

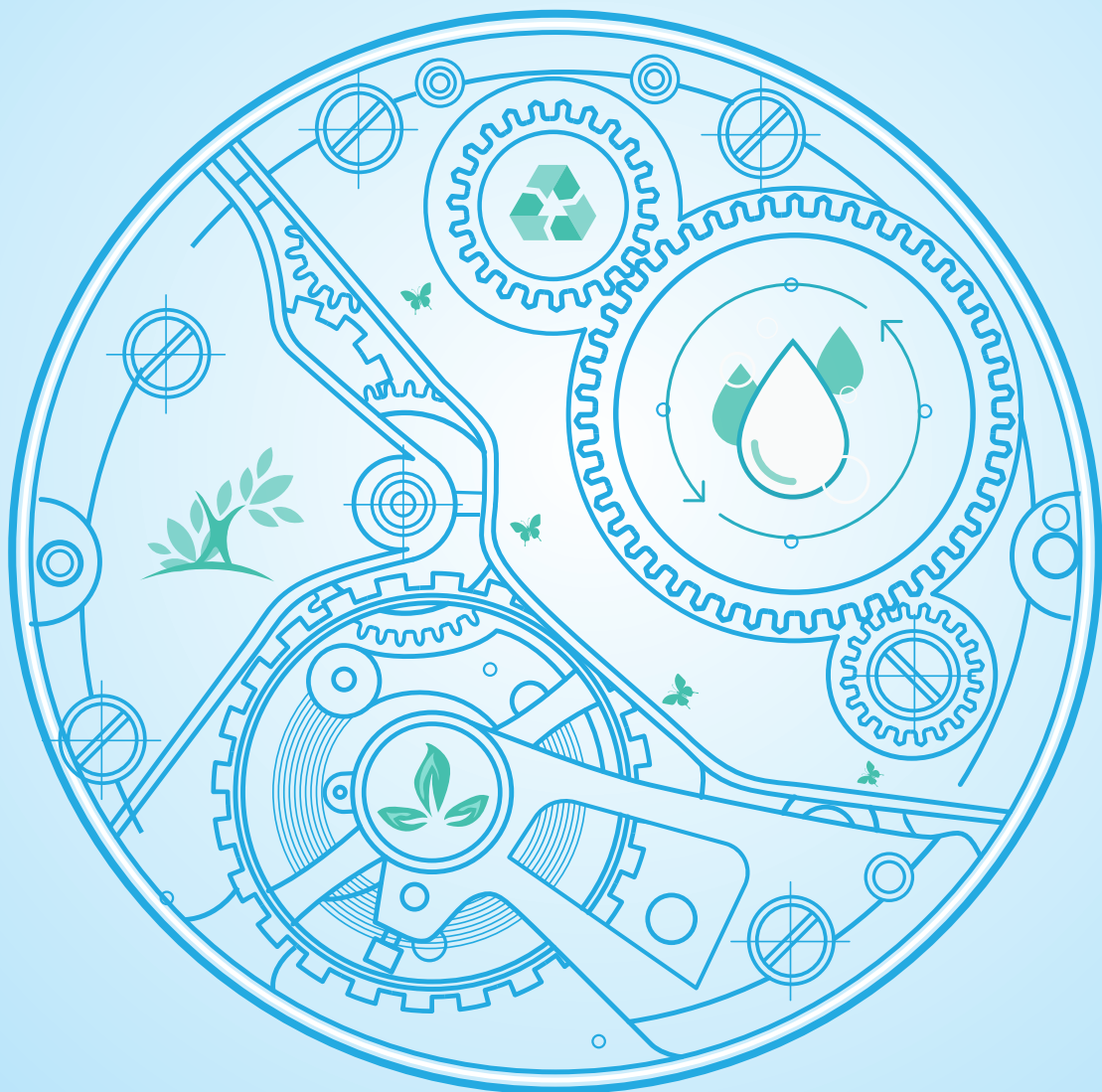


Time Watch Investments Limited
時計寶投資有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2033

2018
**Environmental,
Social and Governance Report**





WHO WE ARE

We are the leading manufacturer, brand-owner and retailer of domestic watches in the People's Republic of China (the "PRC").

Established in 1988, the Group's core proprietary brand, Tian Wang (天王), has been developed into a well-known and one of the top national watch brands in the PRC, positioning for the mass market. Another proprietary brand of the Group, Balco, which was initially registered in Switzerland in 1986 by an independent third party and was acquired by the Group in 2002, offers Swiss-made watches targeting younger middle-income consumers in the PRC.

We operate through more than 3,000 directly managed and controlled point of sales as well as e-commerce sales channels, with a strong sales network and long brand heritage and reputation in the PRC.

MISSION

We continue to improve our efficiency in production and store operation through strategically expanding sales network and devote greater effort on e-commerce, enhancing the Group's overall competitiveness.

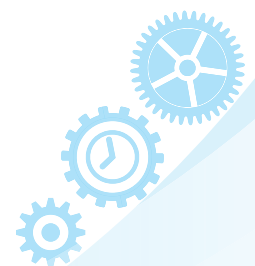
We will continue to focus on achieving good financial performance to deliver stable returns and long-term value to our shareholders.

We deliver quality experience to our customers through provision of excellent pre-sales and after-sales services.

We hire talents that participate in the success of the Group and will invest in the development of our employees.

VISION

We strive to provide stylish and high-quality watches with reasonable price to customers, strengthen our leading position in the market, deliver sustainable shareholder value to our shareholders and help our employees to grow and share the success of the Group.



CONTENT

1.

About this Report

4

- 1.1. Reporting Period
- 1.2. Reporting Scope
- 1.3. Reporting Framework
- 1.4. Stakeholders' Engagement
- 1.5. Stakeholders' Feedback

2.

Environmental Performance

6

- 2.1. Emission Policies and Compliances
- 2.2. Minimising Emission
 - Carbon Footprint - GHG Emissions
 - Non-hazardous Waste
- 2.3. Use of Resources and the Environment
 - Energy Consumption – Electricity
 - Fossil Fuel Consumption – Petroleum and Diesel
 - Water Consumption
 - Total Packaging Material Used for Finished Products

3.

Community Care

10

4.

Employment Policies and Compliances

11

- 4.1. Occupational Health and Safety Policies and Compliances
- 4.2. Human Capital Development and Training Policies

5.

Supply Chain Management

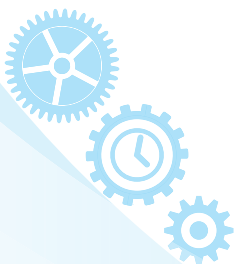
13

6.

Product Responsibility and Quality Assurance Process

14

- 6.1. Protecting Intellectual Property Rights
- 6.2. Consumer Data Protection and Privacy Policies



CONTENT

7.	Anticorruption Policies and Compliances	15
7.1.	Conflict of Interest	
7.2.	Preventive Measures and Whistle-blowing Procedures	
8.	Considering the Future of Sustainable Development	16



1. ABOUT THIS REPORT

1.1. Reporting Period

This Environmental, Social and Governance (“ESG”) Report illustrates and highlights the environmental and social performance of the Group from 1 July 2017 to 30 June 2018 unless otherwise stated.

1.2. Reporting Scope

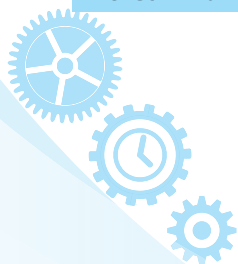
The content of this ESG report summarises the performance of the Group in respect of corporate social responsibility. This report is focused on the operating activities which are considered as material by the Group – the manufacturing, distributing and retailing of watches in the People’s Republic of China (the “PRC”), and the trading of watch movements worldwide. With the aim to optimise and improve the disclosure requirements in the ESG Report, the Group has taken initiatives to formulate ESG-related policies, record relevant data as well as implement and monitor measures. This report demonstrates the ESG performance of the Group in achieving sustainable development for the future.

1.3. Reporting Framework

This ESG report follows the disclosure requirements as set out in the ESG Reporting Guide (“ESG Guide”) contained in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and has complied with the “comply or explain” provision in the Listing Rules.

Key Performance Index (“KPI”) Reference Table

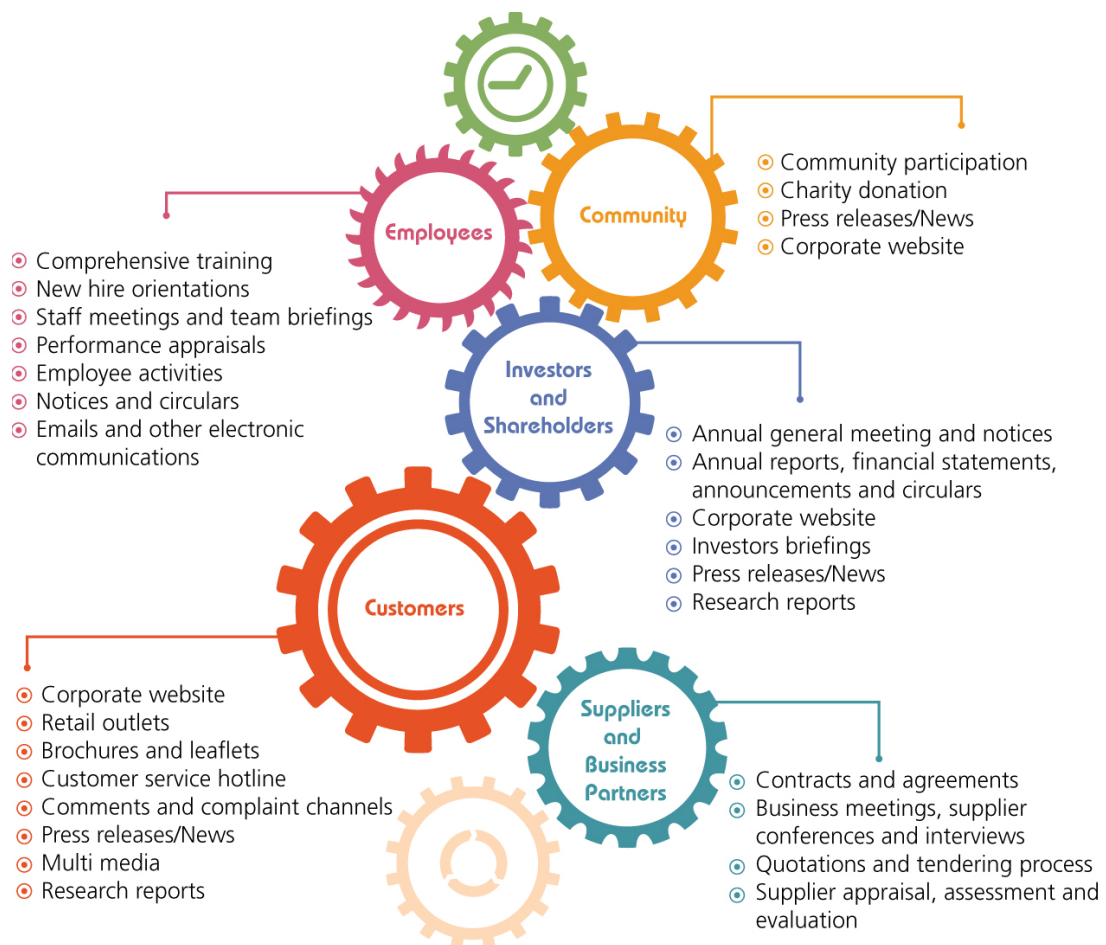
Reference KPI of the ESG Guide	Corresponding KPI in the section of this report
A Environmental Performance	Environmental Performance
A1 Emissions Policies and Compliances	Environmental Performance Emissions Policies and Compliances Minimising Emission
A2 Use of Resources	Minimising Emission Use of Resources and the Environment
A3 The Environment and Natural Resources	Environmental Performance Use of Resources and the Environment
B1 Employment Policies and Compliances	Employment Policies and Compliances
B2 Health and Safety Policies and Compliances	Occupational Health and Safety Policies and Compliances
B3 Development and Training Policies	Human Capital Development and Training Policies
B4 Labour Standards	Employment Policies and Compliances
B5 Supply Chain Management	Supply Chain Management
B6 Product Responsibility	Product Responsibility and Quality Assurance Process Protecting Intellectual Property Rights Consumer Data Protection and Privacy Policies
B7 Anticorruption Policies and Compliances	Anticorruption Policies and Compliances Conflict of Interest Preventive Measures and Whistle-blowing Procedures
B8 Community Investment	Community Care



1. ABOUT THIS REPORT

1.4. Stakeholders' Engagement

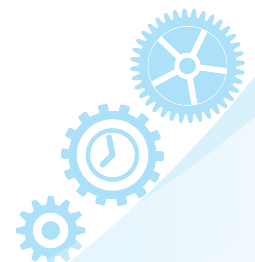
Stakeholders' expectation, view and feedback toward the Group is of ultimate importance to its future development. Trust is the foundation to build and ensure enduring and long-term relationship with stakeholders. To communicate with the stakeholders in a direct and transparent way and by understanding their views and expectation, the Group has done the below stakeholder engagement exercises to achieve the objectives.



1.5. Stakeholders' Feedback

Your comments and feedbacks regarding the Group's performance and approach on ESG aspects are valuable to its continuous improvement, please email your questions, suggestions and recommendations to iPR Ogilvy & Mather;

Tel: (852) 2136 6185
Fax: (852) 3170 6606
Email: timewatch@iprogilvy.com



2. ENVIRONMENTAL PERFORMANCE

Environmental protection is one of the major focuses of the Group in fulfilling its social responsibilities. The Group is committed to minimizing any environmental impacts while manufacturing high quality products to its customers. To demonstrate its commitment to sustainable development, the Group has established relevant environmental policies to manage its resources consumption and emissions.

The Group's electronic manufacturing business is conducted mainly in its manufacturing plants which would be discussed below. The Group does not involve in air (dust and residues), water, and noise pollution which are regulated under relevant environmental laws and regulations in the PRC.

2.1. Emission Policies and Compliances

The Group complies with related environmental laws and regulations of Hong Kong and the PRC in air (dust and residues) and water emissions, radioactive materials control, solid waste management, noise pollution prevention and energy saving. Policies to promote efficient use of energy and natural resources to lower emission and cost are in practice.

2.2. Minimising Emission

Carbon footprint generated from the manufacturing operations and office locations will be disclosed in this report. Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas ("GHG") expressed in terms of equivalent amount of carbon dioxide ("CO₂") emission. Hazardous and non-hazardous waste generated from its operations will also be discussed. To reduce GHG emissions, the Group has energy saving practice in place by switching off unused air-conditioning, lighting, and equipment.

Comprising the Group's headquarters, offices and the subsidiaries including the manufacturing plant, warehouses and the retail outlets, the Group's operations cover a total floor area of 27,896.66 square meter ("m²") and is accounted for 100% of its GHG emissions.



2. ENVIRONMENTAL PERFORMANCE

Carbon Footprint - GHG Emissions

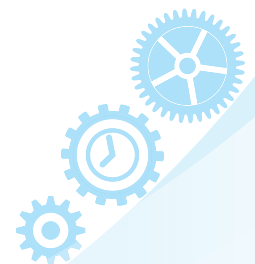
The total net GHG emissions generated by the Group were 2,190.39 tonnes of carbon dioxide equivalent ("tCO₂-eq") (mainly carbon dioxide, methane and nitrous oxide). With the total audited area of 27,896.66 m², the total annual carbon emission intensity due to energy usage was 0.079 tCO₂-eq/m². The following table highlights the Group's carbon footprint.

Scope	Sources of GHG emissions	GHG* emissions (in tCO ₂ -eq)	GHG* emissions by scope (in tCO ₂ -eq)	Distribution
1	Stationary	0.00	506.81	23.14%
	Mobile – Petroleum and diesel consumed by the Group's transportation fleet	506.81		
2	Purchased electricity	1584.44	1584.44	72.34%
3	Disposal of paper waste	86.81	99.13	4.52%
	Fresh water processing	12.32		
	Sewage water processing	0.00		
Total GHG* emissions		2,190.39		100%
Carbon Emission Intensity		0.079		

* The GHG is calculated according to the 'Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong' jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

The largest GHG emissions of the Group, with over 72%, was generated by scope 2 – indirect emissions, it was attributed to the electricity usage of lighting, air-conditioning, and electrical appliances and equipment during operations. The Group has advocated various energy conservation strategies and management measures including the use of energy saving lighting fixtures and switching off unused air-conditioning, lighting, and equipment to reduce emission. Furthermore, to strengthen energy saving awareness of employees, energy saving slogans have been posted at the entrances and power control switches to encourage energy saving practices.

Another major source of GHG emissions was from scope 1, direct emission from the use of petroleum and diesel for motor vehicles. Motor vehicles, especially the diesel powered, emit a considerable amount of respirable suspended particulates and nitrogen dioxide (NO₂) into the atmosphere. About 23% was contributed to the Group's total GHG emissions at 506.81 tCO₂-eq, the Group will consider the possibility of introducing more energy efficient vehicles by phase to reduce emissions.

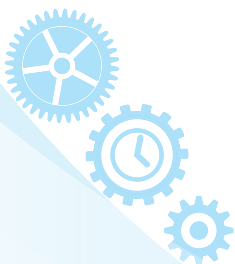


2. ENVIRONMENTAL PERFORMANCE

Non-hazardous Waste

Paper waste constituted of 86.81 tCO₂-eq. Paper was the only waste generated from office administration, it was recorded that 18,084.92 kg of paper was used. Paper waste was collected by designated service supplier in the PRC for recycling and the building management in Hong Kong for disposal. Employees have been recycling single side printed papers for reuse and using digital technology to replace papers. The Group will continue to work on paper reuse and recycling to further reduce its GHG emissions.

Various types of materials and components such as watch movement, strap and bezels were procured and used in products manufacturing. Certain packaging waste generated from these components such as carton boxes and plastic bags were being disposed of by the Group. In addition, domestic waste was another type of non-hazardous waste. There are practices in place to collect the waste for recycling and disposal. In order to formulate measures to reduce non-hazardous waste generation, the Group will take initiatives to record relevant data in the next reporting period.



2. ENVIRONMENTAL PERFORMANCE

2.3. Use of Resources and the Environment

The main manufacturing plant is located in designated industrial area, most of the emission and waste generated from the operations were well treated before they were returned to the environment. Therefore, the direct impact from the Group's activities towards the environment and natural resources is minimal.



Fossil Fuel Consumption - Petroleum and Diesel

A total of 185,891.21 litres of petroleum and diesel were being used by the Group's motor vehicles. Hence, the use of more efficient transportation methods or the use of electrical vehicles shall be considered to minimise the GHG emissions generated by transportation.



Energy Consumption - Electricity

The total electricity consumed was 17,711,78.50 Kilowatt-hour ("kWh"). With the total operation area of 27,896.66 m², the energy intensity was 63.49 kWh/m². The Group is actively seeking for more energy efficient production equipment to reduce electricity consumption in the manufacturing process.



Total Packaging Material Used for Finished Products

Various packaging materials were used for the packaging of finished products. Packaging materials ranging from plastic wrapping, plastic bags, foam materials and carton boxes were used for product protection and transportation. It was recorded that 760 tonnes of packaging materials were used during the reporting period. While there is no official solution unless better eco-design is available as an alternative, packaging waste will be disposed of by the final consumers.



Water Consumption

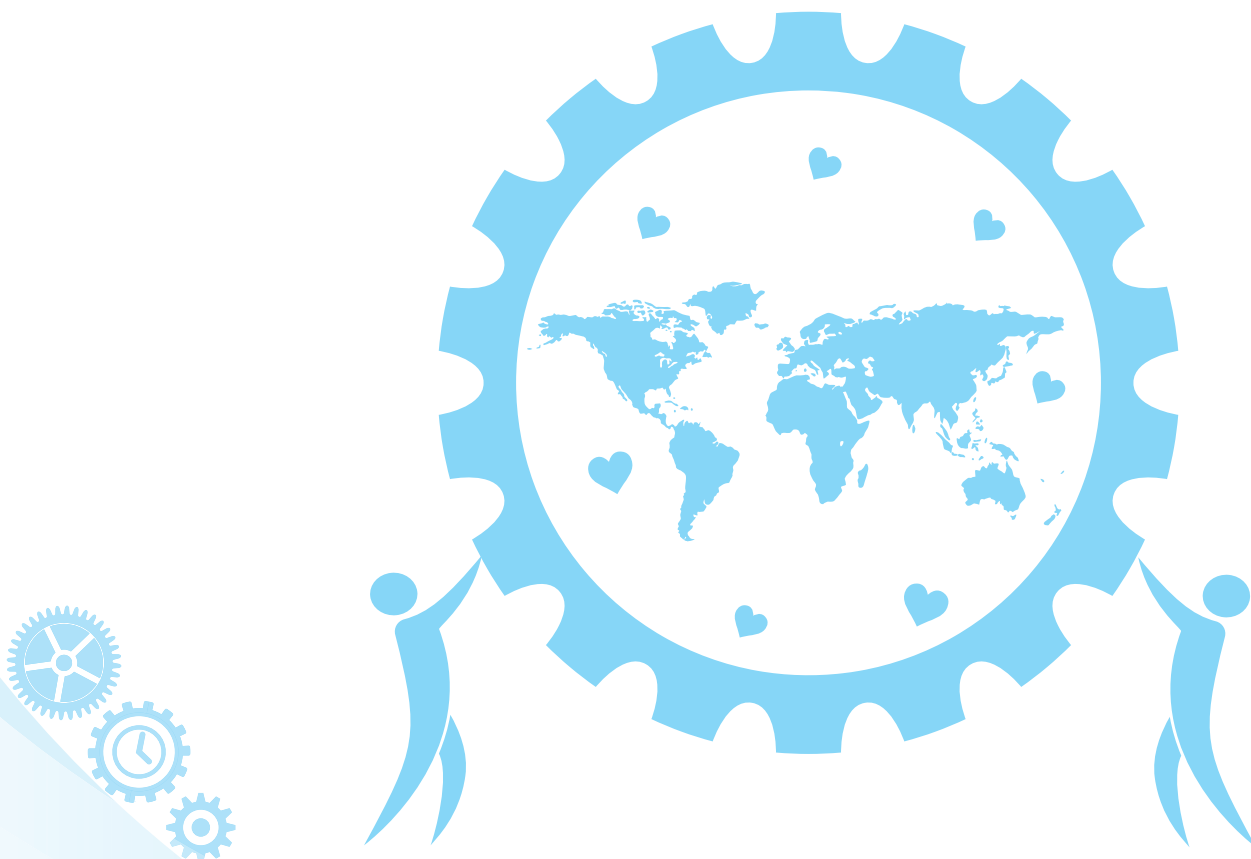
The total fresh water consumption was 29,057.92 cubic meters ("m³"). The Group is conscientious in water conservation as it is one of the most precious natural resources on earth.



3. COMMUNITY CARE

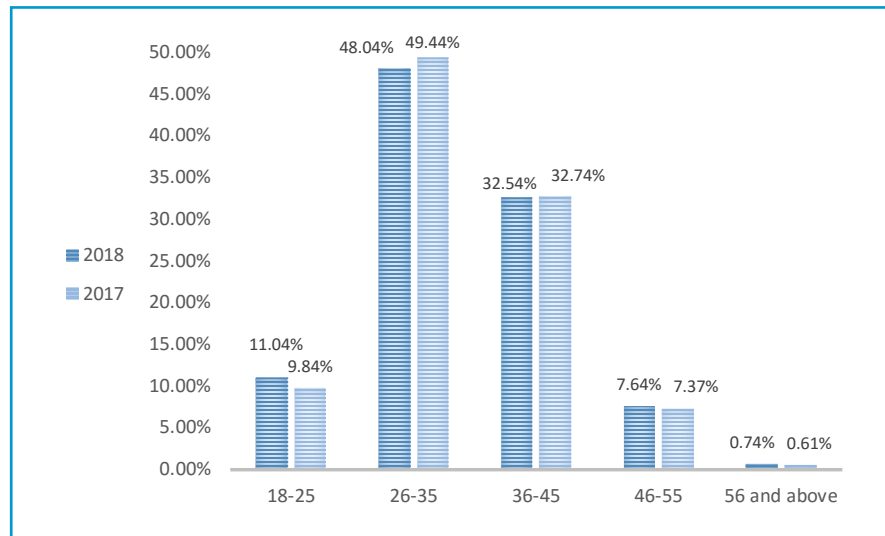
The Group is committed to working with all sectors to build the community and shoulder corporate social responsibility. In addition to operating its business diligently, the Group actively participates in various philanthropic activities as well as renders support to deprived communities.

One of the three-year charity projects of the Group is the donation of RMB 4.5 million to the “Beautiful China Education Project” through the China Children and Teenagers Fund. During the reporting period, the group has donated RMB 1.5 million to this project. It is used to support education in remote areas of the PRC, so the children would be able to receive a quality education.



4. EMPLOYMENT POLICIES AND COMPLIANCES

As at 30 June 2018, the total workforce of the Group was 4,892 (2017: 4,786) with a combination of 613 men and 4,279 women (2017: 573 men and 4,213 women) and the following age distribution.



The Group complies with the laws and regulations relating to employment, child and forced labour practices. The Group's employee handbook is designed to communicate important regulations and work ethics surrounding operations, company management practices, employment, benefits and welfare, rights, obligation and responsibilities. It is an essential tool in helping to define the expectations of both the management and the employees, and also to improve employees' work efficiency, sense of responsibility, and sense of belonging by protecting them from unfair or inconsistent treatment and discrimination.

The Group provides equal opportunities for employees regardless of their age, gender, family positions, sexual orientation, and race in respect of recruitment, training and development, job advancement, and remuneration and benefits. The Group recognises and encourages employees through a structured remuneration system to ensure that employees are rewarded with their work performance and job responsibility with a wide range of additional benefits such as subsidized personal travel, attendance award, overtime allowances, holiday gifts, performance bonus, and employees may take leaves for marriage, child birth, personal and compassionate occasions.

The Group also established a confidential complaint mechanism for employees to express their views and suggestions to the Group. All complaints and suggestions will be assessed and considered for follow up.

Recruiting top-performing employees and motivating them is a priority of the Group, recruitment of employees is strictly abided by the hiring procedures and guidelines of the Group so that suitable talents are recruited in accordance to the job requirement, relevant laws, and candidates' expectation for a fair, healthy and sustainable workforce.

During the reporting period, there was no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration relating to labour disputes against the Group.



4. EMPLOYMENT POLICIES AND COMPLIANCES

4.1. Occupational Health and Safety Policies and Compliances

The provision of a safe and healthy working environment and the well-being of employees are of ultimate priorities to the Group. Regular reviews and audits are performed in accordance with the statutory and industrial requirements and the work injury rate was remained at zero.

Through adopting various occupational health and safety measures such as work environment condition evaluation, safety equipment installation, appropriate lighting and ventilation, noise level monitoring, safety briefing and notice, a safe and healthy working environment is provided and maintained.

Furthermore, employees are provided with personal protection equipment ("PPE") such as uniform, face masks and gloves for protection and to ensure work safety. An independent testing agency is commissioned to inspect if any occupational hazards exist in the workplace.

The Group also emphasizes on the safety of the equipment in the manufacturing plant by requiring its suppliers to provide relevant testing certificates, conducting functional and safety checks, and arranging maintenance regularly. During the reporting period, the Group did not violate any related health and safety regulations and ordinance.

Occupational Health and Safety Data

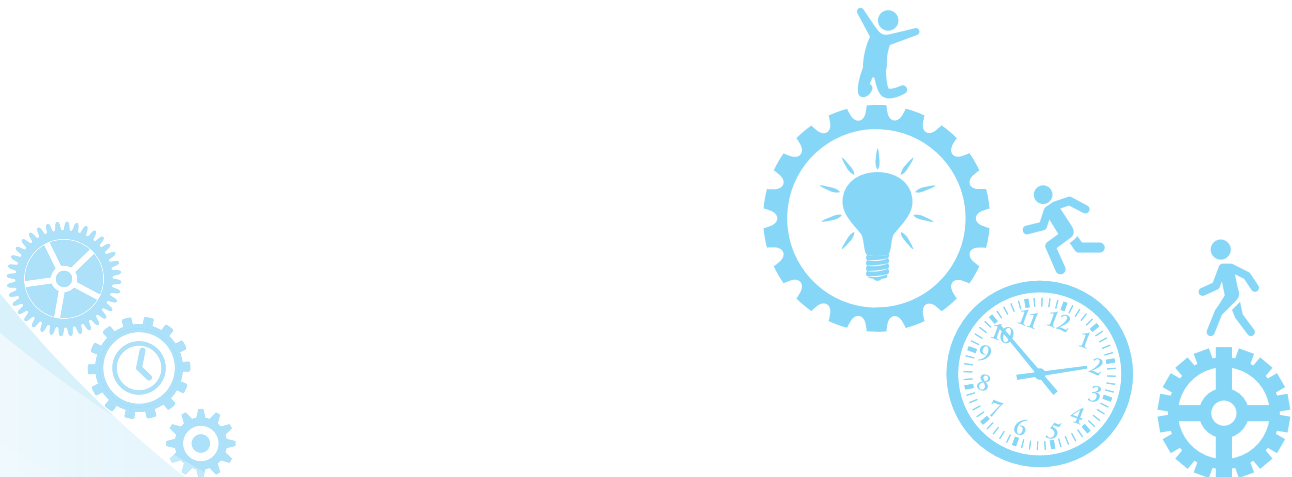
Number of Work-related Fatalities	0	0
Work injury cases with leave of absence >3 days	0	0
Work injury cases with leave of absence <3 days	0	0
Lost days due to work injury	0	0
Work Injury rate	0	0

2018

2017

4.2. Human Capital Development and Training Policies

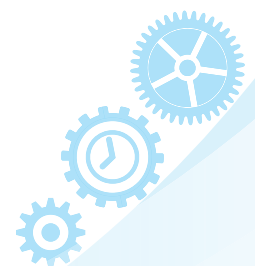
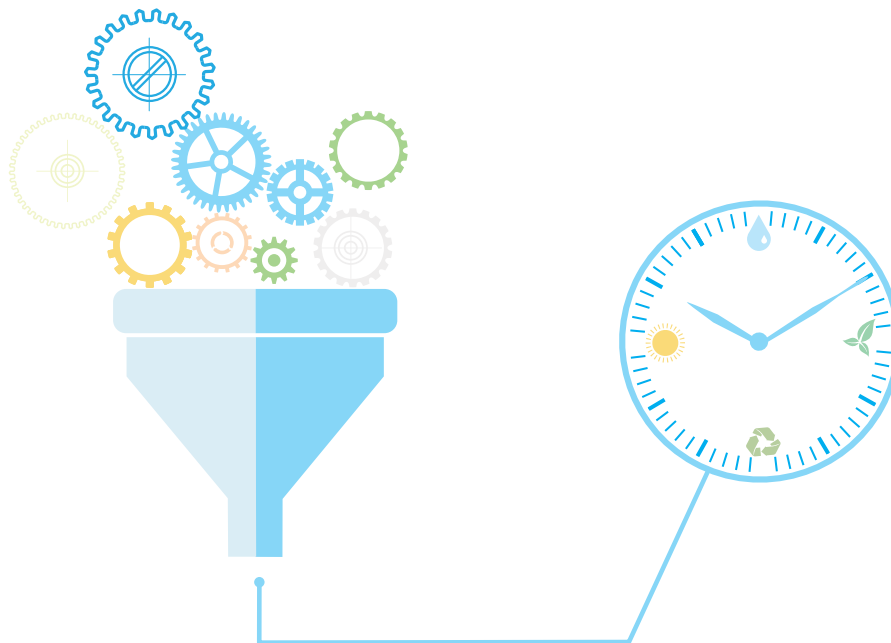
The Group believes that developing its employees by improving their knowledge and skills can enhance their personal growth both intellectually and professionally. To encourage and assist employees in developing their potential, training resources is planned, and training programs are developed and implemented to ensure employees received the relevant trainings. In-house training programs and external training courses conducted by the Group's senior employees and professional consultants respectively are conducted regularly for employees' future career progression and development on their career path.



5. SUPPLY CHAIN MANAGEMENT

Watchmaking involves the assembly of tiny parts and working with tiny parts needs deliberate working process and procedures to avoid errors or variances. To guarantee the quality of watches being manufactured is maintained at a high standard, various suppliers are engaged for materials, electronic parts, equipment and services procurement. Furthermore, to ensure the required goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the highest quality and cost performance, the Group's systematic supplier management system is in place to manage its supply chain so that suppliers are selected based upon rational and clear criteria.

The Group recognises the importance of using strategic suppliers who offer reliable, high quality, safe and technologically advanced products to meet the needs of its customers. With the supplier qualifying process, suppliers are being accessed based on selection criteria including reputation, production environment, quality standard, delivery performance and price. Sourcing for suppliers must undergo the supplier evaluation process to be qualified as the strategic supplier of the Group. The Group conducted regular audit of its suppliers in accordance with the latest legislations and standards. There is a total of 41 suppliers being selected and listed in the approved suppliers' list for watchmaking and another 21 suppliers for the Group's general administration and marketing needs. The Group would regularly review the list and monitor the performance of its suppliers to ensure its supply chain is operating efficiently that guarantees the high quality and standard of its products and services.



6. PRODUCT RESPONSIBILITY AND QUALITY ASSURANCE PROCESS

The Group is committed to providing innovative and high-quality products to its customers. With the Group's extensive experience in the manufacturing of watches, and the product quality assurance in accordance with ISO 9001: 2008 Quality Management System, the quality and safety performance of its products are guaranteed. The manufacturing process is in strict compliance with the quality requirement as stipulated in the quality manual by following the quality control procedures from product design, production to delivery.

By partnering with suppliers and business partners to ensure product quality and service stability, the Group periodically monitors the overall performance of product suppliers by conducting product inspection and on-site audit with documented report for continuous improvement and on-going cooperation. During the reporting period, there was no product recall nor return and no significant complaint in product quality from customers. In addition, supplier assessments are performed annually, in which suppliers are evaluated by factors including product quality, price and service, dissatisfactory suppliers will be removed from the approved suppliers' list.

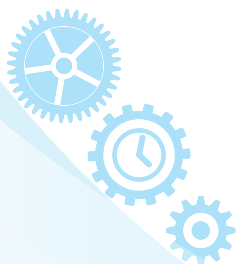
6.1. Protecting Intellectual Property Rights

The Group owns and registered several trademarks, patents, and domain names as they are important to its brand, its products and its corporate image. The Group complies with the intellectual property (the "IP") rights regulations to protect the interest of the Group and its customers. The Group also requires its suppliers to comply with the IP rights for confidentiality and integrity. During the reporting period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

6.2. Consumer Data Protection and Privacy Policies

The Group strictly manages and protects the data collected from its business partners, customers, employees and suppliers to ensure their privacy and confidentiality. As stipulated in the employee handbook on data protection, employees are instructed of their responsibility to respect the privacy of customers and to protect any customer data from outside parties. The Group is committed to maintaining a secure environment to ensure the entirety of information being collected are kept confidential, with company servers and computers being protected from access passwords. The Group complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and is strictly abided by the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety.

In addition, the Group maintains close business relationship with watch movement suppliers for the trading business, whereas relevant product liability measures are implemented to ensure the authenticity and compliance with related regulations in product description, trademark, or labelling of The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong).



7. ANTICORRUPTION POLICIES AND COMPLIANCES

The Group is committed to conducting business with the highest level of business ethics and integrity, directors and employees must adhere to the Group's code of conduct to ensure business activities are conducted in an honest and transparent manner. To formalise the commitments, employees are required to read and understand the Group's rules and regulations on fraud, unethical conduct such as bribery or corruption as stated in the employee handbook. Employees are guided to use good judgement during business engagement.

7.1. Conflict of Interest

The Group's code of conduct requires its directors and employees to avoid the conflict between personal and financial interest and their professional official duties in the Group. Communications were made to the employees, so they understand that using their positions in the Group or using the Group's resources, properties and information to pursue opportunities by exercising positioning power to influence decisions or gain access to valuable information when dealing with third parties with his profession to achieve financial and personal gain is strictly prohibited.

7.2. Preventive Measures and Whistle-blowing Procedures

The Group encourages whistle-blowing whereas any employee could report any concern or complaint about suspected misconduct, fraudulent activities and conflict of interest that seriously affect the interest of the Group through the whistleblowing document collection box in strict confidence. The Group also requires its directors and employees to declare any conflict of interest as per the related instruction and guidelines. During the reporting period, there was no related fraudulent case reported against the Group.



8. CONSIDERING THE FUTURE OF SUSTAINABLE DEVELOPMENT

Developing sustainably in the current market situation with high expectation from the customers, more stringent legal and regulatory requirements and increasing concern from employees and customers on ESG matters are becoming more challenging, but the Group will continue to leverage on its solid executive experience, strengths on compliance and positive brand image to succeed in the industry.

