

Report on Review of Condensed Consolidated Financial Statements

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To the Board of Directors of
Techtronic Industries Company Limited
 (incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Techtronic Industries Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 24, which comprise the consolidated statement of financial position as of June 30, 2022 and the related consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

DELOITTE TOUCHE TOHMATSU

Certified Public Accountants

Hong Kong
 August 10, 2022

Condensed Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six-month period ended June 30, 2022

	Notes	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Revenue	3 & 4	7,033,606	6,393,749
Cost of sales		(4,286,861)	(3,928,704)
Gross profit		2,746,745	2,465,045
Other income		6,944	6,386
Interest income		12,796	16,416
Selling, distribution and advertising expenses		(1,152,943)	(1,030,525)
Administrative expenses		(737,078)	(673,420)
Research and development costs		(231,780)	(196,133)
Finance costs		(24,118)	(24,995)
Profit before share of result of an associate and taxation		620,566	562,774
Share of result of an associate		901	346
Profit before taxation		621,467	563,120
Taxation charge	5	(43,479)	(39,418)
Profit for the period	6	577,988	523,702
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		14,359	—
Items that may be reclassified subsequently to profit or loss, net of related income tax:			
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting		36,297	75,467
Exchange differences on translation of foreign operations		(98,840)	(9,813)
Other comprehensive (loss) income for the period		(48,184)	65,654
Total comprehensive income for the period		529,804	589,356
Profit for the period attributable to:			
Owners of the Company		577,988	523,604
Non-controlling interests		—	98
		577,988	523,702
Total comprehensive income attributable to:			
Owners of the Company		529,804	589,258
Non-controlling interests		—	98
		529,804	589,356
Earnings per share (US cents)	8		
Basic		31.59	28.62
Diluted		31.47	28.48

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Consolidated Statement of Financial Position

As at June 30, 2022

	Notes	June 30 2022 US\$'000 (Unaudited)	December 31 2021 US\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9 & 17	1,949,652	1,852,886
Right of use assets	9	561,974	553,365
Goodwill		598,500	577,237
Intangible assets	9	973,806	849,785
Interest in an associate		2,927	2,026
Financial assets at fair value through profit or loss		9,759	4,959
Derivative financial instruments		8,302	8,302
Deferred tax assets		91,553	97,436
		4,196,473	3,945,996
Current assets			
Inventories		5,231,695	4,849,792
Right to returned goods asset		7,737	9,692
Trade and other receivables	10	2,167,745	2,022,278
Deposits and prepayments		386,297	151,443
Bills receivable	10	12,808	7,643
Tax recoverable		47,715	29,874
Trade receivables from an associate	11	14,184	6,600
Derivative financial instruments		167,057	93,554
Financial assets at fair value through profit or loss		12,221	16,272
Bank balances, deposits and cash		1,274,178	1,874,401
		9,321,637	9,061,549
Current liabilities			
Trade and other payables	12	4,066,256	3,991,797
Bills payable	12	31,678	47,549
Warranty provision		191,342	182,765
Tax payable		64,812	56,123
Derivative financial instruments		31,851	8,282
Lease liabilities		119,744	115,194
Discounted bills with recourse		1,955	1,857
Unsecured borrowings – due within one year	13	2,079,511	2,252,636
Refund liabilities from right of return		20,900	22,767
		6,608,049	6,678,970
Net current assets		2,713,588	2,382,579
Total assets less current liabilities		6,910,061	6,328,575

	Notes	June 30 2022 US\$'000 (Unaudited)	December 31 2021 US\$'000 (Audited)
Capital and reserves			
Share capital	14	684,607	683,395
Reserves		4,364,478	4,039,123
Equity attributable to Owners of the Company		5,049,085	4,722,518
Total equity		5,049,085	4,722,518
Non-current liabilities			
Lease liabilities		446,507	439,006
Unsecured borrowings – due after one year	13	1,312,409	1,028,351
Retirement benefit obligations		55,124	76,139
Other payables	12	33,043	48,502
Deferred tax liabilities		13,893	14,059
		1,860,976	1,606,057
Total equity and non-current liabilities		6,910,061	6,328,575

Condensed Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the six-month period ended June 30, 2022

	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 remeasurement 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, 2021 (audited)	673,141	(42,086)	(87,765)	17,411	(19,620)	(80,305)	3,442,229	3,903,005	(98)	3,902,907
Profit for the period	—	—	—	—	—	—	523,604	523,604	98	523,702
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	75,467	—	75,467	—	75,467
Exchange differences on translation of foreign operations	—	—	(9,813)	—	—	—	—	(9,813)	—	(9,813)
Other comprehensive (loss) income for the period	—	—	(9,813)	—	—	75,467	—	65,654	—	65,654
Total comprehensive (loss) income for the period	—	—	(9,813)	—	—	75,467	523,604	589,258	98	589,356
Shares issued on exercise of options	4,356	—	—	(870)	—	—	—	3,486	—	3,486
Vesting of awarded shares	—	13,584	—	(13,584)	—	—	—	—	—	—
Shares for share award scheme	—	(59,037)	—	—	—	—	—	(59,037)	—	(59,037)
Recognition of share-based payments	—	—	—	22,352	—	—	—	22,352	—	22,352
Final dividend – 2020	—	—	—	—	—	—	(193,488)	(193,488)	—	(193,488)
At June 30, 2021 (unaudited)	677,497	(87,539)	(97,578)	25,309	(19,620)	(4,838)	3,772,345	4,265,576	—	4,265,576
Profit for the period	—	—	—	—	—	—	575,399	575,399	—	575,399
Remeasurement of defined benefit obligations	—	—	—	—	7,459	—	—	7,459	—	7,459
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	88,089	—	88,089	—	88,089
Deferred tax asset on remeasurement of defined benefit obligations	—	—	—	—	380	—	—	380	—	380
Deferred tax liability on hedging reserve	—	—	—	—	—	(1,351)	—	(1,351)	—	(1,351)
Exchange differences on translation of foreign operations	—	—	(6,136)	—	—	—	—	(6,136)	—	(6,136)
Other comprehensive (loss) income for the period	—	—	(6,136)	—	7,839	86,738	—	88,441	—	88,441
Total comprehensive (loss) income for the period	—	—	(6,136)	—	7,839	86,738	575,399	663,840	—	663,840
Shares issued on exercise of options	5,898	—	—	(1,176)	—	—	—	4,722	—	4,722
Vesting of awarded shares	—	4,013	—	(4,013)	—	—	—	—	—	—
Shares for share award scheme	—	(22,214)	—	—	—	—	—	(22,214)	—	(22,214)
Recognition of share-based payments	—	—	—	11,221	—	—	—	11,221	—	11,221
Interim dividend – 2021	—	—	—	—	—	—	(200,627)	(200,627)	—	(200,627)
At December 31, 2021 (audited)	683,395	(105,740)	(103,714)	31,341	(11,781)	81,900	4,147,117	4,722,518	—	4,722,518
Profit for the period	—	—	—	—	—	—	577,988	577,988	—	577,988
Remeasurement of defined benefit obligations	—	—	—	—	14,359	—	—	14,359	—	14,359
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	36,297	—	36,297	—	36,297
Exchange differences on translation of foreign operations	—	—	(98,840)	—	—	—	—	(98,840)	—	(98,840)
Other comprehensive (loss) income for the period	—	—	(98,840)	—	14,359	36,297	—	(48,184)	—	(48,184)
Total comprehensive (loss) income for the period	—	—	(98,840)	—	14,359	36,297	577,988	529,804	—	529,804
Shares issued on exercise of options	1,212	—	—	(238)	—	—	—	974	—	974
Vesting of awarded shares	—	19,666	—	(19,666)	—	—	—	—	—	—
Shares for share award scheme	—	(6,158)	—	—	—	—	—	(6,158)	—	(6,158)
Recognition of share-based payments	—	—	—	38,051	—	—	—	38,051	—	38,051
Final dividend – 2021	—	—	—	—	—	—	(236,104)	(236,104)	—	(236,104)
At June 30, 2022 (unaudited)	684,607	(92,232)	(202,554)	49,488	2,578	118,197	4,489,001	5,049,085	—	5,049,085

Condensed Consolidated Financial Statements

Consolidated Statement of Cash Flows

For the six-month period ended June 30, 2022

	June 30 2022 US\$'000 (Unaudited)	June 30 2021 US\$'000 (Unaudited)
Operating Activities		
Profit before taxation	621,467	563,120
Adjustments for:		
Amortization/write-off of intangible assets	57,696	66,622
Depreciation of property, plant and equipment	115,339	88,024
Depreciation of right of use assets	69,175	50,316
Fair value gain on foreign currency forward contracts	(9,097)	(5,555)
Fair value loss (gain) on listed equity securities	4,051	(4,758)
Finance costs	24,118	24,995
Loss (gain) on early termination of leases	44	(693)
(Reversal of impairment loss) impairment loss on trade receivables under expected credit loss model	(419)	9,892
Interest income	(12,796)	(16,416)
Loss on disposal of property, plant and equipment	2,225	16,009
Share-based payments expense	38,051	22,352
Share of result of an associate	(901)	(346)
Write down of inventories	51,913	48,144
Operating cash flows before movements in working capital	960,866	861,706
Increase in inventories	(487,681)	(1,299,307)
Increase in trade and other receivables, deposits and prepayments	(392,550)	(608,536)
Decrease in right to returned goods asset	1,955	3,304
Increase in bills receivable	(5,165)	(1,741)
(Increase) decrease in trade receivables from an associate	(7,584)	1,059
Increase in trade and other payables	80,577	827,730
Decrease in refund liabilities from right of return	(1,867)	(5,771)
(Decrease) increase in bills payable	(15,871)	16,102
Increase in warranty provision	13,194	11,334
Decrease in retirement benefit obligations	(6,656)	(4,270)
Net payment for purchase of shares for share award scheme	(6,158)	(59,037)
Cash generated from (used in) operations	133,060	(257,427)
Interest paid	(24,118)	(24,995)
Hong Kong Profits Tax paid	(1,306)	(281)
Overseas tax paid	(48,021)	(40,354)
Hong Kong Profits Tax refunded	41	—
Overseas tax refunded	709	1,667
Net Cash from (used in) Operating Activities	60,365	(321,390)

	Note	June 30 2022 US\$'000 (Unaudited)	June 30 2021 US\$'000 (Unaudited)
Investing Activities			
Acquisition of a subsidiary	16	(37,060)	—
Additions to intangible assets		(179,916)	(129,646)
Interest received		12,796	16,416
Proceeds from (payment for) termination of leases		1	(6)
Proceeds from disposal of property, plant and equipment		873	50
Purchase of club membership debenture		—	(1,737)
Purchase of unlisted equity securities		(4,800)	—
Purchase of property, plant and equipment		(229,397)	(245,071)
Net Cash used in Investing Activities		(437,503)	(359,994)
Financing Activities			
Increase in discounted bills with recourse		97	266
Dividends paid		(236,104)	(193,488)
New unsecured borrowings obtained		2,256,109	3,565,834
Proceeds from issue of shares		974	3,486
Repayment of unsecured borrowings		(2,137,061)	(1,916,998)
Repayment of lease liabilities		(66,911)	(42,079)
Net Cash (used in) from Financing Activities		(182,896)	1,417,021
Net (Decrease) Increase in Cash and Cash Equivalents		(560,034)	735,637
Cash and Cash Equivalents at Beginning of the Period		1,874,401	1,533,876
Effect of Foreign Exchange Rate Changes		(40,189)	836
Cash and Cash Equivalents at End of the Period		1,274,178	2,270,349
Analysis of the Balances of Cash and Cash Equivalents			
Represented by:			
Bank balances, deposits and cash		1,274,178	2,270,349
		1,274,178	2,270,349

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, 2021 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, 2021 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 values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standard (“HKFRS”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended June 30, 2022 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contract – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

Except as described below, the application of the amendments to HKFRSs in the current interim 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.

Impacts and changes in accounting policies on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

For business combinations in which the acquisition date is on or after January 1, 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

The Group applies the amendments to business combinations for which the acquisition date is on or after January 1, 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

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 six-month period ended June 30, 2022

	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Eliminations US\$'000	Consolidated US\$'000
Segment revenue				
External sales	6,561,632	471,974	—	7,033,606
Inter-segment sales	—	23,601	(23,601)	—
Total segment revenue	6,561,632	495,575	(23,601)	7,033,606

For the six-month period ended June 30, 2021

	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Eliminations US\$'000	Consolidated US\$'000
Segment revenue				
External sales	5,819,509	574,240	—	6,393,749
Inter-segment sales	—	5,376	(5,376)	—
Total segment revenue	5,819,509	579,616	(5,376)	6,393,749

Inter-segment sales are charged at prevailing market rates.

	Six-month period ended June 30					
	2022			2021		
	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Consolidated US\$'000	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Consolidated US\$'000
Segment results	646,060	(13,271)	632,789	564,807	6,794	571,601
Interest income			12,796			16,416
Finance costs			(24,118)			(24,995)
Profit before taxation			621,467			563,022

Segment results represent the profit earned by each segment without the allocation of interest income and finance costs. 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	
	2022 US\$'000	2021 US\$'000
Sales of goods	7,027,920	6,388,877
Commission and royalty income	5,686	4,872
	7,033,606	6,393,749

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 customers is as follows:

	Six-month period ended June 30	
	2022 US\$'000	2021 US\$'000
North America	5,396,694	4,885,809
Europe	1,073,687	1,018,637
Other countries	563,225	489,303
	7,033,606	6,393,749

5. Taxation charge

	Six-month period ended June 30	
	2022 US\$'000	2021 US\$'000
Current tax:		
Hong Kong Profits Tax	(986)	(324)
Overseas taxation	(39,952)	(38,320)
Deferred tax	(2,541)	(774)
	(43,479)	(39,418)

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.

6. Profit for the period

	Six-month period ended June 30	
	2022 US\$'000	2021 US\$'000
Profit for the period has been arrived at after charging (crediting):		
Amortization of intangible assets	54,057	42,894
Depreciation of property, plant and equipment	115,339	88,024
Depreciation of right of use assets	69,175	50,316
Total depreciation and amortization	238,571	181,234
Fair value loss (gain) on listed equity securities	4,051	(4,758)
(Reversal of impairment loss) impairment loss on trade receivables under expected credit loss model	(419)	9,892
Net exchange gain	(8,220)	(13,336)
Write down of inventories	51,913	48,144
Staff costs	1,259,653	1,074,459

7. Dividends

A dividend of HK1 dollar (approximately US12.87 cents) per share with a total of approximately US\$236,104,000 (2021: HK82.00 cents (approximately US10.55 cents) per share with a total of approximately US\$193,488,000) was paid to shareholders as the final dividend for 2021 (2021: final dividend for 2020) on June 17, 2022.

The directors of the Company have determined that an interim dividend of HK95.00 cents (approximately US12.23 cents) per share with a total of approximately US\$224,317,000 (2021: HK85.00 cents (approximately US10.94 cents) per share with a total of approximately US\$200,627,000) will be paid to the shareholders of the Company whose names appear in the Register of Members on September 2, 2022.

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	
	2022 US\$'000	2021 US\$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to Owners of the Company	577,988	523,604
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,829,902,444	1,829,504,825
Effect of dilutive potential ordinary shares:		
Share options	4,719,816	6,308,946
Share awards	2,158,319	2,579,580
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,836,780,579	1,838,393,351

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

During the period, the Group spent approximately US\$229,397,000 (for the six-month period ended June 30, 2021: US\$245,071,000) and US\$179,916,000 (for the six-month period ended June 30, 2021: US\$129,646,000) 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\$87,233,000 (for the six-month period ended June 30, 2021: US\$97,240,000) of right of use assets and US\$87,233,000 (for the six-month period ended June 30, 2021: US\$97,240,000) lease liabilities.

10. Trade and other receivables/Bills receivable

	June 30 2022 US\$'000	December 31 2021 US\$'000
Trade receivables	2,134,640	1,976,060
Less: Allowances for credit losses	(74,187)	(75,913)
	2,060,453	1,900,147
Other receivables	107,292	122,131
	2,167,745	2,022,278

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, presented on the basis of the revenue recognition date, which is usually the invoice date, at the end of the reporting period is as follows:

Age	June 30 2022 US\$'000	December 31 2021 US\$'000
0 to 60 days	1,599,503	1,795,436
61 to 120 days	318,319	22,583
121 days or above	142,631	82,128
Total trade receivables	2,060,453	1,900,147
Other receivables	107,292	122,131
	2,167,745	2,022,278

All the Group's bills receivable at June 30, 2022 are aged within 120 days.

11. Trade receivables from an associate

The trade receivables from an associate are aged within 120 days.

12. Trade and other payables/Bills payable

The aging analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

Age	June 30	December 31
	2022	2021
	US\$'000	US\$'000
0 to 60 days	1,262,989	1,267,129
61 to 120 days	916,840	672,558
121 days or above	207,475	92,789
Total trade payables	2,387,304	2,032,476
Other payables	1,711,995	2,007,823
Total trade and other payables	4,099,299	4,040,299
Non-current portion of other payables	(33,043)	(48,502)
	4,066,256	3,991,797

All the Group's bills payable at June 30, 2022 are aged within 120 days based on the invoice date.

The other payables mainly represents accruals of various selling, general and administrative expenses of US\$1,519,042,000 (At December 31, 2021: US\$1,731,545,000). The non-current other payables mainly represents accruals of long-term incentive benefits offered to certain management executives of the Group.

13. Unsecured borrowings

During the period, the Group obtained new unsecured borrowings of US\$2,256,109,000 (2021: US\$3,565,834,000) which mainly carry interest at LIBOR. The Group also repaid unsecured borrowings of US\$2,137,061,000 (2021: US\$1,916,998,000).

14. Share capital

	Number of shares		Share capital	
	June 30	December 31	June 30	December 31
	2022	2021	US\$'000	US\$'000
Ordinary shares				
Issued and fully paid:				
At the beginning of the period/year	1,834,484,441	1,832,620,441	683,395	673,141
Issue of shares upon exercise of share options	193,500	1,864,000	1,212	10,254
At the end of the period/year	1,834,677,941	1,834,484,441	684,607	683,395

15. 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 are 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).

15. 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, 2022	December 31, 2021		
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\$8,302,000	Acquisition right of certain property, plant and equipment: US\$8,302,000	Level 2	Measured at the fair value of the land and buildings associated with the acquisition right which is based on a valuation by third 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\$151,693,000; and Liabilities – US\$31,851,000	Assets – US\$93,554,000; and Liabilities – US\$1,885,000	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates and yield curves 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 fair value through profit or loss ("FVTPL") in the consolidated statement of financial position	Listed shares: US\$12,221,000	Listed shares: US\$16,272,000	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\$4,914,000	Club membership debentures: US\$4,914,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
	Unlisted equity securities: US\$4,800,000	Unlisted equity securities: Nil	Level 2	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 swaps classified as derivative financial instruments in the consolidated statement of financial position	Assets – US\$15,364,000; and Liabilities – Nil	Assets – Nil; and Liabilities – US\$6,397,000	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.

16. Acquisition of a subsidiary

In January 2022, the Group acquired 100% equity interest in C4 Carbides Limited (“C4”) from independent third parties for a cash consideration of approximately US\$39,589,000. C4’s business was acquired so as to continue the expansion of the Group’s power equipment business. C4 is engaged in the manufacture and sale of saw blades and is included in the Power Equipment segment.

	Fair value US\$’000
Net Assets Acquired	
Property, plant and equipment	3,200
Right of use assets	1,712
Intangible assets	2,015
Inventories	4,797
Trade and other receivables	7,639
Bank balances and cash	2,529
Trade and other payables	(5,034)
Lease liabilities	(1,876)
Tax payable	(122)
Deferred tax liabilities	(376)
Goodwill arising on acquisition of C4	25,105
Total consideration	39,589
Net cash outflow arising on acquisition:	
Total consideration	39,589
Less: Bank balances and cash acquired	(2,529)
Net outflow of cash and cash equivalents in respect of the acquisition of C4	37,060

Intangible assets of US\$2,015,000 and goodwill of US\$25,105,000 arose on the acquisition of C4’s business from patents and the anticipated profitability arising from new product synergies and cost savings within the Power Equipment segment.

The fair value and contractual amounts of trade and other receivables at the date of acquisition amounted to US\$7,639,000. All amount are expected to be collected.

The acquisition-related costs are insignificant. They have been excluded from the consideration transferred and have been recognized as an expense in the current year.

The business acquired contributed approximately US\$9,575,000 to the Group’s revenue, and approximately US\$129,000 increase in the Group’s profit before taxation for the period between the date of acquisition and the reporting date as at June 30, 2022.

The revenue and profit or loss of C4 for the current reporting period as though the date of acquisition has been as of the beginning of the annual reporting period is not presented as it was impracticable to obtain various financial information in C4’s operations prior to the acquisition.

17. Capital commitments

	June 30 2022 US\$’000	December 31 2021 US\$’000
Capital expenditure in respect of the acquisition of property, plant and equipment and equity interests in subsidiaries contracted for but not provided in the condensed consolidated financial statements	373,181	235,174

Corporate Governance and Other Information

Directors’ and Chief Executive’s Interests

As at June 30, 2022, 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	146,309,000 ⁽²⁾	55,500	363,284,294	19.80%
	Interests of spouse	760,000	–		
	Interests of controlled corporation	216,159,794 ⁽³⁾	–		
Mr Stephan Horst Pudwill	Beneficial owner	5,159,500 ⁽⁴⁾	5,750,000	44,917,000	2.45%
	Beneficiary of a trust	34,007,500 ⁽⁵⁾	–		
Mr Joseph Galli Jr	Beneficial owner	16,806,000 ⁽⁶⁾	–	16,806,000	0.92%
Mr Kin Wah Chan	Beneficial owner	691,000 ⁽⁷⁾	4,450,000	5,141,000	0.28%
Mr Chi Chung Chan	Beneficial owner	1,050,000 ⁽⁸⁾	4,750,000	5,800,000	0.32%
Prof Roy Chi Ping Chung GBS BBS JP	Beneficial owner	49,178,448 ⁽⁹⁾	426,000	86,679,478	4.72%
	Interests of controlled corporation	37,075,030 ⁽¹⁰⁾	–		
Mr Camille Jojo	Beneficial owner	203,000 ⁽¹¹⁾	226,000	429,000	0.02%
Mr Peter David Sullivan	Beneficial owner	519,500 ⁽¹²⁾	79,000	598,500	0.03%
Mr Johannes-Gerhard Hesse	Beneficial owner	22,500 ⁽¹³⁾	411,000	433,500	0.02%
Mr Robert Hinman Getz	Beneficial owner	68,174 ⁽¹⁴⁾	154,000	222,174	0.01%
Ms Virginia Davis Wilmerding	Beneficial owner	12,500 ⁽¹⁵⁾	29,500	42,000	0.00%

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 300,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. 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

Directors' and Chief Executive's Interests (continued)

Notes: (continued)

- (4) These included Mr Stephan Horst Pudwill's interests in 50,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. 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 4,000,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022; 2,000,000 awarded shares of which were agreed to be granted to Mr Galli in the year between 2023 to 2024 in two equal tranches (i.e. 1,000,000 awarded shares each year) provided the Company meets certain performance criteria; and the agreement for the 4,000,000 shares might be granted subject to, inter alia, the achievement of performance criteria for the years between 2023 to 2026. 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 50,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. 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 50,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. Details of Mr Chi Chung Chan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (9) These included Prof Roy Chi Ping Chung GBS BBS JP's interests in 17,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. Details of Prof Roy Chi Ping Chung GBS BBS JP's awarded shares are set out in the section headed "Share Award Scheme" below.
- (10) 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.
- (11) These included Mr Camille Jojo's interests in 17,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. Details of Mr Camille Jojo's awarded shares are set out in the section headed "Share Award Scheme" below.
- (12) These included Mr Peter David Sullivan's interests in 17,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. Details of Mr Peter David Sullivan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (13) These included Mr Johannes-Gerhard Hesse's interests in 17,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. Details of Mr Johannes-Gerhard Hesse's awarded shares are set out in the section headed "Share Award Scheme" below.
- (14) These included Mr Robert Hinman Getz's interests in 17,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. Details of Mr Robert Hinman Getz's awarded shares are set out in the section headed "Share Award Scheme" below.
- (15) These included Ms Virigina Davis Wilmerding's interests in 12,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2022. Details of Ms Virigina Davis Wilmerding's awarded shares are set out in the section headed "Share Award Scheme" below.

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, 2022.

Share Options

The following tables disclose movements in the Company's share options during the six-month period ended June 30, 2022:

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	22.12.2020	E	47,000	-	(23,500)	-	23,500	105.500	22.12.2021 - 21.12.2030
	30.12.2021	E	32,000	-	-	-	32,000	154.900	30.12.2022 - 29.12.2031
Mr Stephan Horst Pudwill	20.3.2014	D	750,000	-	-	-	750,000	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
	20.5.2019	E	500,000	-	-	-	500,000	51.080	20.5.2020 - 19.5.2029
	15.5.2020	E	500,000	-	-	-	500,000	65.250	15.5.2021 - 14.5.2030
Mr Kin Wah Chan	22.12.2020	E	2,000,000	-	-	-	2,000,000	105.500	22.12.2021 - 21.12.2030
	30.12.2021	E	1,000,000	-	-	-	1,000,000	154.900	30.12.2022 - 29.12.2031
Mr Chi Chung Chan	17.3.2017	D	200,000	-	-	-	200,000	32.100	17.3.2018 - 16.3.2027
	14.3.2018	E	250,000	-	-	-	250,000	47.900	14.3.2019 - 13.3.2028
	20.5.2019	E	500,000	-	-	-	500,000	51.080	20.5.2020 - 19.5.2029
	15.5.2020	E	500,000	-	-	-	500,000	65.250	15.5.2021 - 14.5.2030
	22.12.2020	E	2,000,000	-	-	-	2,000,000	105.500	22.12.2021 - 21.12.2030
	30.12.2021	E	1,000,000	-	-	-	1,000,000	154.900	30.12.2022 - 29.12.2031
Prof Roy Chi Ping Chung GBS BBS JP	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
	20.5.2019	E	500,000	-	-	-	500,000	51.080	20.5.2020 - 19.5.2029
	15.5.2020	E	500,000	-	-	-	500,000	65.250	15.5.2021 - 14.5.2030
	22.12.2020	E	2,000,000	-	-	-	2,000,000	105.500	22.12.2021 - 21.12.2030
	30.12.2021	E	1,000,000	-	-	-	1,000,000	154.900	30.12.2022 - 29.12.2031
Mr Camille Jojo	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
	20.5.2019	E	97,000	-	-	-	97,000	51.080	20.5.2020 - 19.5.2029
	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 - 21.12.2030
	30.12.2021	E	32,000	-	-	-	32,000	154.900	30.12.2022 - 29.12.2031

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
Directors (continued)									
Mr Peter David Sullivan	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	-	-	-	32,000	154.900	30.12.2022 – 29.12.2031
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
	20.5.2019	E	97,000	-	-	-	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	-	-	-	32,000	154.900	30.12.2022 – 29.12.2031
Mr Robert Hinman Getz	15.5.2020	E	75,000	-	-	-	75,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	-	-	-	32,000	154.900	30.12.2022 – 29.12.2031
Ms Virginia Davis Wilmerding	19.8.2021	E	29,500	-	-	29,500	167.200	19.8.2022 – 18.8.2031	
Total for directors			16,504,500	-	(173,500)	-	16,331,000		
Employees									
	17.3.2017	D	110,000	-	(20,000)	-	90,000	32.100	17.3.2018 – 16.3.2027
	19.6.2017	E	100,000	-	-	-	100,000	36.300	19.6.2018 – 18.6.2027
	14.3.2018	E	150,000	-	-	-	150,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	194,000	-	-	-	194,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	94,000	-	-	-	94,000	105.500	22.12.2021 – 21.12.2030
Total for employees			648,000	-	(20,000)	-	628,000		
Total for all categories			17,152,500	-	(193,500)	-	16,959,000		

Notes:

- 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.
- The share options are vested in parts over 1 to 3 years from the date of grant. No option was granted during the period.
- The weighted average closing price of the Company's shares immediately before various dates during the period on which the share options were exercised was HK\$87.96.
- The Group recognized a total expense of US\$7,783,000 for the six-month period ended June 30, 2022 in relation to share options granted by the Company.
- The Company had 16,959,000 share options outstanding, which represented approximately 0.92% of the issued share capital of the Company as at June 30, 2022. No option was cancelled and no share option was lapsed during the period.
- The total number of shares available for issue in respect of which options may be granted under Scheme D is 117,281,565 shares, which represented approximately 6.39% of the issued shares of the Company as at June 30, 2022. The total number of shares available for issue in respect of which options may be granted under Scheme E is 168,012,694 shares, which represented approximately 9.16% of the issued shares of the Company as at June 30, 2022.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above and for satisfying the awarded shares granted under the Company's share award schemes (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

Other than as disclosed above and for satisfying the awarded shares granted under the Company's share award schemes (details of which are set out in this Interim Report), the Group has not entered into any equity-linked agreements during the period.

Share Award Scheme

The Board has adopted two share award schemes, namely the 2008 Share Award Scheme and the 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 and all awards granted thereunder have been duly vested. 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 a summary of the principal terms of both schemes is set out below:

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 the schemes. Unless terminated earlier by the Board in accordance with the respective scheme rules, the effective term of each scheme is 10 years commencing on the adoption date of the relevant scheme provided that no contribution to the trust will be made by the Company on or after the 10th anniversary date of the adoption date of the relevant scheme. Details of both schemes were announced by the Company on the respective adoption date of the schemes.

The Board may, from time to time, at their absolute discretion select any Eligible Person for participation in any scheme 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 the 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 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 each scheme is 10% of the issued share capital of the Company as at the adoption date thereof, and the maximum number of shares which can be awarded under each scheme 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 date thereof. 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.

Share Award Scheme (continued)

Since the 2018 Adoption Date and up to June 30, 2022, a total of 11,647,500 shares had been awarded under the 2018 Share Award Scheme, representing 0.63% 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\$30,268,000. During the period ended June 30, 2022, a total of 2,000,000 shares had been awarded under the 2018 Share Award Scheme to one Director of the Company, representing 0.11% of the issued share capital of the Company as at the 2018 Adoption Date. The total payout, including related expenses, amounted to US\$33,512,000. In addition, during the period ended June 30, 2022, 1,641,000 shares were transferred to six Directors and a Selected Grantee upon vesting under the 2018 Share Award Scheme. As at June 30, 2022, details of the awarded shares granted to the Directors of the Company under the 2018 Share Award Scheme were as follows:

Name of Directors	Date of Award	Share award scheme category	Number of shares						Closing price at the Date of Award	
			Number of awarded shares	As at January 1, 2022	Awarded during the period	Vested during the period	Lapsed during the period	As at June 30, 2022		
Mr Horst Julius Pudwill	21.3.2018	2018	500,000	125,000	-	(125,000)	-	-	15.3.2019 – 15.3.2022	HK\$47.00
	20.5.2019	2018	300,000	100,000	-	(100,000)	-	-	20.5.2020 – 20.5.2022	HK\$50.20
	21.12.2020	2018	1,000,000	-	-	-	-	-	21.12.2020 – 21.12.2021	HK\$107.00
	30.12.2021	2018	300,000	300,000	-	-	-	300,000	30.12.2022 – 30.12.2023	HK\$154.90
Mr Stephan Horst Pudwill	21.3.2018	2018	50,000	12,500	-	(12,500)	-	-	15.3.2019 – 15.3.2022	HK\$47.00
	21.12.2020	2018	100,000	-	-	-	-	-	21.12.2020 – 21.12.2021	HK\$107.00
	30.12.2021	2018	50,000	50,000	-	-	-	50,000	30.12.2022 – 30.12.2023	HK\$154.90
Mr Joseph Galli Jr ^{(4) (5)}	21.3.2018	2018	514,000	128,500	-	(128,500)	-	-	15.3.2019 – 15.3.2022	HK\$47.00
	3.1.2020	2018	1,000,000	1,000,000	-	-	-	1,000,000	On or about 1.1.2025	HK\$64.70
	21.12.2020	2018	1,000,000	-	-	-	-	-	21.12.2020	HK\$107.00
	4.3.2021	2018	1,000,000	-	-	-	-	-	4.3.2021	HK\$121.40
	4.3.2021	2018	1,000,000	1,000,000	-	-	-	1,000,000	On or about 1.1.2025	HK\$121.40
	31.12.2021	2018	1,000,000	1,000,000	-	-	-	1,000,000	On or about 1.1.2025	HK\$155.20
Mr Kin Wah Chan	3.3.2022	2018	1,000,000	-	1,000,000	(1,000,000)	-	-	3.3.2022	HK\$136.10
	3.3.2022	2018	1,000,000	-	1,000,000	-	-	1,000,000	On or about 3.3.2023	HK\$136.10
	21.3.2018	2018	50,000	12,500	-	(12,500)	-	-	15.3.2019 – 15.3.2022	HK\$47.00
Mr Chi Chung Chan	21.12.2020	2018	100,000	-	-	-	-	-	21.12.2020 – 21.12.2021	HK\$107.00
	30.12.2021	2018	50,000	50,000	-	-	-	50,000	30.12.2022 – 30.12.2023	HK\$154.90
	21.3.2018	2018	50,000	12,500	-	(12,500)	-	-	15.3.2019 – 15.3.2022	HK\$47.00
Prof Roy Chi Ping Chung GBS BBS JP	21.12.2020	2018	10,000	5,000	-	-	-	5,000	21.12.2021 – 21.12.2022	HK\$107.00
	30.12.2021	2018	12,500	12,500	-	-	-	12,500	30.12.2022	HK\$154.90
Mr Camille Jojo	2.1.2019	2018	10,000	-	-	-	-	-	2.1.2019	HK\$41.10
	20.5.2019	2018	150,000	50,000	-	(50,000)	-	-	20.5.2020 – 20.5.2022	HK\$50.20
	3.1.2020	2018	12,500	-	-	-	-	-	3.1.2020	HK\$64.70
	21.12.2020	2018	10,000	5,000	-	-	-	5,000	21.12.2021 – 21.12.2022	HK\$107.00
	31.12.2020	2018	10,500	-	-	-	-	-	31.12.2020	HK\$110.60
30.12.2021	2018	18,000	12,500	-	-	-	12,500	30.12.2021 – 30.12.2022	HK\$154.90	

Name of Directors	Date of Award	Share award scheme category	Number of awarded shares	Number of shares						Closing price at the Date of Award
				As at January 1, 2022	Awarded during the period	Vested during the period	Lapsed during the period	As at June 30, 2022	Vesting Period	
Mr Peter David Sullivan	21.12.2020	2018	10,000	5,000	-	-	-	5,000	21.12.2021 – 21.12.2022	HK\$107.00
	30.12.2021	2018	12,500	12,500	-	-	-	12,500	30.12.2022	HK\$154.90
Mr Johannes-Gerhard Hesse	21.12.2020	2018	10,000	5,000	-	-	-	5,000	21.12.2021 – 21.12.2022	HK\$107.00
	30.12.2021	2018	12,500	12,500	-	-	-	12,500	30.12.2022	HK\$154.90
Mr Robert Hinman Getz	21.12.2020	2018	10,000	5,000	-	-	-	5,000	21.12.2021 – 21.12.2022	HK\$107.00
	30.12.2021	2018	12,500	12,500	-	-	-	12,500	30.12.2022	HK\$154.90
Ms Virginia Davis Wilmerding	30.12.2021	2018	12,500	12,500	-	-	-	12,500	30.12.2022	HK\$154.90
Total			10,527,500	3,991,000	2,000,000	(1,441,000)	-	4,550,000		

Notes:

- All the awarded shares are purchased from the market.
- At the end of the period, the average fair value per share is HK\$92.05. The average fair value of the awarded shares is based on the average purchase cost.
- During the reporting period, a total of 500,000 shares were purchased at an aggregate consideration of US\$6,158,000 for satisfying the awards granted pursuant to the 2018 Share Award Scheme.
- As to the agreement for the separate 5,000,000 awarded shares to be granted to Mr Joseph Galli Jr between 2020 to 2024 in five equal tranches (i.e. 1,000,000 awarded shares per year) provided the Company meets certain performance criteria each year, the first, second and third tranches of 1,000,000 shares each were awarded to Mr Galli on January 3, 2020, March 4, 2021 and December 31, 2021 respectively. Details of the remaining 2,000,000 awarded shares to be granted as disclosed above are not included.
- As to the agreement for the 4,000,000 shares might be granted subject to, inter alia, the achievement of performance criteria for the years between 2023 to 2026 as disclosed above are not included.

Substantial Shareholders' Interests

As at June 30, 2022, 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⁾	145,685,696	(L)	7.94%
	6,653,877	(S)	0.36%
	50,964,254	(LP)	2.78%
The Bank of New York Mellon Corporation ⁽²⁾	91,822,534	(L)	5.00%
	35,813,385	(S)	1.95%
	53,690,030	(LP)	2.93%

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

Substantial Shareholders' Interests (continued)

Notes:

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

Total interests in shares

Name	Remarks	Total interests in shares		Deemed interests	(L/S/LP)*	Approximate percentage of interests
		Direct interests	(L/S/LP)*			
JPMorgan Chase & Co.	(1a)	–	–	145,685,696	(L)	7.94%
		–	–	6,653,877	(S)	0.36%
		–	–	50,964,254	(LP)	2.78%
China International Fund Management Co., Ltd.	(1b)	130,000	(L)	–	–	0.01%
JPMorgan Asset Management (Taiwan) Limited	(1b)	355,500	(L)	–	–	0.02%
J.P. Morgan SE	(1b)	3,000	(L)	–	–	0.00%
J.P. Morgan Securities LLC	(1b)	749,646	(L)	–	–	0.04%
		442,586	(S)	–	–	0.02%
JPMORGAN CHASE BANK, N.A. - LONDON BRANCH	(1b)	50,964,254	(L)	–	–	2.78%
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	(1b)	6,440,072	(L)	–	–	0.35%
J.P. Morgan Investment Management Inc.	(1b)	60,295,155	(L)	–	–	3.29%
J.P. Morgan Prime Inc.	(1b)	18,500	(L)	–	–	0.00%
		18,500	(S)	–	–	0.00%
JPMorgan Asset Management (Japan) Limited	(1b)	1,408,700	(L)	–	–	0.08%
J.P. Morgan Trust Company of Delaware	(1b)	87,020	(L)	–	–	0.00%
JPMorgan Chase Bank, National Association	(1b)	6,118,906	(L)	–	–	0.33%
JPMorgan Asset Management (Asia Pacific) Limited	(1b)	10,585,500	(L)	–	–	0.58%
J.P. MORGAN SECURITIES PLC	(1b)	8,529,443	(L)	–	–	0.46%
		6,192,791	(S)	–	–	0.34%
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	(1b)	–	–	130,000	(L)	0.01%
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	(1b)	–	–	6,570,072	(L)	0.36%
JPMorgan Asset Management Holdings Inc.	(1b)	–	–	79,214,927	(L)	4.32%
JPMorgan Chase Holdings LLC	(1b)	–	–	80,070,093	(L)	4.36%
		–	–	461,086	(S)	0.03%
JPMorgan Asset Management (Asia) Inc.	(1b)	–	–	12,349,700	(L)	0.67%
J.P. Morgan International Finance Limited	(1b)	–	–	8,532,443	(L)	0.47%
		–	–	6,192,791	(S)	0.34%
JPMorgan Chase Bank, National Association	(1b)	–	–	59,496,697	(L)	3.24%
		–	–	6,192,791	(S)	0.34%
J.P. Morgan Broker-Dealer Holdings Inc.	(1b)	–	–	768,146	(L)	0.04%
J.P. Morgan Securities LLC	(1b)	–	–	461,086	(S)	0.03%
		–	–	18,500	(L)	0.00%
J.P. Morgan Equity Holdings, Inc.	(1b)	–	–	18,500	(S)	0.00%
		–	–	87,020	(L)	0.00%
J.P. MORGAN CAPITAL HOLDINGS LIMITED	(1b)	–	–	8,529,443	(L)	0.46%
		–	–	6,192,791	(S)	0.34%

Remarks:

(1a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 145,685,696 shares of long position, 6,653,877 shares of short position and 50,964,254 shares of lending pool respectively was as controlled corporation.

(1b) China International Fund Management Co., Ltd., JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan SE, J.P. Morgan Securities LLC, JPMORGAN CHASE BANK, N.A. - LONDON BRANCH, JPMORGAN ASSET MANAGEMENT (UK) LIMITED, J.P. Morgan Investment Management Inc., J.P. Morgan Prime Inc., JPMorgan Asset Management (Japan) Limited, J.P. Morgan Trust Company of Delaware, JPMorgan Chase Bank, National Association, JPMorgan Asset Management (Asia Pacific) Limited, J.P. MORGAN SECURITIES PLC, JPMORGAN ASSET MANAGEMENT (UK) LIMITED, JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED, JPMorgan Asset Management Holdings Inc., JPMorgan Chase Holdings LLC, JPMorgan Asset Management (Asia) Inc., J.P. Morgan International Finance Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Broker-Dealer Holdings Inc., J.P. Morgan Securities LLC, J.P. Morgan Equity Holdings, Inc. and J.P. MORGAN CAPITAL HOLDINGS 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 interest in shares in the Company held by The Bank of New York Mellon Corporation:

Total interests in shares

Name	Remarks	Total interests in shares		Deemed interests	(L/S/LP)*	Approximate percentage of interests
		Direct interests	(L/S/LP)*			
The Bank of New York Mellon Corporation	(2a)	–	–	91,822,534	(L)	5.00%
		–	–	35,813,385	(S)	1.95%
		–	–	53,690,030	(LP)	2.93%
The Bank of New York Mellon	(2b)	91,765,694	(L)	–	–	5.00%
		35,813,385	(S)	–	–	1.95%
BNY Mellon, National Association	(2b)	56,415	(L)	–	–	0.00%
B.N.Y. Holdings (Delaware) Corporation	(2b)	–	–	425	(L)	0.00%
BNY Mellon Trust of Delaware	(2b)	425	(L)	–	–	0.00%

Remarks:

(2a) The Bank of New York Mellon Corporation is listed on New York Stock Exchange. The capacity of The Bank of New York Mellon Corporation in holding the 91,822,534 shares of long position, 35,813,385 shares of short position and 53,690,030 shares of lending pool respectively was as controlled corporation.

(2b) The Bank of New York Mellon, BNY Mellon, National Association, B.N.Y. Holdings (Delaware) Corporation and BNY Mellon Trust of Delaware were all directly or indirectly owned by The Bank of New York Mellon Corporation and by virtue of the SFO, The Bank of New York Mellon Corporation 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, 2022.

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 throughout the six-month period ended June 30, 2022, 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.

Compliance with the Model Code of the Listing Rules

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”) has been adopted by the Board. In response to the specific enquiries made, all Directors 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, 2022.

The Company has also adopted 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”). During the period, no incident of non-compliance was noted by the Company.

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 Directors’ Emoluments

The new remuneration framework for Non-executive Directors and Independent Non-executive Directors which has been taken effect from April 1, 2022 (all on a per annum basis):

Board	
– Basic fee (cash)	US\$100,000
Audit Committee	
– Chairman	US\$40,000
– Other members	US\$20,000
Nomination Committee	
– Other members	US\$10,000
Remuneration Committee	
– Chairman	US\$25,000
– Other members	US\$10,000

Ms Virginia Davis Wilmerding, an Independent Non-executive Director, was appointed as member of the Nomination Committee with effect from August 10, 2022. Ms Virginia Davis Wilmerding is entitled to the Nomination Committee fee which has been fixed by the Board.

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

Other than 500,000 shares of the Company purchased on-market for satisfying the awarded shares granted under the Company’s share award schemes (details of which are set out in the “Share Award Scheme” section), neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any listed securities of the Company.

By order of the Board
Horst Julius Pudwill
 Chairman

Hong Kong
 August 10, 2022