



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

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



2020

Environmental,
Social and
Governance Report



PREAMBLE

In recent years, organisations have increasingly recognised that environmental responsibility is not only good for the environment, but also an integral part for the whole operations of a business. As sustainable manufacturing or green production is prevalently discussed nowadays, and has been embedded by enterprises from various industries into their strategic purposes as an overarching vision to minimise waste, maximise resource efficiency and lower the environmental impacts, efforts at sustainability in the watch industry have long been made, not just within the boundary for production, but throughout the entire value chain from the sourcing of raw materials, all the way to the distribution of the product. Ambitious goals, industry standards and guidelines including the Code of Practice 2019 developed by the Responsible Jewellery Council are playing pivotal roles in shaping the watch industry and companies towards a sustainable future. Topics including the protection of aquatic habitats, climate awareness, ecological impacts of operations, efficient use of packaging materials, recycling waste materials have already drawn particular attention from watch making companies, which are putting enormous efforts into obtaining a holistic view of their products' lifecycle with an objective to transform the manufacturing ecosystem.

As a responsible and caring corporate citizen, Time Watch Investments Limited and its subsidiaries (the "Group") has not only been focusing its efforts on achieving dazzling financial results, but also committed to contributing to the well-being of its employees and their families, the prosperity of community and society, and creating environmental benefits. The Group upholds the belief that good business practices and fulfilment of corporate social responsibility are inseparably interconnected and essential to its sustainable success in the long run, thereby maintaining strong momentum in building robust corporate governance standards, exploring eco-friendly ways for operations, developing innovative products and providing voluntary services to serve the community in which they live and work, and speeding up the integration of social impact within the core of businesses. With the purpose of being the best choice of customers, investors and employees, the Group endeavours to keep optimising and supporting corporate culture, policy and an operating environment that fosters ethical behaviour and long-term value creation through building environmental stewardship, empowering social inclusion and boosting sustainable economic growth.





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 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 2,700 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 networks and devote greater effort to 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 the 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.

We focus on climate-resilience building by generating more sustainable products with optimal working processes, innovative technologies, industrial symbioses and greater energy efficiencies.

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.



TABLE OF CONTENT

	PAGE
I. SUSTAINABILITY GOVERNANCE	3
II. REPORTING PERIOD AND SCOPE OF THE REPORT	4
III. BOARD STATEMENT	6
IV. STAKEHOLDER ENGAGEMENT	8
V. ENVIRONMENTAL SUSTAINABILITY	12
VI. SOCIAL SUSTAINABILITY	19





I. 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. Specifically, the Board is responsible for the formulation of the Group’s ESG strategies, the supervision of its environmental and social performances and to ensure the effectiveness of the Group’s internal control and risk management. The internal task force has been appointed to be responsible for the execution, monitoring, reviewing and reporting of the effectiveness of ESG measures. The Group’s ESG performance is evaluated, reviewed and confirmed by the Board annually, while analysis and evaluation of key risks, and relevant recommendations will be developed for the coming year during Board meetings.

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 fourth 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 2020 (“FY2020”). 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. Specifically, the Group’s offices, factories, warehouses and shops are incorporated in the performance evaluation and statistics disclosure. The geographical locations of the businesses in which the Group were principally engaged in FY2020 were the PRC and Hong Kong.

The reporting period of this ESG report is for FY2020, i.e. from 1 July 2019 to 30 June 2020, unless specifically stated otherwise. If there is any conflict or inconsistency, the English version shall prevail.






II. REPORTING PERIOD AND SCOPE OF THE REPORT

Reporting principles

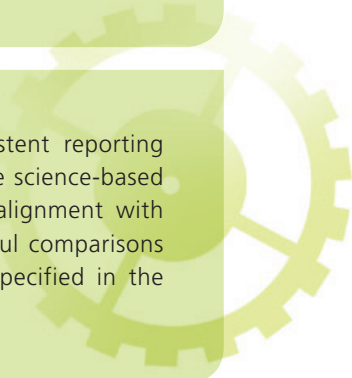
The Group has followed the following reporting principles, namely materiality, quantitative, balance and consistency, in its preparation of the ESG Report.



Materiality: The Group has performed a materiality assessment of the ESG-related topics via an online survey, in which its well-selected stakeholders voiced their concerns about the Group's sustainable development that have major impacts on them. The materiality assessment matrix shows that "Prevention of customers' information and privacy", "Customer satisfaction", and "Marketing and promotion" are issues of high importance to the Group in its ESG management, which the Group has elaborated its management approaches in the ESG Report and to which it will continue to pay more attention in its business development.

Quantitative: The application of the reporting principle of quantitative was reflected in the calculation and numeric presentation of the Group's environmental performance such as annual greenhouse gas ("GHG") emissions and the Group's social performance including the employment structure in terms of geographical location.

Balance: To ensure that an unbiased picture of the Group's sustainable development can be shown to its stakeholders, the Group conformed to the disclosure requirements under the ESG Guide and revealed both its sustainability achievements and rooms for improvement.



Consistency: The report was prepared based on a consistent reporting framework and a series of reporting techniques including the science-based calculation methodology for GHG emissions that were in alignment with its previous ESG Reports for better coherence and meaningful comparisons over time. Any changes to the methods used have been specified in the report.



III. BOARD STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “Board”) of the Group, I am pleased to present the fourth Environmental, Social and Governance (“ESG”) report of the Group for the year ended 30 June 2020.

As one of the top national watch brands in the PRC, we stick to our mission that “Time creates a better life and let everyone have a watch that suits themselves” (時間創造美好生活·讓每一個人都擁有一塊適合自己的手錶), striving to provide stylish and premium watches at reasonable price to customers and strengthen our leading position in the market. To maintain a long brand heritage and reputation in the PRC, we strive to further enhance shareholder’s value through the relentless improvement of our operations and production efficiency, the provision of quality sales services to deliver excellent customer experience and the investment in the development of our employees.

We take a structured and systematic approach to drive meaningful changes to our operating process. We spare no efforts in re-commissioning our facilities, where a vast workforce has been filled with abundant daylight, green building elements and environmentally friendly technologies. We are cognizant that the protection of the global environment is the highest priority issue of humankind and as a good corporate citizen, we should take action by contributing to solutions to environmental degradation and climate-related risks. Our environmental management is continuously evolving, so as to grasp every opportunity to bring positive impacts to our planet, and run a sustainable business in harmony with the nature. Recognising the significance of shifting from the traditional business model to a circular economy, in which waste is taken as the valuable input, we have researched and experimented with ways for operations, including formulating sourcing policies that take into considerations the environmental impacts along the value chain and the identification of new materials that do not cause adverse impacts on the environment.

We value our product and service quality, and continue to enhance quality-related compliance throughout the Group. The well-established organisational structure of our engineering and quality departments, and strict internal quality assurance process lay the foundation for the final delivery of top-notch products to our valued customers. We have implemented comprehensive training for our employees in order to achieve further improvement of our product quality. Our customer service department supports our frontline staff in offering services that are ever more flexible, responsive and professional to customers’ requirements.

We believe that moving towards sustainability cannot be independent of the improvement of our talent management system. Our employees are valuable assets of our long-term success, which prompts us to put more resources and efforts in securing and training our staff for self-development.

III. BOARD STATEMENT

The current operating environment is difficult, with the continuous China-United States trade disputes and the outbreak of the Coronavirus (COVID-19) pandemic in early 2020 causing adverse influence on the Group's business. Nevertheless, social responsibility is always important to the Group and we are committed to the people and community. In the early stages of the pandemic, we made immediate responses to the national instructions and actively took actions for epidemic control and prevention by providing employees with personal protective equipment such as masks and disinfectants, and allowing flexible work to ensure the safety of employees and guests, while maintaining the stability of business operations. During the pandemic, we partnered with various parties to support the society and community members to tide over the difficulties through funds and donations. In FY2020, we have donated a total of RMB8.4 million in Hong Kong and the PRC, conveying our love to the underprivileged during the critical periods.

Adhering to the belief of "Stay fearless, Stay tough" (無懼挑戰·逆境自強), the Group is confident that in the critical years of facing environmental and social challenges, with years of hard work and far-sighted strategic measures, the Group is fully prepared to overcome the barriers and courageously march towards a prosperous future. Looking forward to the future, the Group will remain its original aspirations and unremittingly collaborate with all parties for mutual benefit to achieve the goal of transitioning to a sustainable economy.

Last but not least, I would like to take this opportunity to express earnestly my sincere gratitude towards the Group's business partners, the Board members, shareholders and our talented staff for supporting and dedicating themselves to the sustainable development of the Group.

Mr. Tung Koon Ming

Chairman

30 June 2020



IV. 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.

Stakeholder engagement is a vital part of the Group's commitment to transparency and trust-building. The Group values the expectations of all stakeholders, understands through a variety of effective channels their ESG expectations and appeals that serve as indispensable references to the development of the ESG strategies.





IV. 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



IV. STAKEHOLDER ENGAGEMENT

Communication with Stakeholders

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 investments – 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 – Emails, notice boards, hotline, team building activities with the management – Focus groups
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

IV. STAKEHOLDER ENGAGEMENT

Materiality Assessment

Since ESG risks and opportunities for companies vary across industries and depend on the companies' business models, the Group has been undertaking annual reviews to pinpoint its stakeholders' main concerns and interests in an inventory of material ESG topics. In year 2019, 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.

The Group believes that the direction of sustainable development and business strategies should be long-lasting and continual. As such, in alignment with the Group's ongoing sustainable development plans goals, the Group continued to refer to the results of materiality assessment performed in FY2019, in order to better track its sustainability progress.

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 our relevant department below:

Tel: (852) 2945 0703

Email: ir@timewatch.com.hk



V. ENVIRONMENTAL SUSTAINABILITY

The burgeoning growth in digitalisation and the spread of the Internet of Things (IoT) technologies are dramatically changing the ways people work, study and live. However, the unprecedentedly fast development is also associated with environmental problems such as global warming and plastic waste. Since safeguarding the environment of our planet is a collective duty of all human beings, the Group deeply understands that as a renowned watch brand, it has a pivotal role to play in mitigating its environmental impacts. To seek long-term sustainability of the environment and community where it operates, environmental protection has been engrained in the business of the Group, which has integrated its environmental code into internal management policies that encourage employees to develop environmental awareness, save energy and resources, to comply with related environmental laws and regulations, and actively participate in corporate activities about environmental protection. The Group has made great efforts in controlling its emissions as well as its usage 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 FY2020.

Emissions

In FY2020, 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 ("SOx"), nitrogen oxides ("NOx") 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 emissions (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.

V. ENVIRONMENTAL SUSTAINABILITY

The largest GHG emissions of the Group, with over 62.5%, 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 besides 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. With regard to the detrimental impacts of climate change, the Group has been learning the climate science and identifying related risks and opportunities affecting the business development in accordance with the recommendations of the Task Force on climate-related Financial Disclosures (TCFD) from the perspective of Governance, Risk Management, Strategy and Metrics and Targets. The Group is committed to advancing its efforts to further curb global warming, contributing to achieving the 2°C scenario developed in the Paris Agreement. To alleviate the rising level of GHG, the Group is on the way to set appropriate emission targets based on in-depth analysis of its business impacts in combination with the latest climate science, and has taken various measures to lower its carbon dioxide emissions, which will be further described in “Use of Resources” of this report.

In FY2020, the total GHG emissions of the Group declined by around 7% as compared to FY2019, which demonstrated the Group’s determination and efforts in emission control.

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 solid waste collection, such as the separation of paper waste, glass waste, disposed cans and plastics. As advocating “green” life has been an important part of the Group’s culture development, the Group encourages its employees to fulfil their duties as citizens. Not only has the Group promoted classification approach in its offices, but the Human Resources Department of the Group has also applied for the installation of rubbishing bins with prominent labels as instructions for waste classification as well, which is put beside the goods lift. The non-recyclable solid wastes were normally transported to local waste disposal plants for further treatment. In recognition of the concept of circular economy and to manage its impacts responsibly, 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. Furthermore, the Group has set up Waste Material Recycling Policy (物料廢棄物循環使用政策), providing strict guidance on the recycling and disposal of waste materials from making disposal plans, counting and packaging, all the way to the review and archiving of reports. Meanwhile, in the area of the effective use of resources to avoid unnecessary wastes, the Group reviews the consumption of materials and the forms of product packaging materials and containers regularly, in order to collect more detailed data on the amount of wastes generated and recycled. Innovative reusable materials and containers are highly preferable by the Group.

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.

V. ENVIRONMENTAL SUSTAINABILITY

Other non-hazardous waste

Paper waste constituted 67.93 tCO₂-eq during the year under review. Paper was the major waste generated from office administration, which was the equivalent of 14,152.82 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 wastes generated from these components such as carton boxes and plastic bags were treated by the Group properly.

In FY2020, the amount of wastes of the Group remained the same. As many manufacturers have made enormous strides towards the target of zero wastes, so will the Group in its sustainability roadmap. The Group will make use of technological innovation to reduce process residuals, minimise management costs, streamline operations and achieve environmental compliance in building sustainable waste stewardship.

Table 1 The Group's Total Emissions by Category in FY2020****

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2020	Intensity* (Unit/million HK\$) in FY2020	Intensity* (Unit/sqm) in FY2020
GHG Emissions	Scope 1 (Direct Emissions)	tonnes CO ₂ e	449.47	0.26	0.02
	Scope 2 (Energy Indirect Emissions)	tonnes CO ₂ e	860.92	0.50	0.03
	Scope 3** (Other Indirect Emissions)	tonnes CO ₂ e	67.93	0.04	–
	Total (Scope 1 & 2 & 3)	tonnes CO ₂ e	1,378.32	0.80	0.05
Non-hazardous Waste	Solid Wastes***	kg	1,440	0.83	0.05

Waste

- * Intensity for FY2020 was calculated by dividing the amount of GHG and other emissions respectively by the total revenue of the Group in FY2020 and the total operating area of the Group in FY2020, which is HK\$1,726.4 million and 28,833 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 and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

V. ENVIRONMENTAL SUSTAINABILITY

Use of Resources

In FY2020, 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 FY2020

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2020	Intensity* (Unit/million HK\$) in FY2020	Intensity* (Unit/sqm) in FY2020
Energy	Electricity	kWh	1,345,489.00	779.36	46.66
	Diesel	L	3,764.21	2.18	0.13
	Gasoline	L	181,021.81	104.86	6.28
Water	Water	m ³	21,897.38	12.68	0.76
Paper	Paper	Kg	14,152.82	8.20	0.49
Packaging materials	Watch Box	Kg	383,328.52	222.04	13.29
	Bags	Kg	42,656.73	24.71	1.48
	Paper	Kg	178,626.72	103.47	6.20
	Others	Kg	164,914.92	95.53	5.72

* Intensity for FY2020 was calculated by dividing the consumption of resources the Group has consumed in FY2020 by the total revenue of the Group in FY2020 and the total operating area of the Group in FY2020, which is HK\$1,726.4 million and 28,833 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. Further, the Group has been committed to embedding green building features into its operations, with the workplace being lit up by natural sunlight during the daytime. 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 further dropped substantially during the year under review by 15.0%, based on a 10.7% fall that had already been made in last financial year. In FY2020, the effective measures made by the Group to lower its electricity consumption are listed as follows.

V. ENVIRONMENTAL SUSTAINABILITY

In FY2020, the electricity intensity, measured in kilowatt hours (kWh) per unit area (m²) per year, was successfully reduced by 15.2% compared to the previous financial year. To continue its monitoring and improvement of energy efficiency, the Group has concentrated its efforts on building the environmental management system (EMS) that can systematically manage its energy consumption and grasps any opportunity to increase its energy efficiency.

- Switch off the office equipment after office hours to standby mode;
- Follow the maintenance schedules of appliances with reference to the instruction manual;
- Adopt natural ventilation or ventilation fans for areas where air-conditioning is not required; and
- Make employees understand and commit to good energy-saving practices by providing relevant training and communication.

Other energy resources

The gasoline and diesel consumption amounted to 181,021.81 L and 3,764.21 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 achieving better logistic management.

In FY2020, the consumption of gasoline and diesel of the Group declined by 25.2% and 70.8%, respectively, which reflected the perseverance and effectiveness of the Group in maintaining sustainable vehicle management.

Water

During the year under review, the water consumption was lowered by approximately 5.4% 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 FY2020. 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:

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

The Group treats every drop of water seriously and will further its optimisation of operation process, thereby measuring its water usage more accurately and utilising water resources in a more eco-friendly manner.

V. ENVIRONMENTAL SUSTAINABILITY

Paper

Reducing the consumption of paper in its offices has been the core task of the Group for years, and the ongoing promotion of the concept of “paperless office” has already achieved significant progress. In FY2020, 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;
- Prioritise to use recycled paper;
- 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 include watch boxes, bags, paper products and others. Given the business nature, the use of packaging materials seems unavoidable to the Group. However, the Group continues to standardise its process in the control of packaging materials in accordance with the policy of Procurement, Management and Use of Product Packaging Materials (產品外包裝材料的採購、管理和使用政策), 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.

In FY2020, the weight of total packaging materials that the Group consumed amounted to 769,526.89 kg, which dropped by around 6.9% as compared to that in the previous reporting year. In particular, the consumption of watch boxes and bags descended by 25.2% and 39.2% respectively due to the Group’s relentless efforts in packaging materials control.



V. ENVIRONMENTAL SUSTAINABILITY

The Environment and Natural Resources

Time is precious, as are the natural resources accumulated bit by bit over the years. In the reporting year, the Group did not violate any laws and regulations related to environmental protection or identify any significant impacts that it caused on the environment and natural resources. Nevertheless, with a strategic ambition to integrate circular economy into business, the Group keeps monitoring, reviewing, evaluating and advancing its operations with respect to energy efficiency and material recovery.

Aiming to minimise the potential 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. The Group is also shifting its focus from traditional energy supply to the renewable alternatives for its daily operations, and committed to phasing out outdated equipment that may jeopardise the environment.

Moving forward, the Group will comply with relevant environmental laws and regulations in a persistent way and put more effort into its research of more effective approaches to lowering its impact on the environment and natural resources in its production process and other daily operations. In the meantime, the Group will make efforts in setting appropriate environmental goals and building progress management system in response to globally recognised initiatives and tightened local regulatory requirements.

Climate change

As the move towards decarbonisation gains momentum, a variety of climate-related risks and trends become conceivable, including increasingly draconian energy-saving regulations, changes to customers' expectations and behaviour and climate change-induced natural disasters such as typhoons, torrential rain and flooding. With considerations into the potential implications of climate change on routine business and financial decisions of the Group, the Group, with reference to the recommendations of TCFD, is earnestly seeking ways to optimise its business operations, pursuing greater energy efficiency and securing alternatives in the value chain.

As the development of international policies and regulations on climate change are expected to be stricter in the coming near future, environmental compliance is regarded as the major task to the Group. To this end, the Group will keep strengthening the robustness of its governance structure and in particular, placing the conformance assessment on its top agenda in terms of corporate ESG management, which allows the Board to be timely updated of the emerging regulatory changes and making swift responses.

VI. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

Adhering to the concept of “being people-oriented, putting the selection and training of talents in the first place, respecting and trusting every employee” (以人為本·將選拔人才·培養人才放在首位·尊重和信任每一個員工), 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 guidelines 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. In FY2020, the Group furthered its protection of employees’ rights and standardisation of talent management by establishing and improving internal policies and management approaches.

In recognition of the value of keeping all employees motivated and engaged in business, the Group has been committed to creating a corporate culture that makes for good dialogues between colleagues and facilitates a sense of belonging among employees within the Group.

As of 30 June 2020, the total workforce of the Group was approximately 4,700 (2019: approximately 5,200), with around 88% being female and 12% 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 FY2020, 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.

VI. SOCIAL SUSTAINABILITY

Recruitment and promotion

As talents are important assets for any business, the Group pays special attention to the recruitment, retention and development of human resources. 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 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. Multiple rounds of examinations led by the commissioner of the Human Resources Department and general manager are performed before the candidate is accepted.

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.

The Group respects the rights of its employees and makes the empowerment of employees one of its core management philosophies. Specifically, the Group encourages employees to give the play to its strengths in positions and take the initiative to lead projects, which the Group believes can help all employees to build a sense of community with a shared future with the Group, and enable the organisation to be continuously competitive and energised in the market.

Compensation and dismissal

As talent retention is vital to its success in the long run, the Group periodically reviews its compensation packages and performs 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. Specifically, the directors of departments are required to perform appraisals of its employees' performance through the Performance Appraisal Sheet in December every year, evaluating their work performance. 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, is 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 bonuses as well as maternity leave and sick leave.

Employees who have worked overtime can take working days off once the application is approved.

VI. SOCIAL SUSTAINABILITY

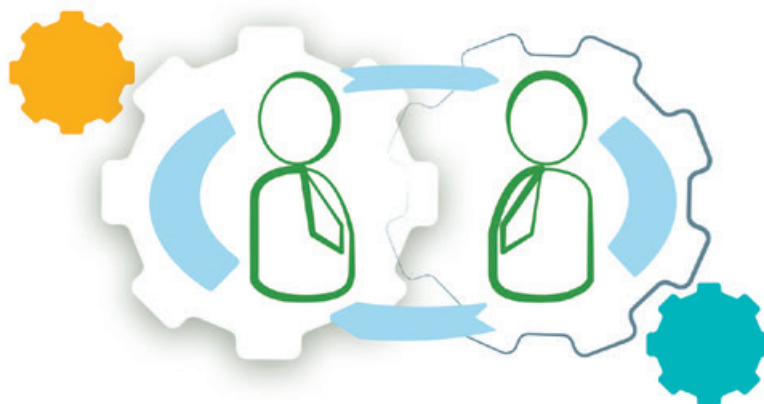
Equal-opportunity and anti-discrimination

As an equal opportunity employer, the Group strives to use strict policies to regulate 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 has 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 the 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.

Other benefits and welfare

The Group believes that to achieve genuine sustainability, the interests and wellness of its employees should be prioritised. Thus, the employee's welfare has always been an essential aspect in the Group, and the Group firmly believes that it is imperative to keep all employees physically and mentally healthy and feel motivated all the time at work. The Group has complied with local and national laws and regulations, providing social insurance and provident fund to its employees, including endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance. Other corporate benefits provided by the Group include organising recreational activities during festivals, offering annual bonuses and providing tour packages to its employees.

In FY2020, 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.



VI. 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	2020	2019	2018
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 protective equipment ("PPE") such as uniforms, face masks and gloves for protection and to ensure work safety. An independent testing agency is commissioned to carry out the regular inspection on occupational hazards that 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.

To promote the balance between work and life among employees and relieve their stress from work, the Group has been planning to carry out initiatives to minimise the potential risks in relation to health illness due to accumulated fatigue and to improve their awareness of maintaining good mental health for better stress management, including regular stress check, setting up external counselling desk and seminars regarding occupational health and safety.

In FY2020, the Group complied with relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards.

VI. SOCIAL SUSTAINABILITY

Development and Training

Despite the unstable international relationships and slumping economy due to the COVID-19 pandemic, the Group still remained focused on the training for its employees. 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 training. The Human Resources Department of the Group is responsible for organising various types of training programmes such as induction training for new employees to know more about the corporate history and culture, pre-job training for staff to be familiar with the Group's products, technological procedures and safety procedures, and professional training for staff in special positions to enhance their skills. 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 FY2020, the vast majority of the employees from different position levels including the senior management, middle management and general staff in the Group participated in a range of training courses held by either the Group or external organisations. In the future, the Group will keep implementing thorough training and education that is intended to achieve further permeation of the Group's vision for sustainable development and advanced techniques in the market among all employees.

Labour Standards

In FY2020, 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 Resources 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 find any case against labour standards, the employment will be immediately terminated. In addition, the Group has also scrutinised its business partners in terms of the compliance with relevant labour standards and the respect of human rights.

In FY2020, the Group complied with the relevant laws and regulations in relation to the prevention of child and forced labour.

VI. SOCIAL SUSTAINABILITY

OPERATING PRACTICES

Supply Chain Management

The rapid globalisation of operations has put issues including human rights, business ethics, supply chain volatility and environmental risks that may arise along the industrial chain in the spotlight. As these may expose the Group to risks such as suspension of transactions or a tarnished brand image, and 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.

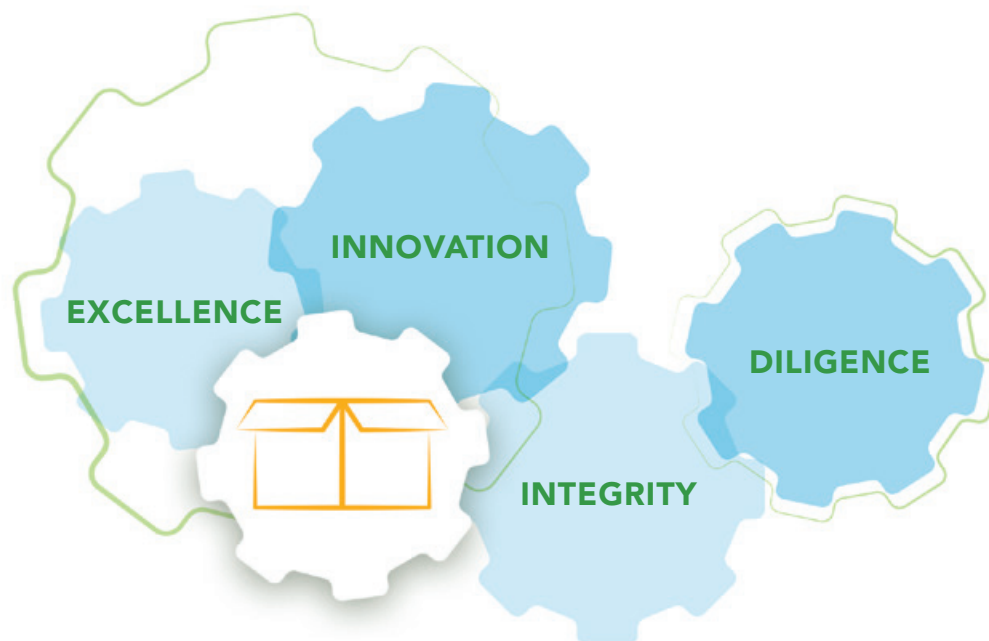
Watchmaking is a complicated process that involves the assembly of tiny and sophisticated parts, which needs a standardised working procedure and stable supply chain to ensure consistency can be maintained. As such, the Group has formulated internal policies and established robust management systems with reference to the international normative frameworks and global best practices in the industry. To ensure the quality of watches being manufactured can be consistently maintained at a high standard, 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 a 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 particular, the Group enters into the "Supplier Quality Assurance Agreement (供應商質量保證協議)" with its selected suppliers, which specifically makes regulations on the standards of products through the verification of documents provided by suppliers such as Material Certificate (材質證明), Material Safety Data Sheet (產品安全數據表) and Shipment Inspection Report (出貨檢查報告), indicators of quality product rate, packaging process and transportation and unqualified supplies treatment and solutions. Further, the Group has established detailed procedures in performing inspections of the incoming supplies according to Sampling procedures for inspection by attributes-Part1: Sampling schemes indexed by acceptance quality limit(AQL) for lot-by-lot inspection (GB/T 2828.1-2003 計數抽樣檢驗程序第1部分: 按接收質量限(AQL)檢索的逐批檢驗抽樣計劃), minimising the risks of using defective raw materials. Moreover, the efforts of the Group in product quality control are also reflected in the monitoring and management of the supplier's operational process. Specifically, the product design, processing techniques and major raw materials of suppliers cannot be modified at all stages of production, unless a formal written document such as PCN/ECN/ ECR sheet is submitted and approved by the Group. To minimise the environmental risks in the supply chain, the "Supplier Quality Assurance Agreement (供應商質量保證協議)" also requires that all suppliers provide Environmental Protection Test Report (環保測試報告), which ensures that the products supplied are environmentally friendly.

VI. SOCIAL SUSTAINABILITY

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, Project Department and other relevant departments normally assess suppliers jointly based on a series of selection criteria including reputation, production environment, quality standard, delivery performance, price and locality in accordance with its internal policies including but not limited to Quality Management System Control Policy, Intellectual Property Certification Requirements and Supplier Quality/Price Management Policy. 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 the "Green Procurement" policy of the Group. To ensure the stability of the 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 audits with a documented report for continuous improvement and on-going cooperation with suppliers.

To ensure the due diligence of its suppliers, in future, the Group may consider engaging with an independent third-party to increase the credibility of the assessment. Looking forward, the Group will pay more attention to reporting the due diligence of its supply chain management so as to improve the transparency of its governance.

Product Responsibility



VI. SOCIAL SUSTAINABILITY

Regulatory & legal compliance

In FY2020, 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

In recent years, there has been growing public concerns over product quality and safety. The Group remains keenly aware of the need to do its very best for customers and believes in building trust with customers through products and services of high quality with the utmost safety, which in turn can lead to stronger corporate competitiveness of the Group.

Adhering to its service principles "Sincerity Wins Trust, Service Creates Value" (真誠贏得信任·服務創造價值), the Group is committed to providing innovative and superlative products and services to its customers, and its concept for innovation has invariably remained market-oriented with pragmatic craftsmanship (市場導向和務實工匠精神). 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.

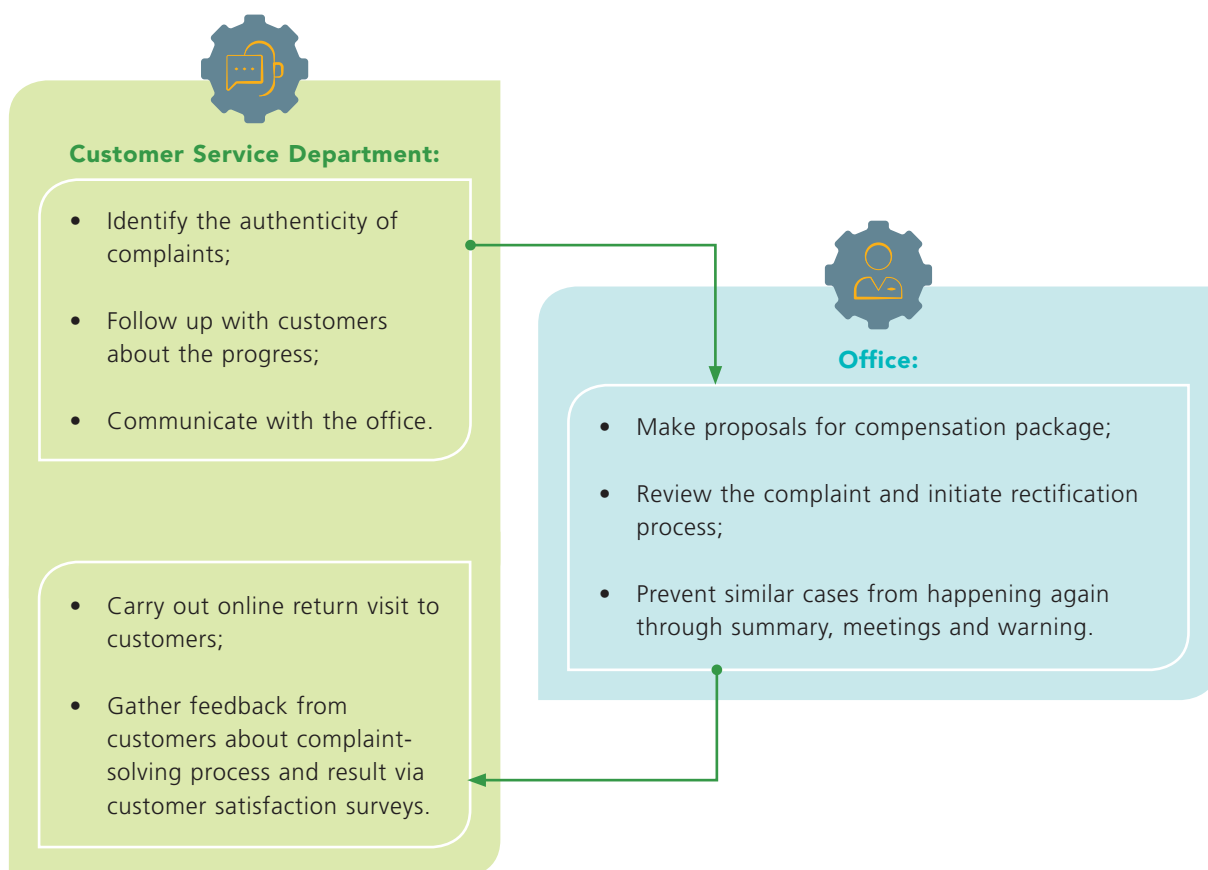
The Group endeavours to ensure that the manufacturing process is in strict compliance with the procedures stipulated in the Quality Control Manual. As product quality highly depends on the quality of incoming materials and operation process, the Group has set up Raw Material Storage and Management Policy, which aims to optimise the operation process in the warehouse and material storage and management, ensuring the accuracy of inventory (庫存準確性), the efficiency of goods placement (貨物擺放合理性), the clarity of accounts (賬目清晰性), and the standardisation and timeliness of products entering and existing the warehouse. 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 machinery and equipment 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 for product quality. The Quality and Engineering Department is also responsible for following up the complaints raised in relation to marketing and after-sales quality issues.

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.

VI. SOCIAL SUSTAINABILITY

Complaints

Customer Service Department of the Group is responsible for after-sales services and dealing with customers' feedback through customer satisfaction surveys and other channels. 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 according to the strict Customer Complaint Handling Process (客訴流程) of the Group. For any substantiated complaints, the Group has set strict requirements that solutions should be raised within 24 hours and the complaints are resolved with the satisfactory outcome being achieved within 48 hours.



VI. SOCIAL SUSTAINABILITY

Intellectual property

Given the increasingly fierce global competition in innovation, companies need to pursue cutting-edge intellectual property (the "IP") initiatives in order to improve their international competitiveness. IP is an intangible asset of the Group and being in pursuit of the promotion and protection of its IP rights could consolidate the Group's success in research and development.

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 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 according to the Trade Secret Protection Policy (公司商業秘密保護) of the Group. 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.

In FY2020, the Group's IP management system that covered the research and development, production and sales of watches was certified to conform to GB/T29490-2013 Enterprise Intellectual Property Management.



VI. SOCIAL SUSTAINABILITY

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 FY2020, there were no substantiated complaints concerning the breaches of customer privacy or loss of customer data.

In FY2020, the Group was in compliance with relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services.

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 FY2020, 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).

VI. SOCIAL SUSTAINABILITY

The Group has formulated and strictly enforced its anti-corruption policies such as “Company rules on the acceptance of benefits by employees” (有關僱員收受利益之公司規則) 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.

Under the Group’s regulations, employees cannot solicit any benefits from customers, suppliers or any business partners. To prevent conflicts of interest, employees need to obtain written consent from the company before taking part-time jobs. If employees or their immediate family members have interests in business dealings with the Group, they need to report to the management for approval.

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 was 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.

To promote the understanding of the corporate creed and to ensure awareness of and compliance with the code of conduct among employees, the Group will provide e-learning opportunities and organise other training programmes for its employees about the Group’s internal policies, anti-corruption initiatives and the latest updates of the relevant laws and regulations.

In FY2020, the Group complied with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering.





VI. SOCIAL SUSTAINABILITY

COMMUNITY

Community Investment

The Group believes that the healthy development of communities is conducive to 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 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 put its major efforts into the area of education, poverty alleviation and helping the disadvantaged in FY2020.

Education

As the Group believes that education is an important route for achieving a prosperous future for the country, the Group has contributed in charitable activities for educational purposes. 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 donation was used to support education in rural 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 (RMB1 million), aiming to support the development of school infrastructure and provide financial aid for education in China.

Poverty alleviation

In response to the national policy of targeted poverty alleviation (精準扶貧), the Group made donations to several charities in the reporting year to help the poor in mainland China. In July 2019, the Group donated RMB1.5 million to the Educational Fund of Dabu, so as to help students with financial difficulties create a better learning environment, which in turn can contribute back to their own families. The Group also donated RMB1 million to the Chinese Red Cross Foundation (CRCF) in China during the epidemic in February 2020.

Helping the disadvantaged

In December 2019, the Group donated RMB800,000 to Yuncai Care Centre (大化縣雲彩關愛中心) in Dahua county, which is a non-profit organisation dedicated to providing rehabilitation, education, sponsorship and other services for orphans, disabled and disadvantaged children. The Group strived to help the children in need living in poverty-stricken villages and committed to filling the lives with happiness and hope.

In addition to charity events in mainland China, the Group has also paid attention to the underprivileged in Hong Kong. In November 2019, the Group participated in the event led by the Youth Outreach – charitable campaign "YO! Let's Walk the Road". Youth Outreach targeted at young people in need by encouraging them to explore their potential and rebuild self-respect and self-confidence through meaningful activities.

The Group also sponsored the Po Leung Kuk CNY Charity TV Show in January 2020, in which the raised proceeds were used to support a range of elderly care services.