

Corporate Governance and Other Information

Directors' and Chief Executive's Interests

As at June 30, 2018, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Name of directors	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) ⁽¹⁾	Interests in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	150,343,500 ⁽²⁾	553,500	367,816,794	20.06%
	Interests of spouse	760,000	—		
	Interests of controlled corporation	216,159,794 ⁽³⁾	—		
Mr Stephan Horst Pudwill	Beneficial owner	5,009,500 ⁽⁴⁾	3,000,000	42,017,000	2.29%
	Beneficiary of a trust	34,007,500 ⁽⁵⁾	—		
Mr Joseph Galli Jr	Beneficial owner	3,747,000 ⁽⁶⁾	1,000,000	4,747,000	0.26%
Mr Kin Wah Chan	Beneficial owner	150,000 ⁽⁷⁾	2,000,000	2,150,000	0.12%
Mr Chi Chung Chan	Beneficial owner	450,000 ⁽⁸⁾	2,000,000	2,450,000	0.13%
Prof Roy Chi Ping Chung GBS BBS JP	Beneficial owner	49,005,948	400,000	86,480,978	4.72%
	Interests of controlled corporation	37,075,030 ⁽⁹⁾	—		
Mr Camille Jojo	Beneficial owner	22,000	350,000	372,000	0.02%
Mr Christopher Patrick Langley OBE	Beneficial owner	200,000	250,000	450,000	0.02%
Mr Manfred Kuhlmann	Beneficial owner	250,000	250,000	500,000	0.03%
Mr Peter David Sullivan	Beneficial owner	—	1,050,000	1,050,000	0.06%
Mr Vincent Ting Kau Cheung	Beneficial owner	4,040,000	250,000	4,290,000	0.23%
Mr Johannes-Gerhard Hesse	Beneficial owner	—	235,000	235,000	0.01%

Directors' and Chief Executive's Interests (continued)

Notes:

- (1) Interests in shares and underlying shares stated above represent long positions of the Company.

The interests of the directors of the Company in the underlying shares pursuant to equity derivatives, which were held as beneficial owner, represent share options granted to them respectively pursuant to the share option schemes adopted by the Company, details of which are separately disclosed in the section headed "Share Options" below. These share options are physically settled and unlisted.

- (2) These included Mr Horst Julius Pudwill's interests in 1,824,000 awarded shares, of which 650,000 awarded shares remained unvested under the share award schemes of the Company as of June 30, 2018. Details of Mr Horst Julius Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.
- (3) These shares were held by the following companies in which Mr Horst Julius Pudwill has a beneficial interest:

	No. of shares
Sunning Inc.	179,084,764
Cordless Industries Company Limited *	37,075,030
	216,159,794

- (4) These included Mr Stephan Horst Pudwill's interests in 150,000 awarded shares, of which 50,000 awarded shares remained unvested under the share award schemes of the Company as of June 30, 2018. Details of Mr Stephan Horst Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.
- (5) These shares were held by a trust of which Mr Stephan Horst Pudwill is one of the beneficiaries.
- (6) These included Mr Joseph Galli Jr's interests in 2,814,000 awarded shares, of which 514,000 awarded shares remained unvested under the share award schemes of the Company as of June 30, 2018. Details of Mr Joseph Galli Jr's awarded shares are set out in the section headed "Share Award Scheme" below.
- (7) These included Mr Kin Wah Chan's interests in 150,000 awarded shares, of which 50,000 awarded shares remained unvested under the share award schemes of the Company as of June 30, 2018. Details of Mr Kin Wah Chan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (8) These included Mr Chi Chung Chan's interests in 150,000 awarded shares, of which 50,000 awarded shares remained unvested under the share award schemes of the Company as of June 30, 2018. Details of Mr Chi Chung Chan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (9) These shares were held by Cordless Industries Company Limited* in which Prof Roy Chi Ping Chung GBS BBS JP has a beneficial interest.

* Cordless Industries Company Limited is owned as to 70% by Mr Horst Julius Pudwill and as to 30% by Prof Roy Chi Ping Chung GBS BBS JP.

Save as disclosed above, none of the directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at June 30, 2018.

Share Options

The following tables disclose movements in the Company's share options during the six-month period ended June 30, 2018:

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Directors									
Mr Horst Julius Pudwill	20.3.2014	D	230,000	—	—	—	230,000	21.600	20.3.2015 - 19.3.2024
	11.9.2015	D	168,000	—	—	—	168,000	29.650	11.9.2016 - 10.9.2025
	17.3.2017	D	155,500	—	—	—	155,500	32.100	17.3.2018 - 16.3.2027
Mr Stephan Horst Pudwill	21.5.2012	D	1,000,000	—	—	—	1,000,000	8.742	21.5.2013 - 20.5.2022
	20.3.2014	D	1,000,000	—	—	—	1,000,000	21.600	20.3.2015 - 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2016 - 10.9.2025
	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	250,000	—	—	250,000	47.900	14.3.2019 - 13.3.2028
Mr Joseph Galli Jr	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2010 - 15.11.2019
Mr Kin Wah Chan	20.3.2014	D	1,000,000	—	—	—	1,000,000	21.600	20.3.2015 - 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2016 - 10.9.2025
	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	250,000	—	—	250,000	47.900	14.3.2019 - 13.3.2028
Mr Chi Chung Chan	20.3.2014	D	1,000,000	—	—	—	1,000,000	21.600	20.3.2015 - 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2016 - 10.9.2025
	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	250,000	—	—	250,000	47.900	14.3.2019 - 13.3.2028
Prof Roy Chi Ping Chung GBS BBS JP	11.9.2015	D	150,000	—	—	—	150,000	29.650	11.9.2016 - 10.9.2025
	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	100,000	—	—	100,000	47.900	14.3.2019 - 13.3.2028
Mr Camille Jojo	17.3.2017	D	250,000	—	—	—	250,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	100,000	—	—	100,000	47.900	14.3.2019 - 13.3.2028
Mr Christopher Patrick Langley OBE	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	100,000	—	—	100,000	47.900	14.3.2019 - 13.3.2028
Mr Manfred Kuhlmann	11.9.2015	D	25,000	—	(25,000)	—	—	29.650	11.9.2016 - 10.9.2025
	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	100,000	—	—	100,000	47.900	14.3.2019 - 13.3.2028
Mr Peter David Sullivan	16.11.2009	D	200,000	—	—	—	200,000	6.770	16.11.2010 - 15.11.2019
	23.5.2011	D	200,000	—	—	—	200,000	9.872	23.5.2012 - 22.5.2021
	21.5.2012	D	250,000	—	—	—	250,000	8.742	21.5.2013 - 20.5.2022
	11.9.2015	D	150,000	—	—	—	150,000	29.650	11.9.2016 - 10.9.2025
	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	100,000	—	—	100,000	47.900	14.3.2019 - 13.3.2028
Mr Vincent Ting Kau Cheung	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	—	100,000	—	—	100,000	47.900	14.3.2019 - 13.3.2028
Mr Johannes-Gerhard Hesse	19.6.2017	E	135,000	—	—	—	135,000	36.300	19.6.2018 - 18.6.2027
	14.3.2018	E	—	100,000	—	—	100,000	47.900	14.3.2019 - 13.3.2028
Total for directors			9,913,500	1,450,000	(25,000)	—	11,338,500		

Share Options (continued)

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Employees	14.1.2008	D	25,000	—	—	(25,000)	—	7.566	14.1.2009 - 13.1.2018
	17.4.2008	D	200,000	—	(200,000)	—	—	7.780	17.4.2009 - 16.4.2018
	16.11.2009	D	600,000	—	(300,000)	—	300,000	6.770	16.11.2010 - 15.11.2019
	28.12.2009	D	30,000	—	—	—	30,000	6.390	28.12.2010 - 27.12.2019
	17.1.2011	D	20,000	—	—	—	20,000	10.436	17.1.2012 - 16.1.2021
	23.3.2017	D	200,000	—	—	—	200,000	32.150	23.3.2018 - 22.3.2027
	19.6.2017	E	350,000	—	—	—	350,000	36.300	19.6.2018 - 18.6.2027
Total for employees			1,425,000	—	(500,000)	(25,000)	900,000		
Total for all categories			11,338,500	1,450,000	(525,000)	(25,000)	12,238,500		

Notes:

- (1) Scheme D was the share option scheme adopted by the Company on May 29, 2007 and expired on May 28, 2017, though its provisions shall remain in full force and effect in all other respects. Following the expiry of Scheme D, Scheme E was adopted on May 19, 2017 and will expire on May 18, 2027.
- (2) No option was cancelled during the period.
- (3) The following significant assumptions were used to derive the fair values using the Black-Scholes option pricing model:

Date of grant	Exercise price HK\$	Expected life of share options	Expected volatility based on historical volatility of share prices	Yields of Hong Kong Government Bonds	Expected annual dividend yield
For the period ended June 30, 2018					
14.3.2018	47.900	3 years	38%	1.507%	1.5%

The share options are vested in parts over 1 to 2 years from the date of grant.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of the share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

The weighted average closing price of the Company's shares immediately before the date on which the share options were granted was HK\$48.50.

The closing price of the Company's shares immediately before the date on which the share options were grant was HK\$48.50.

The weighted average closing price of the Company's shares immediately before various dates on which the share options were exercised was HK\$47.13.

The fair value of the share options granted in the period measured at the date on which the share options were granted was HK\$11.82. The weighted average fair value of the share options granted in the period was HK\$11.82 per option.

- (4) The Group recognized a total expense of US\$1,357,000 for the six-month period ended June 30, 2018 in relation to share options granted by the Company.
- (5) The Company had 12,238,500 share options outstanding, which represented approximately 0.67% of the issued share capital of the Company as at June 30, 2018.
- (6) Total securities available for issue under Scheme D are 150,505,065 shares, which represented approximately 8.21% of the issued shares of the Company as at June 30, 2018. Total securities available for issue under Scheme E are 183,299,194 shares, which represented approximately 10.00% of the issued shares of the Company as at June 30, 2018.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above and for satisfying the awarded shares granted under the Company's share award scheme (details of which are set out in this Interim Report), at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Director's Interests in Transactions, Arrangements and Contracts of Significance

No transactions, arrangements and contracts of significance, to which the Company, or any of its subsidiaries, was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Directors' Indemnities

Pursuant to the Company's Articles of Association, every director of the Company shall be entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he/she may sustain or incur in or about the execution of the duties of his/her office. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Company.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the period.

Equity-linked Agreements

During the period, the Group has not entered into any equity-linked agreements.

Share Award Scheme

The Company has two share award schemes in place - 2008 Share Award Scheme and 2018 Share Award Scheme. The 2008 Share Award Scheme was adopted on January 9, 2008 (the "2008 Adoption Date") and expired from January 9, 2018, though its provisions shall remain in full force and effect in all other respects. Following the expiry of the 2008 Share Award Scheme, the 2018 Share Award Scheme was adopted with effect from January 17, 2018 (the "2018 Adoption Date").

The scheme rules of both the 2008 Share Award Scheme and the 2018 Share Award Scheme are substantially identical and below are the summary of the principal terms of both schemes:

Pursuant to which any employee or Director (including, without limitation, any Executive, Non-executive or Independent Non-executive Director) of any member of the Group (the "Eligible Person") will be entitled to participate both schemes. Unless terminated earlier by the Board in accordance with the rules relating to both schemes, both schemes were valid and effective for a term of 10 years commencing on the adoption dates of both schemes provided that no contribution to the trust will be made by the Company on or after the 10th anniversary date of the adoption dates of both schemes. Details of both schemes were announced by the Company on the adoption dates of both schemes.

The Board may, from time to time, at their absolute discretion select any Eligible Person for participation in both schemes as a selected grantee (the "Selected Grantee") and determine the number of shares to be awarded or make reference to a nominal amount. The relevant number of shares awarded will be purchased by the trustee of both schemes from the market or new shares will be subscribed for by the trustee at the cost of the Company and be held in trust until they are vested. When the Selected Grantee has satisfied all vesting conditions specified by the Board, the trustee of both schemes will transfer the relevant vested shares together with the income derived therefrom (net of accrued interest) to the Selected Grantee.

The maximum number of shares which can be awarded under both schemes is 10% of the issued share capital of the Company as at the adoption dates of both schemes, and the maximum number of shares which can be awarded to a Selected Grantee, at any one time, shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption dates of both schemes. The total issued share capital of the Company as at the 2008 Adoption Date and the 2018 Adoption Date are 1,501,252,152 shares and 1,835,021,941 shares respectively.

Since the 2008 Adoption Date and up to June 30, 2018, a total of 3,946,000 shares had been awarded under the 2008 Share Award Scheme, representing 0.26% of the issued share capital of the Company as at the 2008 Adoption Date. Recognition of share-based payment expenses under the 2008 Share Award Scheme during the period was US\$321,000. During the period ended June 30, 2018, a total of 10,500 shares had been awarded under the 2008 Share Award Scheme, representing 0.00% of the issued share capital of the Company as at the 2008 Adoption Date, to one Director of the Company. The total payout, including related expenses, amounted to US\$42,000. During the period ended June 30, 2018, 160,500 shares were transferred to the Selected Grantees upon vesting under the 2008 Share Award Scheme.

Share Award Scheme (continued)

Since the 2018 Adoption Date and up to June 30, 2018, a total of 1,164,000 shares had been awarded under the 2018 Share Award Scheme, representing 0.06% of the issued share capital of the Company as at the 2018 Adoption Date. Recognition of share-based payment expenses under the 2018 Share Award Scheme during the period was US\$668,000. During the period ended June 30, 2018, a total of 1,164,000 shares had been awarded under the 2018 Share Award Scheme, representing 0.06% of the issued share capital of the Company as at the 2018 Adoption Date, to five Directors of the Company. The total payout, including related expenses, amounted to US\$4,538,000. During the period ended June 30, 2018, no share was transferred to the Selected Grantees upon vesting under the 2018 Share Award Scheme.

As at June 30, 2018, details of the awarded shares under the 2008 Share Award Scheme and the 2018 Share Award Scheme were as follows:

Name of Directors	Date of Award	Share award scheme category	Number of awarded shares	Number of shares					As at June 30, 2018	Vesting Period	Closing price at the Date of Award
				As at January 1, 2018	Awarded during the period	Vested during the period	Lapsed during the period	As at June 30, 2018			
Mr Horst Julius Pudwill	18.9.2014	2008	350,000	—	—	—	—	—	18.9.2015 - 18.9.2017	HK\$22.50	
	26.9.2014	2008	174,000	—	—	—	—	—	26.9.2015 - 26.9.2017	HK\$22.10	
	15.10.2015	2008	500,000	—	—	—	—	—	15.10.2016 - 15.10.2017	HK\$27.10	
	23.3.2017	2008	300,000	300,000	—	(150,000)	—	150,000	23.3.2018 - 23.3.2019	HK\$32.15	
	21.3.2018	2018	500,000	—	500,000	—	—	500,000	15.3.2019 - 15.3.2022	HK\$47.00	
Mr Stephan Horst Pudwill	15.10.2015	2008	100,000	—	—	—	—	—	15.10.2016	HK\$27.10	
	21.3.2018	2018	50,000	—	50,000	—	—	50,000	15.3.2019 - 15.3.2022	HK\$47.00	
Mr Joseph Galli Jr	17.12.2014	2008	300,000	—	—	—	—	—	17.12.2015 - 17.12.2017	HK\$25.85	
	15.10.2015	2008	1,000,000	—	—	—	—	—	15.10.2016 - 15.10.2017	HK\$27.10	
	19.8.2016	2008	1,000,000	—	—	—	—	—	31.8.2016	HK\$30.50	
Mr Kin Wah Chan	21.3.2018	2018	514,000	—	514,000	—	—	514,000	15.3.2019 - 15.3.2022	HK\$47.00	
	15.10.2015	2008	100,000	—	—	—	—	—	15.10.2016	HK\$27.10	
Mr Chi Chung Chan	21.3.2018	2018	50,000	—	50,000	—	—	50,000	15.3.2019 - 15.3.2022	HK\$47.00	
	15.10.2015	2008	100,000	—	—	—	—	—	15.10.2016	HK\$27.10	
Mr Camille Jojo	21.3.2018	2018	50,000	—	50,000	—	—	50,000	15.3.2019 - 15.3.2022	HK\$47.00	
	4.1.2017	2008	11,500	—	—	—	—	—	4.1.2017	HK\$28.00	
	8.1.2018	2008	10,500	—	10,500	(10,500)	—	—	8.1.2018	HK\$51.50	
Total			5,110,000	300,000	1,174,500	(160,500)	—	1,314,000			

Notes:

- (1) All the awarded shares are purchased from the market.
- (2) At the end of the period, the average fair value per share is HK\$30.30. The average fair value of the awarded shares is based on the average purchase cost.
- (3) During the reporting period, a total of 800,000 shares were purchased at an aggregate consideration of US\$4,674,000 for satisfying the awards granted pursuant to the 2008 Share Award Scheme and the 2018 Share Award Scheme.

Substantial Shareholders' Interests

As at June 30, 2018, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the shares, underlying shares and debentures of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Total interests in shares	(L/S/LP)*	Approximate aggregate percentage of interests
JPMorgan Chase & Co. ⁽¹⁾	109,685,632	(L)	5.98%
	452,346	(S)	0.02%
	65,505,351	(LP)	3.57%
Schroders Plc ⁽²⁾	110,259,415	(L)	6.01%

* (L/S/LP) represents (Long position/Short position/Lending pool)

Notes:

(1) The following is a breakdown of the interests in shares in the Company held by JPMorgan Chase & Co.:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
JPMorgan Chase & Co.	(1a)	—	—	109,685,632	(L)	5.98%
		—	—	452,346	(S)	0.02%
		—	—	65,505,351	(LP)	3.57%
J.P. Morgan Securities LLC	(1b)	1,231,565	(L)	—	—	0.07%
		93,500	(S)	—	—	0.01%
JF Asset Management Limited	(1b)	9,352,000	(L)	—	—	0.51%
JPMorgan Asset Management (Japan) Limited	(1b)	1,242,700	(L)	—	—	0.07%
JPMorgan Asset Management (Taiwan) Limited	(1b)	668,000	(L)	—	—	0.04%
J.P. Morgan Investment Management Inc.	(1b)	24,249,000	(L)	—	—	1.32%
J.P. Morgan Trust Company of Delaware	(1b)	31,550	(L)	—	—	0.00%
J.P. Morgan Whitefriars LLC	(1b)	1,359,618	(L)	—	—	0.07%
		73,346	(S)	—	—	0.00%
JPMorgan Chase Bank, N.A.	(1b)	—	—	2,698,039	(L)	0.15%
		—	—	358,846	(S)	0.02%
J.P. Morgan Equity Holdings, Inc.	(1b)	—	—	31,550	(L)	0.00%
J.P. Morgan International Finance Limited	(1b)	—	—	2,698,039	(L)	0.15%
		—	—	358,846	(S)	0.02%
J.P. Morgan Securities plc	(1b)	1,338,421	(L)	—	—	0.07%
		285,500	(S)	—	—	0.02%
JPMorgan Chase Bank, N.A.	(1b)	67,452,706	(L)	—	—	3.68%
JPMorgan Asset Management (UK) Limited	(1b)	2,760,072	(L)	—	—	0.15%
J.P. Morgan Broker-Dealer Holdings Inc	(1b)	—	—	1,231,565	(L)	0.07%
		—	—	93,500	(S)	0.01%
J.P. Morgan Capital Holdings Limited	(1b)	—	—	1,338,421	(L)	0.07%
		—	—	285,500	(S)	0.02%
JPMorgan Asset Management Holdings Inc	(1b)	—	—	47,623,772	(L)	2.60%
JPMorgan Asset Management (Asia) Inc.	(1b)	—	—	11,262,700	(L)	0.61%
JPMorgan Asset Management Holdings (UK) Limited	(1b)	—	—	2,760,072	(L)	0.15%
JPMorgan Chase Holdings LLC	(1b)	—	—	48,886,887	(L)	2.67%
		—	—	93,500	(S)	0.01%
J.P. Morgan Overseas Capital LLC	(1b)	—	—	1,359,618	(L)	0.07%
		—	—	73,346	(S)	0.00%
JPMorgan Asset Management International Limited	(1b)	—	—	2,760,072	(L)	0.15%

Substantial Shareholders' Interests (continued)

Notes: (continued)

Remarks:

- (1a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 109,685,632 shares of long position, 452,346 shares of short position and 65,505,351 shares of lending pool respectively was as controlled corporation.
- (1b) J.P. Morgan Securities LLC, JF Asset Management Limited, JPMorgan Asset Management (Japan) Limited, JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan Investment Management Inc., J.P. Morgan Trust Company of Delaware, J.P. Morgan Whitefriars LLC, JPMorgan Chase Bank, N.A., J.P. Morgan Equity Holdings, Inc., J.P. Morgan International Finance Limited, J.P. Morgan Securities plc, JPMorgan Chase Bank, N.A., JPMorgan Asset Management (UK) Limited, J.P. Morgan Broker-Dealer Holdings Inc, J.P. Morgan Capital Holdings Limited, JPMorgan Asset Management Holdings Inc, JPMorgan Asset Management (Asia) Inc., JPMorgan Asset Management Holdings (UK) Limited, JPMorgan Chase Holdings LLC, J.P. Morgan Overseas Capital LLC and JPMorgan Asset Management International Limited were all directly or indirectly owned by JPMorgan Chase & Co. and by virtue of the SFO, JPMorgan Chase & Co. was deemed to be interested in the shares held by these subsidiaries.
- (2) The following is a breakdown of the interests in shares in the Company held by Schroders Plc:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
Schroders Plc	(2a)	—	—	110,259,415	(L)	6.01%
Schroder Administration Limited	(2b)	—	—	110,259,415	(L)	6.01%
Schroder International Holdings Limited	(2b)	—	—	109,242,728	(L)	5.96%
Schroder Investment Management (Hong Kong) Limited	(2b)	29,505,000	(L)	—	—	1.61%
Schroder Investment Management (Singapore) Limited	(2b)	65,485,500	(L)	—	—	3.57%
Schroder Investment Management Limited	(2b)	6,740,000	(L)	—	—	0.37%
	(2b)	—	—	7,512,228	(L)	0.41%
Schroder Investment Management North America Limited	(2b)	7,512,228	(L)	—	—	0.41%
Schroder Wealth Holdings Limited	(2b)	—	—	1,016,687	(L)	0.06%
Schroder & Co Bank AG	(2b)	188,980	(L)	—	—	0.01%
Schroder & Co. Limited	(2b)	—	—	827,707	(L)	0.05%
Schroder & Co (Asia) Limited	(2b)	827,707	(L)	—	—	0.05%

Remarks:

- (2a) Schroders Plc is listed on London Stock Exchange. The capacity of Schroders Plc in holding the 110,259,415 shares of long position was as investment manager.
- (2b) Schroder Administration Limited, Schroder International Holdings Limited, Schroder Investment Management (Hong Kong) Limited, Schroder Investment Management (Singapore) Limited, Schroder Investment Management Limited, Schroder Investment Management North America Limited, Schroder Wealth Holdings Limited, Schroder & Co Bank AG, Schroder & Co. Limited and Schroder & Co (Asia) Limited were all directly or indirectly owned by Schroders Plc and by virtue of the SFO, Schroders Plc was deemed to be interested in the shares held by these subsidiaries.

Save as disclosed above, no other person was interested in or had a short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of the Part XV of the SFO as at June 30, 2018.

Compliance with the Corporate Governance Code of the Listing Rules

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules (the "Corporate Governance Code") throughout the six-month period ended June 30, 2018, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the Board must retire by rotation at each annual general meeting of the Company, and if eligible, offer themselves for re-election.

The Company has also voluntarily complied with a number of recommended best practices set out in the Corporate Governance Code, aimed at further enhancement of the Company's corporate governance standard as well as promotion of the best interests of the Company and its shareholders as a whole.

Compliance with the Model Code of the Listing Rules

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors who have confirmed that they have fully complied with the required standards as set out in the Model Code during the six-month period ended June 30, 2018.

Another code of conduct on terms no less onerous than the Model Code that applies to securities transactions of all relevant employees who may be in possession of unpublished price sensitive information in relation to the Company (the "Code for Securities Transactions by Relevant Employees") has also been adopted. No incident of non-compliance was noted by the Company during the period.

Both the Model Code and the Code for Securities Transactions by Relevant Employees have been published on the Company's website (www.ttigroup.com).

Change in Director's Emoluments

The basic director's fee for Non-executive Directors and Independent Non-executive Directors has been changed from US\$39,000 (HK\$300,000) per annum to US\$46,000 (HK\$360,000) per annum with effective from March 13, 2018.

Review of Accounts

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The Audit Committee has reviewed this report with the Company's independent auditor, Deloitte Touche Tohmatsu, and the senior management of the Group, the accounting principles and practices adopted by the Group and the internal controls and financial reporting matters. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

Purchase, Sales or Redemption of Securities

A total of 3,050,000 ordinary shares were bought back by the Company during the period at prices ranging from HK\$41.70 to HK\$47.55 per share. Among these shares bought back by the Company, 2,172,000 shares were settled and cancelled during the period and 878,000 shares were settled and cancelled in July 2018. The aggregate amount paid by the Company for such buy-backs cancelled during the period amounting to US\$12,764,000 was charged to the retained earnings.

The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced.

The buy-backs of the Company's shares during the period were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

By order of the Board
Horst Julius Pudwill
Chairman

Hong Kong
August 15, 2018