



SINCERE WATCH

(Hong Kong) Limited

2022

環境、社會
及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stock Code 股份代號: 00444

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

Sincere Watch (Hong Kong) Limited (hereinafter referred to as “Sincere Watch” or the “Company”) along with its subsidiaries (the “Group”) is pleased to present its fourth standalone Environmental, Social and Governance (“ESG”) Report (the “Report”).

Reporting Period and Scope

This Report continues to focus on the Group’s watch, timepiece, and accessories distribution business in Hong Kong. The disclosed information covers the Group’s operations of the headquarters office, warehouse, as well as four boutiques located in Hong Kong, from 1 April 2021 to 31 March 2022 (the “Reporting Period”).

Reporting Standard and Principles

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix 27 of the Main Board Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx”). It complies with the “Mandatory Disclosure Requirements” and the “Comply or Explain” provisions of the ESG Reporting Guide. The Group upholds the following principles during report preparation.

- **Materiality**
During the Reporting Period, the Group contracted an independent consultancy to identify a list of potential ESG issues and conduct a materiality assessment, which helped determine the reporting structure. For more information, please refer to subsections “Stakeholder Engagement” and “Materiality Assessment” under section “Sustainability Approach”.
- **Quantitative**
In order to quantitatively evaluate the Group’s ESG performance, this Report disclosed relevant key performance indicators (“KPIs”) and corresponding calculation frameworks and methodologies. For more information, please refer to sections “Environment and Resources” and “KPIs Summary Table”.
- **Balance**
This Report summarises the Group’s ESG practices, performance, and outcomes in a fair, objective, and unbiased manner.
- **Consistency**
The reporting scope is the same as previous years and the calculation of KPIs adopts consistent frameworks and methodologies, which allow for meaningful comparisons of ESG data over time.

Feedback and Communication

The Group highly values your views on its corporate sustainable development. For further information regarding our corporate governance and financial performance, please refer to our Annual Report. Meanwhile, you are also welcome to contact us by:

- **Tel** +852 2969 9900
- **Email** info@sincerewatch.com.hk
- **Post** Unit 6101-03, 61/F, The Center, 99 Queen’s Road Central, Central, Hong Kong

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ABOUT SINCERE WATCH

Listed on HKEx in 2005, the Group is principally engaged in the distribution of branded luxury timepieces, watches, and accessories in Hong Kong, Macau, Taiwan, and Mainland China. As the sole distributor of the luxury brand FRANCK MULLER and representative of three other brands — CVSTOS, Pierre Kunz and European Company Watch, the Group strives to provide luxury products with world-class craftsmanship to its customers.

As of 31 March 2022, the Group has established a distribution network with 47 retail points of sales and 12 boutiques, making a total of 59 points. 7 boutiques are operated by the Group, and the remaining 52 watch retail outlets are operated by 24 independent watch dealers throughout our key markets, such as Hong Kong, Macau, Taiwan, and Mainland China.

During the Reporting Period, the Group has undertaken 13 brand enhancement activities to reinforce its brand leadership through premium product imagery and focused product placements in relevant media. The Group has also continued to employ a series of niche marketing initiatives in order to cultivate its image and desirability as one of the leading international watch brands. For more information, please refer to the subsection “Brand Enhancement” under the section “Operation and Business”.

The Group takes pride in consistently focusing on and adapting itself to the latest market trends while exploring potential opportunities to organise unique events. We will continue to increase our brand exposure and strengthen our system of brand networking in the coming future.

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SUSTAINABILITY APPROACH

The Group is devoted to the promotion of sustainable brand values and as such, is fully committed to adopting and integrating sustainable practices into its business operations. We prioritise adherence to existing ESG-related laws and regulations while reviewing and revising our sustainability approach when needed. In order to reflect the sustainability ideology shared by those within our sphere of influence, we actively engage with all of our stakeholders, encourage active participation in ESG-related initiatives and welcome feedback on our practices. Thus, we will, through the spirit of coordination and consensus, continue down the road towards a sustainable future.

ESG Management

All ESG-related matters are overseen and managed by the Group's board of Directors (the "Board"). Any review and approval of the Group's ESG strategy, objectives and reports is conducted by the Board, who are also responsible for identifying, prioritising and managing ESG issues. The Board takes a proactive approach in improving our sustainability performance through evaluating ESG risks as well as monitoring progress on established targets. Moving forward, the Group shall consider providing ESG training to the Board and strengthening their roles in ESG governance.

In carrying out these duties, the Board engaged an independent sustainability consultancy to conduct a stakeholder engagement exercise. This exercise helped to identify and evaluate sustainability issues that are most material to the Group and its stakeholders, as well as determine the coverage and structure of this Report. The Group will continue to carry out this exercise on an annual basis.

Stakeholder Engagement

The Group is committed to maintaining close communication with key stakeholders in order to ensure that its economic, environmental, and social values are aligned with their expectations. During the Reporting Period, we identified the following key stakeholders and utilised various different engagement channels.

Shareholders and Investors

- General meetings
- Annual and interim reports
- Correspondences
- Corporate website

Staff

- Departmental meetings
- Performance appraisals
- Internal emails
- Trainings

Customers

- Social media platforms
- On-site customer services
- After-sales customer services

Suppliers and Business Partners

- Meetings and correspondences
- Tender notices
- Inspections and feedback

Media

- Press conferences
- Interviews
- Social media platforms

Regulatory Bodies

- Correspondences
- Compliance reports

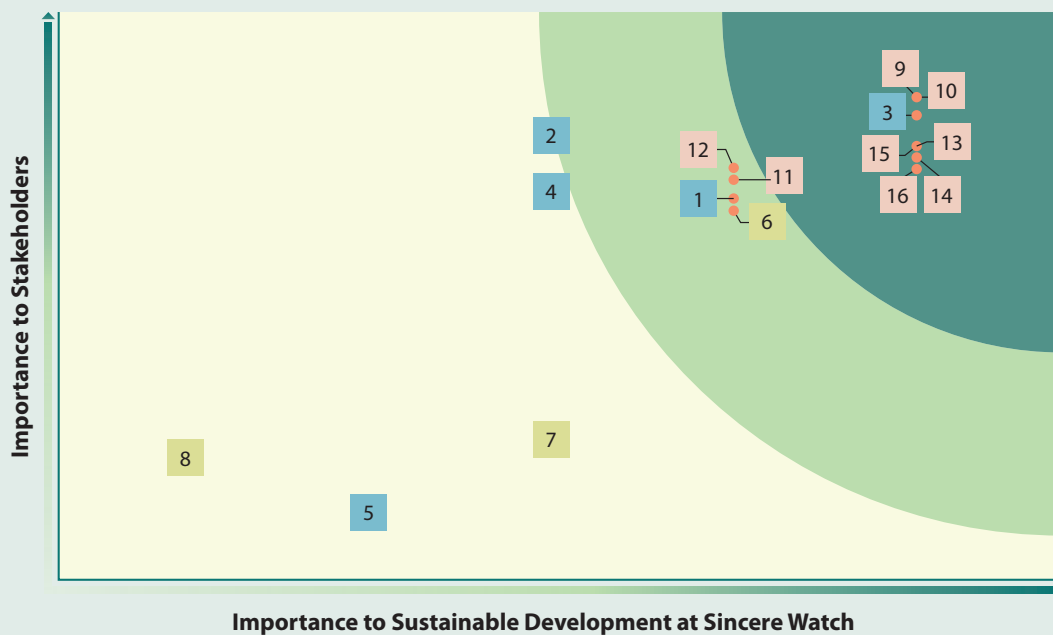
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Materiality Assessment

During the Reporting Period, we commissioned an independent sustainability consultancy to assist in the identification of material ESG issues based on their importance to stakeholders as well as the Group’s business development. In order to ensure the Group’s existing ESG and sustainability practices, policies and strategies align with and meet stakeholder expectations, an ESG-specific stakeholder engagement exercise was first conducted through online questionnaires. The data gathered from these surveys was then analysed to produce a set of key material issues. The three-step process is as follows:

Step 1: Identification	<p>Utilising the following two separate benchmarks, 16 material issues were identified</p> <ul style="list-style-type: none"> • Internal benchmark (previous ESG reports of the Group) • External benchmark (ESG reports of industry peers)
Step 2: Prioritisation	<p>Online questionnaires were distributed to stakeholders across the Group.</p> <ul style="list-style-type: none"> • Four members of the Board and Management ranked the importance of material issues on the Group’s sustainable development. • 27 members of other stakeholders, including 20 employees, four customers and three suppliers/contractors, ranked the importance of material issues based on their own preferences and expectations.
Step 3: Validation and Review	<p>The Board and senior management confirmed and validated the list of material issues for disclosure in this Report. These issues and subsequent materiality matrix were then reviewed to ensure a balanced view of the Group’s sustainable performance and stakeholder expectations.</p>

Based on the aforementioned three-step approach, the survey result was represented and plotted in a materiality matrix for better comprehension. As aforementioned, this exercise will be conducted by the Group annually so as to ensure it is always aware of and able to consider its key stakeholders’ expectations with regard to the Group’s sustainable development strategies and processes.



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Aspects	Items	Issues	Scores ¹ (Ranking)
People and Community	1	Workplace Diversity and Inclusion	4.66 (10)
	2	Employee Benefits and Welfare	4.61 (12)
	3	Occupational Health and Safety	4.88 (3)
	4	Employee Training and Development	4.54 (13)
	5	Community Engagement	4.03 (15)
Environment and Resources	6	Resources Efficiency	4.64 (11)
	7	Emissions and Waste Management	4.25 (14)
	8	Climate-Related Risk Identification	3.97 (16)
Operation and Business	9	Product Quality	4.90 (=1)
	10	Customer Service Satisfaction	4.90 (=1)
	11	Supply Chain Management	4.68 (9)
	12	Advertising and Labelling	4.69 (8)
	13	Anti-Corruption and Anti-Money Laundering	4.84 (=4)
	14	Intellectual Property	4.83 (6)
	15	Privacy and Confidentiality	4.84 (=4)
	16	Anti-Child and Forced Labour	4.82 (7)

In order to determine the reporting structure for this Report, an average score was used to assess and represent the general importance of the three major aspects. The recommended reporting structure is consistent with the score of each aspect, which is shown in descending order below.

Aspect	Score	Rank
Operation and Business	4.81	1
People and Community	4.54	2
Environment and Resources	4.29	3

¹ The scores are based on the average from the Board and Management versus other stakeholders.

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OPERATION AND BUSINESS

Sincere Watch is dedicated to the distribution of quality watches and provision of world-class customer service. We achieve this through close and thorough examination of the quality of our purchased products, expert supply chain management, devotion to brand enhancement and customer satisfaction as well as responsible marketing campaigns. The Group prides itself in conducting its business operations with the highest ethical standards and endeavours to continually deliver results as a one-stop luxury watch distributor.

Product Quality

The Group directly sources watches and accessories from its suppliers. As such, the manufacturing process will not be included as a part of our operations. We operate by applying a dual inspection process to ensure that our customers receive the highest possible quality products.

We strive to ensure that all purchased products supplied to customers are of the finest quality by carrying out dual inspections. Upon the receipt of each product delivery batch, a Quality Control Form will be completed by our professional technicians in order to identify faults or defects. In an unlikely event that any quality defect issues are discovered, we will conduct an in-house repair to ensure our high product quality is maintained. If the defect is more serious, products will be returned to our supplier and replaced by an additional batch. During the Reporting Period, we did not record any product recalls due to safety and health reasons.

To enhance our quality control and customer assurance throughout the whole operation process, we also provide a two-year and five-year warranty on regular watches and tourbillon watches' movement respectively. In addition, we have an established team responsible for after-sales services, including special repairs, maintenance services and technical support.

During the Reporting Period, we conducted 686 repairing services, approximately 94% of which are conducted locally, whereas the remaining 6% were sent to and repaired in Switzerland.

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Brand Enhancement

Building a sustained and recognised brand is crucial for distributors in the luxury goods industry. During the Reporting Period, the Group undertook 13 brand enhancement activities, which are listed below:

Mainland China

FRANCK MULLER Xiamen Boutique Opening (15 April 2021)



Chow Tai Fook Horological Exhibition Roadshow (21-24 October 2021)



Shanghai Xinyu VIP Private Event (21-23 January 2022)



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Hong Kong

Exclusive Fragrance & Wine Pairing Workshop (21–22 April 2021)



FRANCK MULLER
Private VIP Afternoon Tea
(23–25 June 2021)



FRANCK MULLER Whisky Tasting Night (29 June 2021)



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World Brand Piazza 2021 (8-12 September 2021)



Miss Hong Kong Pageant 2021 (September 2021)



Oriental Watch 60th Anniversary Sha Tin Trophy "Gentleman's Bow Tie" Raceday (17 October 2021)



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FRANCK MULLER x Goutal Fragrance Wine Pairing VIP Dinner (19 November 2021)



FRANCK MULLER x The Glenrothes Whisky Pairing VIP Dinner (2-17 December 2021)



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FRANCK MULLER x Bamford Watch Department
Snoopy Inspired Crazy Hours Exhibition
(1 March–31 May 2022)



Macau

FRANCK MULLER Vanguard “Skeletonized” Exhibition
(3 March–31 May 2022)



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Customer Service Satisfaction

The Group is committed to providing all-round services to cater to its valued customers' needs. As stipulated in our Retail Services Standard, we have formulated an all-encompassing service standard for all frontline employees at our boutiques to follow, aiming to give customers a comfortable and homely experience.

Pre-sales

- Wear formal uniform with a clear and befitting appearance;
- Prepare sales tools including business cards, price lists, and promotion brochures in advance; and
- Ensure retail stores are clean and hygienic daily.

On-sales

- Behave in a diligent and welcoming manner;
- Answer phone calls and greet incoming customers in a timely manner;
- Communicate with customers and understand their needs; and
- Confirm customers' orders and properly pack their products.

After-sales

- Ascertain complaint details or other requests/requirements from customers;
- Ask for invoices or warranties of products for verification;
- Propose further solutions including but not limited to product exchange, repair, and return; and
- Periodically update customers with the handling progress.

During the Reporting Period, we received two complaint cases related to defects to purchased products, which were settled accordingly by carrying out repairs at a reduced price on the related products.

Supply Chain Management

The Group works with suppliers who uphold the highest standards in the watchmaking industry. As such, we have a strong relationship with FRANCK MULLER — a Swiss luxury watch manufacturer. Due to their excellent in-house capabilities, all watches from FRANCK MULLER are created by craftsmen with tremendous care, patience and attention.

In order to promptly align with FRANCK MULLER's manufacturing practices and products, the Group participates actively in joint activities including external training programs. We strive to construct a reliable and efficient supply chain that enables us to procure the creation and distribution of exceptional timepieces.

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Responsible Marketing

The Group pays great attention to its marketing behaviour. Apart from abiding by relevant laws and regulations, including the Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong) and the Advertising Law of the People's Republic of China, we thoroughly review our advertising materials to ensure all statements are consistent with actual product specifications and that there are no instances of misrepresentation. In line with the latest market trends, our advertising slogans are adjusted and conceived in a timely manner to catch and hold our customers' attention.

We respect intellectual property rights and strictly prohibit any kinds of plagiarism from other distributors. In line with this, both FRANCK MULLER and Sincere Watch possess their own respective trademarks that must be adhered to by authorised dealers.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that had a significant impact on the Group relating to product health and safety, advertising, as well as labelling.

Business Ethics

The Group prides itself for upholding the highest moral standards in all of its operations. Our various policies, described below, set out the codes of conduct expected of our employees and stakeholders and demonstrate an active effort to avoid any potential breach of business ethics.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that had a significant impact on the Group relating to anti-corruption, data privacy, as well as labour standards.

Conflict of Interest

The Group's Employment Agreement states that all employees, unless otherwise given express permission, should not engage directly or indirectly in any other business or occupation or engage in any activity to the detriment of Sincere Watch's interest. This policy continues to apply after the termination of an employees' employment with the Group.

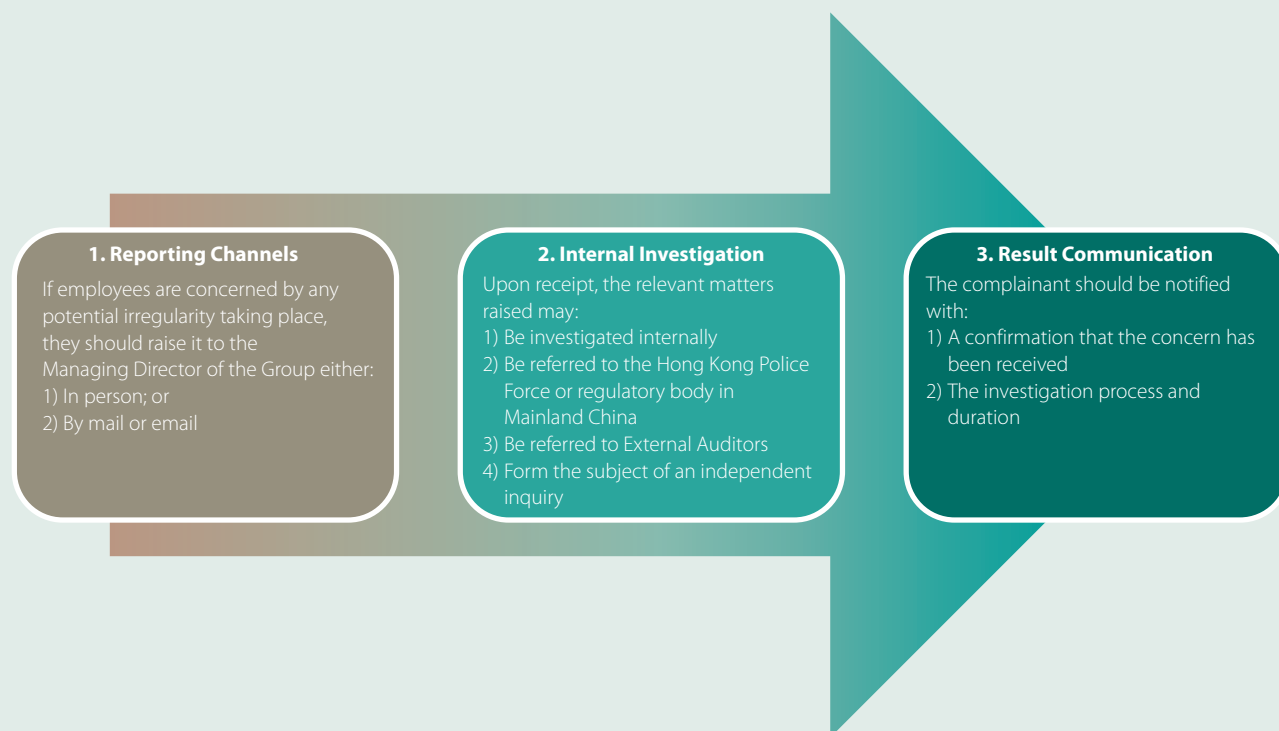
Anti-Corruption and Anti-Money Laundering

The luxury product industry is especially susceptible to corruption and money laundering. As such, the Group has taken the required steps to mitigate potential risks of corruption and money laundering within its sphere of influence. This has included the introduction of anti-corruption training during the Reporting Period and the establishment of a Whistleblowing Policy.

This policy sets out that all employees at all levels are required to conduct themselves with integrity, impartiality, and honesty. Furthermore, it is every employee's responsibility to ensure that any instances of malpractice or misconduct occurring within the Group are prevented or deterred. Employees are encouraged to raise serious concerns internally in a responsible and effective manner promoting a mechanism of internal corporate justice.

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If any individual is aware of or has suspicions that any malpractice or misconduct has occurred, they are encouraged to follow the step-by-step procedures as set out below:



Privacy and Confidentiality

The Group strives to safeguard the information privacy and confidentiality of all customers, partners, and employees. Complying with legal requirements, we collect, process, and store all personal information in a consistent and confidential manner. Data of our customers and suppliers is stored internally on our Enterprise Resource Planning (ERP) system, and only designated departments or staff can access such information.

Detailed in the Employment Agreement, during the employment and thereafter, employees shall treat business information with due care and avoid disclosing confidential information including but not limited to all confidential records, documents, accounts, computer discs, letters and papers of the Group. Any failure to adhere to these protocols will be dealt with in accordance with local labour laws.

Anti-Child and Forced Labour

The Group prohibits any form of child labour in its operations and sphere of influence. We carefully screen all relevant documents provided by candidates during the recruitment process, including official identity cards, proofs of address, as well as academic and professional qualification certificates. All of our recruitment and employment practices are conducted in strict adherence to the Employment Ordinance. In the unlikely event that a child is mistakenly employed, the employment contract would be terminated immediately upon the results of an internal investigation.

Finally, the Group's Employment Agreement explicitly sets out its employees' normal working hours in compliance with the Employment Ordinance of Hong Kong. All overtime work is voluntary and where appropriate, compensation is rewarded for any additional work and contribution.

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PEOPLE AND COMMUNITY

Sincere Watch is continuously committed to the promotion and adherence to a people-centred governance approach to work. It is because of the dedication and commitment shown by its experienced employees that the Group is able to operate and thrive in a highly competitive market. To reflect their hard work and promote personal development, we provide employees with attractive benefits and training opportunities and aim to cultivate a friendly and harmonious workplace from which the Group can continue to achieve success. We also aim to connect with the community through engaging in and contributing to charitable activities.

Employee Benefit and Welfare

Benefits

As a responsible corporate entity, the Group is committed to complying with all local legislative requirements and regulations. As such, our employees are offered requisite rest periods, statutory holidays, annual leave, sick leave, Mandatory Provident Fund contributions, medical coverage, and other basic benefits. To attract and retain the best talent available, we also provide additional welfare, including discretionary bonuses, meal allowance, staff purchase discount, and taxi fare claims.

Professional Training

Ensuring our staff are aware and knowledgeable of the latest product developments and insights is fundamental to achieving success in the luxury product industry. To ensure the highest level of customer service, our technicians are expected to carry out proper maintenance and repair work in an effective and efficient manner. As a result, the provision of adequate training is a must. The Group offers two methods of training outlined below:

- *External Training Programs*
Our technicians are sent to FRANCK MULLER headquarters in Switzerland to receive expert and bespoke external training.
- *In-house Training Programs*
FRANCK MULLER-based technicians are invited to our Hong Kong headquarter office to conduct training on the latest techniques and industry trends.

In addition to the technical training offered, our 49 employees that include 13 senior level staff, 6 intermediate staff and 30 general level staff received an online anti-corruption training provided by the Hong Kong Independent Commission Against Corruption (ICAC) in March 2022 for the first time. Through this training opportunity, our employees gained an enhanced understanding of common corruption issues faced during daily operations as well as measures to prevent and tackle this unethical conduct. The Group aims to continue this training on an annual basis.

Furthermore, the Group's management team have attended training seminars related to HKEx standards and listing rules while new joiners are required to undergo orientation training.

Unfortunately, due to the 2019 novel coronavirus pandemic ("COVID-19") and the associated government regulations, the Group has been restricted in carrying out its in-person training programs during the Reporting Period. As such, our management team is considering implementing future training sessions via different media, including webinars and virtual forms.

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Workplace Improvement

Diversity and Inclusion

The Group is an advocate for equal opportunities, diversity and inclusion within the workplace and beyond. By promoting the tenets of sincerity, fraternity, and leniency, we treat each employee equally and offer equal opportunities accordingly. We hire employees based on their overall interview performance and promote employees who demonstrate diligence, initiative, responsibility and integrity.

We strictly comply with relevant laws and regulations, and prohibit any kind of discrimination, regardless of gender, pregnancy, marital status, nationality, disability, family status, among others. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that had a significant impact on the Group relating to equal opportunity, diversity, and anti-discrimination.

Health and Safety

Emergency Response

The Group places health and safety as a key concern. Operating within Hong Kong brings with it certain environmental risks including undesirable weather conditions. As a result, the Group has implemented a range of emergency response guidelines to help mitigate any risk of injury or danger, prioritising the safety of our employees and customers alike. For more information, please refer to the subsection "Climate-Related Risk Identification" under the section "Environment and Resources".

We have also adopted several measures to deal with immediate emergencies. To prepare our staff to effectively handle fire hazards, evacuation plans have been placed at two highly visible locations in the office, and a fire extinguisher has also been stored in one of the office rooms. A first aid box has been placed at an easily accessible location to enable prompt treatment of any injuries.

COVID-19 Action

During the Reporting Period, Hong Kong was still in the midst of the ongoing global COVID-19 pandemic. In order to maintain workplace hygiene, prioritise employee and customer safety and prevent potential infectious diseases, we formulated the following COVID-19 guidelines:

- Employees are encouraged to properly clean their hands, avoid unnecessary contact, and have lunch in their office cubicles;
- Employees are required to wear masks in the office;
- Online communication is promoted in order to avoid social contact; and
- In the event of a suspected positive case, the Human Resource Department is to be informed at the earliest possible manner.

In accordance with local regulations and implemented guidelines for the office and boutiques, during the Reporting Period, employees are required to have taken a Rapid Antigen Test ("RAT") and received a negative COVID-19 result. For employees at boutiques, this was a daily requirement while other staff in contact with third parties were also required to take a RAT before going to the office. To aid with personal expenditure on RATs, the Group has frequently distributed tests to employees according to demand.

Finally, the Group initiated a Work from Home policy during the Reporting Period ensuring work efficiency was maintained while prioritising employee health and safety. Staff were provided with assistance during this process through human resources support and communication. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that had a significant impact on the Group relating to health and safety.

Community Engagement

Once again, the COVID-19 pandemic has severely hindered the Group's ability to engage with its local community. As such, no relevant activities were conducted during the Reporting Period. We hope to be able to contribute and engage with the community in the coming year.

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ENVIRONMENT AND RESOURCES

The threat of the ongoing climate crisis is a very real one, and as such all industries have a duty to consume and preserve resources in a responsible manner. While Sincere Watch operates as a luxury products distributor, with a relatively small environmental impact, we still endeavour to identify opportunities to reduce and mitigate our carbon footprint through the implementation of green office practices and a sustainable development approach. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that had a significant impact on the Group relating to emissions and waste generation..

In order to further mitigate our environmental footprint, we engaged a professional sustainability consultancy to analyse the Group's past environmental data and formulate a set of quantitative and qualitative environmental targets, as shown below:

Aspect	Target
Emissions	• By FY2024, reduce absolute greenhouse gas emissions (scope 2) by 4%, compared to a FY2021 baseline
Waste	• By FY2025, reduce the amount of office paper purchased by 5%, compared to a FY2022 baseline
Electricity	• By FY2025, provide at least 1 hour energy and resource saving training for employees

The above targets were reviewed and approved by the Board and management of the Group. Water reduction targets have not been established as water is considered to be immaterial to our operations. Serving as annual checkpoints on our environmental performance, the progress made for each target shall be disclosed at each reporting year and further adjusted if necessary.

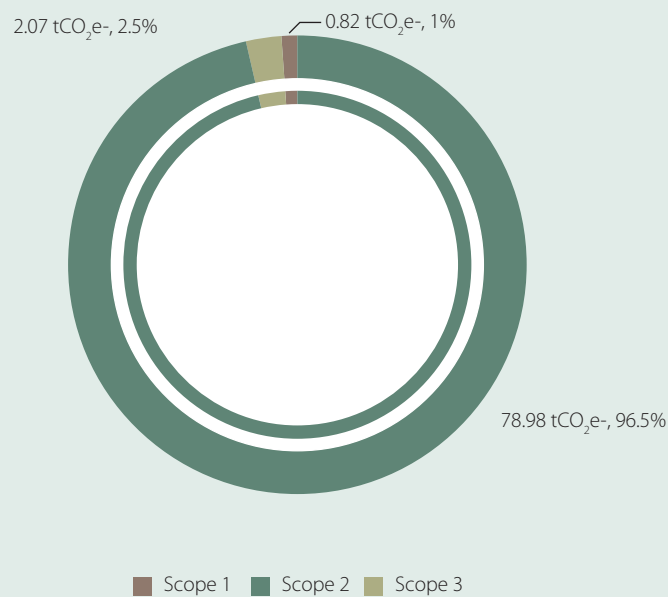
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Emissions and Waste Management

Emissions

The Group's generated air emissions are almost identical to the previous year's emissions total and overall remain comparatively low. During the Reporting Period, the majority of the Group's greenhouse gas ("GHG") emissions stemmed from the combustion of fossil fuels for the generation of purchased electricity and the generation of methane due to paper waste disposed at landfills. The Group's purchase of a car during the Reporting Period has generated additional air emissions.

GHG Emissions by Scopes



The calculation methodology for GHG emissions referred to the Guidelines to Account for the Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong by the Environmental Protection Department and the Electrical and Mechanical Services Department, as well as the Greenhouse Gas Protocol by the World Resources Institute and World Business Council for Sustainable Development.

In order to mitigate our GHG emissions, we continue to employ energy-saving practices in the office to help reduce our carbon footprint. For more information, please refer to the "Resources Efficiency" subsection below.

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Waste Management

The Group does not generate any hazardous waste. Non-hazardous waste stemmed from our daily operations at the headquarter office and retail outlets largely consists of paper used for administrative, promotion and marketing purposes. Due to its insignificant amount, the Group does not maintain any waste records. Nevertheless, we commissioned a licensed third-party contractor to assist in general waste handling, recycling and disposal. We are also committed to minimising such waste generation, through the following practices:

- Return all used multifunction devices and consumables to our suppliers for recycling
- Encourage duplex printing and reuse scrap paper
- Implement paperless operations by communicating internal memorandum and reports through digital means

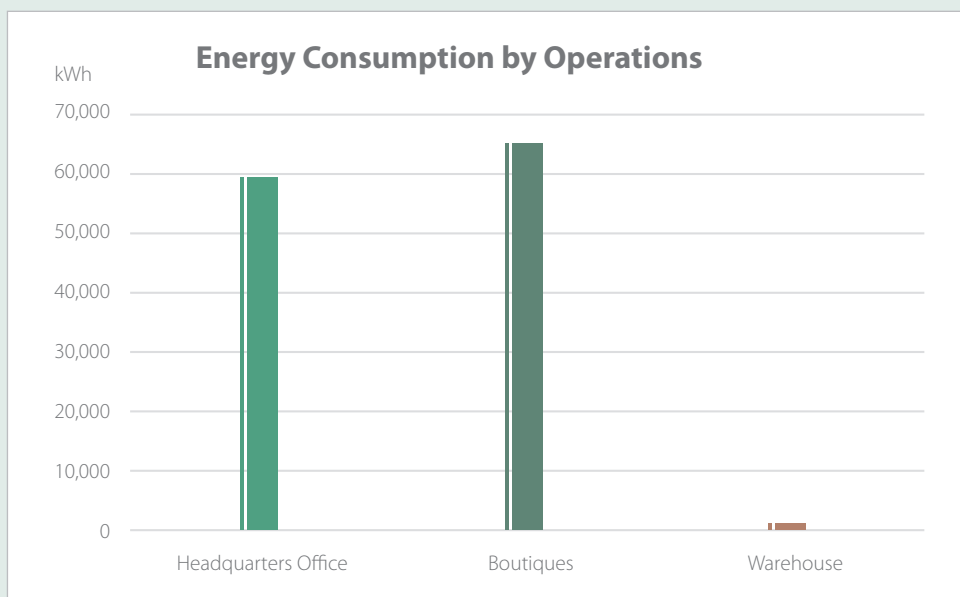
Resources Efficiency

Electricity

Electricity is the primary energy resource consumed by the Group. It is predominantly used for lighting, cooling, and powering electronic appliances in our offices, warehouses and boutiques.

In order to install an ethos of sustainable resource management and raise energy conservation awareness among its workforce, the Group has developed the following green office practices:

- Encourage employees to turn off lighting and computer systems when they are not in use
- Remind employees to switch relevant office equipment and electronic appliances to energy-saving mode
- Give preference to appliances that meet the Grade 1 standard of the Electrical and Mechanical Services Department's energy efficiency label whenever purchasing electrical appliances
- Dim or completely switch off advertising signs or lights for external display purposes after office hours



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Water

The Group directly sources its water from the Water Supply Department and did not experience any water sourcing problems during the Reporting Period. Water is primarily used for drinking and sanitary use. To promote water conservation best practices, we have developed the following water-saving measure:

- Appoint technicians for regular inspection of water taps to ensure there is no leakage

Materials

The Group mainly consumes paper in its headquarter office and boutiques to support daily operations. We have a duty to consume paper considerately and responsibly to counter the effects of global deforestation and climate change. As such, we have formulated the following guidelines to instruct employees to adopt this ethos of responsible paper consumption:

For office paper

- Gradually eliminate the use of paper in the workplace through going paperless and relying more on IT systems
- Adopt double-sided printing where possible and reusing paper

Climate-Related Risk Identification

Climate change is an increasingly noticeable issue that continues to cause unpredictable impacts to the environment, society and global economies. At Sincere Watch, we acknowledge the potential disruption that climate change may cause to our operations. Hence, during the Reporting Period, we have conducted a preliminary climate-related risk assessment that is based on the Taskforce on Climate-Related Financial Disclosures (TCFD) framework to identify and manage any important climate-related risks. Through this assessment, the Group identified 9 significant climate-related risks relevant to its operations, and all risks were assigned a low risk level.

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LAWS AND REGULATIONS TABLE

Operation and Business

Hong Kong

- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong)
- Consumer Goods Safety Ordinance (Cap. 456 of the Laws of Hong Kong)
- Competition Ordinance (Cap. 619 of the Laws of Hong Kong)
- Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)
- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong)
- Sale of Goods Ordinance (Cap. 26 of the Laws of Hong Kong)
- Supply of Services (Implied Terms) Ordinance (Cap. 457 of the Laws of Hong Kong)
- Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong)

Mainland China

- Advertising Law of the People's Republic of China

People and Community

Hong Kong

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong)
- Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)
- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)

Mainland China

- Labour Law of the People's Republic of China

Environment and Resources

Hong Kong

- Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611 of the Laws of Hong Kong)
- Product Eco-responsibility Ordinance (Cap. 603 of the Laws of Hong Kong)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs SUMMARY TABLE

KPIs ²	Unit	FY2022
Environmental		
GHG Emissions		
GHG Emissions (Scope 1)	tCO ₂ -e	0.82
GHG Emissions (Scope 2)	tCO ₂ -e	78.98
GHG Emissions (Scope 3)	tCO ₂ -e	2.07
Total GHG Emissions	tCO ₂ -e	81.87
GHG Emissions Intensity by Revenue ³	tCO ₂ -e/HK\$ Million	0.55
GHG Emissions Intensity by FTE	tCO ₂ -e/Person	1.41
Energy Usage		
Electricity Usage	kWh	125,644.72
Petroleum Usage	Litre	340.39
Total Energy Usage	MJ	463,751.30
Energy Usage Intensity by Revenue	MJ/HK\$ Million	3,118.31
Energy Usage Intensity by FTE	MJ/Person	7,995.71
Water Resource Usage		
Water Usage	m ³	N/A ⁴
Waste Generation		
Office Paper Usage	kg	366.74
Packaging Materials Usage		
Paper Usage	Piece	2,200
Plastic Usage	Piece	200
Plastic Usage	Pack	35

² All figures are rounded up to 2 decimal places, which might lead to minor discrepancies when added up.

³ During the Reporting Period, the Group has generated a total revenue of HK\$148,719,000.00.

⁴ Water usage is not directly managed by the Group. Hence, this data is not disclosed.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	Unit	FY2022
Social		
Workforce		
Total Workforce	Person(s)	58
<i>Workforce by Gender</i>		
Male	Person(s)	27
Female	Person(s)	31
<i>Workforce by Employment Level</i>		
Senior	Person(s)	15
Intermediate	Person(s)	7
General	Person(s)	36
<i>Workforce by Age</i>		
<30	Person(s)	2
30-50	Person(s)	40
>50	Person(s)	16
<i>Workforce by Geographical Region</i>		
Hong Kong	Person(s)	58
Turnover Rate		
Total Turnover Rate	%	37.50
<i>Turnover Rate by Gender</i>		
Male	%	51.85
Female	%	24.14
<i>Turnover Rate by Employment Level</i>		
Senior	%	13.79
Intermediate	%	26.67
General	%	50.00
<i>Turnover Rate by Age</i>		
<30	%	85.71
30-50	%	41.98
>50	%	8.33
<i>Turnover Rate by Geographical Region</i>		
Hong Kong	%	37.50

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	Unit	FY2022
Development and Training		
<i>Employees Trained</i>		
Total Employees Trained	%	84.48
<i>Training Rate by Gender</i>		
Male	%	81.48
Female	%	87.10
<i>Training Rate by Employee Level</i>		
Senior	%	86.67
Intermediate	%	85.71
General	%	83.33
<i>Training Hours</i>		
Total Average Training Hours	Hrs/employee	1.23
<i>Average Training Hours per Employee by Gender</i>		
Male	Hrs/employee	1.22
Female	Hrs/employee	1.23
<i>Average Training Hours per Employee by Employment Level</i>		
Senior	Hrs/employee	1.52
Intermediate	Hrs/employee	1.39
General	Hrs/employee	1.07
Health and Safety		
Work-related Fatality	Case(s)	0
Work-related Injury	Case(s)	1
Lost Days due to Work Injury	Day(s)	18.00
Supply Chain and Product Responsibility		
Suppliers by Geographical Region (Switzerland)	No.	1
Complaints received	Case(s)	2

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKE_x CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Mandatory Disclosure Requirements		
Governance Structure		
	<p>A statement from the board containing the following elements:</p> <p>(i) A disclosure of the board's oversight of ESG issues;</p> <p>(ii) The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</p> <p>(iii) How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</p>	<ul style="list-style-type: none"> • Sustainability Approach <ul style="list-style-type: none"> — ESG Management — Stakeholder Engagement — Materiality Assessment
Reporting Principles		
	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculations used, and source of conversion factor used, for the reporting of emissions/energy consumption (where applicable) should be discussed.</p> <p>Consistency: The issuers should disclose in the ESG report any changes to the methods or KPI used, or any other relevant factors affecting a meaningful comparison.</p>	<ul style="list-style-type: none"> • About this Report <ul style="list-style-type: none"> — Reporting Standard and Principles • Sustainability Approach <ul style="list-style-type: none"> — Stakeholder Engagement — Materiality Assessment • KPIs Summary Table
Reporting Boundary		
	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<ul style="list-style-type: none"> • About this Report <ul style="list-style-type: none"> — Reporting Period and Scope

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<ul style="list-style-type: none"> Environment and Resources <ul style="list-style-type: none"> — Emissions and Waste Management Laws and Regulations Table
KPI A1.1	The types of emissions and respective emissions data.	<ul style="list-style-type: none"> Environment and Resources <ul style="list-style-type: none"> — Emissions and Waste Management — Emissions KPIs Summary Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> KPIs Summary Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> No hazardous waste is produced by the Group
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> No non-hazardous waste is produced by the Group
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> Environment and Resources <ul style="list-style-type: none"> — Emissions and Waste Management — Emissions
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.	<ul style="list-style-type: none"> Environment and Resources <ul style="list-style-type: none"> — Emissions and Waste Management — Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	<ul style="list-style-type: none"> Environment and Resources <ul style="list-style-type: none"> — Resources Efficiency
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh) and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> KPIs Summary Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<ul style="list-style-type: none"> KPIs Summary Table

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs		
KPIs	Description	Relevant Chapter or Explanation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	<ul style="list-style-type: none"> • Environment and Resources — Resources Efficiency — Electricity
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.	<ul style="list-style-type: none"> • Environment and Resources — Resources Efficiency — Water
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<ul style="list-style-type: none"> • Environment and Resources — Resources Efficiency — Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	<ul style="list-style-type: none"> • Environment and Resources — Emissions and Waste Management <ul style="list-style-type: none"> • Environment and Resources — Resources Efficiency
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<ul style="list-style-type: none"> • Environment and Resources — Emissions and Waste Management <ul style="list-style-type: none"> • Environment and Resources — Resources Efficiency
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.	<ul style="list-style-type: none"> • Environment and Resources — Climate-Related Risk Identification
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.	<ul style="list-style-type: none"> • Environment and Resources — Climate-Related Risk Identification

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs		
Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	<ul style="list-style-type: none"> • People and Community <ul style="list-style-type: none"> — Employee Benefit and Welfare — Benefits • People and Community <ul style="list-style-type: none"> — Workplace Improvement — Diversity and Inclusion • Laws and Regulations Table
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	• KPIs Summary Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	• KPIs Summary Table
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	<ul style="list-style-type: none"> • People and Community <ul style="list-style-type: none"> — Workplace Improvement — Health and Safety • Laws and Regulations Table
KPI B2.1	Number and rate of work-related fatalities.	• KPIs Summary Table
KPI B2.2	Lost days due to work injury.	• KPIs Summary Table
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	• People and Community <ul style="list-style-type: none"> — Workplace Improvement — Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	• People and Community <ul style="list-style-type: none"> — Employee Benefit and Welfare — Professional Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	• KPIs Summary Table
KPI B3.2	The average training hours completed per employee by gender and employee category	• KPIs Summary Table

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Business Ethics — Anti-Child and Forced Labour • Laws and Regulations Table
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Business Ethics — Anti-Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Business Ethics — Anti-Child and Forced Labour
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	<ul style="list-style-type: none"> • KPIs Summary Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<ul style="list-style-type: none"> • The Group only sources from one supplier and an exclusive signed agreement is in place. Hence, we do not engage with any other suppliers
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<ul style="list-style-type: none"> • The Group only sources from one supplier and an exclusive signed agreement is in place. Hence, we do not engage with any other suppliers
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Product Quality • Operation and Business <ul style="list-style-type: none"> — Responsible Marketing • Laws and Regulations Table
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Product Quality

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs		
Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Customer Service Satisfaction • KPIs Summary Table
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Responsible Marketing
KPI B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Business Ethics — Privacy and Confidentiality
Aspect B7: Anti-corruption		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Business Ethics — Anti-Corruption and Anti-Money Laundering • Laws and Regulations Table
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Business Ethics — Anti-Corruption and Anti-Money Laundering
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> • Operation and Business <ul style="list-style-type: none"> — Business Ethics — Anti-Corruption and Anti-Money Laundering
KPI B7.3	Description of anti-corruption training provided to directors and staff.	<ul style="list-style-type: none"> • People and Community <ul style="list-style-type: none"> — Employee Benefit and Welfare — Professional Training
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	<ul style="list-style-type: none"> • People and Community <ul style="list-style-type: none"> — Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<ul style="list-style-type: none"> • Due to COVID-19, the Group was unable to carry out its usual community engagement initiatives
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	<ul style="list-style-type: none"> • Due to COVID-19, the Group was unable to carry out its usual community engagement initiatives

