



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

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



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ABOUT TIME WATCH



WHO WE ARE

Time Watch Investments Limited (the “Company”, together with its subsidiaries, collectively the “Group” or “we”) 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 developed into a well-known and one of the top national watch brand in the PRC, positioning for the mass market. Another proprietary brand of the Group – Balco, initially registered in Switzerland in 1986 by an independent third party, has been acquired by the Group in 2002, offering Swiss-made watches targeting younger middle-income consumers in the PRC.

We operate through over 2,000 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.





ABOUT TIME WATCH

VISION

The Group strives to provide watches with excellent quality and design at reasonable prices, and create our values in four aspects:



MISSION

To maintain and strengthen the overall competitiveness and sustainable business growth in the watch market in the PRC, the Group is committed to:

- Improving our efficiency in production and POS operation through the implementation of strategic planning and strategically expanding sales networks as well as devoting greater effort to e-commerce;
- Focusing on achieving satisfactory financial performance and continue to deliver stable return and create long-term value to our shareholders;
- Delivering watches with reliable quality to our customers through the provision of excellent pre-sales and after-sales services;
- Hiring talents that participate in the success of the Group and investing in the development of our employees; and
- Focusing on climate-resilience building by creating more sustainable products with optimal working processes, innovative technologies, industrial symbioses and greater energy efficiencies.

ABOUT THIS REPORT



In recent years, Environmental, Social and Governance (“ESG”) has become an important issue around the world, enterprises from various industries recognizes the importance of ESG in long-term development and incorporate ESG concepts into the business strategic planning. As a responsible and caring corporate citizen, the Group not only focuses on profit maximization, but also contributes to the well-being and benefits of its employees, the prosperity of community and society, as well as the environmental benefits by developing and implementing various ESG policies and measures.

This is the fifth Environmental, Social and Governance Report (the “Report”) by Time Watch Investments Limited to present the ESG performance, strategies, initiatives, as well as risks and challenges of the Group.

SCOPE AND REPORTING PERIOD

The Report covers the performance of the Group from 1 July 2020 to 30 June 2021 (the “Reporting Period”).

Unless otherwise stated, the Report covers the key business operation of the Group that are considered as material:

- i. Manufacturing, distributing and retailing of watches in the PRC; and
- ii. Trading of watch movements.

The performance evaluation and statistics disclosure summarize the performance of the Group’s offices, factories, warehouses and point of sales. During the Reporting Period, the businesses of the Group were principally engaged in Hong Kong and the PRC.

REPORTING STANDARD

This Report has been prepared in accordance with the “Comply or explain” provisions of the “Environmental, Social and Governance Reporting Guide” in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.



ABOUT THIS REPORT

REPORTING PRINCIPLES

During the course of preparation, the Group has followed and based on the following four reporting principles.

Reporting Principles	Definition	Response from the Group
Materiality	The Report should disclose the issues that have the significant impacts on the economy, environment and society, or the assessment and decisions of stakeholders of the Group.	The Group has identified the material ESG issues through stakeholders engagement, and focused on the material issues in the Report.
Quantitative	Key performance indicators (“KPI”) in the Report should be measurable.	The Group has disclosed its environmental and social KPI by calculation and numeric presentation, where appropriate.
Balance	Both the positive and negative information should be presented in the Report to provide an unbiased picture of the Group’s performance.	The Group has presented its sustainability achievements and rooms for improvement in the Report to reflect a comprehensive picture of the Group’s sustainability performance and development.
Consistency	Consistent method should be adopted in preparation of ESG report. Otherwise, the Group should state the revised reporting method, or illustrate other relevant factors that will affect meaningful comparison.	The Group has adopted consistent reporting framework and statistical methodology to allow for meaning comparisons of ESG data over time. Any changes to the methods used have been specified in the Report for stakeholders’ reference.

ACCESS TO THIS REPORT

This Report is available for download at the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the official website of the Group (www.timewatch.com.hk). The Report is published in both Chinese and English. If there is any conflict or discrepancy, the English version shall prevail.

ABOUT SUSTAINABILITY



SUSTAINABILITY GOVERNANCE

In the 2030 Agenda for Sustainable Development in 2015, the United Nations announced and introduced the 17 Sustainable Development Goals ("SDGs"). The Group has referred to the concerns and targets in developing its own ESG policy and strategies in order to build an ambitious, comprehensive and integrated framework for its sustainable development.

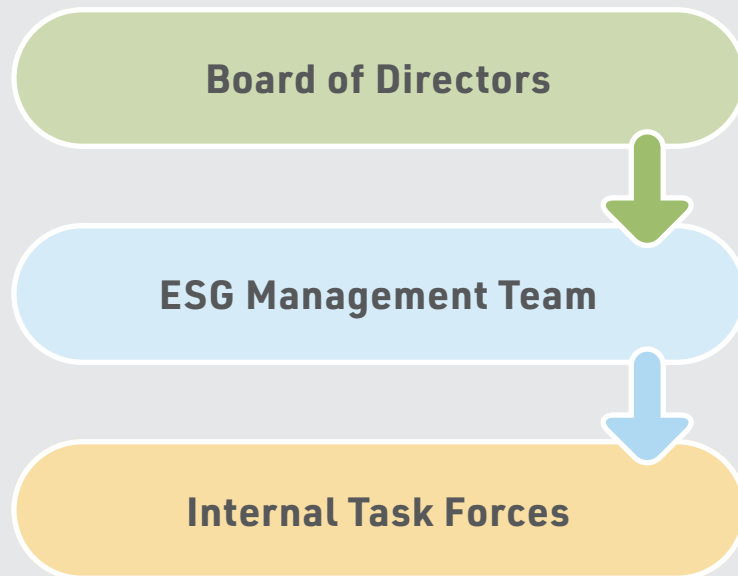


Sustainability is considered as an ongoing task integrating into the daily operations and thus, the whole Group, from the Board level to Individual employees, is responsible for and contributes to the ESG development.



ABOUT SUSTAINABILITY

The Group adopts the top-down approach in the ESG development and management. The Board of Directors (the “Board”) of the Group has the overall responsibility for the Group’s ESG strategy and reporting issues.



The Board is responsible for formulating the Group’s ESG strategies, supervising its environmental and social performances, as well as ensuring the effective internal control and risk management of the Group. The Group’s ESG performance, business strategy and sustainability policies are evaluated, reviewed and confirmed by the Board to comply with the latest laws, regulations and industry standards. Given the ever-changing market, the Board is also responsible for the identification, analysis and evaluation of key risks, as well as formulation of relevant recommendations for the coming year in Board meetings. Being informed of the risks in advance, the Group gains an advantage in the resilience building and rational capital spending, which through equipment upgrade and application of more eco-friendly technologies in the business operations, to prevent or mitigate the threats and to pave the way for sustainable development in the aspect of low carbon economy. In addition, the Board has also engaged Riskory Consultancy Limited, an independent ESG consultant, to assist the Group in the ESG reporting and provide ESG related advisory services.

A professional ESG management team has been set up by the Group to enhance effectiveness of the execution of the proposed policies, as well as to prevent any adverse circumstances. The ESG management team is responsible for supervising the daily operational practices in the Group and directly reporting material ESG issues to the Board.

An internal task force has been appointed to be responsible for the execution, monitoring, reviewing and reporting of the effectiveness of ESG measures.

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.

STAKEHOLDER ENGAGEMENT



Stakeholder engagement is a vital part of the Group's commitment to transparency and trust-building.

Effective communication and good relationship with all stakeholders are essential for the Group to achieve its vision of value creation for all. Stakeholders of the Group refer to groups and individuals who have a significant impact on our business or may be affected by the business, including but not limited to regulators, investors, shareholders, customers, employees and suppliers. Through stakeholder engagement, the Group has a deeper understanding of the stakeholders' genuine concerns and expectations and thus, the Group is able to incorporate the material environmental and social topics as well as the sustainability-related issues into its business strategy and process for sustainable development.





STAKEHOLDER ENGAGEMENT

The Group values the expectations and concerns of all stakeholders, and communicates with stakeholders through a variety of effective channels:

Stakeholders	Communication channels	Expectations and Concerns
 Customers	<ul style="list-style-type: none"> • Face-to-face meetings and on-site visits • Customers' satisfaction surveys • Email and customer service hotline 	<ul style="list-style-type: none"> • Product quality • Protection of customers' privacy and rights
 Employees	<ul style="list-style-type: none"> • Internal Meetings and trainings • Employee activities • Performance appraisals 	<ul style="list-style-type: none"> • Employees' remuneration and benefits • Occupational health and safety
 Shareholders and Investors	<ul style="list-style-type: none"> • Annual General Meeting • Annual reports and financial reports • Announcements and circulars • Websites 	<ul style="list-style-type: none"> • Return on investments • Corporate governance
 Suppliers	<ul style="list-style-type: none"> • Supplier site visits • Business conference • Annual review 	<ul style="list-style-type: none"> • Fair and open procurement • Protection of intellectual property rights
 Government and Regulatory Authorities	<ul style="list-style-type: none"> • Direct communication • Qualification assessment 	<ul style="list-style-type: none"> • Business compliance • Corporate governance • Occupational health and safety
 Community	<ul style="list-style-type: none"> • Media conferences • Company website and publication 	<ul style="list-style-type: none"> • Environmental protection • Business ethics • Community investment

FEEDBACK FROM STAKEHOLDERS

The Group values stakeholders' comments and feedback in relation to its ESG performance and approach. You are encouraged and welcomed to share your opinion with us through:

Tel: (852) 2945 0703

Email: ir@timewatch.com.hk

MATERIALITY ASSESSMENT



The Group has been conducting annual reviews to collect and identify its stakeholders' concerns and interests of ESG topics. During Reporting Period, the Group has diligently engaged internal and external stakeholders. Our material stakeholders are invited to complete an online questionnaire to express their concerns and views about the Group's sustainable development that have significant impacts on them or are important.

The materiality assessment has the following steps:

1. Identification

Based on the assessment result of last year and with reference to the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and SDGs, the Group has identified 24 ESG issues which are classified into 5 main categories:

- i. Environmental Protection;
- ii. Operating Practices;
- iii. Product Responsibility
- iv. Human Rights and Employee; and
- v. Community Investment.

2. Assessment

Stakeholders are invited to rate the 24 issues based on the materiality and influences on themselves and the Group.

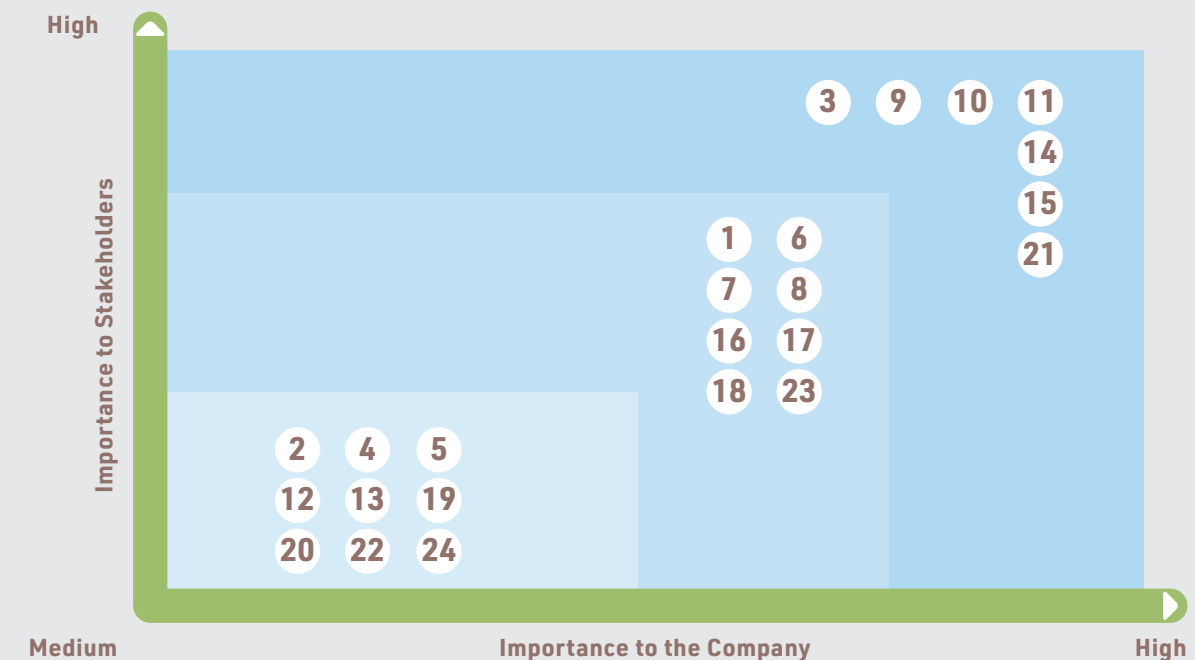
3. Result Analysis

With the assistance of Riskory Consultancy Limited, independent professional consultant, the Group conducted a materiality assessment on the issues according to the results of the questionnaire, and mapped the analysis result into a materiality matrix to illustrate the importance of each issue to the business of the Group and its stakeholders.



MATERIALITY ASSESSMENT

According to the analysis result, the Group has prioritised 7 issues as the material ESG topics in the Reporting Period, which are shown in the outermost area of the materiality matrix below. Besides, the Group will adjust its business strategies and sustainability initiatives with reference to the results of materiality assessment in order to achieve the Group's ongoing sustainable development plans goals.



Environmental Protection	Operating Practices	Product Responsibility	Human Rights and Employees	Community Investment
1. Air pollutants and greenhouse gas emission	6. Supply chain management	10. Product and service quality and safety	16. Equal opportunity, diversity and anti-discrimination	22. Participation or organization of volunteer activities
2. Waste management	7. Suppliers' environmental and social risk evaluation	11. Customer satisfaction	17. Employment relationship and employee benefits	23. Charitable donation
3. Effective use of resource	8. Green procurement (e.g. using environmental friendly materials, etc.)	12. Handling of complaint	18. Occupational health and safety	24. Community inclusive activities
4. Environmental impact of business activities	9. Crisis or emergency management	13. Intellectual property protection	19. Training and development	
5. Risk associated with climate change		14. Customer information privacy and data security	20. Prevent of child labour and forced labour	
		15. Marketing and advertisement	21. Anti-corruption and whistle-blowing system	

ENVIRONMENTAL SUSTAINABILITY



In recent years, with the rapid economic and social development, environmental issues have become one of the most urgent problems for all human beings. As a member of the society and one of the leading national watch brand in the PRC, the Group believes that it has a pivotal role in mitigating its environmental impacts.

Environmental protection is one of the key area in the Group's sustainable development. To reduce emission and waste as well as enhance effective use of resources, the Group has incorporated its environmental code and targets into internal management policies and conducted periodically review to improve the daily operating practices. Besides, the Group also actively participates in environmental-related corporate activities and campaigns to increase employees' environmental awareness.

The Group has strictly complied with applicable environmental laws and regulations in the PRC and Hong Kong, including but not limited to:

- 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);
- Water Pollution Prevention and Control Law of the People's Republic of China (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).

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes that have a significant impact on the Group.



ENVIRONMENTAL SUSTAINABILITY

EMISSION

Air emission

During the Reporting Period, air pollutants were primarily generated from vehicles used for transportation in the daily operation of the Group. The emission data was as follows:

Air pollutants (Note 1)	Unit	2021
Nitrogen Oxides (NO _x)	Kg	121.70
Sulphur Oxides (SO _x)	Kg	1.51
Particulate Matters (PM)	Kg	10.57

Note:

1. The Group starts to disclose the air emission data since the Reporting Period.

Greenhouse Gas Emission

During the Reporting Period, greenhouse gas ("GHG") emitted from the Group was mainly from the use of vehicles during the daily operation of the Group (Scope 1 – Direct Emissions) and consumption of electricity (Scope 2 – Indirect Emissions). The emission data was as follows:

GHG emission	Unit	2021	2020
Scope 1 (Direct Emissions) (Note 1)	tonnes CO ₂ e	332.49	449.47
Removal (Tree Planting) (Scope 1)	tonnes CO ₂ e	23.32	N/A
Scope 2 (Indirect Emissions)	tonnes CO ₂ e	897.73	860.92
Total Emission	tonnes CO ₂ e	1206.90	1,310.39
Intensity	tonnes CO ₂ e/million revenue (HKD)	0.63	0.76

Note:

1. The Group starts to disclose the data since the Reporting Period.

Scope 2 – indirect emission was main contributor of GHG emission, accounting for over 70% of total GHG emission during the Reporting Period. The use of electricity for lighting, air conditioning, and electrical appliances and equipment during the manufacturing process and the office area were the primary sources of Scope 2 – indirect emission.

As compared to previous year, the total GHG emission of the Group decreased by nearly 8%. The Group aims to continuously reduce the GHG emission and enhance the energy conservation awareness of employees. Different energy conservation strategies and measures have been designed and implemented:

- Adopt energy-saving lighting fixtures;
- Switch off idle air-conditioning, lighting, and equipment; and
- Post energy-saving slogans at office and production facilities entrances and besides power control switches.

ENVIRONMENTAL SUSTAINABILITY



Solid waste

The operation of the production facilities does not directly generate any hazardous waste. During the Reporting Period, only non-hazardous waste was produced by the Group in the daily operation. Waste paper, food waste, other domestic waste and watch components were the major non-hazardous wastes produced. The relevant data was as follows:

	Unit	2021	2020
Total non-hazardous waste produced (Note 1)	Kg	45,468	1,440
Intensity	Kg/million revenue (HKD)	23.71	0.83

Note:

1. The total non-hazardous waste produced in 2020 only included the wastes from factories in the PRC (mainly waste paper, food waste and other domestic waste). The data of waste watch components has been collected and included in the waste from factories in the PRC in 2021. Furthermore, the total non-hazardous waste of 2021 has also been extended to reflect the wastes generated by the Group to enhance the completeness of data.

To achieve the target of zero wastes and environmental compliance, the Group will continue to reduce process residuals, minimise management costs, streamline operations as well as develop sustainable waste stewardship through implementation of different measures, such as make use of technological innovation.

i. "Green" Life – Classification approach

The Group has promoted "Green" life in daily operation and encouraged employees to improve their operating practices to reduce waste as well as handle disposals on a more environmental-friendly manner. Different measures of waste handling has been implemented.

A classification approach has been adopted by the Group for solid waste collection, including but not limited to the separation of waste paper, glass containers, disposed cans and plastics. For solid waste such as watch components, they will be recycled and collected by third parties. Besides, the installation of collection bins with prominent labels as instructions for waste classification have also been placed next to the cargo lift in order to strengthen employee's environmental awareness. The non-recyclable solid wastes were normally transported to local waste disposal plants for further treatment.



ENVIRONMENTAL SUSTAINABILITY

ii. Reducing at source

Other than the operating practice, the Group attaches great importance to the generation and handling of waste from production process. "Source reduction of waste" is one of the Group's focus and targets. Therefore, raw materials that can be reused and recycled are preferred in the procurement stage.

In addition, the Waste Material Recycling Policy has been established by the Group to provide strict and comprehensive guidance throughout the whole process of the recycling and disposal of waste materials, from making disposal plans, counting and packaging, to the review of reports. Since different kinds of materials and components such as watch movement, strap and bezels, were purchased and used in the manufacturing process, the Group has also formulated a proper treatment on handling of packaging wastes generated from those components, such as carton boxes and plastic bags.

Besides, the Group has taken a further step to reduce unnecessary wastes. Ongoing monitoring and reviewing on the consumption of materials and the forms of product packaging materials and containers are conducted to obtain more detailed data, such as waste generation and recycling. Innovative reusable materials and containers are highly preferred by the Group.

iii. Waste paper management

Waste paper was the primary source of the non-hazardous waste in the Reporting Period. Waste paper was collected either by the designated service supplier for recycling or by the property management office for further disposal.

To reduce paper waste, effective measures have been promoted and adopted by the Group in daily operation:

- Reuse single-sided printed paper; and
- Utilise digital technology for operations instead of paper, etc.

ENVIRONMENTAL SUSTAINABILITY



USE OF RESOURCES

Energy

During the Reporting Period, electricity, diesel, gasoline and gas oil for ship were the major energy consumption by the Group. The relevant data was as follows:

GHG emission	Unit	2021	2020
Direct energy (Note 1)			
– Diesel	kWh	39,069.80	37,767.57
– Gasoline	kWh	894,117.76	1,547,509.00
– Gas oil for ship	kWh	241,992.36	130,001.22
– Sub-total	kWh	1,175,179.92	1,715,277.79
Indirect energy			
– Electricity	kWh	1,472,665.19	1,345,489.00
Total energy consumption	kWh	2,647,845.11	3,060,766.79
Intensity	kWh/million revenue (HKD)	1,380.52	1,772.92

Note:

1. The data has been adjusted to reflect the actual consumption and/or associated emissions.

i. Electricity

Electricity accounted for largest consumption among all kinds of energy which was around 56% of total energy consumption during the Reporting Period. Compared to the previous year, the electricity consumption of the Group has increased by 9%.

Energy saving and effective use of energy are the targets of the Group. In order to reduce the GHG emission and achieve further energy reduction, the Group has implemented various measures in different aspects of the operation in its factories and offices:

Green Building design and adaptation of new technologies and equipment

- Workplace being lit up by natural sunlight during the daytime;
- Energy-saving technologies and equipment are adopted for production in the factories and administrative operations in the offices;
- Maintenance schedules of appliances are followed with reference to the instruction manual; and
- Natural ventilation or ventilation fans for areas are adopted where air-conditioning is not required.



ENVIRONMENTAL SUSTAINABILITY

Improvement in Operating practices

- Employees are encouraged to change their electricity consumption habits during working hours; and
- Office equipment is switched to standby mode after office hours.

Increase of employee's environmental awareness

- Relevant training and communication are provided to ensure employees understand and engage in energy-saving practices.

Apart from the above measures, the Group strives to increase its energy efficiency and continue to focus on developing the Environmental Management System (EMS) in order to systematically manage its energy consumption.

ii. Fossil fuel

Diesel, gasoline and gas oil for ship during transportation of products were the primary attribution of direct energy consumption. Compared to the previous year, the direct energy consumption of the Group has decreased by 31.5%. It demonstrated the Group's determination and effort in maintaining sustainable vehicle management.

To further reduce the energy consumption, the Group is committed to improve the overall logistic process in order to achieve a better logistic management.

Water

The Group recognises the value of water and focuses on water utilisation efficiency. During the Reporting Period, water consumption of the Group was as follows:

	Unit	2021	2020
Total water consumption	m ³	27,496.87	21,897.38
Intensity	m ³ /million revenue (HKD)	14.34	12.68

The Group's water consumption during the Reporting Period has increased by approximately 25.6% compared to the previous year.

ENVIRONMENTAL SUSTAINABILITY



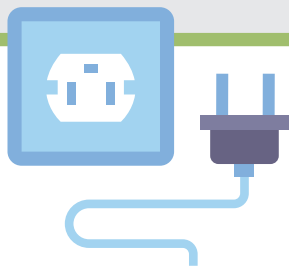
To further enhance the water utilisation efficiency, the Group strives to increase employees' water conservation awareness through the following measures:

- Employees are reminded to turn off water taps after use through emails and notices; and
- 'Saving water resources' posters are placed in prominent places in the factories and offices.

In addition, dripping taps are fixed immediately once any leakage is found to prevent any unnecessary waste. The Group will also continue its optimisation of operation process to enhance the accuracy of water usage measurement and encourage water utilisation in a more eco-friendly manner.

Paper

To achieve its core target of paper consumption reduction, the Group has introduced and promoted the concept of "paperless office" in recent years. Accordingly, the scheme has achieved significant progress. To further reduce paper consumption, the Group has applied the concept of "Reduce" and "Reuse", and adopted the following effective initiatives in the Reporting Period to improve the operating practices and strengthen employees' environmental awareness:



Reduce

- Embrace the concept of the paperless office and office automation, and disseminate information by electronic means (i.e. emails or e-bulletin boards) if possible; and
- Spread the idea of 'think before you print' by placing posters and stickers in the offices to remind the staff to avoid unnecessary printings.



Reuse

- Prioritise to use recycled paper; and
- Use the back of old single-sided documents for printing or as draft paper.



ENVIRONMENTAL SUSTAINABILITY

Packaging materials

Use of packaging materials seems unavoidable to the Group as packaging are essential for storage and protection of watches. The packaging materials consumed by the Group mainly include watch boxes, bags, paper products and others. During the Reporting Period, the relevant consumption data was as follows:

Packaging Materials	Unit	2021	2020
Watch Box	Tonnes	496.99	383.33
Bags	Tonnes	75.82	42.66
Paper	Tonnes	80.63	178.63
Others	Tonnes	217.79	164.91
Total amount of packaging materials	Tonnes	871.23	769.53
Intensity	Tonnes/million revenue (HKD)	0.45	0.45

Compared to the previous year, the total amount of packaging materials consumed by the Group has increased by 13.2%, which was in line with the increase in revenue.

The Group has established the policy of Procurement, Management and Use of Product Packaging Materials to standardise its process in the control of packaging materials. The policy is periodically reviewed and updated to include the latest relevant regulation and policy where applicable.

Besides, through ongoing research and discussions, new and innovative ideas have been continuously introduced by the Group to mitigate the packaging materials consumption, and minimise its environmental impact by using environmentally friendly materials in the packaging process.

ENVIRONMENTAL SUSTAINABILITY



THE ENVIRONMENT AND NATURAL RESOURCES

The Group believes that the environment and natural resources are valuable and precious to human being, and it strives to minimise the potential adverse impact of its business activities on the environment. For instance, the green coverage accounted for approximately 25% of total area of the Group's factories in the PRC to continuously improve the environment surrounding the factories.

Besides, the Group evaluates its business model from time to time, daily practices and hidden climate-related risks together with opportunities alongside the corporate growth, in order to establish its inherent interconnections with the environment. During the Reporting Period, the Group did not violate any laws and regulations in relation to environmental protection or identify any significant impacts that it caused on the environment and natural resources.

The Group has made enormous effort and implemented several measures to lower its impacts on the environment and better use of natural resources:

Enhancement of energy efficiency and better use of resource

- Consistently optimise the production process and improving daily operating practices;
- Monitor and control the consumption of natural resources;
- Explore feasible application of innovative and eco-friendly technologies and design;
- Shift from traditional energy supply to the renewable alternatives for its daily operations; and
- Phase out outdated equipment that may jeopardise the environment.

Increase in employees' environmental awareness and improvement of daily operation practices

- Organize numerous seminars and activities to encourage its employees to be more aware of environmental protection and energy conservation;
- Promote electricity conservation in its factory and offices through posters, emails and in a variety of formats in order to reduce the GHG emission; and
- Adopt paper saving initiatives to reduce the paper consumption.

Besides, in response to the globally recognised initiatives of environmental conservation and tightened local regulatory requirements, the Group will also set appropriate environmental goals and develop progress management system.

In future, the Group will continue to explore more effective approaches in optimizing its production process and to mitigate any adverse impacts on the environment and natural resources during the daily operation.



ENVIRONMENTAL SUSTAINABILITY

CLIMATE CHANGE

With the increasing occurrence of climate change-induced natural disasters, such as typhoons, torrential rain and flooding in recent years, climate change has become one of the world's most significant and urgent challenges. As the move towards decarbonisation gains momentum, the Group awares that various climate-related trends has become more conceivable, including increasingly draconian energy-saving regulations and the recent change on customers' expectations and behaviour.

The Group strives to strengthen staff's knowledge of climate change, and has been 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.

As a responsible corporate citizen and with reference to the recommendations of TCFD, the Group strives to optimise its business operations, achieve greater energy efficiency and secure alternatives in the value chain to further curb global warming and contribution to achieving the 2°C scenario developed in the Paris Agreement. Furthermore, various measures described in "Use of Resources" section of the Report have been adopted by the Group to reduce and monitor its carbon dioxide emissions as to mitigate the rising level of GHG. In the meantime, 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.

The Group believes that international policies and regulations on climate change will be more stringent in the near future, and it considers environmental compliance and building climate resilience as one of its major tasks and challenges. To enable the Board to be timely updated of the emerging regulatory changes and make prompt responses, the Group will continue to maintain and strengthen the robustness of its governance structure as well as emphasize the conformance assessment in its corporate ESG management.

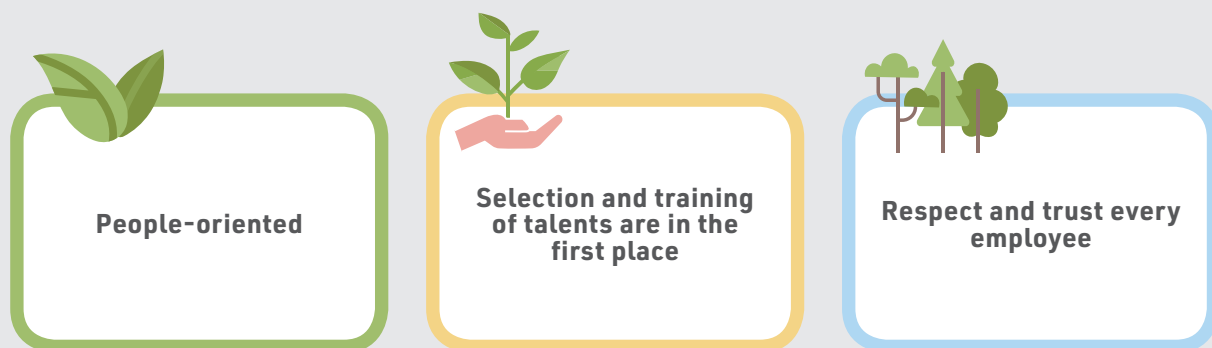
SOCIAL SUSTAINABILITY



EMPLOYMENT AND LABOUR PRACTICES

Employment

Employees is considered as the Group's most valuable and important asset. Three employment principles and values have been developed by the Group:



To achieve the above concepts, the Employee Handbook has been formulated by the Group to provide an effective tool in assisting the management and the employees to define their expectations, roles and responsibility, as well as to improve employees' work efficiency, sense of responsibility, and sense of belonging. As the primary regulation and work ethics, the Employee Handbook provides internal guidelines for employees and covers all aspects of operations, company management practices, employment, benefits and welfare, rights, obligation and responsibilities.

Moreover, the Group respects the rights of its employees and considers the employees empowerment as one of its core management philosophy. Employees are encouraged to play their own strengths in position and take the initiative to lead projects. The Group believes that this could help our employees to build a sense of belonging with a shared future with the Group, and enable the organisation to be continuously competitive and energised in the market.

Regulatory and legal compliance

The Employment Handbook and employment policies have been reviewed and updated by the Human Resources Department of the Group on an ongoing basis to adapt to social changes and comply with all the relevant laws and regulations in Hong Kong and the PRC, including but not limited to:

- 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
- Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant labour laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.



SOCIAL SUSTAINABILITY

Total workforce and turnover rate

As at 30 June 2021, the total full-time employee of the Group was approximately 4,500 (2020: approximately 4,700). The demographics of the Group's workforce was as follows:

	Each Group to Total Employment	Employee Turnover Rate
By gender		
– Male	11.9%	14.1%
– Female	88.1%	2.4%
By age group		
– 18-25	4.0%	20.2%
– 26-35	35.5%	4.6%
– 36-45	43.5%	3.1%
– 46-55	16.0%	0.3%
– 56 or above	1.0%	0.0%
By geographical location		
– Mainland China	98.9%	3.7%
– Hong Kong	1.1%	11.6%

Recruitment and promotion

The Group values every employee and pay special attention to recruitment, retention and development of human resources as talent acquisition is considered as essential element of maintaining the Group energetic and competitive in the market. A set of clear policies and procedures has adopted by the Group in recruitment. The recruitment process is as follows:

1

Human Resources Department will select qualified candidates for first round interviews with departmental managers through social media and recruitment platforms.

2

Background checking will be conducted by the Human Resources Department to ensure the candidate is suitable and eligible for the role after selection interviews.

3

Multiple rounds of examinations led by the Human Resources Department and department supervisor are performed before the candidate is accepted and employed.

Competitive remuneration and benefits are offered by the Group in accordance with the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre talents. To comply with local and national laws and regulations, provident fund and social insurance are provided to employees, including endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance.

SOCIAL SUSTAINABILITY



Moreover, employees' working hours and rest periods are clearly stated in the Employee Handbook. Employees who have worked overtime can take alternative days off once the application is approved. In addition to basic annual leave and statutory holidays, a wide range of additional benefits are provided to employees, such as attendance award, overtime allowances, festival gifts, performance bonuses.

In relation to promotion, the Group refers to market benchmarks and provides equal opportunities for promotion and development for eligible employees who have shown outstanding performance and potential in their positions. Any promotion within the Group is based on established procedures in accordance with the Employee Handbook.

Compensation and dismissal

The Group believes that talent retention is important to its success and sustainable development. To enable that all employees' efforts and contributions can be acknowledged appropriately, the Group periodically reviews its compensation packages and performs probationary and regular evaluations on employees' capability and performance. Staff appraisal is performed in December every year. The Performance Appraisal Sheet is completed by the departments directors to evaluate employees' work performance. In accordance with Employee Handbook and internal policies of the Group, adjustment of compensation and termination of employment are determined by various factors, such as performance of the relevant employee and the Group.

Any kind of unfair or illegitimate dismissal is strictly prohibited. Pursuant to the relevant laws and regulations in Hong Kong and the PRC, the Group has established stringent policies to regulate and govern the procedures of employee dismissal.

Equal opportunity and anti-discrimination

The Group has zero tolerance on any workplace discrimination, harassment or vilification, and has formulated equal opportunity policies in accordance with local ordinances and regulations, including but not limited to Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong).

As an equal opportunity employer, the Group strives to regulate and monitor corporate daily practice to avoid any circumstances contrary to the principles of equal opportunity and anti-discrimination. Training and promotion opportunities, as well as 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.

Besides, the Group has adopted the corporate grievance mechanism and encouraged employees to report any incidents involving discrimination to the Human Resources Department. The Human Resources Department is responsible for the assessment, recording and implementation of any necessary disciplinary actions on the incidents once any relevant report is received.



SOCIAL SUSTAINABILITY

Other benefits and welfare

The Group believes that employee's welfare is essential to business sustainability, therefore, employees' interests and wellness should be considered and prioritised. The Group has provided various corporate benefits to its employees, such as recreational activities during festivals, annual bonuses and tour packages.

Besides, to keep all employees feel motivated and engaged in business, the Group strives to develop a corporate culture that enables smooth and effective communications between colleagues and facilitates sense of belonging of employees.

Health and Safety

The Group strives to build a safe and pleasant working environment for all employees. Strict safety and health policies have been established in accordance with the relevant laws and regulations in Hong Kong and the PRC, including but not limited to

- 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).

The work injury rate and work-related fatalities rate of the Group remained at zero. No lost days due to work injury were reported in the Reporting Period, and no work-related fatalities were reported in the past three years (including the Reporting Period).

In the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to workplace safety that have a significant impact on the Group.

SOCIAL SUSTAINABILITY



Maintain safe workplace

To provide and maintain a safe, clean and environmentally friendly working condition for our employees, the Group has implemented different health and safety measures as follows:



To ensure work safety, personal protective equipment (“PPE”), such as uniforms, face masks and gloves, are provided to staff engaged in the production process for protection. The Group also requires its suppliers to provide relevant testing certificates, conducts functional and safety checks, and arranges maintenance on a regular basis to ensure the safety of the equipment in the manufacturing facilities. Besides, an independent testing agency will conduct regular inspection on potential occupational hazards that may exist in the workplace.



SOCIAL SUSTAINABILITY

During the Reporting Period, the Group has received the Certificate of Work Safety Standardization to demonstrate its efforts on compliance with the relevant local laws and regulations, as well as to provide a safe workplace to employees.



Emphasize mental health

Besides physical safety, the Group believes that it is imperative to keep all employees mentally healthy. The Group has been planning to carry out different forms of initiatives, such as regular stress check, setting up external counselling desk and organising seminars, to promote work-life balance, improve employees' awareness of maintaining good mental health for better stress management, as well as minimise the potential illness caused by accumulated fatigue.

SOCIAL SUSTAINABILITY



Development and Training

The Group believes that employee training and development is paramount importance to its sustainable development. Human Resources Department is responsible for organizing and arranging various types of training programs to ensure all employee obtain relevant and sufficient training, especially professional training for staff in special positions to improve their skills.

During the Reporting Period, majority of the employees from different position levels including the senior management, middle management and general staff attended in a set of internal and external training courses. During the Reporting Period, the percentage of employees trained and average training hours by gender and employee category are as follows:

	Percentage of employees trained (%)	Average training hours per employee (hour)
By gender		
– Male	94.8%	9.18
– Female	99.5%	8.43
By employee category		
– Senior management	64.7%	11.5
– Middle management	100.0%	10.2
– General staff	99.1%	8.4

The following in-house training programs are conducted by the Group's senior employees and arranged to new and existing staff in order to ensure that they have sufficient job knowledge and skills:

Internal Courses	Functions
• Induction Training	To introduce the corporate history and culture of the Group to new employees.
• Pre-job Training	To ensure employees to be familiar with the Group's products and technological procedures.
• After-probation Training	
• Watch Knowledge and Updates	
• Fire Safety Knowledge	To provide safety and environmental protection knowledge.
• Garbage Classification	

Besides internal programs, the public courses held by external organizations and professional consultants were also arranged to employees for their future career progression and development, such as DISC Team Leadership and Management, and Cross-Department Communication and Cooperation.

Adhering to its vision of sustainable development, the Group will continue to focus on providing training and education program to ensure that employees have sufficient job-related knowledge and understanding of advanced techniques, so as to maintain and enhance the Group's competitiveness in the market.



SOCIAL SUSTAINABILITY

Labour Standard

The Group strictly prohibits any child and forced labour, and complies with all the relevant labour laws and regulations in Hong Kong and the PRC, including but not limited to 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).

To prevent illegal employment of child labour, underage workers and forced labour, all job applicants are required by the Human Resources Department of the Group to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment. The employment will be immediately terminated if any case in breach of the labour standards is found.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to the prevention of child and forced labour that would have a significant impact on the Group.

OPERATING PRACTICES

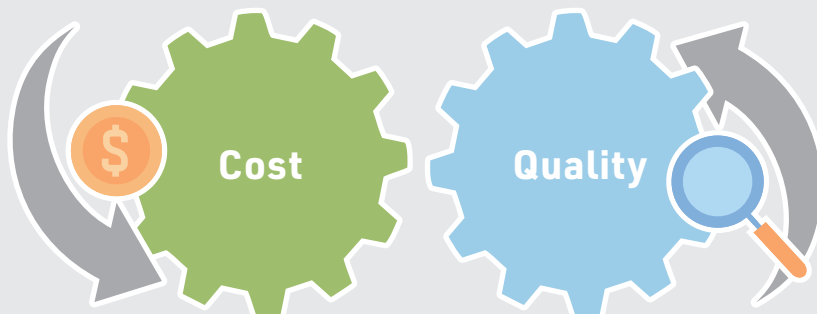
Supply Chain Management

Due to the involvement of assembling tiny and sophisticated parts, watchmaking is a complicated process. To ensure the quality of watches being manufactured can be consistently maintained at a high standard, standardised working procedure and stable supply chain are required. The Group strives to maintain an effective supply chain management and a sustainable relationship with various suppliers for watch components and materials, electronic parts, equipment and services procurement.

With reference to the international normative frameworks and global best practices in the industry, the Group has established comprehensive internal policies and robust management system to communicate with suppliers and ensure that the trading of goods and services is competitive, fair and transparent.

In the Reporting Period, the Group had 106 key suppliers. Adhering to the principle of the "Green Procurement" policy, 104 of the suppliers were from the PRC and only 2 are overseas suppliers.

The Group has established a systematic supplier management system to provide clear criteria on identifying, analysing, selecting, and managing its suppliers. Quality and cost performance are two crucial indicators of supplier evaluation.



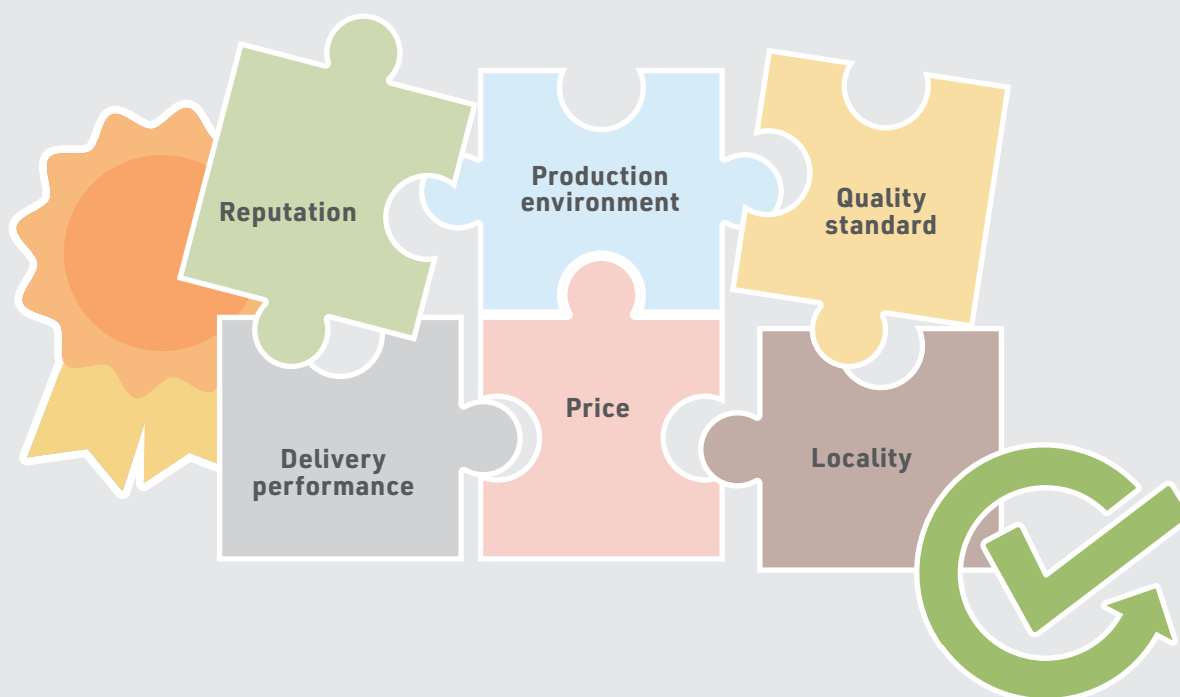
SOCIAL SUSTAINABILITY



Strict Selection Criteria

The Group has established a set of selection criteria according to the requirements and recommendations in the Quality Management Systems (ISO 9001:2015). For instance, the “Supplier Audit Report” is used to regulate supplier selection and management procedures through providing and specifying the standards for supplier evaluation, such as delivery time, quality, and price.

Following the internal policies, such as Quality Management System Control Policy, Intellectual Property Certification Requirements, and Supplier Quality/Price Management Policy, the Procurement Department, Project Department and other relevant departments jointly conduct supplier assessments under normal circumstance. A set of supplier selection criteria is as follows:



Only suppliers who have fulfilled all requirements under above criteria can be selected to be qualified partner as the Group believes that they are competent to provide reliable and quality products with excellent performance. In the Reporting Period, a total of 9 new suppliers have been assessed and selected.



SOCIAL SUSTAINABILITY

Quality Assurance and Control

To maintain and regulate the quality of products, the Group enters into an “Supplier Quality Assurance Agreement (供應商質量保證協議)” with its selected suppliers to verify the following documents provided by suppliers:

- Material Certificate;
- Material Safety Data Sheet;
- Shipment Inspection Report;
- Indicators of quality product rate, packaging process and transportation; and
- Unqualified supplies treatment and solutions.

Furthermore, in accordance with 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), the Group has formulated the detailed procedures on incoming goods inspections to minimise the risks of using defective raw materials. The Group also monitors and manages its suppliers’ operational process to ensure product quality. Besides, unless a formal written document such as PCN/ECN/ECR sheet is submitted and approved by the Group, the suppliers cannot modify the product design, processing techniques and major raw materials at all production stages.

The Group periodically monitors the overall performance of its suppliers to ensure the stability of the supply chain and the consistency of high-quality products. Specifically, inspections and on-site audits with a documented report have been conducted for continuous improvement and on-going cooperation with suppliers. During the Reporting Period, all suppliers of the Group have been assessed and monitored.

SOCIAL SUSTAINABILITY



Environmental and Social Risk Consideration

The Group increasingly concerns the environmental and social performance of its business partners within the supply chain. Environmental and social risk considerations have been incorporated into the supplier selection and management.

1. *Environmental risk*

According to the "Supplier Quality Assurance Agreement" (供應商質量保證協議), all suppliers are required to provide the Environmental Protection Test Report to ensure that environmentally friendly products are supplied, so as to minimise the environmental risks in the supply chain.

2. *Social risk*

In order to reduce the social risk, the Group has also scrutinised its business partners in terms of the compliance with relevant labour standards and the respect of human rights. Any child labour or forced labour is strictly prohibited.

To enhance the transparency of its governance, the Group will place greater concerns and consider devoting more resource in the due diligence of its supply chain in future. The Group may also consider engaging with an independent third-party to improve the credibility of the due diligence assessment in future.



SOCIAL SUSTAINABILITY

Product Responsibility

Product quality is fundamental to the brand reputation and sustainable development of the Group and thus, maintaining the consistency of high-quality product is our top priority.

The Group has formulated its internal policies and procedures in accordance with all the relevant rules, regulations and standards in Hong Kong and the PRC in relation to health and safety, advertising, labelling and privacy matters with respect to its products and services, including but not limited to:

- Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong);
- Personal Data (Privacy) Ordinance (Cap. 486 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 of the People's Republic of China on Protection of Consumer Rights and Interests (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
- Trademark Law of the People's Republic of China (中華人民共和國商標法).

In the Reporting Period, the Group did not have any material non-compliance with laws and regulations in relation to health and safety, advertising, labelling and privacy matters of its products and services.

SOCIAL SUSTAINABILITY



Product Quality

Quality and safe products and services are considered as one of the most effective ways to enhance customers' trust and corporate competitiveness in the market. Upholding the service principles of "Sincerity Wins Trust, Service Creates Value" and "Customer First", the Group endeavours to provide innovative and top-quality products and services to its valued customers, and its concept for innovation has always remained market-oriented with pragmatic craftsmanship.

With its extensive experience in the watch manufacturing industry, the Group has formulated the internal product quality assurance policy according to the Quality Management Systems (ISO 9001:2015) to ensure that safe, reliable and good quality final products are delivered to customers. The Group has obtained honour of "Shenzhen Quality and Integrity Demonstration Enterprises" (深圳質量誠信示範企業) to demonstrate its efforts.

In the Reporting Period, the Group did not encounter any product recall due to safety and health reason.

To ensure the quality of final products, the Group has formulated a set of internal policies and procedures in different stage of watchmaking. The Group strives to ensure that the manufacturing process is in strict compliance with the procedures stipulated in the Quality Control Manual.



SOCIAL SUSTAINABILITY

Inventory Control

The Group believes that the material quality and operation process affect the product quality to large extents. To optimise the operation process in the warehouse as well as material storage and management, the Raw Material Storage and Management Policy has been established to fulfil the following requirements:

- Accuracy of inventory;
- Efficiency of goods placement;
- Clarity of accounts; and
- Standardisation and timeliness of products entering and existing the warehouse

Furthermore, all raw materials are tested and checked by the Quality and Engineering Department to ensure that they are qualified for production.

Production Process

To prevent machinery breakdown, regular inspections on machinery and equipment are carried out by factory managers during the production process.

Quality Control and after sales services

A set of quality assurance measures are strictly conducted by qualified experts after production, such as size and water-proof tests. The manager of the Quality and Engineering Department has overall responsibility for product quality and is required to sign off all the tests.

Besides, the Quality and Engineering Department is also responsible for following up the complaints received associated with marketing and after-sales quality issues.

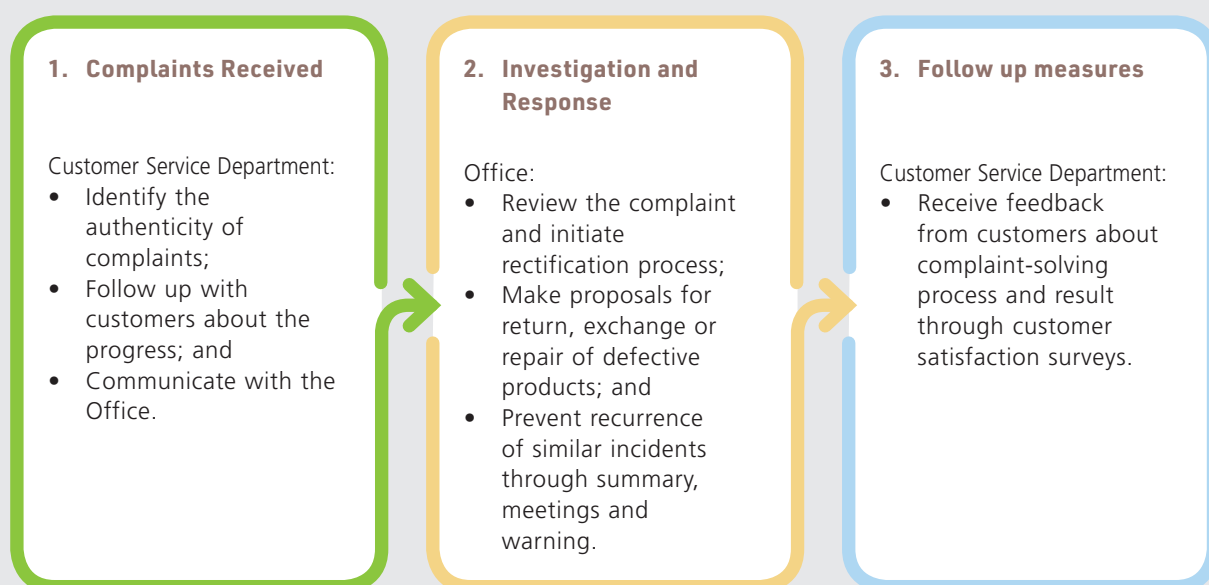
SOCIAL SUSTAINABILITY



Handling of complaints

The Group values customers' opinion as to achieve continuous improvements on its product and services quality. The Customer Service Department is responsible for after-sales services and dealing with customers' feedback through customer satisfaction survey.

To manage and handle customer complaints about product defects and service quality, the Group has formulated a set of standard procedures as follows:



According to the Group's Customer Complaint Handling Process (客訴流程), all inquiries and substantiated complaints are required to be responded and handled on timely and efficient manner. Strict requirements have been adopted on dealing with substantiated complaints:

- Raise the solutions within 24 hours after receiving the relevant complain; and
- Resolve the complaints with the satisfactory outcome within 48 hours.

During the Reporting Period, the Group did not receive any significant complaint concerning product quality and services.



SOCIAL SUSTAINABILITY

Intellectual property

Considering the intellectual property (the “IP”) as its intangible and valuable asset, the Group believes that the promotion and protection of the IP rights are pivotal to its sustainable business development as well as to enhance its international competitiveness. Given the intensified global competition of innovation, the Group considers that IP development and protection will be one of its main tasks in coming future.

The Group currently owns and has successfully registered several trademarks, patents, and domain names. During the Reporting Period, the Group’s IP management system covering the research and development, production and sales of watches was certified to conform to GB/T29490– 2013 Enterprise Intellectual Property Management. Besides, in order to demonstrate its contribution and efforts, the Group has obtained “21st China Patent Award” (第二十一屆中國專利優秀獎).



The Group complies with relevant intellectual property rights laws and regulations to safeguard the interest of the Group and its customers. To prevent the infringement of its IP rights, the Group has entered into the 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. Besides, its suppliers are also required to strictly respect the IP rights of the Group.

During the Reporting Period, the Group did not encounter any material claims for IP rights infringement.

SOCIAL SUSTAINABILITY



Advertising and labelling

As a well-known national watch brand, the Group strictly complies with relevant laws and regulations in the regions where it operates, including but not limited to 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).

Any misrepresentation made in marketing materials or exaggeration of offerings is strictly prohibited by the Group. To ensure the Marketing Department 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, the Group has established the internal policies to regulate the practice in brand promotion with celebrities, marketing and planning, and graphic design.

Privacy

Data protection and security is considered to be crucial to the Group's long term business development and corporate reputation.

To ensure the privacy and confidentiality, the data from its customers, employees, suppliers as well as other business partners is strictly managed and protected by the Group. The Group has formulated its internal policies to comply with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and strictly followed the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety.

To safeguard all information collected, the Group endeavours to maintain a secure environment. For instance, company servers and computers being protected with access passwords to prevent unauthorised access and possible information leakage. Besides, the Employee handbook clearly stated that employees are made aware of their responsibility to respect the privacy of customers and to protect any customer data from external parties. Offending employees will be liable for the direct or indirect information leakage.

During the Reporting Period, the Group did not encounter any breaches of customer privacy or loss of customer data or any private information leakage.



SOCIAL SUSTAINABILITY

Anti-Corruption

Maintaining the highest level of business ethics and integrity is the Group's commitment and value in carrying out its business activities. To build and maintain a fair, ethical and efficient working environment, the Group complies with the local laws and regulations relating to anti-corruption and bribery, including but not limited to:

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

During the Reporting Period, the Group reported no cases in relation to bribery, extortion, fraud and money laundering.

All employees are expected to perform 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 Reporting Period, no legal case regarding corrupt practices was brought against the Group or any of its employees.

To abstain all forms of misconduct, the Group has formulated its code of conduct and internal policies to ensure that business activities are conducted honestly, transparently, and legitimately. For instance, the 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) have been established and enforced to prevent any illegal practices, including corruption, extortion and money-laundering within the Group. All employees are required to abide by the relevant codes of professional ethnics. Relevant departments and staff are appointed to monitor and handle the related cases.

The Group's policy clearly states that employees are strictly prohibited to solicit any benefits and advantage from customers, suppliers or any business partners. Employees have to report to the management for approval if they or their immediate family members have interests in business dealings with the Group. Besides, Employees are required to obtain written consent from the Group before taking part-time jobs to prevent conflicts of interest.

SOCIAL SUSTAINABILITY



Whistle-blowing mechanism

Employees are encouraged to report any misconducts. The whistle-blowing mechanism and procedures are formulated and reviewed by the Group on a regular basis to ensure its effectiveness of protecting the whistle-blowers from any unfair dismissal or victimisation:

- Employees 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;
- Once received any report, an investigation will be conducted by the Group against any suspicious or illegal behaviour to safeguard the Group's interests; and
- Once criminality is suspected, a report will be made promptly to the relevant regulators or law enforcement authorities when the management considers it necessary.

Anti-corruption training

To enhance employees' understanding of the corporate policies, strengthen their awareness of and compliance with the code of conduct, the Group will provide e-learning opportunities and organise other training programmes for its employees as well as directors about the Group's internal policies, anti-corruption initiatives and the latest updates of the relevant laws and regulations.



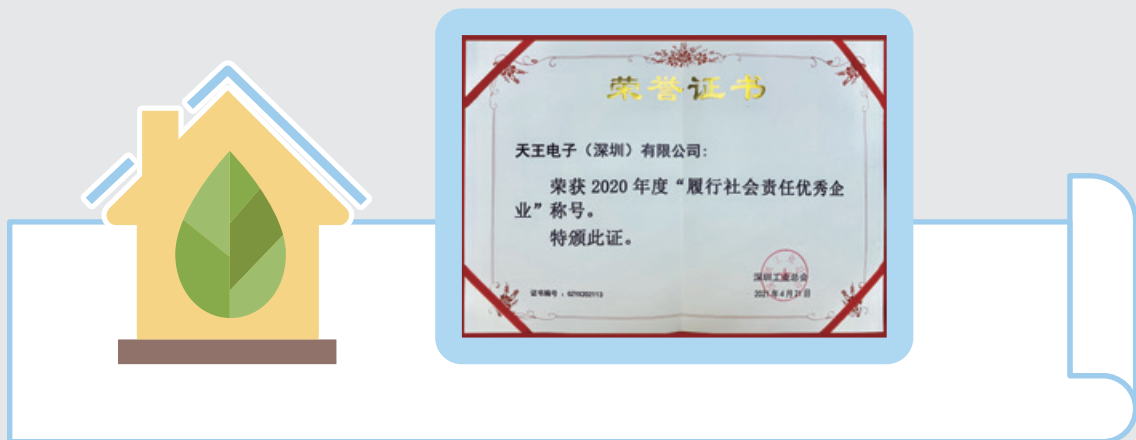
SOCIAL SUSTAINABILITY

COMMUNITY

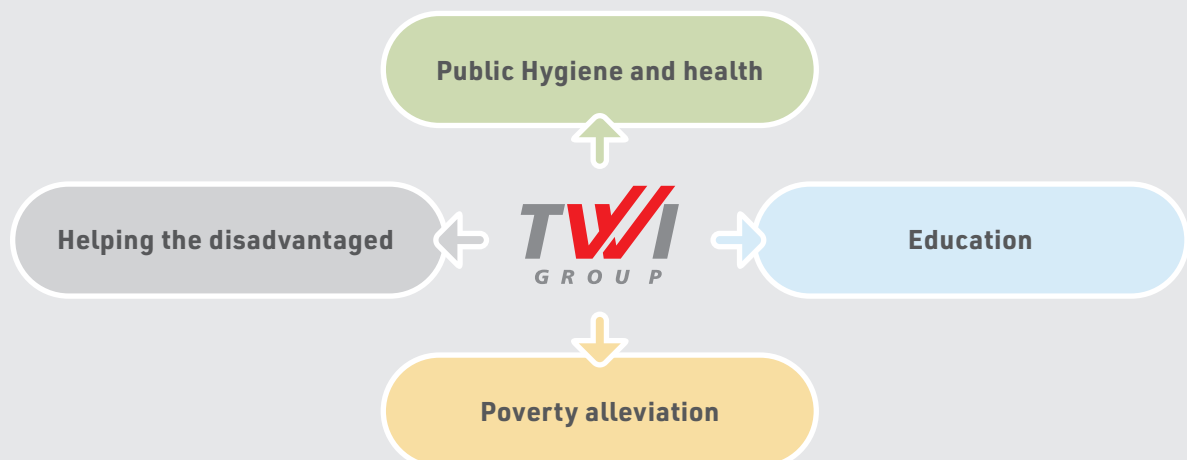
Community Investment

With great power comes great responsibility, as a well-known Chinese watch brand, the Group prioritises and places great concerns on the community investment to fulfil its corporate social responsibility. In addition to building of positive corporate culture and reputation, the Group believes that community investment is one of essential elements for sustainable development as the community strengthening is also beneficial to the Group's business development.

The Group has actively participated in various charitable activities to support individuals and groups in need through different channels and actions for years. To demonstrate its effort and contribution, the Group has received "Corporate Social Responsibility Outstanding Award 2020" (2020年度履行社會責任優秀企業獎) from Federation of Shenzhen Industries in the Reporting Period.



In particular, the Group focuses on the following areas in its community investment:



SOCIAL SUSTAINABILITY



i. Public Hygiene and health

In the face of the outbreak of the COVID-19, the Group donated RMB1 million to the Chinese Red Cross Foundation (CRCF) in China during the epidemic in February 2020 to support the anti-Epidemic projects and works. The Group has received a dedication medal from CRCF in the Reporting Period to recognise the Group's contribution and effort in supporting anti-epidemic works.

ii. Education

Education is always one of the key areas in the Group's social welfare activities as education is considered as the significant route and element for achieving a prosperous future for the country. To support education in rural areas of the PRC, since 2018, the Group has donated to "Beautiful China Education Project" for a total of RMB4.5 million.

In December 2020, the Executive Director of Time Watch Investments Limited led the Group's charity team to visit Zili School (梓里學校) located in Dabu county, Guangdong Province. Besides, the Group has also donated over 1,000 books to Zili School to support the school and students.



iii. Poverty alleviation

To actively respond to the national policy, targeted poverty alleviation (精準扶貧) is another focus of the Group's charitable works. During the Reporting Period, the Group donated RMB50,000 to Dabu county, Guangdong Province to improve the living standard of residents with financial difficulties.

iv. Helping the disadvantaged

During the Reporting Period, the Group has provided continuous support to the 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 donated approximately RMB680,000 to the caring project in helping the children in need living in poverty-stricken villages.

Besides the community investment in the PRC, helping the disadvantaged in Hong Kong is another focus of the Group. During the Reporting Period, the Group participated in the charitable campaign "YO Virtual Walk 2020" organized by the Youth Outreach, which is a non-governmental organization dedicated to helping at-risk youth. Young people in need are encouraged to explore their potential and rebuild self-respect as well as self-confidence in meaningful activities. Besides cash donation of HKD200,000, the Group also has donated watches for charity sales to support the campaign and more than HKD200,000 has been raised.



AWARDS AND HONOURS

During the Reporting Period, the Group had received various awards and certifications in recognition of its efforts and outstanding performance in environmental, social and governance aspects.

Group Awards

Shenzhen Time-Honored Brand

Shenzhen Good Quality Enterprise (深圳市質量強市骨幹企業)

Shenzhen Quality and Integrity Demonstration Enterprises (深圳質量誠信示範企業)

Shenzhen Longhua district Quality Award 2020 (2020年度龍華區質量獎區長質量獎)



AWARDS AND HONOURS



Production & Technique Awards

21st China Patent Award (第二十一屆中國專利優秀獎)

National technical committee 160 on horology of standardization administration of China - Outstanding Organization (全國鐘錶標準化技術委員會“優秀組織”)

Certificate of Work Safety Standardization





AWARDS AND HONOURS

Community Investment Recognition

Corporate Social Responsibility Outstanding Award 2020 (2020年度履行社會責任優秀企業)

**Significant Contribution to The Chinese Red Cross anti-epidemic project
(中國紅十字會新冠肺炎疫情防控工作作出重要貢獻)**

Star of the Caring – Top 10 Project Award 2019 (關愛之星2019年度十佳項目獎) (Awarded in September 2020)

Chinese Red Cross – Angel of Humanitarian Dedication (中國紅十字基金會 - 天使*傑出人道奉獻)



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General Disclosure	Information on:	12
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
KPI A1.1	The types of emissions and respective emissions data.	13
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	13
KPI A1.3	Total hazardous waste produced and intensity.	Not applicable as no material hazardous waste was produced in the Group's operation.
KPI A1.4	Total non-hazardous waste produced and intensity.	14
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	13
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	14



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A. Environmental

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General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	16
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	16
KPI A2.2	Water consumption in total and intensity.	17
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	16
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not applicable as the Group did not have any issue in sourcing water due to its business nature and locations.
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	18 19

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	20
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	20

Aspect A4: Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	21
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	21

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B. Social

Employment and Labour Practices

Aspect B1: Employment

General Disclosure	Information on:	22
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	23
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	23

Aspect B2: Health and Safety

General Disclosure	Information on:	25
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	25
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