, in order to help the newly promoted managers and reserve managers learn and master basic management skills and the art of leadership.

	Male staff	Female staff	General	Management	Leadership
Proportion of trained employees (%)	94.37	96.87	97.66	97.64	100
Average length of training(hours)	45.97	46.56	32.55	35.46	24.08

With the increasing improvement of management training skills, the traditional training methods can no longer meet the ever-changing needs of the times. We have developed a diverse range of company-wide flexible training programs, such as games and development training which enable employees to gain an in-depth understanding of the Modern Land’s intellectual-empowered culture. We have organized training by way of team competition, process and operation knowledge contest, case teaching, case study and discussion, and other means to explain comprehensive development of employees. The Company also has organised international research and study tour and by sending its senior management to a prestigious overseas business college for closed study, and sending some excellent employees to international companies or foreign universities for exchange study, from time to time.

Dual-Channel Career Development

The Company publishes the Arrangements of Organisational Structure, Position Structure, Staffing and Team Formation (《組織結構、崗位結構、人員編制及團隊建制的決定》) within the Group on a quarterly basis, and issues the Arrangements of Personnel Appointment and Human Resources Development and Exchange (《人事任命及人力資源開發與交流的決定》) irregularly. Any employee who meets the Company’s “Three-Self Qualifications” has opportunities and space for promotion.

The employees of subsidiaries of Modern Land can achieve cross development of positions and functions in an “H” type pattern. Employees of functional lines, after entry into the Company, will pursue functional line development if the management level is below management; while employees of position lines, after entry into the Company, will pursue position line development if the management level is below management. The development paths of professional career of management and leadership are interchangeable.

The employees of the Company and its subsidiaries stick to a “Y-shape” career development path. Specifically, the employees below the deputy general manager level are all in the functional line leveraging their professional abilities, which helps create a flat, professional and competitive organisation structure. There are various professional functions as classified by profession, and an employee can be promoted to a professional director and enjoy dual-channel career development.

5.2 SAFE AND HEALTHY WORKING ENVIRONMENT

5.2.1 MANAGEMENT OF SAFETY AND HEALTH

A safe and comfortable working environment helps improve the work efficiency of the staff, ensures that they have sound physical and mental health. The Company has strictly complied with the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》), Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》) and other laws and regulations. The Company has also required that there should be no potential safety hazards in the working environment or public areas pursuant to the Operating Standards of Modern Land Governing Administrative Office (《當代置業行政辦公管理作業標準》) and adopted a series of measures to ensure workplace safety:

- * collaborate with property companies in supervising and checking the safety quality of the Company on a regular basis;
- * relevant professionals on duty on national statutory holidays and festivals to make sure there were no safety issues. Conduct regular fire safety inspection in the Group’s office area, primarily including inspection of automatic fire alarm systems, fire sprinklers, fire hydrants, secret channels, emergency evacuation indicator as well as heavy-current and light-current control boxes. All these items are found to be in compliance with national requirements for fire safety;
- * for the control of staff access and exit, access to the office area must use the badge access or QR code. Visitors must be invited in advance and use the QR code to access;
- * security guards conduct 24-hour patrol inspection;
- * the interior of the office is fully covered by cameras for real-time monitoring;
- * conducts pest control every month; and
- * smoking is strictly prohibited in the office area.

As a property developer, the Company strengthens its safety management for construction site pursuant to the Operating Standards of Modern Land Governing Project Safety (《當代置業工程安全管理作業標準》). With the zero safety accident as the safety management goal, Modern Land has established a three-level inspection system for the Company, regional companies and project companies. The safety production responsibility system is implemented in the on-site management of the construction project. Individual responsibility is also implemented and is related to personal performance. It also implements on-site safety training, pre-operational safety instructions, weekly safety inspection, rainy season safety inspection, pre-holiday safety inspection, and recovery safety inspection.

For prevention of occupational disease, in addition to providing our employees with medical examination every year, the Company added special inspections for cancer pathogens in the medical examinations in 2018. In the meantime, the Company provides our employees with a constant temperature, humidity, oxygen and tranquility office to let them work in a comfortable environment without stress. When there is bad weather, the Company will send a warm notice in advance and provide supplies such as masks and umbrellas. The Company conducts core motivation fitness activities every month to help employees relax and improve the soundness in their mind and body.

During the reporting period, the Company did not have any violations related to providing a safe working environment and protecting employees from occupational disease hazards. There was no work-related fatality or lost days due to work-related injuries.

5.2.2 CORPORATE CULTURE WITH A SIMPLE FOCUS

The “Zhiye Culture (智業文化)” of Modern Land is formed by all our employees with top-down and bottom-up approaches while recognizing, embracing and sharing ideas and expectations and is also the basis and standards for all our actions. It will enable employees and the Company work together, enhance staff loyalty, improve work efficiency, and let employees recognize and strive for the Company's development goals.

The Company advocates a corporate culture that features “a simple focus, transparency, results-oriented, nothing is impossible and never giving up”. A simple focus is the core and prerequisite for the culture as well as the basis for improving and attaining performance. Simplicity is reflected in simple communication, simple interpersonal relationship, clear process and operation as well as the specific policy on granting authority, while the focus is reflected in the same target, same pace and attention to detail. The culture is highly transparent and reflected in the culture of openness, win-win situation, efficiency, tolerance and environmental health.

Modern Land has established 100 pieces of Zhiye Guidelines covering various dimensions and aspects, such as operation management, conflicts of interests, asset preservation, code of conduct and professionalism, to make sure that the rules are clear, execution is transparent, attitude is firm, and supervision is simple and effective.

The Company has adopted an array of initiatives to implement the transparent Zhiye culture with a simple focus, including requiring all the staff above the manager level to keep their office doors open to allow supervision by the staff; keeping the bills of top executives transparent; keeping the tasks of each staff member as well as the completion and evaluation of these tasks open; and keeping all the meetings open so that anyone is welcome to listen to and be in attendance at the meetings.

Moreover, the audit department assured from another aspect with legal means that our culture was highly transparent by making available to the public an anti-corruption hotline and an e-mail box for receiving any anonymous or real-name reports. The transparency of a company is also a driving force for enhancing its culture positively, and a cornerstone for the healthy and sound development of a company.

5.3 HARMONIOUS RELATIONSHIP WITH CUSTOMERS

In line with the continual development and advancement of the real estate industry in recent years, improvement in service quality and construction of software facilities on the basis of product quality assurance have gradually become important parts of corporate strategic planning. Modern Land is in strict compliance with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Law of the People's Republic of China on Protection of Consumers' Interests (《中華人民共和國消費者權益保護法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Provisions on the Release of Real Estate Advertisements (《房地產廣告發佈規定》) and other laws and regulations, and has been adhering to the development concept of “Technology Buildings and Quality Living”.

During the reporting period, no violations of product liability, advertising, labelling and privacy are occurring in the Company.

5.3.1 MANAGEMENT OF PRODUCT QUALITY

The Company believes that assurance of product quality and service quality is the lifeblood for its sustainable development. The Company takes "create Modern Land quality, build ingenuity project" as the product quality management goal, and is committed to providing customers with safe and comfortable products and service experience. The Company's construction quality is strictly followed the standards such as the Operating Standards of Modern Land for Project Assessment (《當代置業工程考核評估作業標準》), the Operating Standards of Modern Land for Material Inspection (《當代置業工程材料檢驗作業標準》), the Operating Standards of Modern Land Governing Materials and Components (《當代置業材料部品管理作業標準》), the Operating Standards of Modern Land for Measurement Management (《當代置業實測實量管理作業標準》), the Operating Standards of Modern Land for Management of Three Model Rooms (《當代置業三個樣板間管理作業標準》), etc.

The Company has implemented specific control measures for project quality by:

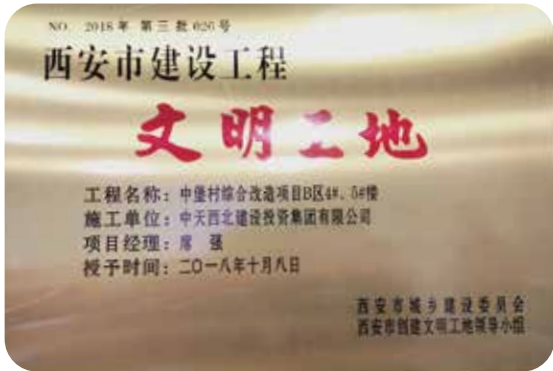
1. establishing a three-level quality management and control system for the group, regional and project with hierarchical management;
2. formulating a detailed material sample delivery, recognition, sealing management system to recognize and seal the bidding samples of the construction unit before awarding the contract and to ensure the materials and equipment used on site are identical to those at the time of bidding;
3. conducting the third-party assessment and evaluation four times a year to fully control the construction quality of the project construction process;
4. performing non-scheduled third-party surprise checks on materials to control the materials used on the project site and to stop using unqualified materials;
5. requiring all pile foundation works using low strain method and conducting inspection for each pile to ensure the integrity of the pile body; and

6. assessing the comprehensive sample first system, the project construction process showroom /district and the standard flats show room by the Group;

The Company conducts overall assessments on the project safety quality every year. In 2018, all the evaluated project goals are achieved. At the same time, the Company also sets a target of 2019 for the project's comprehensive score of not less than 80 points.

In the future, the Company will further enhance the quality of concrete engineering, masonry engineering and plastering engineering.

As at the end of 2018, Modern Hongfu (Shaanxi) was awarded the “Construction Engineering Civilization Site in Xi'an City (《西安市建设工程文明工地》)”, Modern Furong Wan Guo Cheng (Changsha) was awarded the Quality Structure in Changsha City (《长沙市优质结构工程》), etc.



During the reporting period, there was no violation of the product and service responsibility that has a significant impact on the Company. No product of the Company sold or shipped was subject to recalls for safety and health reasons.

5.3.2 MANAGEMENT OF COMPLAINTS

With the goal of “providing green comfort services for the whole cycle product value chain”, the Company has established a customer complaint mechanism to listen carefully to, as well as actively solve and respond to the complaints and requests from customers. The Company has carried out the work through 400 service hotlines, mailboxes, letters and on-site visits. There is a total of 30 dedicated staff members at 400 call centres of the Company, responsible for answering customer complaint hotlines as well as to immediately record the complaints and allocate the complaint cases. After receiving the relevant complaints, the project concerned will designate dedicated personnel to handle such customer complaints. There is a customer service department in each of the regional companies to receive the complaints made by visiting customers and handle the issues of the project being complained.

When handling complaints, it is required by the Company that such complaints shall be dealt with and responded to within 1 hour as well as solutions for which shall be developed with 48 hours. As part of the process, communication shall be made with relevant customers every 48 hours for understanding the progression. Besides, confirmation of the results shall be made with customers within 30 minutes after completing the process. Those first-level complaints will at the end be reported to the customer service centres of the Group, the President and the office of the President, those second-level complaints will at the end be reported to the customer service centres of the Group, and the third-level complaints will be reported to regional responsible personnel of customer services. In 2018, the Company received and dealt with a total of 368 complaints cases, and the complaint handling rate was 100%.

The Company conducts customer satisfaction surveys by three methods, namely special project surveys, regular surveys and key surveys. Special project surveys refer to telephone surveys conducted on 15% of the customers randomly chosen from each project. Regular surveys refer to satisfaction surveys conducted semi-annually and annually via telephone interviews with the potential property owners and the owners in the run-in period and the stable period. Key surveys refer to the interviews conducted via such three ways, namely telephone, questionnaire and door-to-door visits, the content of which focus on the areas including the overall satisfaction, recommendation intention, repurchase intention, marketing service, planning and design, engineering quality and customer service.

After the completion of the report on customer satisfaction, the Company will gather different centres, sectors, regional companies and project related parties to conduct discussion and analysis on each of its projects and carry out rectification and improvement measures following the project solutions designed to increase customer satisfaction.

5.3.3 MANAGEMENT OF CUSTOMER PRIVACY

As customer information is confidential, Modern Land has established comprehensive management measures for customer information protection when providing pre-sales, for-sales and after-sales services. Customer information is transferred online through the Company's professional information system according to the change of sales status, to avoid manual work as far as possible. Besides, customer information should be kept confidential during the entire process according to the requirements under the "Zhiye Guidelines" and "Eight Career Discipline for Marketing Professionals (行銷專業職業八條戒律)" of the Company:

Pre-sales: The Company adopts the Mingyuan customer information management system provided by the third party, so that relevant personnel from all levels can only access customer information within their corresponding authorized scope, and have no right to download and re-export any customer information and their authorization will be immediately revoked and their access channels will be blocked once they leave office. There are terms on confidentiality contained in all of the cooperation agreements entered into with its cooperation agencies, stating that disclosure of customer information is strictly forbidden.

For-sales: Customer information is stored in the MBS customer management system of Modern Land and maintained by the dedicated information operation centre. To ensure that customer information is kept safe, even the senior management of the Company has only limited authorization for accessing customer information.

After-sales: Customer information is directly transferred from MBS system to the customer database of the property APH system and can only be used to provide customer service inquiry according to authorization.

5.3.4 MANAGEMENT OF ADVERTISING COMPLIANCE

In order to govern the management of advertising compliance, the Company has developed a detailed and comprehensive system for internal operating standards governing process review and content control, which comprises the “Operating Standards of Modern Land Governing CIS Management (《當代置業CIS管理作業標準》)”, the “Modern Land's Guidelines for Project VIS Standardization (《當代置業專案VIS標準化指引》)”, the “Operating Standards of Modern Land Governing the Visual Effect of Commercial Advertising (《當代置業商業廣告視覺作業標準》)”,

the “Operating Standards of Modern Land Governing Brand Advertising Guidelines (《當代置業品牌廣告指引作業標準》)”, etc. The advertisements made will be cross-checked on a regular basis from the Company level, the regional companies level to the project level, which, together with the internal audit performed by the audit department of the Group, will ensure marketing and promotion compliance.

In 2018, by advertising more brand promotional information, together with the brand promotion carried out when launching projects, the Company has shown top-down presence in the market, which has further enhanced the overall brand strength. The Company has also been granted a number of media awards in the industry, and its brand value has ranked 24th among the real estate companies in China.

5.4 WIN-WIN COOPERATION

5.4.1 MANAGEMENT OF SUPPLIERS

Since the real estate development value chain has been effectively integrated with the supply chain resources, the Company carries out effective management of the entire process of supply chain through value analysis, expansion, assessment, process tracking and continuous improvement to achieve the maximum value of supply chain management.

Selection of suppliers

As a real estate developer, the Company has its collaborative project suppliers managed by the “five 3s” centre on unified basis. Pursuant to Modern Land’s Description of the Operating Standards for Energy-saving Strategic Procurement (《當代置業節能戰略採購作業標準說明》) and Modern Land’s Description of the Operating Standards for Energy-saving Procurement for Special Projects (《當代節能專項採購作業標準說明》), all procurement by invitation of tenders, except those as designated by the government, is carried out in public on the online tender platform. All suppliers can participate in tendering upon registration on the online tender platform and obtaining approval.

The Company’s procurement is mainly divided into two types, namely special procurement and procurement for special projects. Special procurement includes general contracting, fine decoration, external facade (excluding doors and windows), elevators, green architecture energy saving system, under the charge of the procurement division of the “five 3s” working centre of the Company. Procurement for special projects includes consultation service (supervision, costs, inspection), landscaping, those designated by the government, miscellaneous procurement and eligible experience centre projects, under the charge of “five 3s” working departments of project companies.

The Company conducts a strict review on suppliers, and groups them into potential suppliers, qualified suppliers and alternative suppliers. Potential suppliers refer to those who are able to provide products or services desired by the Company with intent of cooperation, but have not been preliminarily reviewed in terms of qualifications, qualified suppliers include the potential suppliers who have passed qualification review, and those who are deemed qualified based on the results of performance evaluation, and alternative suppliers are those who have passed preliminary review on their information, but have not passed inspection and qualification review.

The Company and all of its regional companies compile a supplier resource plan for the next year in each November and subdivide it into quarterly supplier resource survey targets and plans. During the inspection on suppliers, the Company will conduct background survey on them through national enterprise credit inquiry system, information sheet of suppliers, sealed credit files provided by suppliers, survey on suppliers conducted by our peers, white and blacklists issued by industry associations. In addition, in view of the environmental and social responsibilities of suppliers, the Company also requires them to provide environmental management system certification, occupational health and safety certification, quality management system certification, other corresponding qualification certifications and safety production permits, financial statements for the most recent three years and the performance of at least three construction works that approximate to the project and are completed or under construction during the most recent three years besides checking their financial information.

The Company has set up the MBS supplier management system. The information of all suppliers under inspection will be input in the system and marked with “qualified” or “unqualified”. Only those marked with “qualified” may be taken into consideration for final selection.

Periodic evaluation and rating of suppliers

Operating Standards of Modern Land Governing the Evaluation and Rating of the “five 3s” Professional Suppliers (《當代置業五個三專業供應商評估分級作業標準》) has been compiled to conduct (semi-annual or annual) process assessments or post-assessments on all suppliers. Process assessments refer to the semi-annual or annual assessments on suppliers, who have entered into contracts, conducted in each May or November under the charge of the procurement division of the “five 3s” working centre of the Company with the participation of “five 3s” working departments, engineering management departments and plan designing departments of all regional companies. The “five 3s” working departments summarize a conclusion base on the assessment results of all the suppliers evaluated. In the process of assessments, there are different evaluation criteria and weighting set for different kinds of suppliers covering aspects such as quality, progression, construction in a safe and civilized manner and services. The highest score set for each criterion is five. When considering the whole assessment, the passing score is three, and suppliers who score below three will be considered to be unqualified and required to make correction and improvement. If such correction and improvement are satisfied, the suppliers will be treated as scoring three, otherwise, they will be downgraded to be unqualified during the evaluation and grating conducted each year. The assessment results are confirmed by the responsible personnel of regional companies. Currently, the online assessments for all the aforementioned assessments have been completed. Post-assessments will be conducted on suppliers who have performed the contract within four months after project acceptance or collective delivery by “five 3s” working departments of regional companies with involvement of engineering management departments, plan designing departments and property companies. The “five 3s” working departments summarize a conclusion base on the assessment results of all the suppliers evaluated. The assessment results are reviewed and approved by the responsible personnel of regional companies. Post-assessments are also completed through online assessments and reported at the 12th review meeting.

The Company will continue to improve the supplier evaluation system for the management of suppliers, trying to meet the requirements for quantitative management; improve the supplier green procurement platform to make it an open, fair, equitable and transparent platform for the invitation and submission of tenders; set up a green supply chain procurement alliance to allow suppliers within the alliance to be able to find a common goal, so that partners within the alliance no longer have a simple contractual relationship between two parties. The alliance will certainly move towards three collaboration trends: 1. industrial partnership, which will create a supply chain between upstream and downstream cooperation; 2. sectoral partnership, which will create collaboration between different real estate companies so that these companies can help each other and learn from each other; and 3. ecological partnership, which is boosted by capital so that every member of the alliance can benefit.

5.4.2 GREEN PROCUREMENT INITIATIVES

To put our concept of green procurement into practice, enhance our green image and win the long-term trust of our customers, the Company has established a strategic alliance with the upstream and downstream companies to carry out green development altogether and effectively.

CURA’ s Green Supply Chain Action — Legitimate timber sources

Modern Land, one of the 64 member companies of the China Urban Real Estate Developers Strategic Alliance (“CURA”), participates in various activities of CURA. CURA was established in 1999 with a mission “to put the advanced human habitat concept into practice, to promote the enterprise’s social citizenship and to create a livable green eco-community driven by a customer demand-oriented approach”. On 5 June 2016, which was just the 45th “World Environment Day”, CURA together with SEE Conservation, China Real Estate Chamber of Commerce and 48 real estate enterprises and their associates such as Modern Land, Landsea and Vanke jointly announced the “real estate industry’s green supply chain action”. Such action consisted of a green procurement plan for five categories of materials, which covered control over the procurement of heavy-polluted cement and steel as well as aluminium alloy without chromium passivation, control over the legitimate procurement of timber sources as well as control over interior decorative panels and their products. After the action was carried out for a period, we published in conjunction with a third-party evaluation agency a white list of qualified suppliers as well as a blacklist of unqualified suppliers. We will expand the green procurement plan to cover more categories of materials in future.

Modern Land plays a lead role in the control over the “Legitimate procurement of timber sources”, one of the five categories of materials under the green procurement plan for five categories of materials (wood, steel, aluminum alloy, cement and wood products for interior decoration), by establishing a mechanism for helping the real estate enterprises to evaluate whether the sources of raw materials from wood products suppliers are legitimate or not and by establishing a due diligence policy for timber supply chain to make sure that timber sources are legitimate so as not to carry out deforestation in the deforested areas for achieving “zero deforestation” gradually.

On 7 January 2017, a white list containing the first batch of suppliers was released. This was a partial achievement of the green supply chain project. The white list will be reviewed every 12 months. It was compiled to encourage more enterprises to enhance environmental benefits and use of resources as part of their own responsibility for social development and environmental protection. On 22 March 2018, a white list containing another batch of suppliers was released. The scope of lawful timber sources gradually expands to timber doors from timber floors.

To accomplish the plan for green procurement initiatives in a reasonable and effective manner, and improve the system of lawful timber sources, CURA will implement the plan according to the following three stages: Stage one: during 2016-2017, the current 70 enterprises involved are required to meet the environmental protection standard, and relevant suppliers are prohibited to materially violate any environmental laws; Stage two: during 2018-2020, the enterprises involved will be expanded to over 600 who are core members of CURA, to promote enterprises under the supply chain to attain major energy saving and emission reduction indicators of relevant sizable industrial enterprises as stated in the Thirteenth Five-year Green Industry Development Plan (《十三五工業綠色發展規劃》) with a scale of almost all major representative enterprises in the industry; Stage three: during 2021-2025, all enterprises under the supply chain shall strive to maintain their environmental protection at the premium international level.

5.5 COMPLIANT OPERATION

The Company has strictly implemented policies and regulations focusing on anti-corruption and formulated and published the Operating Standards of Modern Land Governing Rewards and Punishments (《當代置業獎懲管理作業標準》) which are strictly against staff’s acts of corruption and bribery. Anyone who is in contact with business associates shall handle various kinds of internal or external banquet and social entertainment activities carefully and shall decline to attend any social entertainment activities required beyond normal business contacts. Moreover, the Company has set up a staff care fund. All staff members are required to have a duty and an obligation to include the cash gifts and gifts given by suppliers and partners into the staff care fund. The fund is managed and distributed by the Company on a unified basis as an essential means to prevent employees from soliciting or accepting bribes, and to safeguard compliance with national laws and the Company’s rules.

The staff members of the Company are required to keep the professional bottom line and execute the Zhiye Guidelines of Modern Land to abide by the “Five Nots”.

1. Not to practise inequity through power, not to carry out corruption, not to solicit bribes, not to accept bribes and not to deceive the Company by trickery;
2. Not to attend dinner or after-work drink parties of suppliers;
3. Not to participate in pornographic, gambling, drug abuse and other recreational activities;
4. Not to accept gifts, presents, entertainment, rebates and remuneration; and
5. Not to accept, imply or designate a partner to pay bills or reimburse any fees for themselves or their own relatives.

The Company has strictly implemented the policy that “any non-compliance will be treated seriously as long as being discovered” and such non-compliance of the relevant staff member in Modern Land will be announced on the platform of the Chinese Enterprise Anti-Fraud Alliance for sharing the information about dishonest personnel.

To prevent bribery during procurement, the Company’s procurement strictly follows the principles set out below:

1. Honest and integrity: All employees involved in procurement shall strictly abide by the Zhiye Guidelines of Modern Land and are obliged to advocate the same to suppliers. Nobody shall alter or endeavour to affect the results of procurement decisions by any means;
2. Fairness and impartiality: All suppliers shall be treated equally for the management of suppliers and the management of procurement, to erect and maintain a sound corporate image and creditworthiness;
3. Collective decision making: The procurement shall be conducted under the procedures with adequate transparency, and there shall be active coordination, comprehensive communication and information sharing among all departments and all the procurement decisions made shall be collective decisions so that no black-box operation can be involved.

4. Adequate competition and merit-based selection: A sufficient number of suppliers with same or similar qualifications shall be selected for tendering to ensure the competitiveness of procurement;
5. Whole process management: Procurement management shall cover market research, selection of suppliers, inspection on suppliers, qualification review and rating, procurement process management, cooperation process management and cooperation assessment; and
6. Consistency: The standards of procurement decisions shall be determined when preparing the procurement plans before making any procurement and keep consistent throughout the entire procurement and decision-making process.

The audit department of the Company is responsible for handling all cases related to money or interests and in violation of laws and regulations. The anti-fraud reporting hotline is 010-84408717. The e-mail is sunnymoma@modern-land.hk.

There was no litigation arising from corruption in the Company during the reporting period.

5.6 COMMUNITY INVESTMENT

The Company actively participates in and organizes community activities. Through communication with the community, the Company demonstrates its responsibility commitment and fulfils corporate social responsibility based on community needs.

5.6.1 HAVING A HARMONIOUS RELATIONSHIP WITH THE COMMUNITY WHERE THE PROJECT IS LOCATED

In order to better satisfy people's pursuit of a better life, Modern Land has always been devoting itself to a homeland of “Green Technology + Comfort + Energy-saving + Mobile Interconnecting Whole-life Cycle Communities”, and constantly creating a sustainable social environment of “MOMA Homeland 4+1” with green residential area, the community with science and technology, the healthy community and the community for all ages + the community for overseas living.

Green residential area

The green residential area of Modern Land not only refers to a single house or a specific construction technology, but also the symbiosis relationship between the constructions and the city, the city and the community as well as the community and the residents. A green lifestyle has been built through the development of the ecology of community, energy resources, green transportation and sustainable constructions. Therefore, the green residential area of Modern Land not only provides customers with good houses for preserving and increasing value, but also reflects the social responsibility of Modern Land that to pay attention to the environment and reduce energy consumption, which is also the essence of green.

In order to create a green residential area, Modern Land has been working hard on green energy-saving technologies by developing different green energy-saving strategies specifically suitable for different regions and customer groups. Meanwhile, Modern Land has further applied the concept of green to the planning of residential area as well as the refinement and humanized design of community environment, with an aim to develop a very comfortable and sustainable community where symbiosis relationship can be maintained between human and the natural environment.

Being ahead of the industry, Modern Land guided and participated in the formulation of industry standards, and jointly launched the “Project of Creating a Green Residential Area Together in China (中國人居環境綠色住區共建專案)” with the China Real Estate Association (中國房地產協會) (the “China Real Estate Association”). Currently, among the projects of Modern Land, 13 of which have been accredited as green residential area and 17 of which have obtained the green residential area certification, wide spreading throughout the first, second and third tier cities, covering the customer groups with inelastic demand in an improved and ultimate residential environment. In addition to being a standardized entity with “Green Residential Area”, Modern Land goes green in developing different products in cities of different energy levels, thereby building an excellent image for the overall green environment of the city meanwhile making it to become the “standard of green residential product”. Besides, Modern Land has also won a number of national and international top awards, such as the first China’s Three-star Health Certification — Operation of Residential Projects, the US LEED-ND Certification and the three Three-star Green Building Certification — Operation of Residential Projects.

Community with Science and Technology

Modern Land has set up a special working group to provide MOMA community with the most comprehensive smart solutions in sectors such as technology energy, technology buildings and technology home. The underground machine room operates properly throughout the year without suspension and can control the temperature, humidity and fresh air volume to a comfortable level in advance according to weather changes. After long-term research and development, Modern Land has launched a number of products such as MOMA AI Community and completed the installation of such products on projects such as Wan Guo Cheng MOMA (Tongzhou District, Beijing), which have gained wide attention and recognition from customers. In future, the technology community will undergo a thorough upgrade to create a living lifestyle with infinite possible.

Healthy Community

MOMA community is significantly attached to health in every aspect that it follows the healthy construction standards and WELL construction standards, as well as sets out the health standards for a first residential environment, thereby creating a thoroughly healthy homeland. It also creates a comprehensive green and healthy life style by applying the three-step healthy method and the seven major healthy systems that satisfy both the physical and mental needs of human body through the ten aspects, namely air, water, nutrition, light, health, comfort, spirit, fitness, service and humanities.

The first step for Modern Land to be healthy is to focus on several important indicators that are the most closely related to health and comfort for individual building design and propose its own health standards, including lighting, ventilation, temperature, humidity, noise, water quality and spatial scale, and implement real-time monitoring and self-control via mobile phone users platforms;

the second step for Modern Land to be healthy is to help residents develop daily habits in areas including fitness, environmental protection, garbage classification and pet management by humanizing the residential design of the community, so as to create a healthy and harmonious community environment for both Modern Land and the residents in its communities; the third step for Modern Land to be healthy is to provide convenient and fast medical treatment and immediate management of daily health through community medical services, which, in particular, is to integrate excellent national health care and medical resources and establish long-term cooperation, so as to provide customers with convenient services such as the green channels for fast appointment and registration, family doctors, remote medical care or door-to-door medical services.

Community for all ages

Modern Land provides two whole life cycle services, namely the whole life cycle of house and living, creating a dynamic community that suitable for the growth of family members of all ages, and realizing the homeland for the whole life cycle. In the design and operation of MOMΛ, it will cater the needs of each age group and integrate the diversified education area, the convenient creative area and the comfortable living area with the living area for the elderly, so as to develop a community that are suitable for living for the whole life, and satisfy the increasing material and mental needs arising at different ages of our life.

Community with humanities and art

The constructions of MOMΛ are full of the beauty of the space form attributable to the application of green technology, which gathers various humanities and art elements to form an "observable art with invisible technology" In the building. In addition to the best consideration of comfort, MOMΛ also shows its in-depth annotation towards the architectural form by applying art elements in the aspects of design, technology and ancillary facilities. There will be no doubt that perfect physical and mental experience will be created when living in the environment where the architecture and humanities are integrated through art.

5.6.2 SOCIAL WELFARE ACTIVITIES

Modern Land has long been committing to supporting various social welfare projects and actively investing resources in public welfare activities covering environmental protection and education. The Company has formulated the "Modern Land's Action of Loving My Homeland - Operating Standards of Public Welfare Activities", which regulates public welfare activities from eight aspects: activity principles, scope of activities, responsibilities of various departments, standard guidelines, standard atlas, standard support files and standard supervision. The Company takes the president as the main body of the activity control and the financial centre as the audit and accounting main body, and sets up the working group that is responsible for organizing the launching ceremony of public welfare activities and the working group that is responsible for the implementation of public welfare activities as the management mechanism of the executive body.

In 2018, the donation amount in the name of the Company was RMB400,000.

Going Forward with Green · Preserving the Value · Realizing a Blue Avenue” – Witnessing the growth of all things together

On 15 April 2018, Modern Land successfully carried out the planting and hiking activity called “Going Forward with Green · Preserving the Value · Realizing a Blue Avenue”. Modern Land has maintain its spiritual culture of planting and hiking for 18 years, and Mr. Zhang Peng, the executive Director and President of the Company, together with the senior management of the Company lead the MOMΛ family members to carry out tree planting activity, showing the determination of pursuing and upholding the philology of being green.



MOMA' s Journey with Fantastic Boxes

Modern Land has constantly participated in social welfare activities for years since its establishment and has been focusing on left-behind children for four consecutive years. From July to October 2018, Modern Land, through "Modern Land' s Action of Loving My Homeland - - MOMA' s Journey with Fantastic Boxes" , together with China Charity Federation and its affiliated enterprises including First Care, First Property, First Education and 51VR raised a total amount of RMB263,917.28. The donation was made to Xiao Cai Xiang Dream Fund (小彩象梦想基金) operated by the China Charity Federation for providing one-on-one financial assistance to 78 students from Yunnan and Guizhou Provinces to cover their living expenses of RMB1,000 per year, and purchasing 1,534 sets of Fantastic Boxes as gifts given to children from 24 schools in Yunnan and Guizhou Provinces. On 22 October and 23 October, the Charity Walk of MOMA' s Journey with Fantastic Boxes was conducted in Fencong Primary School at Sanjiang Township, Rongjiang County, and the Xiangyu Primary School in Yunyan District, Guiyang City, to deliver free lectures, including lectures on psychological and physiological issues, lectures on English language delivered by foreign teachers, lectures on VR technology and lectures on Chinese architectures, as well as conduct condolence visits, and donate an amount of RMB100,000 and items for school environment improvement.





SIX MODERN
LAND

LOOKING
FORWARD

Based on the key content regarding real estate stated in the Report on the Work of the Government issued during the Two Sessions in 2019, the Company will achieve the strategic business objectives of 2019 through the following four aspects:

Maintain the advantage of green technology and achieve steady growth in performance

In 2019, due to the implementation of different policies for different cities in performing the city's main responsibility, urban environment and health quality became the requirements of the residents. Therefore, enterprises that focus on green technology and care about their customers' operations have benefited from such policies. Markets and customers' expectation for green buildings and green industries have become higher. The Company's advantages in respect of green constructions and green technology have become more obvious.

The Company adheres to the investment layout strategy of "5+15+M". In 2019, the Company continued to invest in the markets in cities including Beijing, Tianjin and Hebei, cities in the Yangtze River Delta, cities in Pearl River Delta, cities in the middle reaches of the Yangtze River, as well as Chengdu and Chongqing, and paid significant attention to 15 strong second-tier cities including Xi'an and Wuhan, and entered cities that meet urban investment standards and urban value rotation, especially the national top 100 counties and cities in terms of economy, when opportunities arise.

Rationally develop financing channels to achieve a stable allocation of funds

In 2019, ease monetary policy became the main trend, proving listed enterprises with the inherent advantage. In order to ensure that there are sufficient funds available for the enterprise to survive and maintain continuous development, the Company continues to explore new financing channels in terms of financing means, improve the financing structure and mechanism so that the financing structure can be in line with the constantly changes in the requirements of the Company's development strategy. In response to the changing financing environment, capital composition and market supply and demand, the Company timely adopts a reasonable financing plan and selects the best financing structure to optimize the capital structure of the enterprise.

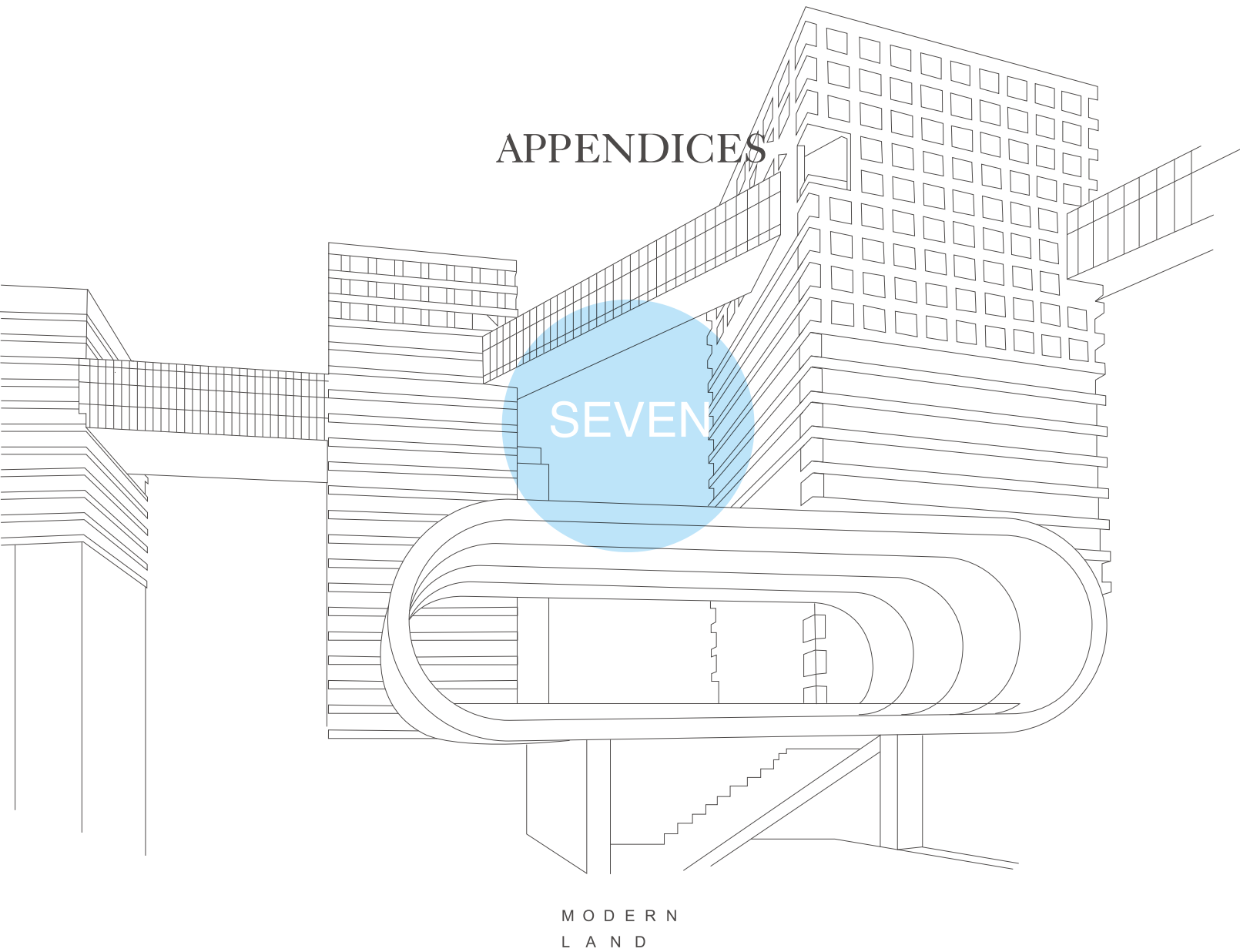
Achieve stable sales breakthrough by high turnover and quick return

Product strength. The Company continues to develop and further explore green technology, and analyses customer value in response to the current market changes and has developed four standardized product lines and eight product series for its residential properties according to customer demand, customer characteristics, energy system and technical configuration. For the layout of new project products, the Company has conducted researches on the standards of regional competitive products in advance and completed the investigation on the characteristics of customers demand on products so that different customer demand can be satisfied by suitable green technology products in a fast manner.

Marketing ability. The Company adopts the strategy of "quasi-positioning + quick commencement of construction + fast ready for sale + suitable adjustment for low cost + milestone execution" for its green real estate development. The Company can make rapid product judgment and accurate customer positioning and maintain the competitive advantages of differentiation in product development and make more accurate product positioning to match customer requirements. The Company also implements product standardization, start-up area standardization, VI and position standardization, and focuses on customers, rhythm, cost and return, as well as guarantee turnover rate, profit margin and cash flow.

Endeavour to enhance the brand value to achieve stable operation throughout the life cycle

Taking advantage of the mature green technology and brand value established, the Company will carry out further cooperation in light asset entrusted construction through cooperative development for a specific project. Furthermore, the population of citizens aged 60 or above in China has reached 250 million. According to the Report on the Work of the Government issued during the Two Sessions, the government will enhance to develop elderly care (particularly community-based elderly care) service industry in 2019. The Company will continue to develop the elderly care business as a new growth driver, thereby further extending its business to cover the industry-wide value chain.



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7.1 INDEX OF THE ENVIRONMENTAL
SOCIAL AND GOVERNANCE REPORTING GUIDE
ISSUED BY THE HONG KONG STOCK EXCHANGE

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas A. Environmental			
Aspect A1: Emissions			
A1	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.	36–40	4.2 MANAGEMENT OF EMISSIONS
A1.1	The types of emissions and respective emissions data.	36–40	4.2 MANAGEMENT OF EMISSIONS
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	36	4.2.1 MANAGEMENT OF EXHAUST GAS
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37–38	4.2.2 MANAGEMENT OF WASTE Waste management is not a major concern of the Company, and the waste generated at the Company's head-quarter is in a small amount and is managed by the building management office. Waste generated in the progress of construction is managed by the subcontractor, thus no such data is collected.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		
A1.5	Description of measures to mitigate emissions and results achieved.	36–40	4.2 MANAGEMENT OF EMISSIONS

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas A. Environmental			
Aspect A1: Emissions			
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	37–38	4.2.2 MANAGEMENT OF WASTE
Aspect A2: Use of Resources			
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	33–35	4.1 RESOURCE CONSUMPTION MANAGEMENT
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).	33–34	4.1.1 MANAGEMENT OF RESOURCE
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	35	4.1.2 MANAGEMENT OF WATER
A2.3	Description of energy use efficiency initiatives and results achieved.	33–34	4.1.1 MANAGEMENT OF RESOURCE
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	35	4.1.2 MANAGEMENT OF WATER
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	Not involved

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas A. Environmental			
Aspect A3: The Environment and Natural Resources			
A3	General Disclosure Policies on minimising the issuer' s significant impact on the environment and natural resources.	19–40	3. ECONOMIC RESPONSIBILITY 4. ENVIRONMENTAL RESPONSIBILITY
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	19–40	3. ECONOMIC RESPONSIBILITY 4. ENVIRONMENTAL RESPONSIBILITY
Subject Areas B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
B1	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.	43–47	5.1.1 EMPLOYMENT AND STAFF BENEFITS
B1.1	Total workforce by gender, employment type, age group and geographical region.	43–47	5.1.1 EMPLOYMENT AND STAFF BENEFITS

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas B. Social			
Employment and Labour Practices			
Aspect B2: Health and Safety			
B2	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.	50–51	5.2.1 MANAGEMENT OF SAFETY AND HEALTH
B2.1	Number and rate of work-related fatalities.	50–51	5.2.1 MANAGEMENT OF SAFETY AND HEALTH
B2.2	Lost days due to work injury.	50–51	5.2.1 MANAGEMENT OF SAFETY AND HEALTH
Aspect B3: Development and Training			
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	48–49	5.1.2 EMPLOYEE TRAINING AND DEVELOPMENT
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	48–49	5.1.2 EMPLOYEE TRAINING AND DEVELOPMENT
B3.2	The average training hours completed per employee by gender and employee category.	48–49	5.1.2 EMPLOYEE TRAINING AND DEVELOPMENT

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas B. Social			
Employment and Labour Practices			
Aspect B4: Labour Standards			
B4	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.	43–47	5.1.1 EMPLOYMENT AND STAFF BENEFITS
Operating Practices			
Aspect B5: Supply Chain Management			
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	55–57	5.4 WIN-WIN COOPERATION
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	55–56	5.4.1 MANAGEMENT OF SUPPLIERS
Aspect B6: Product Responsibility			
B6	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.	52–54	5.3 HARMONIOUS RELATIONSHIP WITH CUSTOMERS

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Area B. Social			
Operating Practices			
Aspect B6: Product Responsibility			
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	52–53	5.3.1 MANAGEMENT OF PRODUCT QUALITY
B6.2	Number of products and service-related complaints received and how they are dealt with.	53	5.3.2 MANAGEMENT OF COMPLAINTS
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	54	5.3.3 MANAGEMENT OF CUSTOMER PRIVACY
Aspect B7: Anticorruption			
B7	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.	58–59	5.5 COMPLIANT OPERATION
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.	58–59	5.5 COMPLIANT OPERATION

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Area B. Social			
Community			
Aspect B8: Community Investment			
B8	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.	59–64	5.6 COMMUNITY INVESTMENT
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	59–64	5.6 COMMUNITY INVESTMENT
B8.2	Resources contributed (e.g. money or time) to the focus area.	61–64	5.6.2 SOCIAL WELFARE ACTIVITIES

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7.2 READERS' FEEDBACK

Dear readers,

Thank you for reading this report. We would particularly like to receive your comments and suggestions for driving us to continuously improve our report compiling work. Please help complete relevant questions set out in this feedback form and return the completed form by fax to (852) 2187 3619 or email to ir.list@modernland.hk.

1. Your general evaluation on the Company's environmental, social and governance report is

☐ Good ☐ Quite Good ☐ Average

2. Do you think that this report can reflect the Company's significant influences on the environment, society and governance

☐ Good ☐ Quite Good ☐ Average

3. How do you think about the accuracy and completeness of the information and indicators disclosed in this report

☐ Good ☐ Quite Good ☐ Average

4. How do you think the performance of the Company in terms of serving its customers and protecting the interests of its stakeholders

☐ Good ☐ Quite Good ☐ Average

5. Which part of this report do you concern the most?

6. Is there any content that you are looking for but not found in this report? If yes, please write down the content you are concerned about.
