



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

(Incorporated in the Cayman Islands with limited liability)
Stock code: 2033



2019

Environmental, Social and
Governance Report





WHO WE ARE

Time Watch Investments Limited (the “Company”) is the leading manufacturer, brand-owner and retailer of domestic watches in the People’s Republic of China (the “PRC”).

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

We operate through approximately 3,000 self-operated 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.

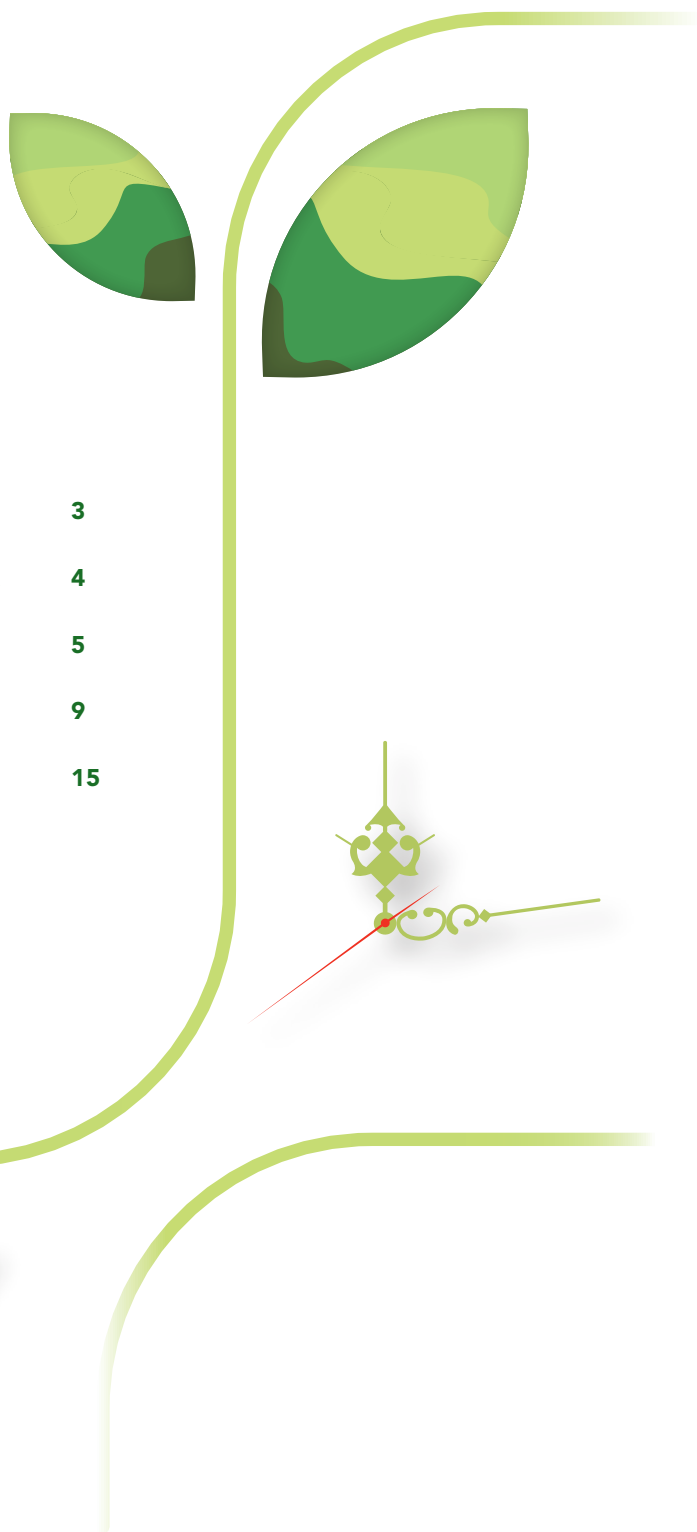
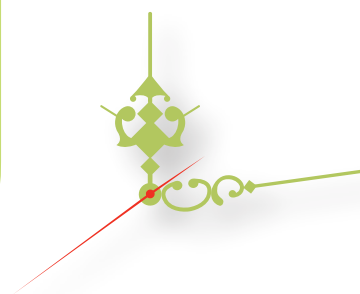
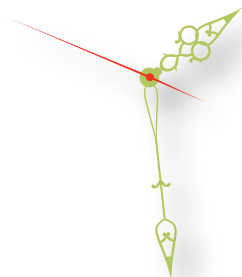
We hire talents that participate in the success of the Group and will invest in the development of our employees.

VISION

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

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I. INTRODUCTION

SUSTAINABILITY GOVERNANCE

Pursuant to the call of the 2030 Agenda for Sustainable Development, in which the private sector is acknowledged to be one of the most significant sources of resources, action and technical capacity relied upon by the global society to achieve the Sustainable Development Goals ("SDGs"), the Group has devoted to developing an ambitious, comprehensive and integrated framework for its sustainable development accordingly.

To prevent any adverse circumstances and to enhance the effectiveness of the execution of the proposed policies, the Group has established a professional ESG management team responsible for supervising the daily operational practices in the Group and reporting material ESG issues to the Board, who has the overall responsibility for the Group's ESG strategy and reporting issues. With such a strong ESG management framework and clear governance procedures, the Board's oversight of ESG-related opportunities and risks within the Group can be efficiently implemented.

Given the ever-changing market in the industry, the Board keeps reviewing its business strategy and internal sustainability policies, in order to make appropriate adjustments to comply with the latest laws, regulations and industry standards. The Board believes that being informed of the risks in advance could help the Group interact with all its stakeholders in the resilience building and rational capital spending, which through equipment upgrade and application of more eco-friendly technologies in the operations will promote a smooth low-carbon economy.

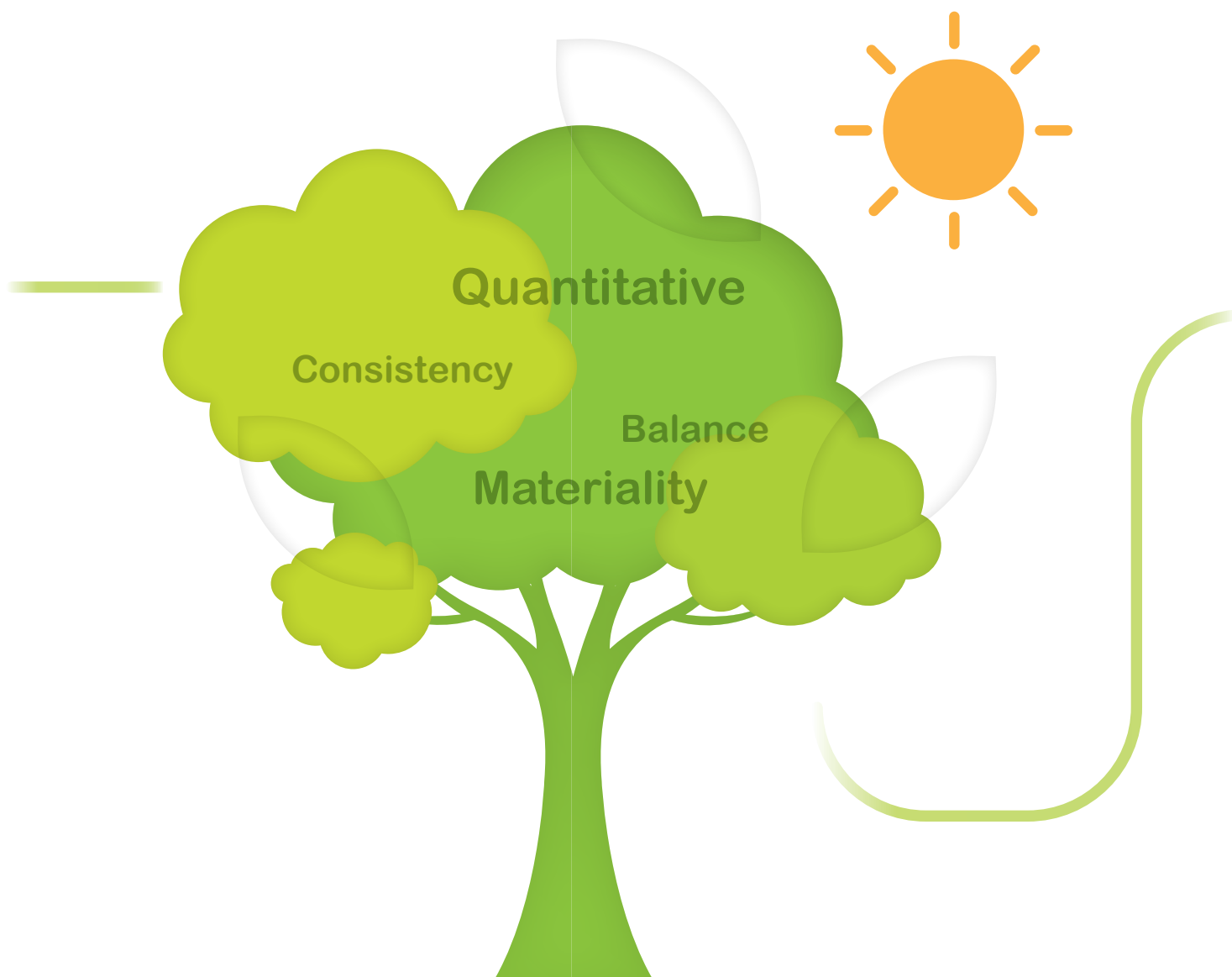
The Group is pleased to present its third ESG Report to underscore the Group's approach and performance in terms of sustainable development, and how the Group embedded board-level sustainability strategy throughout the company with excellent ESG practice for the year ended 30 June 2019 ("FY2019"). This ESG report was prepared in compliance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited's website.

II. REPORTING PERIOD AND SCOPE OF THE REPORT

The content of this ESG report summarises the performance of the Group in respect of corporate social responsibility in accordance with the reporting principles of 'Materiality', 'Quantitative', 'Balance' and 'Consistency'. With the aim to optimise the reporting process and expand the disclosure boundary in the ESG Report, the Group has kept taking initiatives to formulate effective ESG-related policies, to record relevant data as well as to implement and monitor measures. This report demonstrates the ESG performance of the Group in achieving sustainable development for the future.

This ESG report covers the operational boundary of the Group's key operating activities which are considered as material by the Group – the manufacturing, distributing and retailing of watches in the PRC, and the trading of watch movements worldwide. The geographical locations of the businesses in which the Group were principally engaged in FY2019 were the PRC and Hong Kong.

The reporting period of this ESG report is for FY2019, i.e. from 1 July 2018 to 30 June 2019, unless specifically stated otherwise. If there is any conflict or inconsistency, the English version shall prevail.



III. STAKEHOLDER ENGAGEMENT

Fostering a sound relationship with all stakeholders has been seen as the prerequisite of effective communications and the realisation of the Group's vision of value creation for all. Therefore, the Group counts on its good corporate citizenship, reputational influence and great capability in coordination to build a collaborative relationship with its stakeholders including policymakers, regulators, investors, customers and suppliers. Through a broad range of open communication channels, the Group has garnered a deeper understanding of its stakeholders' genuine concerns and expectations, and that prompts the Group's business strategy to integrate material social and environmental topics and the corporate management of sustainability-related issues to be incorporated in a wider business process.



III. STAKEHOLDER ENGAGEMENT

With the goal to strengthen corporate sustainability management while enhancing stakeholders' awareness of ESG and sustainability issues, the Group has diligently engaged internal and external stakeholders. During the year under review, the Group collected and carefully evaluated its stakeholders' opinions on corporate sustainable development, especially the material ESG topics and United Nations Sustainable Development Goals (SDGs), and was committed to addressing those concerns in a proper manner based on continuous, concise and effective communications.

SUSTAINABLE DEVELOPMENT GOALS



III. STAKEHOLDER ENGAGEMENT

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> – Compliance with laws and regulations – Anti-corruption policies – Occupational health and safety 	<ul style="list-style-type: none"> – Supervision on the compliance with local laws and regulations – Routine reports and tax payments
Shareholders	<ul style="list-style-type: none"> – Return on investment – Corporate governance – Business compliance 	<ul style="list-style-type: none"> – Regular reports – Announcements – General meetings – Official website of the Group – Investor briefings – Research reports
Employees	<ul style="list-style-type: none"> – Employees' remuneration and benefits – Customer satisfaction – Health and safety in the workplace 	<ul style="list-style-type: none"> – Performance appraisals – Regular meetings and training – Focus groups – Emails, notices, circulars, hotline and team building activities with management
Customers	<ul style="list-style-type: none"> – Production quality assurance – Protection of customers' privacy and rights – Continuous promotion of reliable products/services to customers 	<ul style="list-style-type: none"> – Customers' satisfaction surveys – Face-to-face meetings and onsite visits – Customer service hotline and emails – Retail outlets
Suppliers	<ul style="list-style-type: none"> – Fair and open procurement – Win-win cooperation – Environmental protection – Protection of intellectual property rights 	<ul style="list-style-type: none"> – Open tender – Contracts and agreements – Suppliers' satisfaction assessment – Telephone discussions – Face-to-face meetings and onsite visits – Industry seminars
Professional organisations	<ul style="list-style-type: none"> – Policy formulation regulating the practice of employees and business operations – Environmental protection and social responsibility 	<ul style="list-style-type: none"> – Telephone discussions – Questionnaires & Online engagement – Meetings (private or AGMs)
General public	<ul style="list-style-type: none"> – Involvement in communities – Business ethics – Environmental protection awareness 	<ul style="list-style-type: none"> – Media conferences and responses to enquiries – Public welfare activities – Face-to-face interview – Corporate website

III. STAKEHOLDER ENGAGEMENT

Materiality Assessment

Since ESG risks and opportunities for companies vary across industries and depend on the companies' business models, the Group undertook an annual review to pinpoint its stakeholders' main concerns and interests in an inventory of material ESG topics. In FY2019, the Group engaged its stakeholders to conduct a materiality assessment survey. Specifically, material stakeholders were chosen based on their influence and dependence on the Group, and then invited to participate in this online survey, which contained numerous well-designed questions to express their concerns on a list of sustainability issues. Through such objective, transparent and decision-useful materiality assessment, the Group could prioritise the material ESG topics and emphasise in the ESG report.

According to the analysis, the Group identified 'Prevention of customers' information and privacy', 'Customer satisfaction', and 'Marketing and promotion' as issues of high importance.

Stakeholders Feedback

Your comments and feedback 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



IV. ENVIRONMENTAL SUSTAINABILITY

To seek long-term sustainability of the environment and community where it operates, the Group has made great efforts in controlling its emissions as well as its consumption of resources, and has strictly complied with relevant environmental laws and regulations in the PRC and Hong Kong during its daily operations, including but not limited to the following:

- Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- Law of the People's Republic of China on the 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);
- Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法);
- Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法); and
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國大氣污染防治法).

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2019.

Emissions

In FY2019, the Group complied with relevant national and local environmental laws in terms of emissions during its daily operations. During the period under review, the Group was not in violation of any laws and regulations in relation to air and greenhouse gas ("GHG") emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group.

Air and GHG emissions

During the year under review, air pollutants emitted from the Group such as sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM") were mainly generated from vehicles used for transportation. Since the amount of such pollutants was very small and not material considering the Group's business operations, hence the related data and information is not discussed further in this report.

The GHG emissions of the Group consisted of direct emission (Scope 1) from the use of vehicles, indirect emissions (Scope 2) from the consumption of electricity, and other indirect emission (Scope 3) from the disposal of paper waste. During the year under review, the direct emissions and indirect emissions were the major sources of GHG emissions whilst other indirect emissions were relatively insignificant.

IV. ENVIRONMENTAL SUSTAINABILITY

The largest GHG emissions of the Group, with over 56%, was generated by scope 2 – indirect emissions. It was predominantly attributed to the electricity usage for 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 idle air-conditioning, lighting, and equipment to save electricity. Furthermore, to strengthen the awareness of energy conservation among employees, energy-saving slogans were posted at entrances and beside power control switches to encourage energy-saving practices.

There is no denying that the accelerating GHG emissions is inherently linked with the climate-related catastrophic consequences that are happening across the world. Thus, to alleviate the rising level of GHG, the Group has taken measures to lower its carbon dioxide emissions, which will be further described in “Use of Resources” of this report.

Wastewater and solid waste

During the year under review, the wastewater and solid waste generated by the Group were mainly municipal wastewater and municipal solid waste from daily operations. In the management of commercial waste, especially plastic and paper waste, the Group has implemented the classification approach for the solid waste collection, such as the separation of paper waste, glass waste, disposed cans and plastics. The non-recyclable solid wastes were normally transported to local waste disposal plants for further treatment. For the waste from production processes, the Group has been committed to reducing the generation of waste at source, thereby preferring the raw materials that can be reused and recycled.

The amount of municipal wastewater generated from the Group highly depends on the amount of human freshwater consumption, so the Group has adopted specific measures to control and reduce the use of freshwater, which is further described in “Use of Resources” of this report.

Other non-hazardous waste

Paper waste constituted 63.98 tCO₂-eq during the year under review. Paper was the major waste generated from office administration, which was the equivalent of 13,329.98 kg in weight. Paper waste was collected by the designated service supplier for recycling and the property management for further disposal. Employees of the Group have been recycling single-sided printed paper for reuse and encouraged to utilise digital technology for operations instead of paper. Various types of materials and components such as watch movement, strap and bezels were purchased and used in the manufacturing process. Other packaging waste generated from these components such as carton boxes and plastic bags were treated by the Group properly.

IV. ENVIRONMENTAL SUSTAINABILITY

Table 1 The Group's Total Emissions by Category in FY2019****

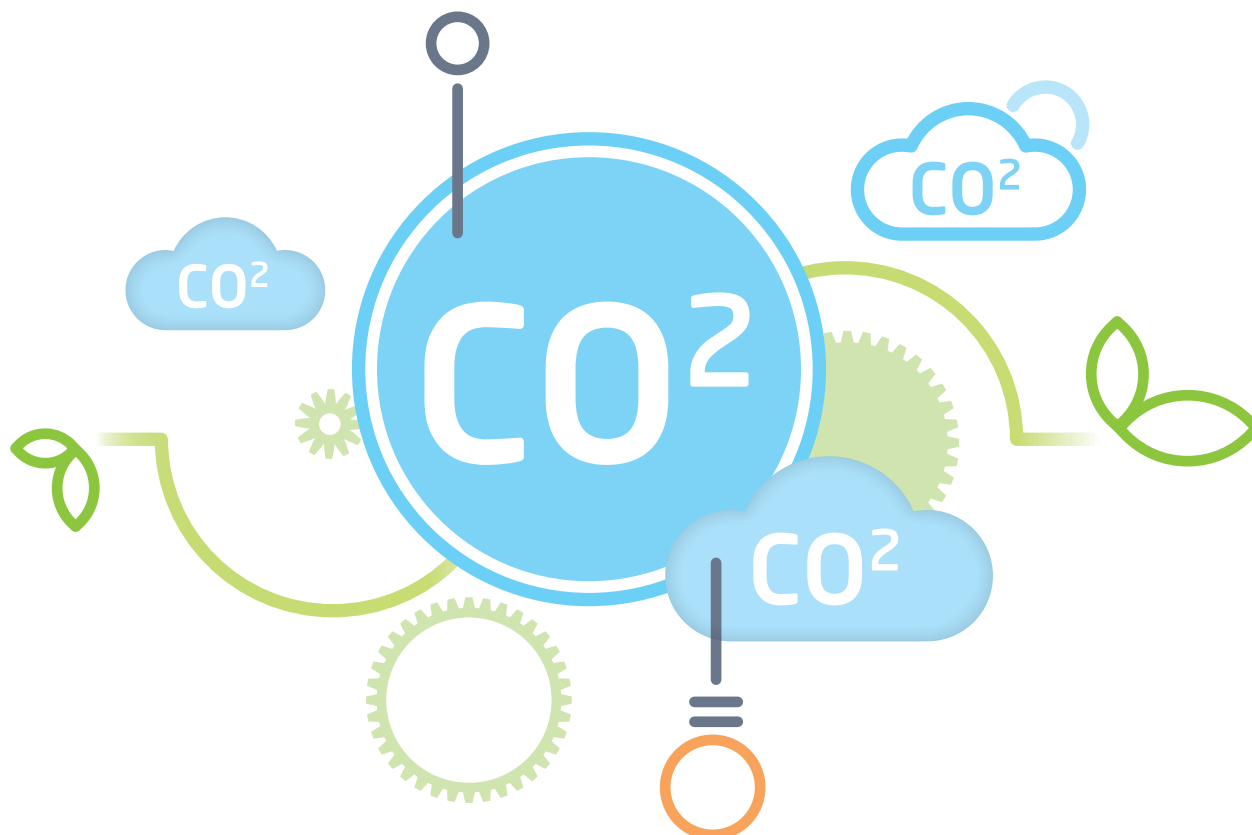
Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2019	Intensity* (Unit/million HK\$) in FY2019	Intensity* (Unit/sqm) in FY2019
GHG Emissions	Scope 1 (Direct Emissions)	tonnes CO ₂ e	582.28	0.22	0.02
	Scope 2 (Energy Indirect Emissions)	tonnes CO ₂ e	839.25	0.31	0.03
	Scope 3** (Other Indirect Emissions)	tonnes CO ₂ e	63.98	0.02	–
	Total (Scope 1 & 2 & 3)	tonnes CO ₂ e	1,485.51	0.56	0.05
Non-hazardous Waste	Solid Wastes***	kg	1,440	0.54	0.05

* Intensity for FY2019 was calculated by dividing the amount of GHG and other emissions respectively by the total revenue of the Group in FY2019 and the total operating area of the Group in FY2019, which is HK\$2,670.2 million and 28,738 square meters respectively;

** The Group's GHG emissions for Scope 3 (Other Indirect Emissions) only covered that from paper waste disposed of at landfills;

*** The solid wastes only included wastes from factories in the PRC;

**** The methodology adopted for reporting on GHG emissions set out above was based on the "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.



IV. ENVIRONMENTAL SUSTAINABILITY

Use of Resources

In FY2019, the primary resources consumed by the Group were electricity, water, gasoline, diesel, paper, and packaging materials. Table 2 illustrates the consumption of different resources used by the Group.

Table 2 Total Resource Consumption in FY2019

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2019	Intensity* (Unit/million HK\$) in FY2019	Intensity* (Unit/sqm) in FY2019
Energy	Electricity	kWh	1,582,154.96	529.52	55.05
	Diesel	L	12,910.00	4.83	0.45
	Gasoline	L	241,848.82	90.57	8.42
Water	Water	m ³	23,141.83	8.67	0.81
Paper	Paper	kg	13,329.98	4.99	0.46
Packaging material	Watch Box	kg	512,723.63	192.01	17.84
	Bags	kg	70,167.27	26.28	2.44
	Paper	kg	99,193.65	37.15	3.45
	Others	kg	144,278.69	54.03	5.02

* Intensity for FY2019 was calculated by dividing the consumption of resources the Group has consumed in FY2019 by the total revenue of the Group in FY2019 and the total operating area of the Group in FY2019, which is HK\$2,670.2 million and 28,738 square meters respectively.

Electricity

The Group consumed electricity in its daily operations in its factory and offices. To further mitigate the consumption of electricity so as to reduce its GHG emissions, the Group encouraged employees to change their electricity consumption patterns during working hours. Besides, the Group has also adopted energy-saving technologies and equipment for production in the factories and administrative operations in the offices, which were believed to be the principal reason that the electricity consumption of the Group materially dropped during the year under review (by 10.7%).

Other energy resources

The Gasoline and diesel consumption amounted to 241,848.82 L and 12,910 L respectively. The fossil fuel energy resources were for the use of vehicles and vans to transport goods. To reduce gasoline and diesel consumption, the Group strives to develop a smart logistic system, committed to achieve a better logistic management.



IV. ENVIRONMENTAL SUSTAINABILITY

Water

During the year under review, the water consumption was lowered by approximately 10% than last year due to the unwavering efforts by the Group in the implementation of policies of water conservation. The Group did not face any problem in sourcing water in FY2019. To further reduce water consumption, the Group has been actively encouraging employees to save water daily. To improve the utilisation efficiency of water resources, the Group has adopted the following practices in particular:

- a. Fix dripping taps immediately once any leakage is found;
- b. Remind staff to turn off water taps after use through emails and notices; and
- c. Place 'saving water resources' posters in prominent places in the factory and offices to encourage water conservation.

Paper

Reducing the consumption of paper in its offices has been the core task to the Group for years, and the ongoing promotion of the concept of 'paperless office' has already achieved significant progress. In FY2019, the effective measures taken by the Group to lower its paper consumption are highlighted as follows:

- Embrace the concept of the paperless office and office automation, and disseminate information by electronic means (i.e. emails or e-bulletin boards) as much as possible;
- Spread the idea of 'think before you print' by using posters and stickers in the offices to remind the staff to avoid unnecessary printings; and
- Use the back of old single-sided documents for printing or as draft paper.

Packaging materials

Packaging materials that were consumed by the Group included watch boxes, bags and paper products. Given the business nature, the use of packaging materials seems unavoidable to the Group. However, the Group continues to bring forward innovative ideas continuously through research and discussions, in order to reduce the weight and consumption of materials for packaging, and apply environmentally friendly materials in the packaging process to minimise its environmental impact.

IV. ENVIRONMENTAL SUSTAINABILITY

The Environment and Natural Resources

Aiming to minimise the potentially adverse impact on the environment and consistently optimising the business strategy to enhance the energy efficiency during daily operations, the Group has made enormous efforts in its control of the consumption of natural resources and exploration of any feasible application of innovative technologies and ideas that are environmentally sound. As such, the Group has carefully evaluated its business model, daily practices and hidden climate-related risks and opportunities alongside corporate growth, in order to establish its inherent interconnections with the environment.

To lower its environmental impact, the Group has put its primary focus on internal training and the wide adoption of eco-friendly design and technologies. For instance, the Group held numerous informal seminars and activities encouraging its employees to be more aware of environmental protection and energy conservation. Electricity conservation, which is closely connected with GHG emissions, has been strongly advocated by the Group in its factory and offices through posters, emails and in a variety of formats.

Moving forward, the Group will comply with relevant environmental laws and regulations in a persistent way and put more efforts in its research of more effective approaches to lowering its impact on the environment and natural resources in its production process and other daily operations.



V. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group views employees as the most important asset and strives to build a safe and pleasant working environment for all employees. The Group has formulated the Employee Handbook for the important regulations and work ethics surrounding operations, company management practices, employment, benefits and welfare, rights, obligation and responsibilities as internal guideline for employees. The Employee Handbook functions as an effective 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.

As of 30 June 2019, the total workforce of the Group was approximately 5,200 (2018: approximately 5,300), with around 80% being female and 20% being male.

Regulatory and legal compliance

The Group's employment policies have been updated and adjusted on an ongoing basis to adapt to social changes since the inception of the Group, and more importantly, to comply with the relevant laws and regulations in Hong Kong and the PRC. In FY2019, the Group complied with all the relevant laws and regulations, including the following:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法); and
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

The Human Resources Department of the Group is responsible for reviewing and updating the relevant company policies on a regular basis in accordance with the latest laws and regulations.

Recruitment and promotion

The Group considers talent acquisition to be essential to keeping the Group energetic and competitive in the market. As such, the Group has adopted a set of clear policies and procedures for recruitment. With the assistance of various social media and online platforms for recruitment, the Human Resources Department selects the qualified candidates for interviews with departmental managers. After selection interviews, the staff in the Human Resources Department will go through a background checking process to ensure the candidate is suitable and eligible for the role.

Pursuant to its recruitment policy, the Group offers competitive remuneration and benefits in accordance with the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates. The Group also refers to market benchmarks in relation to staff promotion and provides equal opportunities for promotion and development for eligible employees who have shown outstanding performance and potential in their positions. With reference to the Employee Handbook, any promotion within the Group is based on established procedures.

V. SOCIAL SUSTAINABILITY

Compensation and dismissal

As talent retention is vital to its success in the long run, the Group periodically reviews its compensation packages and performs the probationary and regular evaluations on the capability and performance of its employees, to ensure that all employees can be acknowledged by the Group appropriately with respect to their efforts and contributions. Adjustment of compensation and termination of employment which are determined by a number of factors, such as performance of the relevant employee and the Group, are based on the internal policies of the Group, such as the Employee Handbook. Since the Group strictly prohibits any kind of unfair or illegitimate dismissal, stringent policies regulating the procedures of dismissal of employees are in place for employee management according to the relevant laws and regulations in Hong Kong and the PRC.

Working hours and rest period

The Employee Handbook has defined detailed working hours and rest periods for employees. In addition to basic annual leave and statutory holidays, the Group also provides a wide range of additional benefits such as attendance award, overtime allowances, festival gifts, performance bonus as well as maternity leave and sick leave.

Equal-opportunity and anti-discrimination

As an equal opportunity employer, the Group strives to use strict policies to regulate the corporate daily practice and avoid any circumstances contrary to the principles of equal opportunity and anti-discrimination. For instance, training and promotion opportunities, and dismissals policies are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other discriminatory elements in all business units of the Group. Meanwhile, the Group has formulated equal opportunity policies according to Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong) and allows zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations. Moreover, employees are vigorously encouraged to report any incidents involving discrimination to the Human Resources Department according to the steps of corporate grievance mechanism. Once any relevant report is received, the Human Resources Department would take responsibility for the assessment, recording and implementation of any necessary disciplinary actions on the incidents.

In FY2019, the Group has complied with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

V. SOCIAL SUSTAINABILITY

Health and Safety

The provision of a safe and healthy working environment and the well-being of employees are of paramount importance to the Group. During the year under review, regular reviews and audits were performed in accordance with the statutory and industrial requirements, and the work injury rate of the Group remained at zero.

Occupational Health and Safety Data	2019	2018	2017
Number of Work-related Fatalities	0	0	0
Work injury cases with leave of absence >3 days	0	0	0
Work injury cases with leave of absence <3 days	0	0	0
Lost days due to work injury	0	0	0
Work injury rate	0	0	0

To provide and maintain a safe, clean and environmentally friendly working condition for its employees, the Group has established strict safety and health policies in line with the relevant laws and regulations in Hong Kong and the PRC, including the following:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法);
- Production Safety Law of the People's Republic of China (中華人民共和國安全生產法); and
- Regulation on Work-Related Injury Insurance (工傷保險條例).

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.

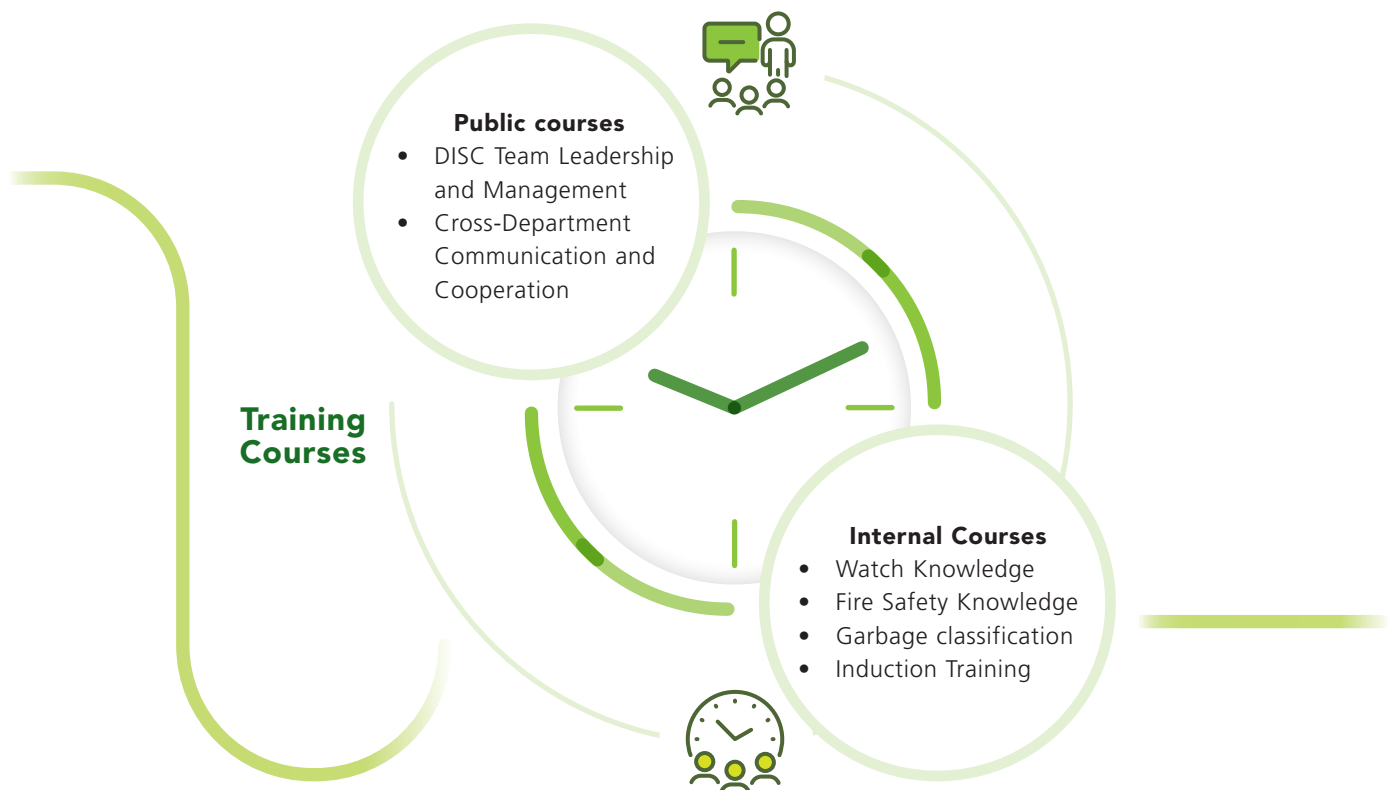
Furthermore, employees are provided with personal protection equipment ("PPE") such as uniform, face masks and gloves for protection and to ensure work safety. An independent testing agency is commissioned to carry out regular inspection on occupational hazards exist in the workplace. The Group also emphasises 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.

In FY2019, the Group complied with relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards.

V. SOCIAL SUSTAINABILITY

Development and Training

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 have been planned and training programs have been developed and implemented to ensure employees received the relevant trainings. In-house training programs and public training courses conducted by the Group's senior employees and professional consultants respectively were arranged regularly for employees' future career progression and development on their career path.



In FY2019, the vast majority of the employees in the Group participated in a range of training course held by either the Group or external organisations.

Labour Standards

In FY2019, the Group complied with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (中華人民共和國勞動法), and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child and forced labour. To combat against illegal employment of child labour, underage workers and forced labour, the Human Resource Department requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment. Should the Group finds any case against labour standards, the employment will be immediately terminated.

In FY2019, the Group complied with the relevant laws and regulations in relation to the prevention of child and forced labour.

V. SOCIAL SUSTAINABILITY

OPERATING PRACTICES

Supply Chain Management

A sound supply chain management is the lifeblood of any company in its business growth. The Group has focused on the control of the environmental and social risks that may affect its supply chain, in order to maintain a reliable and stable financial income while fulfilling its environmental and social commitment.

Watchmaking is a complicated process that involves the assembly of tiny and sophisticated parts, which needs a standardised working procedure and stable supply chain to ensure consistency can be maintained. To ensure the quality of watches being manufactured can be consistently maintained at a high standard, an effective supply chain management is necessary and a sustainable relationship with various suppliers for materials, electronic parts, equipment and services procurement should be built. Therefore, the Group strictly follows its internal procedures to communicate with suppliers and ensures that the required goods and services are traded in competitive, fair, and transparent manner. As quality and cost performance are two crucial indicators against which the Group evaluates a supplier, the Group's systematic supplier management system is in place to manage its supply chain so that suppliers are identified, analysed, selected and managed based upon clear criteria.

In accordance with the requirements and recommendations in the Quality Management Systems (ISO 9001:2015), the Group has formulated a strict set of policies, such as 'Supplier Audit Report' which specifies the standards that are used to evaluate a supplier's delivery time, quality and price, regulating the procedures for supplier selection and management. The Procurement Department and other relevant departments normally assess suppliers jointly based on a series of selection criteria including reputation, production environment, quality standard, delivery performance and price. The suppliers who have met all requirements under these criteria are believed to be competent to provide reliable and quality products with excellent performance, and ultimately chosen by the Group to be a qualified partner. During the year under review, the suppliers of the Group mainly came from Guangdong Province and other adjacent provinces, which was consistent with the principle of 'Green Procurement' policy of the Group. To ensure the stability of supply chain and the consistency of high quality products, the Group monitors the overall performance of product suppliers on a periodic basis by conducting inspections and on-site audit with a documented report for continuous improvement and on-going cooperation with suppliers.

V. SOCIAL SUSTAINABILITY

Product Responsibility Regulatory & legal compliance

In FY2019, the Group was in compliance with the relevant rules, regulations and standards in Hong Kong and the PRC relating to health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress, including but not limited to the following:

- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong);
- Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong);
- Patents Ordinance (Cap. 514 of the Laws of Hong Kong);
- Product Quality Law of the People's Republic of China (中華人民共和國產品質量法);
- Law on Protection of Consumer Rights and Interests of the People's Republic of China (中華人民共和國消費者權益保護法);
- Advertising Law of the People's Republic of China (中華人民共和國廣告法);
- Patent Law of the People's Republic of China (中華人民共和國專利法); and
- Intellectual Property Law of the People's Republic of China (中華人民共和國知識產權法).

Product quality

The Group is committed to providing innovative and superlative products and services to its customers. With the Group's extensive experience in the watch manufacturing industry and internal product quality assurance policy in accordance with the Quality Management Systems (ISO 9001:2015), the Group insists on its principle of 'Customer First' and makes sure that the final products delivered to its customers are safe, reliable and of good quality.

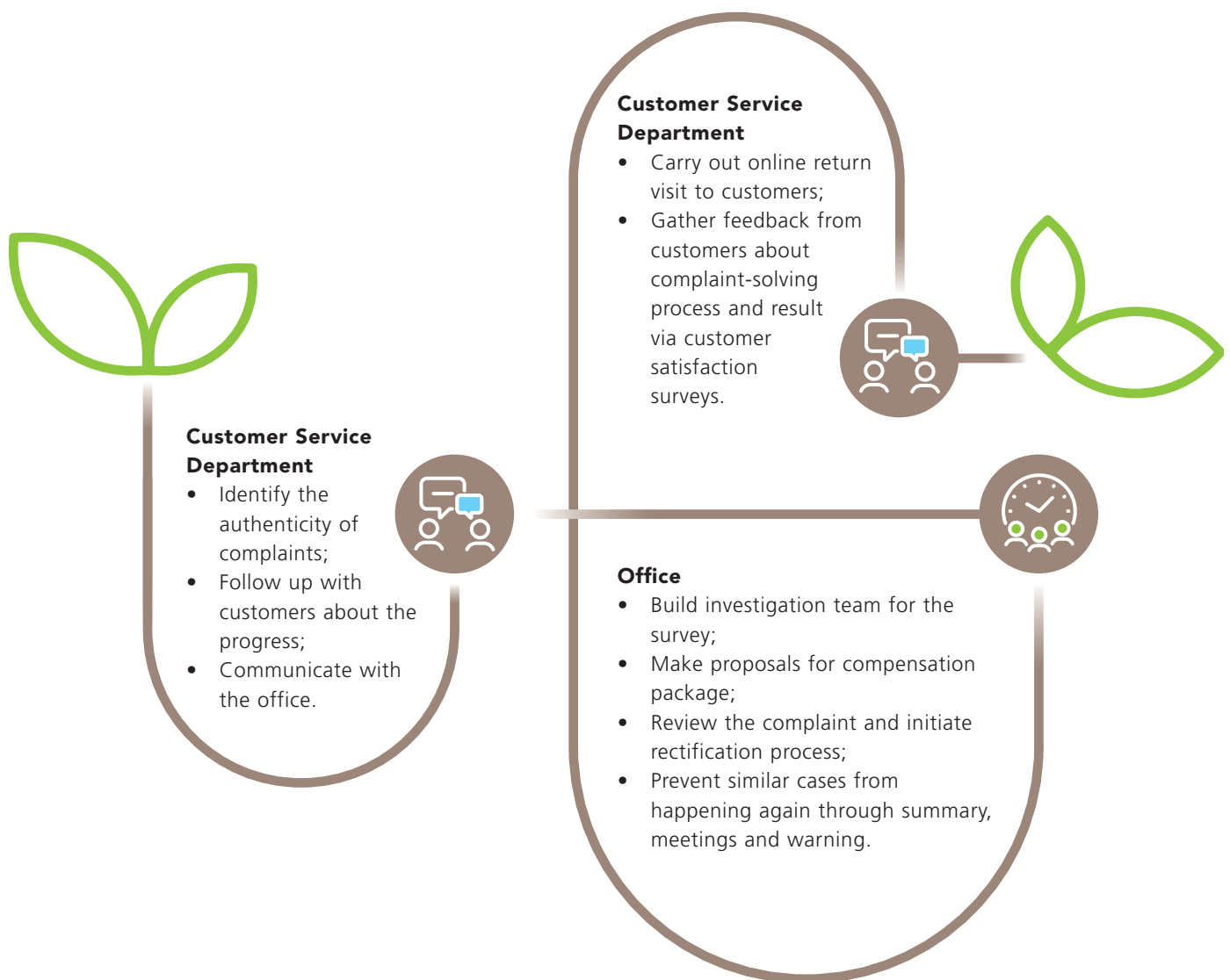
The Group endeavours to ensure that the manufacturing process is in strict compliance with the procedures stipulated in the Quality Control Manual. All raw materials are tested by the Quality and Engineering Department to ensure they are qualified for production. During the production process, factory managers will carry out regular inspections on machineries and equipments in order to pre-empt machinery breakdown. After production, a series of quality assurance measures, such as size and water-proof tests, are carried out strictly by qualified experts. All the tests need to be signed off by the manager of the Quality and Engineering Department, who has overall responsibility over product quality.

During the reporting period, neither product recalls nor return issues were found in the Group and there was no significant complaint concerning product quality and safety filed by the customers.

V. SOCIAL SUSTAINABILITY

Complaints

The Group has established a series of standard procedures to manage complaints about product defects and service quality. The Group requires that all inquiries and substantiated complaints should be responded timely and dealt with in an efficient manner.



V. SOCIAL SUSTAINABILITY

Intellectual property

The Group owns and has successfully registered several trademarks, patents, and domain names which are crucial to its sustainable business growth in the industry. The Group conforms with relevant intellectual property (the “IP”) rights laws and regulations to protect the interest of the Group as well as its customers. The Group prevents the infringement of its IP rights by executing confidentiality agreements and non-competition agreements with relevant employees who are obliged to keep trade secrets. Staff who are suspected of violating relevant regulations of corporate IP rights will be investigated and appropriate actions will be taken. Meanwhile, the Group requires its suppliers to strictly respect the IP rights of the Group. During the reporting period, there was no material infringement of the IP rights of the Group.

Advertising and labelling

The Group is aware of its role as a famous watch brand to strictly abide by relevant laws and regulations in the regions where it operates, such as the Trade Description Ordinance (Cap. 362 of the Laws of Hong Kong) and the Advertising Law of the People’s Republic of China (中華人民共和國廣告法), and has been committed to ensuring that the Marketing Department of the Group provides precise product descriptions and information that both comply with the relevant local laws and regulations, and conform to the code of ethics to its customers. For instance, the Group has formulated internal policies regulating the practice in brand promotion with celebrities, marketing and planning, and graphic design. Any misrepresentation made in marketing materials or exaggeration of offerings is strictly prohibited by the Group.

Since labelling is not a material matter to the Group given its business nature, the labelling-related regulations and policies are not mentioned in this ESG report.

Privacy

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 made aware of their responsibility to respect the privacy of customers and to protect any customer data from external parties. The Group is committed to maintaining a secure environment to ensure all information that has been collected needs to be kept confidential, with company servers and computers being protected with access passwords. The Group has complied with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and strictly abided by the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety. Offending employees will be held accountable for the direct or indirect leak of information.

In FY2019, the Group was in compliance with relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services.



V. SOCIAL SUSTAINABILITY

Anti-corruption

The Group is committed to conducting business with the highest level of business ethics and integrity, which requires that all directors and employees must comply with relevant laws and regulations, and adhere to the Group's code of conduct to ensure that business activities are conducted in an honest, transparent and legitimate manner. To maintain a fair, ethical and efficient working environment, the Group abided by the local laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operated in FY2019, including:

- Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法);
- Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group has formulated and strictly enforced its anti-corruption policies to prevent any illegal practices, including corruption, extortion and money-laundering within the Group. To prevent all forms of bribery and corruption, and to require all its employees to follow the relevant codes of professional ethics, the Group has relevant departments to oversee and handle related cases. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery or any activities which might exploit their positions against the Group's interests. During the year under review, no legal case regarding corrupt practices were brought against the Group or any of its employees.

Whistle-blowers can report verbally or in writing to the Group via the whistleblowing document collection box for any suspected misconduct with full details and supporting evidence. The Group will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group promotes an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. Where criminality is suspected, a report will be made promptly to the relevant regulators or law enforcement authorities when the management considers it necessary.

In FY2019, the Group complied with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering.

V. SOCIAL SUSTAINABILITY

COMMUNITY

Community Investment

The Group believes that the healthy development of communities is conducive to the both community groups and the Group itself. To build a positive corporate culture and fulfil the Group's corporate social responsibility, the Group believes that the interests of the community where it operates should be prioritised as one of the essential tasks in its path towards sustainable development. As an enterprise that has been engaged itself in public welfare and social responsibility for years, the Group has participated in numerous charitable activities and supported numerous individuals in need via various channels. In particular, the Group has put its major efforts on the area of education and health improvement.

Education

One of the three-year charity projects of the Group is the donation of RMB4.5 million to the "Beautiful China Education Project" through the China Children and Teenagers Fund. The Group has donated RMB1.5 million to this project so far, and the remainder will be donated in the coming years. It was used to support education in remote areas of the PRC, so the children would be able to receive quality education. Meanwhile, another donation was made by the Group to Tian Wang Charity Fund (over RMB2 million in total), aiming to support the development of school infrastructure and provide financial aid for education together with some donation to some China charitable organization.

Health improvement

In November 2018, the Group participated in the event led by the Youth Outreach – charitable campaign "YO! Let's Walk the Road". Youth Outreach aimed to help young people in need, encouraging them to explore their potential and rebuild self-respect and self-confidence through meaningful activities.

During the year under review, the Group also supported a number of individuals financially for medical treatment via Tian Wang Charity Fund, helping those who suffered serious illness to recover.