



**2019**

**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT**



## ABOUT THIS REPORT

### INTRODUCTION TO THE REPORT

This report is the annual environmental, social and governance (“ESG”) 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 2019 to 31 December 2019, 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 2019.

### SCOPE OF THE REPORT

Upon completion of 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 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 Hong Kong Exchanges and Clearing Limited (the “Stock Exchange”).

### ACCESS AND RESPONSE TO THE REPORT

The electronic version of the Report can be downloaded from the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.modernland.hk>). This Report is published in both Chinese and English. In case of any inconsistency, the Chinese version shall prevail. For any comments or suggestions on the environmental, social and governance performance of the Company, please email [ir.list@modernland.hk](mailto:ir.list@modernland.hk).

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1  
MODERN LAND  
ABOUT  
MODERN LAND

## 1. ABOUT MODERN LAND

### 1.1 COMPANY PROFILE



*Modern Wan Guo Cheng MOMA (Tongzhou)*

Modern Land (China) Co., Limited was established in 2000 in Beijing and listed on the Main Board of the Stock Exchange on 12 July 2013 with Class 1 qualification in real estate development in the People's Republic of China (the "PRC" or "China"). The Company was rated as one of "Top 100 China Real Estate Enterprises" (中國房地產百強企業) for six consecutive years.

The Company has always been adhering to the development concept of "Health Buildings, Green Homeland Community and Beautifying Cities", 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 customers the sincere and real life experience and bring positive economic and social benefits to the shareholders of the Company and the entire society.

The Company pours itself to a homeland of "Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-life Cycle Communities", successfully establishing "MOMA" (i.e. The Museum of Modern Architecture, meaning new architecture of science 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 symbolise architecture and life, respectively.

In 2019, the Company has been upgrading its green technology products continuously. In 2019, the Company officially installed "Air Dino 3 (恐龍3號)", being the first prefabricated healthy building with net zero energy consumption and was granted the "ACTIVE HOUSE Technology Innovation Award (ACTIVE HOUSE科技創新獎)" by the international Active House Alliance (國際主動房聯盟). Modern Xishan Shang Pin Wan MOMA was rated as hundred-year residence that satisfied the assessment of residence performance and standards of green residence; Modern Wan Guo Cheng MOMA (Tongzhou) was



awarded the Platinum-level precertification under the WELL Building Standard™; Modern Wan Guo Fu MOMA (Foshan) was awarded the Gold-level certificate under the WELL Building Standard™ and evaluated as first batch of demonstration base of healthy construction; Beijing Modern MOMA is the only project in China that received the “Ten Year Award”/“50 Most Influential Tall Buildings of the Last 50 Years across the Globe” from the Council on Tall Buildings and Urban Habitat (CTBUH); and the Company ranked first in China Model Green Property Developers in Operation (中國綠色地產運行典範第1名) for the fourth time.

In 2019, the Company's focus on green business continued to increase. Furthermore, Modern Land is also committed to working with industry partners and institutions to promote green businesses. Since 2015, Modern Land has been cooperating with China Habitat and Environment Committee (中國人居環境委員會) of China Real Estate Association to promote the national project layout and industry standards for green residences and became the enterprise building the largest number of green residences. In 2019, Fūzhou Modern City MOMA, Shaanxi Modern Jiabao Park YUE MOMA, Beijing Modern Xishan Shang Pin Wan MOMA, Modern Shishou Xian Yang Fu MOMA, Modern Huzhou Shang Pin Wan MOMA, Zhangjiakou Yuanzhu MOMA, Xiaogan Modern Shi Guang Li MOMA and Heze Modern City MOMA were awarded the title of “Green Residences”.

Projects developed by the Company in China are required to meet domestic green building standards. The Company has been granted various green technology awards: Modern MOMA was the first residential project in the country which won the most important international green building award, the LEED-ND Certification granted by the United States Green Building Council; the Company was awarded Three-star Green Building Certification — Operation (i.e. the highest domestic green building certification) four times, which is also the first enterprise in the country awarded such certification in a consecutive way.



LEED-ND Certification



Modern Land MOMA project won the nation's first Three-star Green Building Label — Operation



Modern Land MOMA project is the only residential project in China which won Three-Star Healthy Building Operation Label

The Company is the pioneer in China to focus on the exploration of green and healthy buildings. For 20 years, the Company has been specializing in green technology real estate, building up differentiated core competitiveness and enhancing and upgrading from original greening, self-greening, dark greening to full life cycle greening. The Company is engaged in the research and development as well as implementation of green building, healthy building, active architecture, hundred-year residence, passive house, green residence, zero energy consumption building and positive energy building.

## 1. ABOUT MODERN LAND

### 1.2 LOOKING BACK AT 2019

Looking back at 2019, owing to the slowdown of macroeconomic and insufficient momentum of the three driving force, China introduced easing monetary policy and progressive fiscal policy. Under the circumstances, in 2019, the national real estate development investment amounted to RMB13.2 trillion, representing a year-on-year increase of 9.9%; the sales of real estate amounted to RMB16 trillion, representing a year-on-year increase of 6.5%; the area of commercial properties sold reached 1,720,000,000 square metres ("sq.m."), which was essentially unchanged year-on-year; the annual average selling price amounted to RMB9,310 per sq.m., representing a year-on-year increase of 6.6%; new construction area and completed area reached 2,270,000,000 sq.m. and 960,000,000 sq.m., representing a year-on-year increase of 8.5% and 2.6%, respectively. In 2019, slower yet steady economic growth has been witnessed. The policy of "Houses are for living but not for speculation" and "Real estate will not be used as a means of short-term economic stimulus" were still in place for real estate business and became moderately flexible to take into account of specific city district and time while the basic principles of the policy remains unchanged.

In 2019, under the positioning of "Houses are for living but not for speculation" and "three stableness", the real estate industry has shifted from the traditional model of "Old three highs", i.e. high turnover, high leverage and high elimination, to the era of sophisticated operation of "New three highs", which emphasizes high comfort of the building, high vitality of the space and high value of the product. It also requires industries and companies to return to the strategy of product quality and customer demand oriented. In 2019, the Company's results continue to improve with contracted sales of approximately RMB36.2 billion, representing a year-on-year increase of 12.6%, and the area of contracted sales was 3,380,685 sq.m., representing a year-on-year increase approximately 11.3%. The Company achieved sustained and stable growth in 2019.

The dominant position of the Company in green and healthy construction is becoming more significant. The Company has been accredited 4 new patents in 2019, accumulated a number of core green technology patents. The first healthy and integrated house in China, adopting increasing the technology such as prefabricated and modular net zero energy consumption, namely "Air Dino 3 (恐龍3號)", is officially unveiled. In 2019, the Company was granted a total of over 160 awards, including 51 green property operation awards, 10 finance awards and 28 green certifications. Areas of our green buildings accredited 2-star or above rating reached 7,080,000 sq.m.; 22 communities of the Company have been accredited as green residential areas; and 12 projects of the Company have been awarded Three-Star Green Building Label. The Company was named "2019 Top 5 Chinese Listed Real Estate Companies in Innovative Strength (2019中國房地產上市公司創新能力5強)", "Top 30 Chinese Green Property Developers (中國綠色地產TOP 30)" etc. by China Real Estate Association, and ranked first in "2019 China Model Green Property Developers in Operation (2019中國綠色地產運行典範第1名)" for the fourth time.

Due to the impact of the epidemic in 2020, the Company needs to cement its entrepreneurial strategic plan based on its development in 2019, and with a customer-based culture to enhance the competitiveness of green and healthy products in terms of R&D, design, construction and operation, which is a new way to survive and grow in the real estate industry.

### 1.3 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 better quality of life 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 the market.

The Company always adheres to the development concept of "Health Buildings, Green Homeland Community and Beautifying Cities" with the development philosophy of "Natural Simplicity, Harmonious Health, Simple Focus and Endless Vitality", and has always been committed to zero emissions, zero carbon footprint, zero pollution, and reducing the heat island effect. The Company also strived to improve the comfort level of buildings, make coordination that meets the criteria of energy, comfort and the environment, and contribute to better urban development and pleasant living environment. Focusing on the theme of "Action of Loving My Homeland", the Company is committed to supporting various long term social welfare projects and actively investing resources to participate in environmental protection, education and other public welfare activities.

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.

As a leader in energy-efficient real estate sector, Modern Land will definitely create more value and continuously contribute to the society under the guidance of the concept of sustainable development.

## 1. ABOUT MODERN LAND

### 1.4 COMMUNICATION WITH STAKEHOLDER AND IDENTIFICATION OF MATERIAL ISSUES

#### 1.4.1 COMMUNICATION WITH STAKEHOLDER

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

Stakeholders	Expectation of stakeholders	Communication and engagement mechanism	Corporate responses
Investors	<ul style="list-style-type: none"> <li>Boost the Company's market value and profitability</li> <li>Continuously improve the Company's environmental and social responsibility performance</li> </ul>	General meeting, information disclosure, and company's website	<ul style="list-style-type: none"> <li>Release periodic reports, disclose information in a truthful and comprehensive manner, endeavour to improve results and generate profits</li> <li>Advance corporate governance and risk management level, convene general meetings, enhance investor relations management and strive to improve environmental and social responsibility management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Provide quality products</li> <li>Safeguard customer's legitimate interests</li> </ul>	Sign contracts and agreements, and customer satisfaction survey	<ul style="list-style-type: none"> <li>Provide a highly comfortable, green and energy saving living space</li> <li>Establish a sound customer service system and customer opinion, feedback and complaints mechanism</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Uphold employee remuneration and benefits</li> <li>Care for safety and health of employees</li> <li>Offer equal promotion and development opportunities</li> <li>Improve communication mechanism, participate in company management</li> </ul>	Labour contracts and employee satisfaction survey	<ul style="list-style-type: none"> <li>Strictly abide by the items of labour contracts, improve remuneration and benefit system</li> <li>Offer safe and healthy working environment</li> <li>Offer development paths for both position and function, and organise staff training</li> <li>Offer equal communication channel</li> </ul>

Stakeholders	Expectation of stakeholders	Communication and engagement mechanism	Corporate responses
Government	<ul style="list-style-type: none"> <li>Observe the law, operate in compliance with the regulations, and in line with national policies</li> </ul>	Engage in relevant governmental meetings	<ul style="list-style-type: none"> <li>Strictly observe relevant laws and regulations, continuously enhance corporate compliance management, and give respond to national policies</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Fair and impartial cooperation with integrity, mutual benefits and win-win to promote industry development</li> </ul>	Sign contracts and agreements, and regularly hold tender and bidding, and supplier meetings	<ul style="list-style-type: none"> <li>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</li> </ul>
Community	<ul style="list-style-type: none"> <li>Co-construct community civilisation,</li> <li>Support community public welfare</li> <li>Focus on social development</li> </ul>	Advocate and organise charitable activities, take part in voluntary activities, and employment guarantee	<ul style="list-style-type: none"> <li>Construct harmonious and civilised community</li> <li>Devote to the public welfare by carrying out extensive charitable activities</li> <li>Aim to promote local employment</li> </ul>
Peers	<ul style="list-style-type: none"> <li>Fair competition, cooperation with integrity, transparent and public information</li> <li>Comply with industry standards, and advancement of industry innovation</li> </ul>	Exchanges with relevant research institutes, associations, mainstream media <sup>1</sup> in the industry	<ul style="list-style-type: none"> <li>Strengthen exchanges and cooperation with peers, jointly develop a healthy and orderly competition environment</li> <li>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 standard</li> </ul>

<sup>1</sup> 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.



## 1. ABOUT MODERN LAND

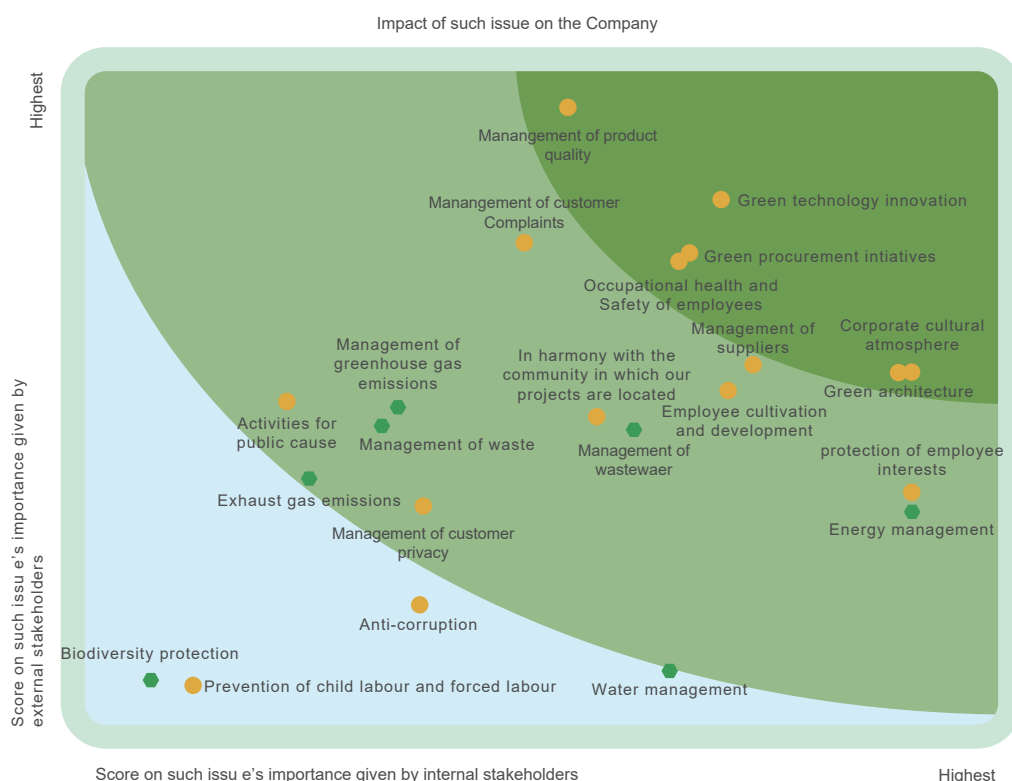
### 1.4.2 PROCESSES OF IDENTIFICATION OF MATERIAL ISSUES

Under the requirements of the ESG Reporting Guide issued by the Stock Exchange and with reference to the procedures for materiality analysis formulated by the Global Reporting Initiative ("GRI"), the Company collects data of the issues concerned by major stakeholders through questionnaire, interview and other forms, and Company's performance in term of conducts analysis on their importance and prioritize accordingly, to finalise the substantial issues of 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 the Stock Exchange, GRI Sustainability Reporting Guidelines (GRI Standards version) and those disclosed by our peers at home and abroad;
- Prioritize the issues. Major considerations of internal stakeholders while conducting materiality assessment, 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 analysis matrix of Modern Land's materiality issues in 2019.



#### 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



MODERN LAND  
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STABLE  
PERFORMANCE  
GROWTH

## 2. STABLE PERFORMANCE GROWTH

For the year ended 31 December 2019, the Group, its joint ventures and associates achieved contracted sales of approximately RMB36,202.6 million, representing an increase of 12.6% as compared to the year ended 31 December 2018, the average selling price ("ASP") per sq.m. was approximately RMB10,554, whereas 3,380,685 sq.m. in total GFA and 5,423 units of car parking spaces were sold, representing an increase of approximately 11.3% and approximately 83.6% respectively as compared to the year ended 31 December 2018.

### 2.1 PERFORMANCE REVIEW

The Group's revenue is mainly attributable to the sale of properties, property investment, hotel operation, real estate agency services and other businesses.

The Group's revenue increased by approximately 55.8% to approximately RMB14,551.7 million for the year ended 31 December 2019 from approximately RMB9,337.7 million for the year ended 31 December 2018, which was mainly due to a year-over-year increase of approximately RMB4,974.8 million in the income from sales of properties as a result of the increase in gross floor area ("GFA") delivered and the increase in ASP.

For the year ended 31 December 2019, the Group's gross profit was approximately RMB3,707.3 million and the gross profit margin was approximately 25.5%, representing an increase of approximately 2.2 percentage points compared to that of the corresponding period of 2018.

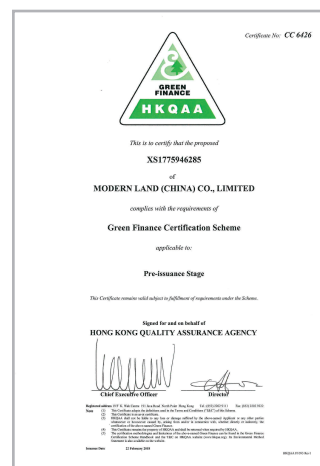
The profit of the Group for the year ended 31 December 2019 increased by approximately 59.2% to approximately RMB1,054.4 million from approximately RMB662.3 million for the year ended 31 December 2018, primarily due to the improvements in total GFA delivered and an increase in gross profit margin of the delivered properties during the year ended 31 December 2019.

As at 31 December 2019, total GFA of land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 11,932,579 sq.m., representing an increase of approximately 36.0% as compared to the corresponding period of 2018 (2018: 8,765,415sq.m.).



## 2.2 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 March 2018 while obtaining grading of E1/84 assigned by Standard & Poor’s (S&P) and Green Finance Pre-issuance Stage Certificate issued by Hong Kong Quality Assurance Agency (HKQAA), which is a market-leading achievement. Modern Land continued to issue US\$150 million Green Bond in January 2019 and later upsized the issuance to US\$350 million in February 2019, and issue US\$300 million Green Bond in April 2019. 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.



Green Finance Certification 2019 from  
The Hong Kong Quality Assurance Agency

## Green bonds issued by Modern Land

Issuer:		Modern Land (China) Co., Limited			
Issue Date:	5 March 2018	2 January 2019	25 April 2019	26 February 2020	4 March 2020
Currency:	US\$	US\$	US\$	US\$	US\$
Term:	3 years	1.5 years	2.5 years	2 years	4 years
Size of Issue:	350 million	350 million	300 million	200 million	150 million
Maturity Date:	5 March 2021	2 July 2020	25 October 2021	26 February 2022	4 March 2024
Coupon:	7.95%	15.5%	12.85%	11.8%	11.95%
ISIN:	XS1775946285	XS1926064541	XS1986632716	XS2110675860	XS2127478316

The ongoing Green Bond issuances of Modern Land are testimony to the Company’s focus and leadership in green real estate, and demonstration of its commitment in helping tackle the climate change.



MODERN LAND  
3  
ADHERING TO  
GREEN  
INNOVATION



## 3. ADHERING TO GREEN INNOVATION

### 3.1 CORE COMPETITIVENESS OF GREEN TECHNOLOGY

Modern Land has established its core competitiveness by focusing on “Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-life Cycle Communities” and “Leading Green Technology Solution, Whole-life Cycle Operation Solution, Gravitation Acceleration Solution, Digital Process and Operation Solution, Green Elderly Healthcare Industry Operation Solution”. Modern Land insists on being an implementer and the leader of green technology real estate to achieve the Company’s strategic business objectives.

Modern Land has an inhouse research, development and design department and 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, full displacement ventilation system and noise reduction system, providing MOMA products with fine characteristics. While establishing a living environment with high comfort level, maintaining indoor temperature between 20 and 26°C and humidity between 30% and 70%, its energy consumption is estimated to be only 1/3 of the energy consumption level of normal residential buildings in China, helping to create pleasant ecosystem.

In 2019, hundred-year residences of Modern Land were successfully launched for sale in Beijing. Compared to ordinary residences, hundred-year residences featured with high durability structures, separation of electromechanical pipelines, industrial assembly and flexible space. During the whole-life cycle of the buildings, the adaptable interior space could be used for flexible function, different decoration styles could be chosen and the electromechanical pipelines maybe easily maintained and upgraded. As such, it achieved the effect of green and low-energy living while meeting the diverse needs of different groups of people for living space at various stages in life.



*Design and assessment standard for long-life sustainable housing*

In 2019, Modern Land implemented its first passive house<sup>2</sup> community project in Shijiazhuang. With guaranteed comfort of indoor living, the passive house may realize approximately 92% energy saving when compared to the national energy-saving design standards. The passive house system of Modern Land not only guarantees high comfort and low energy consumption, but also innovatively uses split type air conditioning and ventilation system for better room temperature control.

In 2020, Modern Land will launch a white paper on product development planning, and build a full-scenario product platform for the next 3-5 years from various dimensions such as city, community, architecture and interior. Based on the product strategies of Modern Green Technology + Comfort & Energy-saving + Rational Aesthetics, we will advance from four “constant” technologies (i.e. Constant Temperature (恒温), Constant Humidity (恒湿), Constant Oxygen (恒氧), Constant Tranquility (恒静)) to the four “balanced” scenes (i.e. Balanced Space (衡空), Balanced Quality (衡质), Balanced Movement (衡动), Balanced Agility (衡捷))<sup>3</sup>. All of these are also known as Double Four HENG (雙四HENG), which will be served as the strategic planning path for contemporary and future products, guiding Modern Land to achieve more comprehensive product power upgrade and product innovation while sticking to its own advantages and factors in green technology building.



Modern Land's Product View of Double Four HENG (雙四HENG)

- 2 Passive House (被動房)(also known as passive house): It is originally from Germany whose trademark is owned by the Passive House Institute and is one of the nearly zero energy consumption building technology systems. It means buildings that can meet both cooling and heating needs without actively supplying any energy.
- 3 Balanced Space (衡空), Balanced Quality (衡質), Balanced Movement (衡動), Balanced Agility (衡捷): Balanced Space (衡空), being appropriate distribution of functional space, such as the separation of open social spaces and private spaces; Balanced Quality (衡質), being proper environment with high-quality, such as adequate greenery, ventilation and lighting guaranteed for each group; Balanced Movement (衡動), being sports and health facilities taking care of residents in different stage of the whole-life cycle that is sensitive to different requirements, such as fitness equipment for elderly; Balanced Agility (衡捷), being convenient arrangement for traffic flow and supporting service settings, such as whether detailed and isolated traffic flow is used for the community logistics system.



### 3. ADHERING TO GREEN INNOVATION

#### Case: 1. Green and healthy construction of the Modern Land MOMA project



*Beijing Modern MOMA*

The Modern MOMA 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 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 and noise reduction management, room sound insulation and noise reduction, full use of natural lights and indoor humidity control, etc.

The project adopts 24-hour full replacement fresh air system, which collects outdoor high-altitude air, ensuring a wind-free and noiseless indoor environment with clean air and rich oxygen. 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%. This project collects quality miscellaneous wastewater in the residential buildings and adopts the Reclaimed water treatment system. All the quality miscellaneous wastewater from the residential buildings is collected and transported to the water treatment station. While the wastewater is treated, they are all used in residential flushing, community landscaping, greening and supplementing cooling towers during summer. This project creates an indoor artificial heat and humidity environment, which is composed of geothermal pumping technology, ceiling radiation heating system, external shading system and high-performance external insulation system.

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 Three-star Healthy Building Operation Label in June 2018.

## Case: 2. Air Dino 3 (恐龍3號)

In 2019, the Company officially assembled the healthy integrated housing system, namely “Air Dino 3 (恐龍3號)”, which applies the technology such as prefabricated and modular net zero energy consumption. With the combination of “prefabricated + net zero energy consumption + healthy building system”, the Company moved one step forward from the frontier of zero energy consumption building. “Air Dino 3 (恐龍3號)” applies prefabricated system with parts prefabricated and processed in the factory and used in building, structure, electrical and mechanical work, as well as indoor area. Dry on-site construction greatly improves the construction speed and technical precision. The high-performance exterior protection system and the displacement ventilation system provide indoor living environment with high level of comfort. The solar power system on the roof may fulfil all the energy demand of the building and makes the building a de facto zero energy consumption building. The project of “Air Dino 3 (恐龍3號)” was granted the “ACTIVE HOUSE Technology Innovation Award (ACTIVE HOUSE科技創新獎)” by the international Active House Alliance (國際主動房聯盟) and was selected as the demonstration project of near zero energy consumption building in severe cold Areas of the National 13th Five-Year Plan with fund support of RMB100,000 from the China Industry Technology Innovation Strategic Alliance for Healthy Building. It was awarded as “2019 Top 10 Green Building Models of Zhongjing Union and was accredited as the Sino-US Clean Energy Demonstration Project and the Jingrui Science and Technology Award by the Ministry of Science and Technology.



Air Dino 3 (恐龍3號)

### 3. ADHERING TO GREEN INNOVATION

Modern Land attaches great importance to the application of green technology achievements in architecture. The following table shows Green Label obtained in 2019 and the green development plan in 2020 for Modern Land as at 31 December 2019:

	Current Status	Future Plan
Green Building Evaluation Label	In 2019, Modern Land obtained 8 Green Building Labels — Design, all of them are Two-star Green Building Labels — Design. As at 31 December 2019, Modern Land obtained 42 Green Building Evaluation Label with total reported area of 6.3 million sq.m.. The electricity saving was 59.11 million kWh/year and the carbon reduction was 47,000 tons/year.	As at the end of 2020, the green building area developed by Modern Land will account for more than 60% of the total development area. The area of green building accredited 2-star or above will account for more than 70% of the green building area and the area accredited 3-star or above will account for more than 30% of the green building area with the aim of achieving 4 Three-star Green Building Certifications — Operation.
Green Residential District Label	In 2019, Modern Land obtained 7 Green Residential District Labels with total of 1.58 million sq.m..	As at the end of 2020, the area of green residential areas developed by Modern Land will account for more than 20% of the area of development project in the corresponding period.
Healthy Building Label (WELL Certification)	In 2019, Modern Land obtained 2 WELL Healthy Building Certifications. Modern Wan Guo Cheng MOMA (Tongzhou) was awarded the Platinum-level precertification, while Modern Wan Guo Fu MOMA (Foshan) was awarded the Gold-level certificate.	As at the end of 2020, building area of Modern Land accredited WELL Building Certification will account for more than 10% of the area of development project in the corresponding period.



Modern Wan Guo Cheng MOMA (Tongzhou)  
— the Platinum-level precertification under  
WELL Building Standard™



Modern Wan Guo Fu MOMA (Foshan)  
— the Golden-level Certificate under  
WELL Building Standard™



Swan Lake MOMA(Hefei) was granted  
Health Labeling of HiH (Residence)  
— Gold in All Items

As at 31 December 2019, the area of Modern Land accredited Healthy Building Certification is 191,000 sq.m. with 100% achievement rate of environmental impact assessment for new projects. In 2019, Modern City of Future (Longli) obtained One-star Green Ecological Residence Label Certification. In December 2019, Swan Lake MOMA(Hefei) was granted Health Labeling of HiH (Residence)-Gold in All Items<sup>4</sup>.

With the promotion and implementation of Green Building Evaluation Standard (2019 Edition), Modern Land will complete the rationalization of the standardized product line in the future. Initially, all projects under construction will reach the basic level of green building, and more projects will be implemented under the two-star and three-star green building standards in the meantime. In terms of healthy building, Modern Wan Guo Cheng MOMA (Tongzhou) will apply for Platinum-level certification under the WELL Building Standard™, and Modern Wan Guo Fu MOMA (Foshan) will commence the application for certification of Three-star Green Building Label — Operation. Modern Land will continue to study and practice healthy building technology. In terms of

near zero energy consumption building, Modern Land will continue to promote the certification of passive ultra-low energy buildings in the territory of Tongfu Modern Fu MOMA (Shijiazhuang), as well as the of German PHI certification and the certification of Sino-German Energy Efficiency Building Quality Assurance System under Deutsche Energie-Agentur (德國能源署) of MOMA Building & Arts Museum.

## 3.2 COMMITTED TO INTELLECTUAL PROPERTY RIGHT PROTECTION

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), Modern Land has prepared the Operational Standards of Intellectual Property Rights Management of Modern Land (《當代置業知識產權管理作業標準》) with the aim of enhancing the awareness of its own intellectual property rights and clarifying the standards and processes for the creation, use, management and protection of intellectual property rights.

The intellectual property department regularly logs the Company's existing and pending trademarks, patents, and copyright-related intellectual property rights in the form of monthly reports, and joins with the legal department to prevent external infringement of trademarks. The Company advocates, encourages and maintains independent innovation, creation of patents, trademarks, artworks and computer software according to its business needs, and making timely application.

The Company obtained 4 new utility model patents for the year ended 31 December 2019 with 85 green-related core technical patents covering various aspects such as green building materials, green technology and green products.

4 The evaluation of Health Labeling of HiH (Residence) is based on the "Healthy Housing Evaluation Standard" T/CECS462-2017 .The evaluation items cover planned, under construction and completed resident projects with systematic evaluation work for the purpose of improving project's health performance.

### 3. ADHERING TO GREEN INNOVATION

#### 3.3 PROMOTING GREEN DEVELOPMENT OF THE INDUSTRY

In 2019, Modern Land actively participated in the revision of industry standards in order to develop industry standards and facilitate healthy industry development with its knowledge. The green building standards formulated and revised by Modern Land in 2019 are as follows:

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. This standard has been effective since 1 August 2018; 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 standard has been effective since 1 February 2019; the Evaluation Standards for Fully-furnished Residence (《住宅全裝修評價標準》) T/CRECC02-2018: In 2018-2019, Modern Land (as an initiator) prepared and published The Evaluation Standards for Fully-furnished Residence (《住宅全裝修評價標準》), which is co-edited with China Real Estate Chamber of Commerce (全聯房地產商會) and Vanke Real Estate Limited (萬科地產公司)). This standard has been effective since 1 January 2019.



當代建築&藝術博物館獲得  
ACTIVE HOUSE國際認證

The Active Building Evaluation Standard (《主動式建築評價標準》): China Academy of Building Research and the relevant units jointly prepared The Active Building Evaluation Standard (《主動式建築評價標準》) according to its standard, and Modern Land takes part in the preparation of this standard. The active architectural philosophy originated in Northern Europe. MOMA Building & Arts Museum is the first museum project which obtained ACTIVE HOUSE<sup>5</sup> international certification in the world. In 2019, the main chapters of this standard have been prepared and formally submitted to the China Architectural Society for review and approval.

5 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.



Modern Land actively practiced the green building standards formulated. As at the end of 2019, hundreds of projects implemented the Evaluation Standards for Fully-furnished Residence (《住宅全裝修評價標準》), both of Modern Wan Guo Cheng MOMA (Tongzhou) and Modern Xishan Shang Pin Wan MOMA were awarded the precertification of Five-star Label — Residence. The evaluation standards have been bringing positive effect in the industry in terms of integrated design of building with refined decoration, humanized care for the all ages, indoor pollutant control and standards for high-quality materials and components.



*MOMA Building & Arts Museum*



*Modern Wan Guo Cheng MOMA (Tongzhou)*





MODERN LAND  
4

PRACTICE ENERGY  
SAVING AND  
ENVIRONMENTAL  
PROTECTION



## 4. PRACTICE ENERGY SAVING AND ENVIRONMENTAL PROTECTION

### 4.1 RESOURCE CONSUMPTION MANAGEMENT

Saving energy and improving energy efficiency may reduce the operating costs of enterprises. It is also an indispensable responsibility of enterprises to promote the research and development of new technologies. 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》), so as to fulfill its social responsibilities and achieve coordinated and sustainable development of people, resources and the environment.

#### 4.1.1 ENERGY MANAGEMENT

##### HEADQUARTERS OF THE COMPANY

In 2019, Modern Land continued to improve its management system in terms of energy consumption, optimize energy-saving measures, and enhance energy-saving effects. The headquarters of Modern Land is located in a Modern MOMA (Beijing) residential project. The property company set up a dedicated technology facility department and has a mechanical and electrical energy conservation adhoc group in place to manage the use of various energy sources in accordance with the "Energy Management System" and operating standards. Electricity, natural gas and gasoline are the major resources consumed by the Company in its operation.

Energy consumption of the Company's headquarters	2019	2018
Electricity consumption (kWh)	334,135.00	337,262.00
Natural gas consumption (standard cubic meter)	23,760.00	18,817.00
Gasoline consumption (tonnes)	10.30	10.80
Integrated energy consumption ('000 KWh)	714.58	670.20
Integrated energy consumption intensity (kWh/sq.m.)	77.34	72.54



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, trying the best to reduce power consumption. The Company changed to use induction lights instead of permanent lights in the basement, or controlled the lighting in the basement with action switch, and replaced all lighting fixtures with LED fixtures to save energy at source. 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.

## PROJECTS UNDER-CONSTRUCTION

In 2019, the Company applied the green concept upheld by Modern Land to build the green experiential sites and every aspect of site management was attended to promote building energy efficiency as a standard and make it the new norm to reduce energy consumption in building construction. According to 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》) and the Operating Standards for Green Experiential Site of Modern Land (《當代綠色體驗式工地作業標準》), the Company effectively manages the energy usage of projects under construction. The Company extensively uses LED lightings in the construction site for on-site temporary lighting and promotes the use of solar streetlights; builds the floor muck transport channels to reduce the energy consumption of freight elevators and uses reusable materials to reduce material losses. The Company's projects under construction, such as Fūzhou Modern City MOMA, Shishou Xian Yang Fu MOMA, Modern City MOMA (Taiyuan), Modern Guoling Shang Pin Wan MOMA etc. achieved outstanding performance in energy saving. In these products, aluminum formworks and steel climbing frames were used instead of wood formworks, and those aluminum formworks can be fully recycled to reduce use of material; construction sludge were directly dumped into the floor muck transport channels to reduce the usage frequency of freight elevators and save electricity; smart control APP was used to control the activation and deactivation of the tower chandeliers at any time to reduce the loss caused by the activation and deactivation process and effectively save energy.

The Company plans to continue to promote and adopt measures such as precision masonry, plaster-free processes, permanent and temporary<sup>6</sup> at the construction site to achieve a total energy consumption savings of approximately 10% over the industry average during the construction cycle.



Solar streetlights with LED light sources at construction site



Waste pool set up for recycling wastes

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

## 4. PRACTICE ENERGY SAVING AND ENVIRONMENTAL PROTECTION

### 4.1.2 MANAGEMENT OF WATER CONSUMPTION

#### HEADQUARTERS OF THE COMPANY

The water consumption in the Company's headquarters is mainly for catering and toilet water, as well as landscape water system and greening water. During the year ended 31 December 2019, the Company recycled rainwater and air-conditioning condensate, and cleaned the ground of the park, by effectively making full use of using the green space of irrigation areas in the water system. In 2019, the Company did not have any problem in obtaining applicable water sources.

Water consumption of the Company's headquarters	2019	2018
Water consumption (cubic metre)	4,286	4,453
Water consumption intensity (cubic metre/sq.m.)	0.46	0.48

#### PROJECTS UNDER-CONSTRUCTION

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 and implemented by the construction unit and labour team under supervision of third-party supervision unit. The Company set the three-stage sedimentation tank at the construction sites to collect and filter rainwater and wastewater for recycling; set up mixing station, and discharged the water from washing tanks to the sedimentation tank through the drainage ditch, directly watered the bricks and the field to reduce dust after sedimentation; set up three-stage sedimentation tank in the car wash tank to filter and precipitate the water from washing cars, and reused for green space irrigation in the car washing areas; used fog guns to reduce dust and avoided wasting water resources caused by overuse of sprinkler; minimized water waste by using water-saving sprinkler system and installing water-saving sanitary appliances; applied smart control APP to water-saving sprinkler system for controlling the activation and deactivation of the sprinkler at any time to reduce the loss of water resources caused by the activation and deactivation process.



Outer frame sprinkler systems

## 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

#### HEADQUARTERS OF THE COMPANY

The Company generates exhaust gas and direct greenhouse gas from natural gas consumption in the Company and combustion of gasoline for motor vehicles and produces indirect greenhouse gas from electricity consumption. Natural gas combustion is used in canteen for providing catering service to staff; electricity consumption required for the daily use of equipment for project management, lighting, and providing cooling, heating, and domestic hot water for building owners.

Exhaust emissions of the Company's headquarters	2019	2018
Sulfur dioxides (kg)	4.47	3.59
Nitrogen oxides (kg)	135.62	139.31
Particulates (kg)	14.61	14.63
Total greenhouse gas emissions (Tonnes of carbon dioxide equivalent)	287.40	280.02
Direct greenhouse gas emissions (Tonnes of carbon dioxide equivalent)	83.55	74.26
Indirect greenhouse gas emissions (Tonnes of carbon dioxide equivalent)	203.86	205.76
Greenhouse gas emission intensity (Kilograms of carbon dioxide equivalent/sq.m.)	31.11	30.31

In 2019, the Company carried out low-nitrogen transformation of gas-fired boilers to reduce exhaust emissions and increase energy efficiency.

## 4. PRACTICE ENERGY SAVING AND ENVIRONMENTAL PROTECTION

### PROJECTS UNDER CONSTRUCTION

The Company promotes and used water-saving sprinkler systems at the project construction site, and sets up fog gun, enclosure sprinkler system, tower crane sprinkler system and outer frame sprinkler system. By atomizing liquid water, the combination of water mist and dust particles provides complete control of on-site dust. 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 company imposed strict installation requirements for various types of sprinkler systems for the project. During the year ended 31 December 2019, Xi'an Hongfu and Modern City (Taiyuan) were accredited as the Provincial Civilized Construction Site and the Green Construction Project Award respectively.

The Company plans to continue the research and development of water-saving and dust-reducing measures to fully control dust pollution.



*Tower crane sprinkler*



*Dust removal by fog gun*

### 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 centrally 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. The Company actively promotes garbage classification, helps our staff to cultivate awareness of garbage classification, clarify the importance of the implementation of garbage classification, and makes sure the garbage classification work was taken by everyone.

In the future, the Company plans to set up an internal waste recycling station and separate solid waste and liquid waste recycling station from each other, and then contact with professional environmental protection companies for recycling wastes so as to achieve the effect of reuse. The Company is committed to assisting the government to reduce the pressure on garbage disposal, reducing the development of natural resources, practising the concept of cyclic economy and adhering to the sustainable development.

## PROJECTS UNDER CONSTRUCTION

The Company's engineering management centre is responsible for the monthly or irregular special inspection of the construction sites of all projects for waste management based on 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》). 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 generated 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. The Company entrusted with third parties with hazardous waste disposal qualifications for the classification, collection, storage and unified transportation and concentration of these hazardous wastes. The Company promotes and used LED light at the project construction site to reduce the emission of fluorescent tubes, and improves engineering to reduce the discharge of other hazardous waste. The non-hazardous waste generated includes waste steel, waste wood, waste cement bags, waste wire and cable and construction waste. For non-hazardous waste, 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, uses permanent and temporary road to reduce the construction waste generated by the demolition of temporary roads after construction.

The Company's engineering management centre intends to research and promote combined use of permanent and temporary 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.



*All-steel climbing frame used in construction site*

## 4. PRACTICE ENERGY SAVING AND ENVIRONMENTAL PROTECTION

### 4.2.3 MANAGEMENT OF WASTEWATER

#### HEADQUARTERS OF THE COMPANY

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 formulated a number of low-energy operation plans, including the treatment, collection and reuse of reclaimed water and rainwater. Focusing on changes in water consumption data, the Company analyzes the year-on-year and month-on-month water consumption data on the monthly basis, so as to analyze the causes of changes in water consumption, and formulated a professional management and control plan to refine management and reduce emissions.

The wastewater generated during the Company's operating process mainly comes from domestic office wastewater, flushing toilet wastewater and wastewater from equipment in machine rooms. For the sewage treatment in the process of property management, the Company's headquarters carried out research on the sewage treatment of the grease trap adopting Membrane Bio-Reactor (MBR). Such technology can effectively degrade the sewage in the grease trap, reduced the odor generated, purificated wastewater, reduced the frequency of grease trap removal, reduced operating costs, and reduced wastewater pollution. 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 Company plans to adopt the circulating, sequencing and cascade method in accordance with the different requirements for water quality of the cooling water system. Steam recycling method will be used for the thermal system. Drainages from other systems, after treatment, are mainly used for greening and cleaning of the park, and miscellaneous sources of domestic water, after treatment, will be kept in reserve for cooling system.

#### PROJECTS UNDER CONSTRUCTION

The wastewater generated by the Company during construction process mainly comes from car wash water, on-site dust-reducing spray water and concrete curing 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 to: 1. set up a three-stage sedimentation tank at the main entrance and exit of the construction site to filter and collect the car wash water; 2. install a water-saving sprinkler system to reduce wastewater discharge; and 3. reuse the collected wastewater for plant greening irrigation, toilet flushing and vehicle flushing etc.

The Company will also study the use of collected rainwater and sewage at the site and continuously install new water-saving sprinkler systems.



*Three-stage sedimentation tank at the site*

#### 4.2.4 MANAGEMENT OF NOISE AND LIGHT POLLUTION

For noise pollution, the Operating Standards for Green Experience Energy Machine Room of Modern Land (《當代置業綠色體驗式能源機房作業標準》) was published by the Company in 2019, which requires to hiring a qualified agency with experience in noise environment testing to conduct noise testing and evaluation while the system is in operation, and issue a test report. During the year ended 31 December 2019, Modern Furong MOMA (Changsha) and Hankou Modern Wan Guo Cheng (Wuhan) completed the silver certification of the green experience energy machine room. The Company plans to develop new construction techniques and promote centralized processing to reduce on-site cutting procedures in order to reduce noise pollution.

For light pollution, the Company comprehensively promotes the use of LED lighting sources at the project site to control the brightness of the lighting while saving energy. The Company plans to conduct R&D and upgrade on the selection of lighting sources in the future for light pollution controlling.



*Green experience energy machine room*





5  
MODERN LAND  
BUILDING SOCIAL  
RESPONSIBILITY



## 5. BUILDING SOCIAL RESPONSIBILITY

### 5.1 PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

Employees are one of the most important core competencies of the Company. Adhering to the people-oriented development and management philosophy is the cornerstone for ensuring the Company's sustainable development. 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.

#### 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 needs for the concerned position 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.

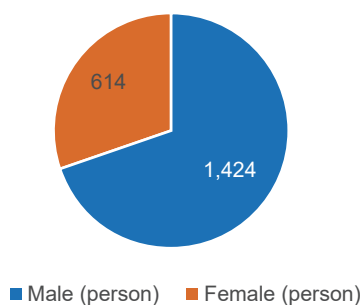
The Company does not set requirements for gender, ethnicity, household registration, etc. in the recruitment process and respects the religious belief and personal stances of each candidate, and evaluates the applicant's capabilities and qualifications against the job requirements in a value-oriented manner without any ethnic, disability or gender discrimination or any other unfairness. The Company clarifies selection standards during recruitment process, namely the general competency model "Three-Self Qualifications (三SHI)"<sup>7</sup>. All employees should meet such standard.

In order to improve suitability of talents attracted, in 2019, the Company further sorted out the talent profile for key positions, refined job evaluation and focused on competence of candidates to ensure attracting outstanding talent.

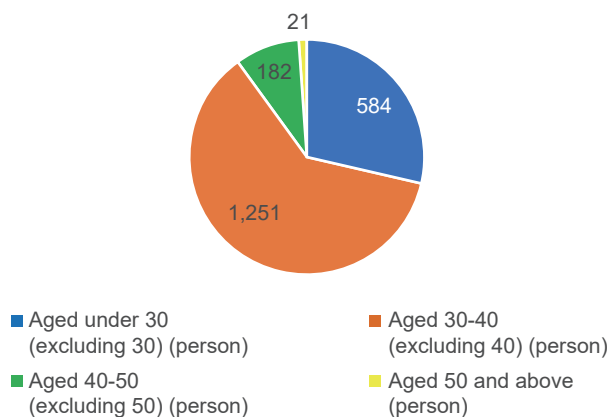
<sup>7</sup> "Three-Self Qualifications (三SHI)" refers to: The first qualification requirement is self-identity with the Company's intellectual-empowered culture, contemporary core values, Zhiye principles, and modern green-technology undertakings. The second qualification requirement is being highly 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 2019, the Company had a total of 2,038 employees. The Company enters into a labour contract with each employee. The Company has neither dispatched labour nor part-time employees. The total number of employees by gender and age group are as follows:

Number of employees by gender

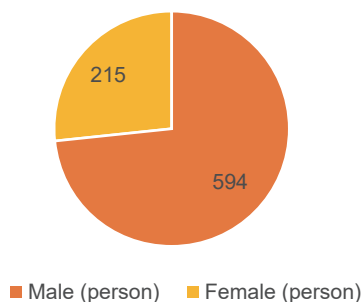


Number of employees by age



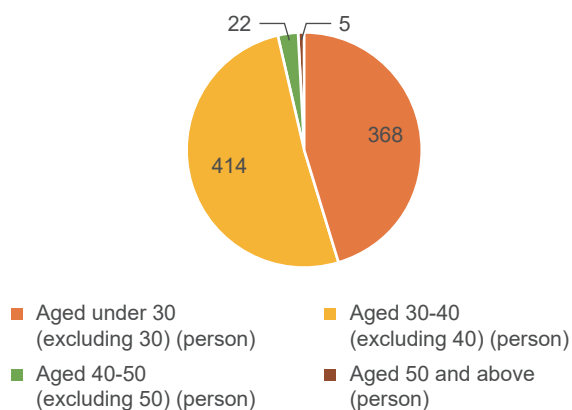
In 2019, the Company recruited 809 new employees and 613 employees resigned. Resigned male employees represented 28.37% of our total male staff, and resigned female employees represented 34.04% of our total female employees.

Number of newly recruited employees by gender

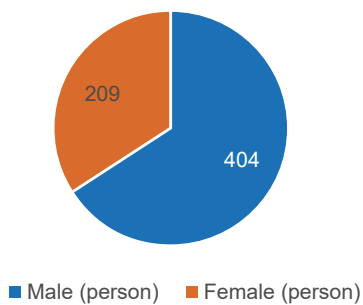


## 5. BUILDING SOCIAL RESPONSIBILITY

Number of newly recruited employees by age



Number of resigned employees by gender



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》). The Company shall find out the reasons of resignation of those employees for better talent management. 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.

## 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 recruiting labour under 16. The Company adopts an appropriate attitude of work hard and rest well, and the staff working hours are no more than 8 hours a day and five days a week under our system in practice.

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 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 incentive and accountability mechanism, which is built on the project procedures and operations, focuses on assessment of the implementation of 100 tasks for project milestones, progress and quality, receivables collection, net profit generation, balance of cost budget, completion of critical works of project and other project data, in order to achieve the budget goals, complete the 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. 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》) and other national laws and regulations, and all employees are entitled to various holidays 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 different staff care activities on staff's birthday, employment anniversary and other festivals and assists staffs who have difficulties.

## 5. BUILDING SOCIAL RESPONSIBILITY



*Dragon Boat Festival activities*



*International Women's Day (8th March) activity*



*The Company's senior management greets the reinstated staff*



*Staff family care*



*Staff birthday party*

## 5.1.2 EMPLOYEE TRAINING AND DEVELOPMENT

With the further development of market economy in China, the competition among enterprises is increasingly fierce. To establish an invincible position in competition, it is necessary to constantly enhance competitiveness. The competition among enterprises is ultimately the competition for talent and, to a certain extent, the competition in terms of corporate training. The most fundamental means for enterprises development is to focus on training, enhancement of comprehensive quality of employees and cultivation of corporate culture to build the Company as a learning organisation and to ultimately realize a “win-win” situation between enterprises and employees through enhancement of corporate core competitiveness.

### EMPLOYEE TRAINING

In 2019, the Group's human resources centre and the professional training and development team 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 Courses Management of Modern Land (《當代置業培訓課程管理作業標準》), the Operating Standards on Trainer Management of Modern Land (《當代置業培訓師管理作業標準》), the 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 2019, Modern Green Technological Real Estate College upgraded its training system in an all-round way and established a “1345”<sup>8</sup> training management system. Detailed explanation of trainer certification, incentives, training and trainer account management are in place to clarify trainer certification classification and certification process for each centre/regional company. The Company set up a training course system for Modern Green Technological Real Estate College to provide detailed description of the development, certification and course library management of the training courses. We targeted to build 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. For employees at supervisory level, we designed the Elite Camp (精銳營) 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. For the staff at management 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 in depth and have a good command of the Company's processes and operations. The senior management of the Group received strategic seminar project training.



Orientation Camp training



Elite Camp training



Training on Eight Skills of General Manager and outreach activity

8 1345: “1” refers to MOMA Academy Platform; “3” refers to three resources libraries, namely course resource library, trainers' resources library and external suppliers' resources library; “4” refers to four course systems, namely leadership system, management competency system, professional line training system and professional skills empowerment system; “5” refers to a five-step whole process training organization, namely identifying trainees, carrying out demand research, carrying out training, undergoing examination and evaluation, and carrying out reviews and upgrades.



## 5. BUILDING SOCIAL RESPONSIBILITY

With the ever-renewed 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 promote comprehensive employees development. The Company also organised international research and study tour, 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.

	Male staff	Female staff	General	Supervisory	Management
Proportion of trained employees (%)	94.37	96.87	97.66	97.64	100
Average length of training (hours)	48.60	47.76	41.36	37.28	26.32

### 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, which identifies and explains the organizational changes, personnel appointment and staffing of the Company in different stages in a systematic manner. The Company also 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.

According to the Operating Standards of Modern Land for Position Management (《當代置業任職管理作業標準》), the Company clarifies common criterion for selecting talents in leadership, management and general staff, namely "Two bombs and one rocket (兩彈一箭)"<sup>9</sup>. There will be room and opportunities for promotion for employee meeting such standards. The Company conducts qualification evaluation assessment once every six months. Any employee who passes the assessment can be promoted to the next level. After assessment, frog-leaping promotion would be recommended for any employees with outstanding work performance. The employees of Modern Land and its subsidiaries stick to a "Y-shape" career development path. Specifically, the employees below the director level are all in the functional line leveraging their professional abilities, which helps create a flat, professional and competitive organisation structure. Employees above the director level can pursue both position line and functional line development and enjoy dual-channel career development.

<sup>9</sup> "Two bombs and one rocket (兩彈一箭)": staff at management level are responsible for decision-making and promoting business development and are considered as the "missile bomb"; staff at supervisory level are the core driving force of the Company's business development and are considered as the "rocket launcher"; general staff are responsible for execution and growth and are considered as the "cannon bomb".

## 5.2 PROTECTION OF SAFETY AND HEALTH

### 5.2.1 MANAGEMENT OF SAFETY AND HEALTH

A safe and comfortable working environment helps to improve the efficiency of the staff, ensures that they have sound physical and mental health. The Company has been 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 also eliminated 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:

- for the control of staff entry and exit, staff cards must be shown to access the office area or access with QR code. Visitors must be invited in advance and access with QR code;
- the interior of the office is fully covered by cameras for real-time monitoring; security guards conduct 24-hour patrol inspection; relevant professionals are scheduled for national statutory and festive holidays duty to make sure there were no safety issues;
- collaborate with property companies in supervising and checking the safety standard of the Company on a regular basis; conduct regular fire safety inspection in the Group's office area; all projects are found to be in compliance with national requirements for fire safety; and
- conducts pest control, floor cleaning and maintenance, plant maintenance, water dispenser cleaning, carpet cleaning, office dusting and meeting room disinfection every month.

Zero safety accident at construction sites has always been the goal of Modern Land for safety management. Based on the principles of standardized, dynamic, normalized and closed-loop safety management, 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》).

The Operating Standards of Modern Land Governing Project Safety (《當代置業工程安全管理作業標準》) aims to strictly implement the national principles and policies on safe production and construction, as well as safety production regulations, industry regulations and safety production requirements issued by higher competent authorities. The standards also urge and regulate regional/urban companies and project companies to better manage construction and supervision units to improve safety management capabilities on prevention and control to ensure safe construction of engineering projects.

## 5. BUILDING SOCIAL RESPONSIBILITY

Modern Land established a three-level inspection system for the Company, regional companies and project companies. The Company's project management centre conducts regular safety inspections on a quarterly basis pursuant to the Operating Standards of Modern Land Governing Project Assessment and Evaluation (《當代置業工程考核及評估作業標準》). Regional companies and project companies conduct regular safety inspections on a monthly and weekly basis, respectively. Project departments, project officers of supervision and construction units and safety officers of labour teams carry out continuous dynamic monitoring according to designated safety supervision aspects and implement safety accountability to ensure various safety hazards are eliminated. The Company divides the entire construction cycle into five stages: initial preparation stage, foundation stage, major construction stage, decoration stage and landscaping stage, and establishes a star rating system on importance according to the characteristics of construction stages, possibility of occurrence of safety accidents and degree of damage caused by safety accidents for effective and forced safety inspection and safety management control of all construction stages. The Company shall enhance daily safety inspection while labour teams must strictly perform self-inspection and cross-inspection of the operating environment, tools and safety facilities. Workers engaged with the operation of special devices (such as electricians and employees who engage in crane (including elevator), metal welding, cutting and working in heights) must obtain relevant licenses.

For prevention of occupational disease, the Company arranged medical examination for our employees every year. The Company also provides our employees with a constant temperature, humidity, oxygen and tranquility office so that they can work in a comfortable environment without stress. In case of bad weather, the Company will send a notice in advance to show our care and provide supplies such as masks to and umbrellas. The Company conducts core motivation fitness activities every month to help employees relax and improve the soundness in their mind and body. Operating time of the Company's project construction sites are adjusted in the high-temperature season, making full use of the morning and evening construction time, while construction works are suspended between 11 am to 15 pm. Medicines and foods for hot weather, such as heatstroke prevention drugs, Huoxiang Zhengqi Liquid, watermelon and green bean soup are distributed at construction sites.

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

Corporate culture will enable employees and the Company work together, enhance staff loyalty, improve work efficiency, and help employees to recognize and strive for the Company's development goals.

The "Zhiye Culture (智業文化)" of Modern Land is created 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. Modern Land adheres to the "Zhiye Culture (智業文化)" that features "a simple focus and transparency". A simple focus is to simplify complex management issues while creating a transparent and positive cultural atmosphere and working environment. Management requirements are "brief, concise and clear" to facilitate better implementation. Modern Land stipulated 100 pieces of Zhiye Guidelines covering various dimensions and aspects, such as operation management, conflicts of interests, asset preservation, code of conduct and professionalism. Every employee is required to perform their duties with diligence and self-discipline and adheres to the bottom line. Employees must not detriment the interests of the Company, and those who violate Zhiye Guidelines, procedures and operation bottom line are subject to severe punishment.

The Company adopted an array of initiatives to implement the “Zhiye Culture (智業文化)” with a simple focus, thus promoting and protecting business development with the means of the transparent culture. Such initiatives include 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; openly disclose the tasks of each staff member as well as the completion and evaluation of these tasks; and keeping all the meetings open so that anyone is welcome to listen to and be present 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 positive culture, and a cornerstone for the healthy and sound development of a company.

## 5.3 MAINTAINING 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 been gradually increasing its importance in 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 “Healthy Building, Green Homeland Community and Beautifying City”.

During the reporting period, the Company has no record of violations of product liability, advertising, labelling and privacy.

### 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 regards “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 in strict compliance with 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》) and the Operating Standards of Modern Land for Project Delivery Assessment (《當代置業工程交付評估作業標準》), etc.

## 5. BUILDING SOCIAL RESPONSIBILITY

The Company implemented specific control measures for project quality by:

1. formulating 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. assessing the comprehensive sample first system, the project construction process showroom/district and the standard flats show room by the Group;
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; and
5. conducting the third-party assessment and evaluation four times a year to fully control the construction quality of the project construction process.

The Company conducts overall assessments on the project safety quality every year. In 2019, all the evaluated project achieved goals of not less than 80 points, with an average score of the four quarters of 80.67 points.

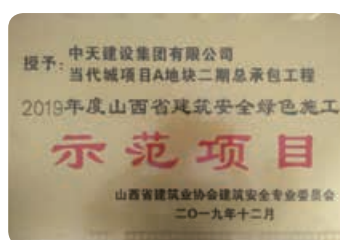
In the future, the Company will further enhance the quality of concrete engineering, masonry engineering and plastering engineering.



As at the end of 2019, Modern Hongfu (Shaanxi) was awarded the “Provincial Civilization Site in Shaanxi” (陝西《省級文明工地》), Modern City (Taiyuan) was awarded 2019 Construction Safety Green Construction Demonstration Project in Shanxi Province (《2019年度山西省建築安全綠色施工示範項目》); Modern Wan Guo Cheng (Wuhan) was awarded the Quality Structural Engineering Certificate (《結構優質工程證書》); Modern City (Taiyuan) achieved Platinum rating under Group-level Green Experiential Site of Modern Land (當代置業集團級綠色體驗式工地評級鉑金級認證) and Shishou Xian Yang Fu achieved Gold rating. In 2019, a total of 14 projects achieved Silver, Gold and Platinum rating under Green Experiential Site.



Modern Hongfu (Shaanxi) was awarded the “Provincial Civilization Site (省級文明工地獎)”



Modern City (Taiyuan) was awarded “2019 Shanxi Province Construction Safety Green Construction Demonstration Project (2019年度山西省建築安全綠色施工示範項目)”



Modern Wan Guo Cheng (Wuhan) obtained “Quality Structural Engineering Certificate (結構優質工程證書)”

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

### 5.3.2 MANAGEMENT OF CUSTOMER SERVICES

With the goal of “providing green comfort services for the whole cycle product value chain” in terms of customer services, the Company formulated “Customer Complaint Risk Prevention and Control Handbook” (《客戶投訴風險預控工作手冊》) during the year ended 31 December 2019, which clarifies the focus points, standards and key tasks of customer complaint risk prevention and control in the four stages of real estate development, i.e. feasibility study, pre-stage, development and usage, thus implementing customer complaint risk prevention and control throughout the entire life cycle of real estate development. The Company attaches great importance to customer satisfaction surveys and carries out rectification and improvement based on survey results.

## 5. BUILDING SOCIAL RESPONSIBILITY

### MANAGEMENT OF COMPLAINTS

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 are a total of 35 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. 400 call centres will conduct customer satisfaction follow-up within 1 hour. 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 regional responsible personnel, and the third-level complaints will be reported to regional responsible personnel of customer services. In 2019, the Company received and dealt with a total of 817 complaints cases, and the complaint handling rate was 100%.

### CUSTOMER SATISFACTION SURVEYS

The Company conducts customer satisfaction surveys by three methods, namely special project surveys, regular surveys and key surveys. Special project surveys refer to 100% telephone surveys conducted on customers who requested repair services during the warranty period. Regular surveys refer to satisfaction surveys conducted annually via telephone interviews and door-to-door visits 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. The Company will revise "Customer Complaint Risk Prevention and Control Handbook (《客戶投訴風險預控工作手冊》)" and prevention and control standards for customer complaints before opening according to the feedback of the satisfaction surveys, so as to standardize service standards and form a positive circular management mechanism.

The Company plans to continue to improve the online system for informatization, visualization as well as effective management and supervision of customer service of each project. The Company also plans to formulate customer service manuals, clarify service standards such as quasi-owner maintenance, delivery management, warranty period maintenance management, customer complaint management, and satisfaction survey. Customer service actions throughout the entire cycle shall be standardized to improve customer satisfaction. Customer satisfaction evaluation will be integrated into the customer service business point and will be conducted within 24 hours of each customer service provided, therefore improving the timeliness and objectivity of customer evaluation, providing special services to customers in a timely and directional manner, and improving customers' recognition of the Company.

### 5.3.3 MANAGEMENT OF CUSTOMER PRIVACY

As customer information is confidential, Modern Land continues to improve management measures for customer information protection. All employees are required to strictly abide by the "Zhiye Guidelines" and "Eight Career Discipline for Marketing Professionals (行銷專業職業八條戒律)" to ensure customer information privacy and security. Meanwhile, Modern Land implements comprehensive process control during pre-sales, for-sales and after-sales stages. Customer information entry and change of sales status are transferred online through the Group's professional information system to avoid manual work as far as possible and to keep customer information confidential and secured during the entire process

- Pre-sales: The Company adopts the Mingyuan cloud customer information system for customer information entry, 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. BUILDING SOCIAL RESPONSIBILITY

### 5.3.4 MANAGEMENT OF ADVERTISING COMPLIANCE

In order to govern the management of advertising compliance, the Company has developed a detailed 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》), Modern Land's Guidelines for Project VIS Standardization (《當代置業項目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》). In 2019, the Company has formulated the Operating Standards of Modern Land Governing Corporate Brand Building for New Cities (《當代置業新進城市企業品牌塑造作業標準》) and Sales and Service Commitment Red Line Management Standards (《銷售及服務承諾紅線管理標準》). Sales and Service Commitment Red Line Management Standards (《銷售及服務承諾紅線管理標準》) regulates the behavior of over-exaggerating a product's worth, false advertising, and deliberately concealing objective facts during the sales process, so as to avoid damage to customer interests caused by false promises and promotional display. The advertisements made will be cross-checked on a regular basis from the Company level inspection, the regional companies level inspection to the project level self-inspection, which, together with the irregular internal audit performed by the audit department of the Company, will ensure marketing and promotion compliance.

All materials, promotion pictures and advertisements of projects must be reviewed by the Company's Quality Policy Department before releasing. The weekly and monthly white list and black list mechanism is in place to ensure the quality and compliance of advertising. In 2019, Modern Land optimized product lines and also adjusted the corresponding product line standardization guidelines to ensure advertising compliance.



## 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.

In 2019, the Company revised the Operating Standards of Modern Land Governing Inspection and Qualification Review of Suppliers (《當代置業供應商考察入庫作業標準》) and the Operating Standards of Modern Land Governing Evaluation and Rating of Suppliers (《當代置業供應商評估分級作業標準》) to adapt to the Company's development and management needs. In particular, the Operating Standards of Modern Land Governing Inspection and Qualification Review of Suppliers (《當代置業供應商考察入庫作業標準》) regulate the standards and principles of inspection and qualification review of suppliers. Rating standards and weights of the Operating Standards of Modern Land Governing Evaluation and Rating of Suppliers (《當代置業供應商評估分級作業標準》) has been revised.

#### Selection of suppliers

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 main procedures for selection of suppliers are as follows:

1. the Group and all regional companies compile a supplier resource plan for the next year each December;
2. the supplier resource plan for last year is subdivided into quarterly supplier resource survey targets and plans;
3. arranging information filing by suppliers and preliminary review on such information;

## 5. BUILDING SOCIAL RESPONSIBILITY

4. all regional companies make and implement inspection plan on suppliers who have passed preliminary review on their information to examine whether the suppliers abide by operating standards to allocate professionals and the number of professionals allocated;
5. Completing qualification review on suppliers who have passed inspection upon approval before selection of tenderer. Qualification review shall be in strict accordance with the power of attorney.

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.

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, and the performance of at least three construction works that approximate to the project and are completed or under construction during the most recent two years besides checking their financial information.

## Periodic evaluation and rating of suppliers

In 2019, the Company revised the 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》) with an aim to make the supplier evaluation more quantitative and transparent, and clarify different evaluation involvement of departments and weighing for different suppliers. The Company conducts (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. 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. Suppliers who are considered unqualified are required to make correction and improvement. If such correction and improvement are not satisfied, the suppliers will be downgraded to be unqualified during the evaluation and rating conducted each year. Post-assessments will be conducted on suppliers who have performed the contract, either within a month after delivery, after project acceptance or within four months after collective delivery by “five 3s” working departments of regional companies with involvement of engineering management departments, plan designing departments and property companies.

The Company conducts a star-rating on suppliers, containing five grades, namely three-star, four-star, five-star, qualified and unqualified. Calculation rules are set by the procurement division of the “five 3s” working centre of the Company based on our strategic development plan and from the prospective of process assessment and engineering assessment for scoring the suppliers, and will be revised in each October. Star-rating results will be released upon approval. Partnership plan, reward and punishment policy, and adjustment to grades of suppliers will be made for suppliers of different grades.

The Company will continue to optimize the annual supplier resource planning and operation forms for the management of suppliers, with an aim for better annual supplier resource planning and better arrangement of sourcing supplier resources. The Company will extend the scope of quantitative evaluation of suppliers for better supplier evaluation, increase incentives measures for suppliers, enhance evaluation on suppliers in terms of construction progress, quality and construction in a safe and civilized manner, and promote delivery pledging ceremony and delivery evaluation of suppliers. The Company will also promote the establishment of regional supplier database and strengthen the management of regional strategic suppliers. Instant tender criteria is adopted for projects amounted to less than RMB5,000,000, except for eight key suppliers.

## 5. BUILDING SOCIAL RESPONSIBILITY

### 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. Modern Land has joined Vanke's AUPUP platform to leverage on the advanced management experience and technical standards of its peers and to strive to improve the Company's procurement quality so as to achieve green procurement with Vanke.

#### 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 5 June 2019, the latest 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. The goals of stage one have been achieved; 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 nor designate a partner to pay bills or reimburse any fees for themselves or their own relatives.

The Company strictly handles non-compliance of staff according to the principle 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. In case of non-compliance in terms of engineering and procurement by staff at leadership level, all suppliers of the project shall be notified and all participating suppliers shall re-establish a three-level coordination mechanism with the new staff at leadership level.

## 5. BUILDING SOCIAL RESPONSIBILITY

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.
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 010-8440 8717. The e-mail is [sunnymoma@modernland.hk](mailto:sunnymoma@modernland.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 + Digital Interconnecting Whole-life Cycle Communities", and constantly creating a sustainable social environment of "MOMA Homeland 4+1" with green residential area, the AI community with science and technology, the healthy community and the community for all ages + the community with humanities and art.

#### 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項目)" 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 are 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.

## 5. BUILDING SOCIAL RESPONSIBILITY

### AI 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, 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 MOMA, 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 MOMA 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, MOMA 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.

On 31 March 2019, Hunan Green Development Co., Ltd. (湖南原綠置業有限公司) (Zhuzhou Modern Shang Pin Wan MOMA) organized condolence events with the theme “Charity Walk of Modern Land — Caring for the Growth of Left-behind Children” at Chang Chong Jin Beibei Hope School, Lijia Village, Longmen Town, Lukou District, Zhuzhou City, Hunan Province (湖南省株洲市淥口區龍門鎮李家村長沖金蓓貝希望學校), together with Sina Leju, Zhuzhou City Shande Force Volunteer Association (株洲市善德力量志願者聯合會組織) and Mirako Fitness to deliver care, materials and warmth to the local left-behind children. On 31 May 2019, Modern Land’s regional company in Guizhou and China Construction Bank Guiyang Huaxi Sub-branch contributed to the community by donating sand and bricks worth of RMB160,000 to Shilong Village, Mengguan Miao and Buyi Ethnic Township, Huaxi District, Guiyang City (貴陽市花溪區孟關苗族布依族鄉石龍村) for the improvement of the sanitary conditions of public toilets. On 8 June 2019, Modern Land’s regional company in Shanxi organized MOMA student aid charity activity to visit 12 poor families in Yangquan Yu County, Shanxi Province (山西陽泉盂縣) and covered school fees and living expenses of a total of RMB11,200 for 7 families. Modern Land purchased desert millet (任小米) with a total amount of RMB304,000 for three consecutive years from 2017 to 2019 in support of SEE Foundation.

In 2019, the donation amount in the name of the Company was RMB700,000.



## 5. BUILDING SOCIAL RESPONSIBILITY

In addition, Modern Land's headquarter and regional companies participated in the organization of other social welfare activities from time to time, such as tree planting and mountaineering at the beginning of each year, to promote energy conservation and emission reduction, and actively support various social welfare activities and donate money and materials. At the beginning of 2020, the novel coronavirus pneumonia swept the world. Modern Land has donated RMB2,000,000 to assist the frontline anti-epidemic work and has planned to establish a charity fund for future social welfare activities.

### Case 1: Tree planting and hiking event

In 2019, Modern Land successfully carried out the planting and hiking activity. Modern Land has maintain its spiritual culture of planting and hiking for 19 years, the senior management of the Company lead the MOMA family members to carry out tree planting activity, showing the determination of pursuing and upholding the philology of being green.



*Tree planting and hiking event*

## Case 2: 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 five consecutive years. On 12 July 2019, which was the 6th listing anniversary of Modern Land, the branch committee of CCP Modern Land (China) Co., Limited and Modern Land launched a second “Action of Loving My Homeland — MOMA's Journey with Fantastic Boxes”, together with Xiao Cai Xiang Dream Fund (小彩象夢想基金) operated by the China Charity Federation and Modern Land's affiliated enterprises including First Care, First Property, First Education, 51VR and Hotel MOMC. Over more than 2 months, more than 5,000 MOMA family members donated money and materials worth of RMB300,000. The donation was made to Xiao Cai Xiang Dream Fund operated by the China Charity Federation for Yunnan Education Assistance Project. Meanwhile, volunteers of Modern Land visited Gaha Primary School in Donggan Town, Malipo County, Yunnan Province (雲南省麻栗坡縣董幹鎮嘎啊小學) for voluntary teaching and donated money and materials worth of RMB75,000 for school construction and student financial assistance.



Modern Land's Action of Loving My Homeland —“MOMA's Journey with Fantastic Boxes”



Support Gaha Primary School in Donggan Town,  
Malipo County, Yunnan Province  
(雲南省麻栗坡縣董幹鎮嘎啊小學)



Donate money and materials  
worth of RMB300,000





6  
MODERN LAND  
Build The  
Anti-Epidemic  
Community

## 6. BUILD THE ANTI-EPIDEMIC COMMUNITY

During the extraordinary period of the outbreak of Novel Coronavirus (“COVID-19”) in early 2020, the situation was very severe. To support the prevention and control of the epidemic, the company donated RMB 2 million to support the fight against the COVID-19 and strive to combat the epidemic prevention and control with a plan of setting up a charity fund.

The whole-lifecycle green and healthy communities of Modern Land has built the last defense of life and health for several hundred thousands of property owners throughout the country. During the extraordinary period, the escort of MOMA green technology system of Modern Land provides the owners who live in the house of MOMA system with the healthier, safer and more comfortable environment. Through a series of measures and positive measures, Modern Land implements the green technology operation and maintenance system online at all times, strictly guards and prevents any risk from the pandemic in order to allow owners with the green and healthy “worry-free home”, and jointly builds a MOMA green health epidemic prevention community.

In order to avoid the risk of cross-infection, the Group quickly installed portable thermal imaging cameras and temperature measuring gate in community entrances and lobbies for implementing non-contact temperature measurement for people who entered to or exited from the community, and actively discovers people with abnormal body temperature to reduce the risk of cross infection. The thermal imaging thermometers were added to the original gate of the community with face recognition as supplemental function. All of the elevator buttons, floor buttons, unit door card readers, and card readers on the entrance gates/passages community residents may touch are the potential sources of infection. The upgrade of the non-contact safety management system can reduce the number of times residents touch the above equipment so as to effectively reduce the risk of infection.



MOMA Green Health Epidemic Prevention Community



All of the temperature measurement channel system of the entrance and exit, the portable temperature measurement system or the fixed online temperature measurement system can realize real-time temperature measurement screening and statistics for front-end control with online early warning by the smart community platform, and the information will be immediately released by pushing the platform to the large LED screen at the entrance and exit in the community. Also, it will equipped with radio broadcasting to remind the community of the immediate epidemic control information and remind community members to pay attention to prevention and control.



Prevention and control of outbreaks at the entrances and exits of MOMA communities



Epidemic prevention and control in MOMA communities



Epidemic prevention and control in MOMA communities





MODERN LAND  
**7**  
LOOKING FORWARD  
TO A BETTER  
FUTURE



## 7. LOOKING FORWARD TO A BETTER FUTURE

At the beginning of the year, the Coronavirus Disease 2019 (“COVID-19”) outbreak casted a shadow over the economy in 2020. After the outbreak of the epidemic, comfortable living, safety and health, hygiene and epidemic prevention as well as quality properties would become the rigid needs of customers and new development trends of green and healthy in terms of building and community all certainly emerge. The Company will continue to implement the following four measures, with an aim to achieve its 2020 strategic business targets.

### **Adhering to the strategy of green and healthy development for outstanding results and steady growth**

With the massive amount of data collected over the past 20 years and especially based on the recent large-scale research on green and health, the latest research results on the contemporary green and healthy composite community was released in Beijing, and the relevant data and conclusions are opened to all sectors in society. The launch received extensive social attention, and fully demonstrated domination of the factors of green, health, safety, comfort in the return of mainstream market etc. This is a new market opportunity to enterprises in the industry. The Company will continuously focus on the progression of embedding traditional architectures into the green technology of architectural design, comfortable and healthy living space and energy-saving and environmental protection for construction operation, and constantly strive to innovate in green and healthy buildings (community) and lead the continuous evolution of the industry and its fellow enterprises.

### **Focusing on city-oriented strategy to facilitate precision investments**

The Company will adhere to the investment strategy of “5+15+M” by working on five major megalopolises, namely the Jing-Jin-Ji region, Yangtze River Delta region, the Guangdong-Hong Kong-Macao Greater Bay Area, Middle Yangtze River Valley region and Cheng-Yu region, paying active attention on well-developed first-tier and second-tier cities, such as Xi'an, Guiyang, Nanchang, Zhengzhou, seizing the opportunities to explore the well-developed third-tier and fourth-tier cities that meet our investment criteria, and striving for securing projects that can materialize high turnover, safeguard cash flow and enjoy brand premium. In 2020, the Company will ensure the reasonable structure and amount for land acquisition by further deploying rational tactics for land acquisition. Priority will be given to security while cautionary measures will be taken to facilitate precise investments through various means with stringent requirements in order to further optimize the Company's strategy.

## **Innovating industry-wide chain financing with an open cooperation platform to achieve win-win situation**

The Company adheres to the core competitiveness in green and healthy construction, which would achieve the integrations of investment and finance, industry and finance, as well as industry and city in the field of green and healthy real estate, and establish an indirect financing system based on strategic banks and strategic trusts. Leveraging the direct financing system based on debt issuance and ABS as well as the equity financing system based on private equity funds and project equity cooperation, we will actively expand both overseas and domestic green financial capital channels and promote our innovative practices in green financial business.

## **Focusing on the whole-lifecycle industrialized communities to promote growth of the premier brands**

Based on the creation of social environment of “MOMA Homeland 4+1” catering for the needs of customers with new technology, new space and new consumption era, the Company strives to provide customers with comprehensive services covering toddler, youth, adult, middle-aged and the elderly, which will further expand the service area and innovate service content. The Company will promote the upgrading from the living community to the industry community so as to achieve continuous evolution and growth of the brand.

Although COVID-19 epidemic hinders economic development, it also highlights the importance of green sustainable development. Modern Land will firmly adhere to the green real estate. The Company will ensure sustainable business development and operate in an environmentally friendly manner, and continue to contribute to the environment and society.







## 8. APPENDICES

### 8.1 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.	33	4.2 MANAGEMENT OF EMISSIONS
A1.1	The types of emissions and respective emissions data.	33	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).	33	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).	34	4.2.2 MANAGEMENT OF WASTE Waste management is not a major concern of the Company, and the waste generated at the Company's headquarter 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.	33	4.2 MANAGEMENT OF EMISSIONS
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved.	34	4.2.2 MANAGEMENT OF WASTE



Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas A. Environmental			
Aspect A2: Use of Resources			
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	30	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).	30	4.1.1 ENERGY MANAGEMENT
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	32	4.1.2 MANAGEMENT OF WATER CONSUMPTION
A2.3	Description of energy use efficiency initiatives and results achieved.	30	4.1.1 ENERGY MANAGEMENT
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	32	4.1.2 MANAGEMENT OF WATER CONSUMPTION
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	Not applicable
Aspect A3: The Environment and Natural Resources			
A3	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	18,28	3. ADHERING TO GREEN INNOVATION 4. PRACTICE ENERGY SAVING AND ENVIRONMENTAL PROTECTION
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	18,28	3. ADHERING TO GREEN INNOVATION 4. PRACTICE ENERGY SAVING AND ENVIRONMENTAL PROTECTION

## 8. APPENDICES

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
B1	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	40	5.1.1EMPLOYMENT AND STAFF BENEFITS
B1.1	Total workforce by gender, employment type, age group and geographical region.	40	5.1.1EMPLOYMENT AND STAFF BENEFITS
Aspect B2 Health and Safety			
B2	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	47	5.2.1MANAGEMENT OF SAFETY AND HEALTH
B2.1	Number and rate of work-related fatalities.	47	5.2.1MANAGEMENT OF SAFETY AND HEALTH
B2.2	Lost days due to work injury	47	5.2.1MANAGEMENT OF SAFETY AND HEALTH

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Subject Areas B. Social			
Employment and Labour Practices			
Aspect B3 Development and Training			
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	45	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).	45	5.1.2 EMPLOYEE TRAINING AND DEVELOPMENT
B3.2	The average training hours completed per employee by gender and employee category.	45	5.1.2 EMPLOYEE TRAINING AND DEVELOPMENT
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.	40	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	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	5.4.1 MANAGEMENT OF SUPPLIERS

## 8. APPENDICES

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
Operating Practices			
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.	49	5.3 MAINTAINING HARMONIOUS RELATIONSHIP WITH CUSTOMERS
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	49	5.3.1 MANAGEMENT OF PRODUCT QUALITY
B6.2	Number of products and service related complaints received and how they are dealt with.	51	5.3.2 MANAGEMENT OF CUSTOMER SERVICES
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	53	5.3.3 MANAGEMENT OF CUSTOMER PRIVACY
Aspect B7 Anti-corruption			
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.	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.	59	5.5 COMPLIANT OPERATION

Environmental, Social and Governance Reporting Guide		Page	Content in the Report
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.	61	5.6 COMMUNITY INVESTMENT
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	61	5.6 COMMUNITY INVESTMENT
B8.2	Resources contributed (e.g. money or time) to the focus area.	63	5.6.2 SOCIAL WELFARE ACTIVITIES



## 8. APPENDICES

### 8.2 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 telephone to (852) 3902 2100 or email to [ir.list@modernland.hk](mailto: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?

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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.

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