

Condensed Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the six-month period ended June 30, 2020

	Notes	2020 US\$'000 (Unaudited)	2019 US\$'000 (Unaudited)
Revenue	3 & 4	4,205,697	3,728,247
Cost of sales		(2,608,643)	(2,325,499)
Gross profit		1,597,054	1,402,748
Other income		5,373	4,372
Interest income		19,508	17,817
Selling, distribution and advertising expenses		(670,555)	(581,768)
Administrative expenses		(448,067)	(402,688)
Research and development costs		(120,897)	(108,592)
Finance costs		(26,479)	(25,166)
Profit before share of results of associates and taxation		355,937	306,723
Share of results of associates		292	27
Profit before taxation		356,229	306,750
Taxation charge	5	(24,586)	(21,687)
Profit for the period	6	331,643	285,063
Other comprehensive income (loss):			
Item that will not be reclassified subsequently to profit or loss, net of related income tax:			
Remeasurement of defined benefit obligations		(1,011)	(3,114)
Items that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on foreign currency forward contracts and cross-currency interest rate swap in hedge accounting		14,109	(994)
Exchange differences on translation of foreign operations		(17,131)	(2,934)
Other comprehensive loss for the period		(4,033)	(7,042)
Total comprehensive income for the period		327,610	278,021
Profit for the period attributable to:			
Owners of the Company		331,573	285,004
Non-controlling interests		70	59
		331,643	285,063
Total comprehensive income attributable to:			
Owners of the Company		327,540	277,962
Non-controlling interests		70	59
		327,610	278,021
Earnings per share (US cents)	8		
Basic		18.14	15.61
Diluted		18.08	15.55

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Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2020

	Notes	June 30 2020 US\$'000 (Unaudited)	December 31 2019 US\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9 & 17	1,120,073	1,086,559
Right of use assets	9	284,832	247,144
Goodwill		580,896	580,866
Intangible assets	9	687,626	666,705
Interests in associates		3,588	3,243
Financial assets at fair value through profit or loss		5,847	5,796
Derivative financial instruments		8,929	8,929
Deferred tax assets		76,840	74,947
		2,768,631	2,674,189
Current assets			
Inventories		2,326,762	2,112,931
Right to returned goods asset		13,985	15,342
Trade and other receivables	10	1,582,841	1,228,573
Deposits and prepayments		177,843	169,076
Bills receivable	10	7,640	6,076
Tax recoverable		39,204	23,887
Trade receivables from associates	11	12,709	6,494
Derivative financial instruments		34,624	25,065
Financial assets at fair value through profit or loss		16,367	24,597
Bank balances, deposits and cash		1,714,884	1,411,821
		5,926,859	5,023,862
Current liabilities			
Trade and other payables	12	2,500,700	2,177,417
Bills payable	12	31,961	46,170
Warranty provision		119,975	115,210
Tax payable		40,250	19,596
Derivative financial instruments		9,623	17,493
Lease liabilities		66,307	63,878
Discounted bills with recourse		1,135	9,089
Unsecured borrowings – due within one year	13	1,001,533	732,380
Refund liabilities from right of return		35,402	36,474
		3,806,886	3,217,707
Net current assets		2,119,973	1,806,155
Total assets less current liabilities		4,888,604	4,480,344

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 Consolidated Statement of Financial Position (Unaudited)
 As at June 30, 2020

	Notes	June 30 2020 US\$'000 (Unaudited)	December 31 2019 US\$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	14	667,229	662,379
Reserves		2,920,137	2,732,266
Equity attributable to Owners of the Company		3,587,366	3,394,645
Non-controlling interests		(264)	(334)
Total equity		3,587,102	3,394,311
NON-CURRENT LIABILITIES			
Lease liabilities		210,016	174,490
Unsecured borrowings – due after one year	13	930,934	754,628
Retirement benefit obligations		106,743	107,967
Other payables		40,365	35,494
Deferred tax liabilities		13,444	13,454
		1,301,502	1,086,033
Total equity and non-current liabilities		4,888,604	4,480,344

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Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended June 30, 2020

	Attributable to Owners of the Company							Attributable to non-controlling interests		
	Share capital US\$'000	Shares held for share award scheme US\$'000	Translation reserve US\$'000	Employee share-based compensation reserve US\$'000	Defined benefit obligations rereasurement reserve US\$'000	Hedging reserve US\$'000	Retained profits US\$'000	Total US\$'000	Share of net assets of subsidiaries US\$'000	Total US\$'000
At January 1, 2019 (audited)	654,991	(25,115)	(143,231)	11,032	(20,532)	21,448	2,559,178	3,057,771	(430)	3,057,341
Adjustment for adoption of HKFRS 16	—	—	—	—	—	—	(18,753)	(18,753)	—	(18,753)
At January 1, 2019 (restated)	654,991	(25,115)	(143,231)	11,032	(20,532)	21,448	2,540,425	3,039,018	(430)	3,038,588
Profit for the period	—	—	—	—	—	—	285,004	285,004	59	285,063
Remeasurement of defined benefit obligations	—	—	—	—	(3,114)	—	—	(3,114)	—	(3,114)
Fair value loss on foreign currency forward contracts in hedge accounting	—	—	—	—	—	(994)	—	(994)	—	(994)
Exchange differences on translation of foreign operations	—	—	(2,934)	—	—	—	—	(2,934)	—	(2,934)
Other comprehensive loss for the period	—	—	(2,934)	—	(3,114)	(994)	—	(7,042)	—	(7,042)
Total comprehensive (loss) income for the period	—	—	(2,934)	—	(3,114)	(994)	285,004	277,962	59	278,021
Shares issued at premium on exercise of options	4,554	—	—	(906)	—	—	—	3,648	—	3,648
Buy-back of shares	—	—	—	—	—	—	(12,644)	(12,644)	—	(12,644)
Vesting of awarded shares	—	1,765	—	(1,765)	—	—	—	—	—	—
Shares for share award scheme	—	(8,477)	—	—	—	—	—	(8,477)	—	(8,477)
Recognition of equity-settled share-based payments	—	—	—	2,431	—	—	—	2,431	—	2,431
Final dividend – 2018	—	—	—	—	—	—	(117,621)	(117,621)	—	(117,621)
At June 30, 2019 (unaudited)	659,545	(31,827)	(146,165)	10,792	(23,646)	20,454	2,695,164	3,184,317	(371)	3,183,946
Profit for the year	—	—	—	—	—	—	329,896	329,896	37	329,933
Remeasurement of defined benefit obligations	—	—	—	—	(5,962)	—	—	(5,962)	—	(5,962)
Fair value loss on foreign currency forward contracts and cross-currency interest rate swap in hedge accounting	—	—	—	—	—	(11,112)	—	(11,112)	—	(11,112)
Deferred tax liability on remeasurement of defined benefit obligation	—	—	—	—	715	—	—	715	—	715
Deferred tax liability on hedging reserve	—	—	—	—	—	1,250	—	1,250	—	1,250
Exchange differences on translation of foreign operations	—	—	(5,137)	—	—	—	—	(5,137)	—	(5,137)
Other comprehensive loss for the period	—	—	(5,137)	—	(5,247)	(9,862)	—	(20,246)	—	(20,246)
Total comprehensive (loss) income for the period	—	—	(5,137)	—	(5,247)	(9,862)	329,896	309,650	37	309,687
Shares issued at premium on exercise of options	2,834	—	—	(544)	—	—	—	2,290	—	2,290
Recognition of equity-settled share-based payments	—	—	—	4,361	—	—	—	4,361	—	4,361
Lapse of share option	—	—	—	(10)	—	—	10	—	—	—
Interim dividend – 2019	—	—	—	—	—	—	(105,973)	(105,973)	—	(105,973)
At December 31, 2019 (audited)	662,379	(31,827)	(151,302)	14,599	(28,893)	10,592	2,919,097	3,394,645	(334)	3,394,311
Profit for the period	—	—	—	—	—	—	331,573	331,573	70	331,643
Remeasurement of defined benefit obligations	—	—	—	—	(1,011)	—	—	(1,011)	—	(1,011)
Fair value gain on foreign currency forward contracts and cross-currency interest rate swap in hedge accounting	—	—	—	—	—	14,109	—	14,109	—	14,109
Exchange differences on translation of foreign operations	—	—	(17,131)	—	—	—	—	(17,131)	—	(17,131)
Other comprehensive (loss) income for the period	—	—	(17,131)	—	(1,011)	14,109	—	(4,033)	—	(4,033)
Total comprehensive (loss) income for the period	—	—	(17,131)	—	(1,011)	14,109	331,573	327,540	70	327,610
Shares issued at premium on exercise of options	4,850	—	—	(978)	—	—	—	3,872	—	3,872
Vesting of awarded shares	—	3,271	—	(3,271)	—	—	—	—	—	—
Shares for share award scheme	—	(6,406)	—	—	—	—	—	(6,406)	—	(6,406)
Recognition of equity-settled share-based payments	—	—	—	4,403	—	—	—	4,403	—	4,403
Final dividend – 2019	—	—	—	—	—	—	(136,688)	(136,688)	—	(136,688)
At June 30, 2020 (unaudited)	667,229	(34,962)	(168,433)	14,753	(29,904)	24,701	3,113,982	3,587,366	(264)	3,587,102

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Consolidated Statement of Cash Flows (Unaudited)

For the six-month period ended June 30, 2020

	June 30 2020 US\$'000 (Unaudited)	June 30 2019 US\$'000 (Unaudited)
Operating Activities		
Profit before taxation	356,229	306,750
Adjustments for:		
Amortization/write-off of intangible assets	57,463	55,411
Depreciation of right of use assets	35,606	30,808
Depreciation on property, plant and equipment	79,041	69,611
Employee share-based payments expense	4,403	2,431
Fair value (gain) loss on foreign currency forward contracts	(3,169)	6,871
Fair value loss in listed equity securities	9,456	7,065
Finance costs	26,479	25,166
Gain on early termination of leases	(89)	(3,487)
Impairment loss on trade receivables under expected credit loss model	4,227	8,945
Interest income	(19,508)	(17,817)
(Gain) loss on disposal of property, plant and equipment	(303)	2,639
Share of results of associates	(292)	(27)
Write down of inventories	5,716	19,157
Operating cash flows before movements in working capital	555,259	513,523
Increase in inventories	(229,957)	(214,873)
Increase in trade and other receivables, deposits and prepayments	(370,939)	(261,104)
Decrease (increase) in right to returned goods assets	1,357	(2,982)
Increase in bills receivable	(1,564)	(1,461)
Increase in trade receivables from associates	(6,268)	(8,477)
Increase (decrease) in trade and other payables	367,886	(36,396)
(Decrease) increase in refund liabilities from right of return	(1,072)	3,203
Decrease in bills payable	(14,209)	(14,768)
Increase in warranty provision	5,591	3,477
(Decrease) increase in retirement benefit obligations	(37,729)	2,776
Net payment for purchase of shares for share award scheme	(6,406)	(8,477)
Cash generated from (used in) operations	261,949	(25,559)
Interest paid	(26,479)	(25,166)
Hong Kong Profits Tax paid	(5,226)	(3,568)
Hong Kong Profits Tax refunded	102	—
Overseas tax paid	(17,711)	(18,605)
Overseas tax refunded	1,140	1,192
Net Cash from (used in) Operating Activities	213,775	(71,706)

	June 30 2020 US\$'000 (Unaudited)	June 30 2019 US\$'000 (Unaudited)
Investing Activities		
Additions to intangible assets	(78,408)	(75,690)
Interest received	19,508	17,817
Net payment for termination of leases	(24)	—
Proceeds from disposal of property, plant and equipment	1,429	5,472
Purchase of property, plant and equipment	(117,267)	(253,033)
Purchase of listed equity securities	(1,226)	—
Purchase of unlisted equity securities	—	(301)
Net Cash used in Investing Activities	(175,988)	(305,735)
Financing Activities		
(Decrease) increase in discounted bills with recourse	(7,954)	14,803
Dividends paid	(136,688)	(117,621)
New bank loans obtained	2,322,022	1,552,007
Proceeds from issue of shares	3,872	3,648
Repayment of bank loans	(1,874,930)	(923,556)
Repayment of lease liabilities	(32,977)	(31,188)
Buy-back of shares	—	(12,644)
Net Cash from Financing Activities	273,345	485,449
Net Increase in Cash and Cash Equivalents	311,132	108,008
Cash and Cash Equivalents at Beginning of the Period	1,411,821	1,103,880
Effect of Foreign Exchange Rate Changes	(8,069)	(6,324)
Cash and Cash Equivalents at End of the Period	1,714,884	1,205,564
Analysis of the Balances of Cash and Cash Equivalents		
Represented by:		
Bank balances, deposits and cash	1,714,884	1,205,564
	1,714,884	1,205,564

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended December 31, 2019 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

- The Company has delivered the financial statements for the year ended December 31, 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.
- The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Other than changes in accounting policies resulting from application of amendment on Hong Kong Financial Reporting Standard (“HKFRS”), the accounting policies and method of computation used in the condensed consolidated financial statements for the six-month ended June 30, 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. Significant accounting policies (continued)

2.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 “Interest Rate Benchmark Reform”

2.1.1 Accounting policies

Hedge accounting

For the purpose of determining whether a forecast transaction (or a component thereof) in a cash flow hedge is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

Cash flow hedges

For the purpose of reclassifying the amount of accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

2.1.2 Transition and summary of effects

The amendments had no material impact on the condensed consolidated financial statements of the Group.

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Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Segment information

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period:

For the period ended June 30, 2020

	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Eliminations US\$'000	Consolidated US\$'000
Segment revenue				
External sales	3,747,549	458,148	—	4,205,697
Inter-segment sales	—	86	(86)	—
Total segment revenue	3,747,549	458,234	(86)	4,205,697

For the period ended June 30, 2019

	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Eliminations US\$'000	Consolidated US\$'000
Segment revenue				
External sales	3,321,761	406,486	—	3,728,247
Inter-segment sales	—	112	(112)	—
Total segment revenue	3,321,761	406,598	(112)	3,728,247

Inter-segment sales are charged at prevailing market rates.

Six-month period ended June 30

	2020			2019		
	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Consolidated US\$'000	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Consolidated US\$'000
Segment results	359,340	3,568	362,908	313,928	144	314,072
Interest income			19,508			17,817
Finance costs			(26,479)			(25,166)
Share of results of associates			292			27
Profit before taxation			356,229			306,750
Taxation charge			(24,586)			(21,687)
Profit for the period			331,643			285,063

Segment results represent the profit earned by each segment without the allocation of interest income, finance costs and shares of results of associates. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the chief operating decision makers for review.

4. Revenue

An analysis of the Group's revenue is as follows:

	Six-month period ended June 30	
	2020 US\$'000	2019 US\$'000
Sales of goods	4,200,751	3,706,835
Commission and royalty income	4,946	21,412
	4,205,697	3,728,247

Revenue from sales of goods is recognized at a point in time. Commission and royalty income is recognized over time.

The Group's revenue from external customers by geographical location, determined based on the location of the customer is as follows:

	Six-month period ended June 30	
	2020 US\$'000	2019 US\$'000
North America	3,251,878	2,845,008
Europe	627,536	595,198
Other countries	326,283	288,041
	4,205,697	3,728,247

5. Taxation charge

	Six-month period ended June 30	
	2020 US\$'000	2019 US\$'000
Current tax:		
Hong Kong Tax	(98)	(874)
Overseas Tax	(26,851)	(22,837)
Deferred Tax	2,363	2,024
	(24,586)	(21,687)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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6. Profit for the period

	Six-month period ended June 30	
	2020 US\$'000	2019 US\$'000
Profit for the period has been arrived at after charging (crediting):		
Amortization of intangible assets	56,895	54,551
Depreciation of property, plant and equipment	79,041	69,611
Depreciation of right of use assets	35,606	30,808
Total depreciation and amortization	171,542	154,970
Fair value loss on listed equity securities	9,456	7,065
Impairment loss on trade receivables under expected credit loss model	4,227	8,945
Net exchange gain	(1,713)	(1,442)
Write down of inventories	5,716	19,157
Staff costs	667,906	624,869

7. Dividends

A dividend of HK58.00 cents (approximately US7.46 cents) per share with a total of approximately US\$136,688,000 (2019: HK50.00 cents (approximately US6.44 cents) per share with a total of approximately US\$117,621,000) was paid to shareholders as the final dividend for 2019 (2019: final dividend for 2018) on June 19, 2020.

The Directors have determined that an interim dividend of HK53.00 cents (approximately US6.82 cents) per share with a total of approximately US\$124,905,000 (2019: HK45.00 cents (approximately US5.79 cents) per share with a total of approximately US\$105,870,000) shall be paid to the shareholders of the Company whose names appear in the Register of Members on September 4, 2020.

8. Earnings per share

The calculation of the basic and diluted earnings per share attributable to Owners of the Company is based on the following data:

	Six-month period ended June 30	
	2020 US\$'000	2019 US\$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to Owners of the Company	331,573	285,004
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,828,155,414	1,825,960,944
Effect of dilutive potential ordinary shares:		
Share options	4,170,615	5,724,117
Share awards	1,495,400	687,353
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,833,821,429	1,832,372,414

9. Additions to property, plant and equipment/intangible assets/right of use assets

During the period, the Group spent approximately US\$117 million (for the six-month ended June 30, 2019: US\$253 million) and US\$78 million (for the six-month ended June 30, 2019: US\$76 million) on the acquisition of property, plant and equipment and intangible assets respectively.

During the period, the Group entered into certain new lease agreements for the use of land and buildings, office equipment, furniture and fixtures, plant and machinery and motor vehicles. The Group is required to make periodic payments. On lease commencement, the Group recognized US\$78,453,000 (for the six-month ended June 30, 2019: US\$39,141,000) of right of use asset and US\$78,453,000 (for the six-month ended June 30, 2019: US\$39,141,000) lease liability.

10. Trade and other receivables/Bills receivable

The Group has a policy of allowing credit periods ranging mainly from 30 days to 120 days. The aging analysis of trade receivables, net of allowances for credit losses, based on invoice date, at the end of the reporting period is as follows:

Age	June 30 2020 US\$'000	December 31 2019 US\$'000
0 to 60 days	1,352,901	966,306
61 to 120 days	100,066	137,389
121 days or above	46,673	57,406
Total trade receivables	1,499,640	1,161,101
Other receivables	83,201	67,472
	1,582,841	1,228,573

All the Group's bills receivable at June 30, 2020 are aged within 120 days.

11. Trade receivables from associates

The trade receivables from associates are aged within 120 days.

12. Trade and other payables/Bills payable

The aging analysis of trade payables based on the invoice date is as follows:

Age	June 30 2020 US\$'000	December 31 2019 US\$'000
0 to 60 days	934,656	908,313
61 to 120 days	471,878	217,144
121 days or above	35,130	5,829
Total trade payables	1,441,664	1,131,286
Other payables	1,059,036	1,046,131
	2,500,700	2,177,417

All the Group's bills payable at June 30, 2020 are aged within 120 days.

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13. Unsecured borrowings

During the period, the Group obtained new bank borrowings of US\$2,322 million (2019: US\$1,552 million) which mainly carry interest at the London Interbank Offered Rate. The Group also repaid bank borrowings of US\$1,875 million (2019: US\$924 million).

14. Share capital

	Number of shares		Share capital	
	June 30 2020	December 31 2019	June 30 2020 US\$'000	December 31 2019 US\$'000
Ordinary shares				
Authorized shares	2,400,000,000	2,400,000,000	N/A	N/A
Issued and fully paid:				
At the beginning of the period	1,830,006,941	1,828,521,941	662,379	654,991
Issue of shares upon exercise of share options	1,143,500	3,835,000	4,850	7,388
Buy-back of shares	—	(2,350,000)	—	—
At the end of the period	1,831,150,441	1,830,006,941	667,229	662,379

15. Contingent liabilities

	June 30 2020 US\$'000	December 31 2019 US\$'000
Guarantees given to banks in respect of credit facilities utilized by associates	8,877	8,877

16. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities are measured on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

16. Fair value measurements of financial instruments (continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	June 30, 2020	December 31, 2019		
1) Acquisition right of certain property, plant and equipment classified as derivative financial instruments in the consolidated statement of financial position	Acquisition right of certain property, plant and equipment: US\$8,929,000	Acquisition right of certain property, plant and equipment: US\$8,929,000	Level 2	Measured at the fair value of the land and buildings associated with the acquisition right which is based on a valuation by 3 rd party independent valuer at the end of the financial year.
2) Foreign currency forward contracts classified as derivative financial instruments in the consolidated statement of financial position	Assets – US\$34,624,000; and Liabilities – US\$2,110,000	Assets – US\$25,065,000; and Liabilities – US\$15,068,000	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Listed equity securities classified as financial assets at FVTPL in the consolidated statement of financial position	Listed shares: US\$16,367,000	Listed shares: US\$24,597,000	Level 1	Quoted bid prices in an active market.
4) Other financial assets classified as financial assets at FVTPL in the consolidated statement of financial position	Club membership debentures: US\$2,501,000	Club membership debentures: US\$2,450,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
	Unlisted equity securities: US\$3,301,000	Unlisted equity securities: US\$3,301,000	Level 3	The fair value was arrived at with reference to the latest purchase price per share arising on subscribing for the shares in private market.
	Other: US\$45,000	Other: US\$45,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
5) Cross-currency interest rate swap classified as derivative financial instruments in the consolidated statement of financial position	Liabilities: US\$7,513,000	Liabilities: US\$2,425,000	Level 2	Measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between US\$ and EUR, which is observable at the end of the reporting period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values. There were no transfers between different levels in both periods.

17. Capital commitments

	June 30 2020 US\$'000	December 31 2019 US\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	60,163	58,380