



Interim Report 2020



RYOBI 40V

RYOBI 40V 21" Brushless Self-Propelled Mower

RYOBI redefines power and convenience with the new 40V 21" Self-Propelled Cordless Lawn Mower. Combining 40V of lithium power with advanced brushless technology, this mower delivers GAS-LIKE POWER, surrendering nothing but gas. The high capacity 7.5 Ah battery delivers maximum run-time and instant power to cut up to half an acre on a single charge.

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Company Profile

Techtronic Industries Company Limited (the “Company”, the “Group” or “TTI”) is a fast-growing world leader in Power Tools, Accessories, Hand Tools, Outdoor Power Equipment, and Floor Care for Do-It-Yourself (DIY), professional and industrial users in the home improvement, repair, maintenance, construction and infrastructure industries. The Company is committed to accelerating the transformation of these industries through superior environmentally friendly cordless technology. The TTI brands MILWAUKEE, RYOBI and HOOVER are recognized worldwide for their deep heritage and cordless product platforms of superior quality, outstanding performance, safety, productivity and compelling innovation.

Founded in 1985 and listed on the Stock Exchange of Hong Kong (“SEHK”) in 1990, TTI is included in the Hang Seng Index as one of their fifty constituent stocks. The Company maintains a powerful brand portfolio, global manufacturing, product development footprint, and a healthy financial position with record 2019 sales of US\$7.7 billion and over 34,000 employees.

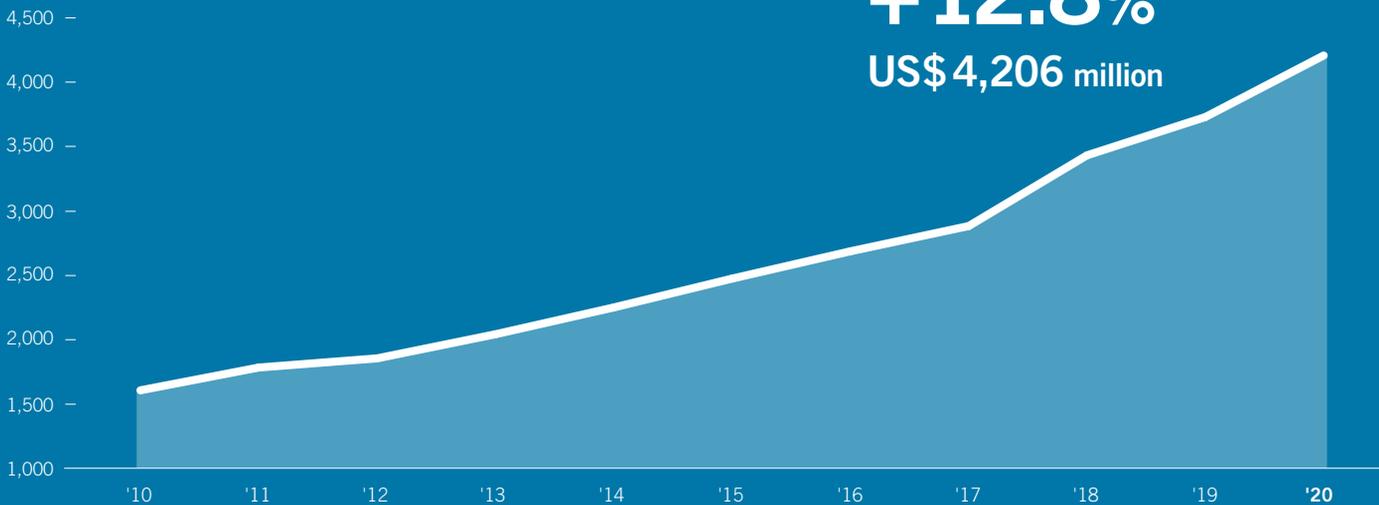
Financial Highlights

For the six-month period ended June 30, 2020

11th consecutive year of record first half revenue

Revenue

US\$m

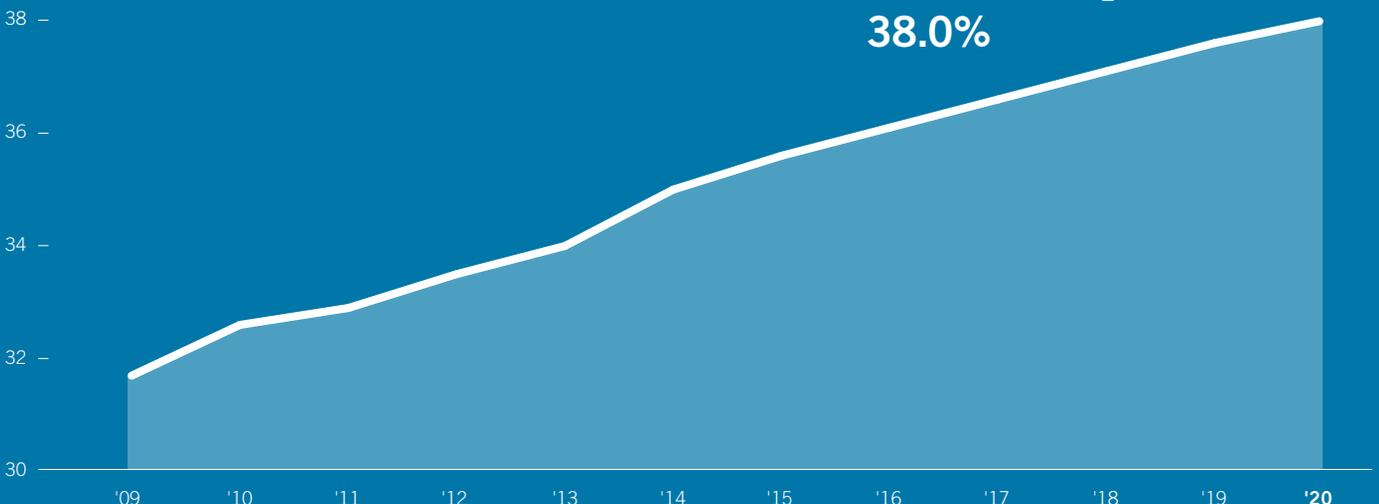


+12.8%
US\$4,206 million

12th consecutive year of record first half gross profit margin

Gross Profit Margin

%



+40 bps
38.0%

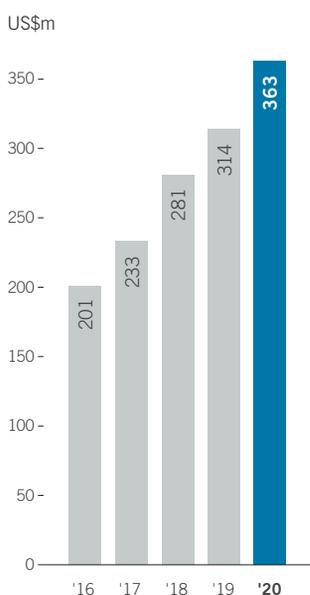
For the six-month period ended June 30, 2020

	2020 US\$' million	2019 US\$' million	Changes
Revenue	4,206	3,728	+12.8%
Gross profit margin	38.0%	37.6%	+40 bps
EBIT	363	314	+15.6%
Profit attributable to Owners of the Company	332	285	+16.3%
EPS (US cents)	18.14	15.61	+16.2%
Interim dividend per share (approx. US cents)	6.82	5.79	+17.8%

EBIT

+15.6%

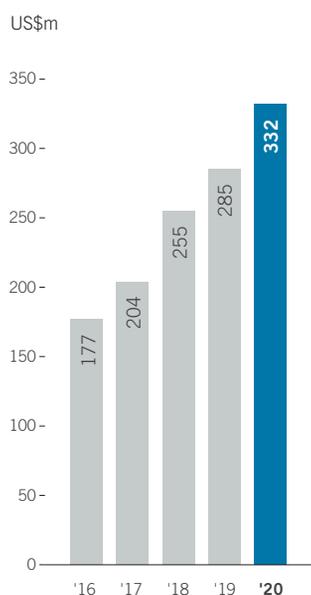
US\$363 million



Net Profit

+16.3%

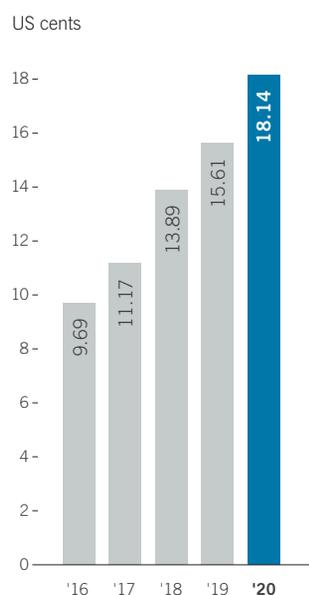
US\$332 million



EPS

+16.2%

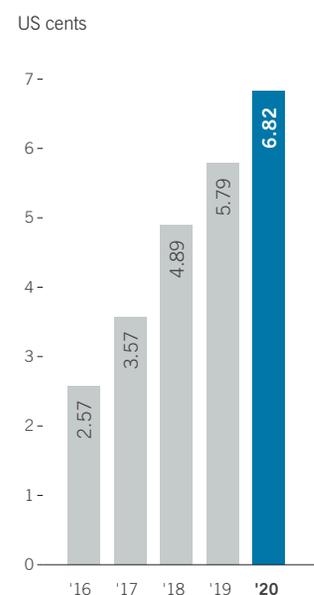
US18.14 cents



Interim Dividend per Share

+17.8%

US6.82 cents



Management's Discussion and Analysis

Review of Operations

Impressive Results

We are pleased to announce that TTI delivered exceptional results for the first half of 2020. We grew sales 12.8% to US\$4.2 billion in reported currency or 14.0% in local currency. Our gross margin improved an additional 40 basis points to 38.0%. EBIT grew 15.6% to US\$363 million. Net profit and earnings per share increased 16.3% and 16.2% respectively, to US\$332 million and approximately US18.14 cents per share. In addition, we improved working capital percent of sales from 18.4% to 15.8%.

When the coronavirus emerged, we immediately implemented world-class safety protocols throughout all manufacturing operations, distribution centers, R&D centers, headquarter offices, and sales force networks. By complying carefully with local authorities around the world, we were able to quickly resume full scale production and supply chain capabilities. We identified an opportunity to support our customers and capture market share early in the second quarter, so we made the bold decision to increase production, accelerate new product development and expand sales coverage globally. Due to our efficient execution of coronavirus safety protocols and our aggressive initiatives, we were not only able to support our customers' requirements for inventory and store level sales support, but we also outgrew the market and captured significant market share.

We are pleased to report that all our geographic regions delivered impressive local currency sales growth in the first half, in the face of challenging coronavirus headwinds. North America delivered outstanding growth of 14.5%. Europe grew 8.2%, despite being hard hit by the coronavirus. Rest-of-World, including Australia, New Zealand and Asia delivered exciting overall sales growth of 21.0%.

We worked closely with our retail partners to develop and fortify the e-commerce channel. We were highly successful not only in e-commerce but "Buy Online Pickup In Store". Clearly, e-commerce is a growing and crucial part of our future and we are now well positioned to further capitalize on this element of our business model in the second half and beyond.

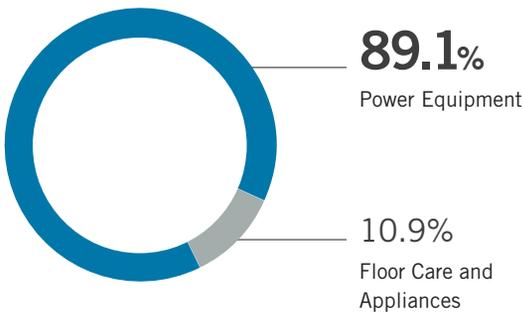
TTI continued to successfully deploy our long-term strategic initiatives in the first half. We launched a wave of exciting new products, accelerated future product development, expanded our global sales network, improved manufacturing productivity and strengthened our supply chain. Throughout the past months, our management team rapidly pivoted to an environment of virtual management and training. Additionally, we hired hundreds of new college graduates, both in engineering and sales and marketing positions to fuel additional growth. The result of these investments was that we not only delivered a strong first half, but importantly, we have positioned our company for long-term success in our served markets.



MILWAUKEE MX FUEL Equipment System

US\$3.7 billion Sales in Power Equipment

Sales by Business



Business Review

Power Equipment

The core Power Equipment segment delivered 14.0% growth in local currency, reaching sales of over US\$3.7 billion. All elements of Power Equipment delivered strong results.

Professional and Industrial Solutions

Our MILWAUKEE professional business grew 13.3%, driven by a growing stream of exciting breakthrough new products. In the first half, we successfully introduced our revolutionary MX FUEL Equipment System, a series of new M18 and M12 cordless products, an expanded line of PACKOUT, a new line of Personal Protective Equipment (PPE) safety products, and a series of high-performance power tool accessories. These new product introductions enabled us to offset global headwinds and perpetuate the growth momentum in this flagship business.



AEG

RYOBI

Homelite®



IMPERIAL BLADES



HART



MILWAUKEE M18 FUEL 30 Degree Framing Nailer

Management's Discussion and Analysis

The launch of the MILWAUKEE MX FUEL Equipment System allows us to enter the multi-billion dollar light equipment segment. With disruptive cordless breakthrough technology that replaces traditional gas and corded power sources, the MX FUEL Equipment range has been well received by industrial users all over the world.

We are focused on expanding our MILWAUKEE PPE lineup that currently offers over 225 products in the categories of hard hats, eye protection, hearing protection, high visibility vests, respirators, and work gloves. The latest additions are two new ranges of work gloves with innovative features that offer protection from cut, impact, abrasion, or other jobsite applications users may encounter.



We are expanding the revolutionary MILWAUKEE PACKOUT system to meet the professional's growing tool storage needs. Now with 22 unique products, PACKOUT is the largest professional storage system in the world. New innovations to the system include the PACKOUT Compact Tool Box, the PACKOUT 16QT cooler, and the 106-piece Ratchet and Socket PACKOUT Organizer.

Consumer Power Tools & Outdoor Products

Today RYOBI is the number one brand of DIY cordless products in the world with over 175 items in the ONE+ platform. We are excited to announce the new generation of RYOBI ONE+ HP high-performance brushless power tools that will further strengthen our position in the growing global DIY arena. This initial launch of six subcompact high-performance tools will set a new standard of performance for the DIYer, with additional innovations to come. We also rolled out the new RYOBI ONE+ cleaning system featuring a series of innovative cordless cleaning products and accessories.



The RYOBI Outdoor business delivered impressive double-digit growth in the first half, led by our global leadership range of cordless mowers. With environmentally friendly products capable of replacing gas powered alternatives, the RYOBI 40V cordless platform continues to expand while pioneering innovations like the breakthrough WHISPER series blowers. These WHISPER series blowers deliver all the power without the noise of a gas-powered product.

A key strength of the RYOBI business is the overarching range of cordless products that span from power tools to outdoor, and many other categories.

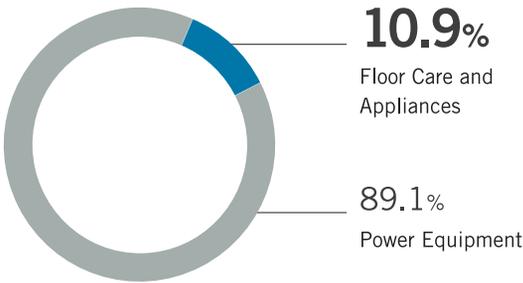




HOOVER ONEPWR Cleaning System

US\$458 million Sales in Floor Care and Appliances

Sales by Business



ORECK

vax

Dirt Devil

Floor Care and Appliances

We have worked hard to successfully transform our global Floor Care business with an exciting range of new products and a streamlined business model. The global Floor Care business grew 13.6% in local currency for the first half of 2020 with sales of over US\$458 million. North America, UK, and Australia all delivered a strong performance. This growth was driven by the rollout of the ONEPWR cordless system and by the introduction of a series of new carpet cleaning products. We enter the second half of 2020 with strong momentum in global floor care.



HOOVER SMARTWASH PET Complete Automatic Carpet Cleaner

Management's Discussion and Analysis

Outlook

We are well positioned to deliver a strong second half, and importantly a strong future. Our expanding global manufacturing network continues to deliver consistent, outstanding productivity gains and we are working hard to offset and minimize the impact of challenging headwinds.

Our bold decision to increase investments in expanding manufacturing capacity, inventory, new product development, sales coverage and geographic expansion led to significant market share gains in the first half. We continue to focus on things we can control, such as rigorously managing non-strategic SG&A spend. New product development is a core strength of TTI, and our new product flow continues to accelerate. We continue to aggressively invest in this high-speed, world class process so that we can bring to market a stream of high margin new products with cutting edge technology. In summary, we are well positioned to deliver a strong second half and excellent financial performance in the years ahead.

Financial Review

Financial Results

Reported revenue for the period grew by 12.8% as compared to the same period last year, amounting to US\$4,206 million. Profit attributable to Owners of the Company amounted to US\$332 million as compared to US\$285 million reported in the same period last year, an increase of 16.3%. Basic earnings per share was at US18.14 cents (2019: US15.61 cents), an increase of 16.2%.

EBIT amounted to US\$363 million, an increase of 15.6% as compared to the US\$314 million reported in the same period last year.

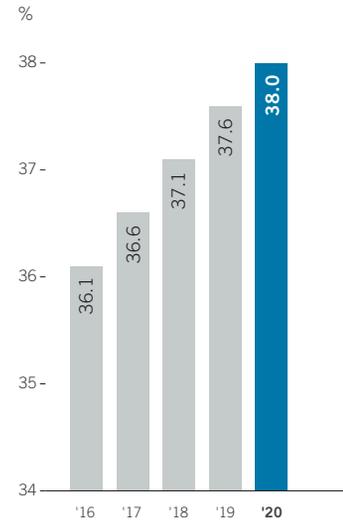
Result Analysis

Gross Margin

Gross margin improved to 38.0% as compared to 37.6% reported in the same period last year. The margin improvement was the result of new product introduction, product mix, category expansion, improvements in operational efficiency and supply chain productivity together with very effective action plans to mitigate the tariffs impact.

Gross Profit Margin

38.0%
(+40 bps)



Operating Expenses

Total operating expenses for the period amounted to US\$1,240 million as compared to US\$1,093 million reported for the same period last year, representing 29.5% of revenue (2019: 29.3%). During the period under review, R&D spent remains at 2.9% of revenue (2019: 2.9%). The increase in 20 bps is mainly due to our investments in strategic SG&A while leveraging on savings from non-strategic administrative spend.

Net interest expenses for the period amounted to US\$7 million as compared to US\$7 million reported for the same period last year, representing 0.2% of revenue (2019: 0.2%). Interest cover, expressed as a multiple of EBITDA to total interest was at 20.9 times (2019: 19.3 times).

Effective tax rate for the period was at 6.9% (2019: 7.1%).

Liquidity and Financial Resources

Shareholders' Funds

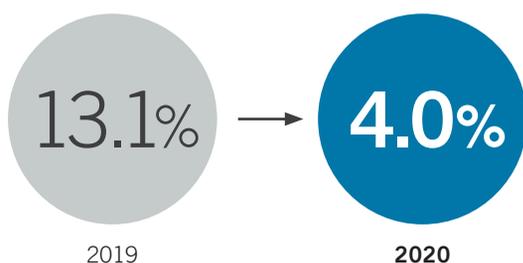
Total shareholders' funds amounted to US\$3.6 billion, an increase of 5.7% as compared to December 31, 2019. Book value per share was US\$1.96 as compared to US\$1.85 at December 31, 2019, an increase of 5.9%.

Financial Position

The Group continued to maintain a strong financial position. As at June 30, 2020, the Group's cash and cash equivalents amounted to US\$1,715 million (US\$1,412 million at December 31, 2019) after the payment of US\$136.7 million dividend during the period (US\$117.6 million in first half 2019), of which 50.0%, 28.2%, 13.0%, and 8.8% were denominated in US\$, RMB, EUR and other currencies respectively.

The Group's net gearing, expressed as a percentage of total net borrowings (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, improved to 4.0% as compared to 13.1% as at June 30, 2019. The Group remains confident that gearing will further improve by end of the year.

Net Gearing



Bank Borrowings

Long term borrowing accounted for 50.1% of total debts (52.9% at December 31, 2019).

The Group's major borrowings continued to be in US\$. Borrowings are predominantly LIBOR based. There is a natural hedge mechanism in place as the Group's major revenues are in US Dollars and currency exposure therefore is low. Currency, interest rate exposure, and cash management functions are all being closely monitored and managed by the Group's treasury team.

Working Capital

Total inventory was at US\$2,327 million as compared to US\$1,961 million as at June 30, 2019. Days inventory increased by 8 days from 94 days to 102 days. The higher inventory days as compared with same period last year was mainly due to the strategic decision to carry a higher level of inventory to support our service level in considering our high growth momentum. The Group will continue to focus on managing the inventory level and improve inventory turns.

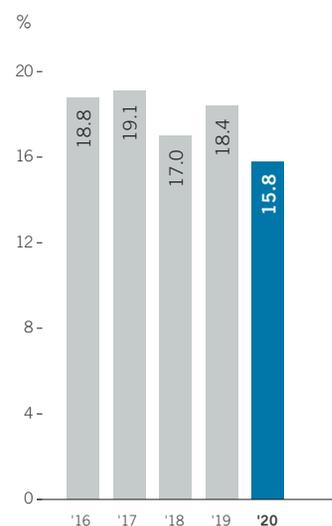
Trade receivables turnover days were at 65 days as compared to 63 days as at June 30, 2019. Excluding the gross up of the receivables factored which is without recourse in nature, receivables turnover days was at 62 days as compared to 61 days as at June 30, 2019. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days were 109 days as compared to 91 days as at June 30, 2019. The Group has been able to leverage on the volume, order visibility and financial strength to further enhance over trade terms with suppliers.

Working capital as a percentage of sales was at 15.8% as compared to 18.4% for the same period last year.

Working Capital as a Percentage of Sales

15.8%



Capital Expenditures

Total capital expenditures for the period amounted to US\$117 million (2019: US\$253 million).

Capital Commitments and Contingent Liabilities

As at June 30, 2020, total capital commitments for the acquisition of property, plant and equipment contracted for but not provided amounted to US\$60 million (2019: US\$34 million), and there were no material contingent liabilities or off balance sheet obligations.

Charges

None of the Group's assets are charged or subject to encumbrance.

Management's Discussion and Analysis

Human Resources

The Group employed a total of 34,082 employees (29,536 employees as at June 30, 2019) in Hong Kong and overseas. Total staff cost for the period under review amounted to US\$668 million as compared to US\$625 million in the same period last year.

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improve the quality, competence and skills of all employees. It provides job related training and leadership development programs throughout the organization. The Group continues to offer competitive remuneration packages, discretionary share options, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

Interim Dividend

The Directors have resolved to declare an interim dividend of HK53.00 cents (approximately US6.82 cents) (2019: HK45.00 cents (approximately US5.79 cents)) per share for the six-month period ended June 30, 2020. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 4, 2020. It is expected that the interim dividend will be paid on or about September 18, 2020.

Closure of Register of Members

The register of members of the Company will be closed from September 3, 2020 to September 4, 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on September 2, 2020.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

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 12 to 25, which comprise the consolidated statement of financial position as of June 30, 2020 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 12, 2020

Condensed Consolidated Financial Statements

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

For the six-month period ended June 30, 2020

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

Condensed Consolidated Financial Statements

Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2020

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

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

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

Condensed Consolidated Financial Statements

Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended June 30, 2020

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

Condensed Consolidated Financial Statements

Consolidated Statement of Cash Flows (Unaudited)

For the six-month period ended June 30, 2020

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

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

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Basis of preparation

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

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

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

2. Significant accounting policies

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

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

Application of amendments to HKFRSs

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

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

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

2. Significant accounting policies (continued)

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

2.1.1 Accounting policies

Hedge accounting

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

Assessment of hedging relationship and effectiveness

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

Cash flow hedges

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

2.1.2 Transition and summary of effects

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

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Segment information

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

For the period ended June 30, 2020

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

For the period ended June 30, 2019

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

Inter-segment sales are charged at prevailing market rates.

Six-month period ended June 30

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

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

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

4. Revenue

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

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

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

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

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

5. Taxation charge

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

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

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

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

6. Profit for the period

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

7. Dividends

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

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

8. Earnings per share

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

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

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

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

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

10. Trade and other receivables/Bills receivable

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

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

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

11. Trade receivables from associates

The trade receivables from associates are aged within 120 days.

12. Trade and other payables/Bills payable

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

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

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

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

13. Unsecured borrowings

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

14. Share capital

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

15. Contingent liabilities

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

16. Fair value measurements of financial instruments

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

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

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

16. Fair value measurements of financial instruments (continued)

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

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

17. Capital commitments

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

Corporate Governance and Other Information

Directors' and Chief Executive's Interests

As at June 30, 2020, 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	149,768,500 ⁽²⁾	97,000	366,785,294	20.03%
	Interests of spouse	760,000	—		
	Interests of controlled corporation	216,159,794 ⁽³⁾	—		
Mr Stephan Horst Pudwill	Beneficial owner	5,009,500 ⁽⁴⁾	2,750,000	41,767,000	2.28%
	Beneficiary of a trust	34,007,500 ⁽⁵⁾	—		
Mr Joseph Galli Jr	Beneficial owner	8,806,000 ⁽⁶⁾	—	8,806,000	0.48%
Mr Kin Wah Chan	Beneficial owner	25,000 ⁽⁷⁾	2,700,000	2,725,000	0.15%
Mr Chi Chung Chan	Beneficial owner	300,000 ⁽⁸⁾	2,600,000	2,900,000	0.16%
Prof Roy Chi Ping Chung GBS BBS JP	Beneficial owner	49,005,948	497,000	86,577,978	4.73%
	Interests of controlled corporation	37,075,030 ⁽⁹⁾	—		
Mr Camille Jojo	Beneficial owner	189,500 ⁽¹⁰⁾	197,000	386,500	0.02%
Mr Christopher Patrick Langley OBE	Beneficial owner	200,000	347,000	547,000	0.03%
Mr Peter David Sullivan	Beneficial owner	—	497,000	497,000	0.03%
Mr Vincent Ting Kau Cheung	Beneficial owner	4,240,000	147,000	4,387,000	0.24%
Mr Johannes-Gerhard Hesse	Beneficial owner	—	332,000	332,000	0.02%
Mr Robert Hinman Getz	Beneficial owner	45,674	75,000	120,674	0.01%

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 450,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2020. 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 25,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2020. 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 1,257,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2020 and 4,000,000 awarded shares which were agreed to be granted to Mr Galli in the year between 2021 and 2024 in four equal tranches (i.e. 1,000,000 awarded shares per year) provided the Company meets certain performance criteria. 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 25,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2020. 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 25,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2020. 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.
- (10) These included Mr Camille Jojo’s interests in 100,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2020. Details of Mr Camille Jojo’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, 2020.

Share Options

The following tables disclose movements in the Company's share options during the six-month period ended June 30, 2020:

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	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
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
Mr Stephan Horst Pudwill	20.3.2014	D	1,000,000	—	(250,000)	—	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	20.3.2014	D	1,000,000	—	(300,000)	—	700,000	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 Chi Chung Chan	20.3.2014	D	600,000	—	—	—	600,000	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
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
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
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
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
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
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
Mr Peter David Sullivan	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
Mr Vincent Ting Kau Cheung	14.3.2018	E	50,000	—	—	—	50,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
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
Mr Robert Hinman Getz	15.5.2020	E	—	75,000	—	—	75,000	65.250	15.5.2021 – 14.5.2030
Total for directors			9,787,500	1,575,000	(1,123,500)	—	10,239,000		

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	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
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 – 13.3.2028
Total for employees		670,000	—	(20,000)	—	650,000			
Total for all categories		10,457,500	1,575,000	(1,143,500)	—	10,889,000			

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, 2020					
15.5.2020	65.250	3 years	38%	0.273%	1.5%

The share options are vested in parts over 1 to 3 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\$63.80.

The closing price of the Company's shares immediately before the date on which the share options were granted was HK\$63.80.

The weighted average closing price of the Company's shares immediately before various dates on which the share options were exercised was HK\$59.96.

The fair value of the share options granted in the period measured at the date on which the share options were granted was HK\$15.26. The weighted average fair value of the share options granted in the period was HK\$15.26 per option.

- (4) The Group recognized a total expense of US\$1,466,000 for the six-month period ended June 30, 2020 in relation to share options granted by the Company.
- (5) The Company had 10,889,000 share options outstanding, which represented approximately 0.59% of the issued share capital of the Company as at June 30, 2020.
- (6) Total securities available for issue under Scheme D are 150,505,065 shares, which represented approximately 8.22% of the issued shares of the Company as at June 30, 2020. Total securities available for issue under Scheme E are 183,299,194 shares, which represented approximately 10.01% of the issued shares of the Company as at June 30, 2020.

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

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

Share Award Scheme

The Company has adopted two share award schemes, namely the 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:

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.

Since the 2008 Adoption Date and up to June 30, 2020, 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. No recognition of share-based payment expenses under the 2008 Share Award Scheme during the period was incurred. During the period ended June 30, 2020, no share was transferred to the Selected Grantees upon vesting under the 2008 Share Award Scheme and no total payout, including related expenses was incurred.

Since the 2018 Adoption Date and up to June 30, 2020, a total of 3,736,500 shares had been awarded under the 2018 Share Award Scheme, representing 0.20% 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\$2,937,000. During the period ended June 30, 2020, a total of 1,012,500 shares had been awarded under the 2018 Share Award Scheme to two Directors of the Company, representing 0.06% of the issued share capital of the Company as at the 2018 Adoption Date. The total payout, including related expenses, amounted to US\$5,783,000. In addition, during the period ended June 30, 2020, 703,500 shares were transferred to six Directors and certain Selected Grantees upon vesting under the 2018 Share Award Scheme. As at June 30, 2020, details of the awarded shares granted to the Directors of the Company 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, 2020	Vesting Period	Closing price at the Date of Award
				As at January 1, 2020	Awarded during the period	Vested during the period	Lapsed during the period			
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	—	—	—	—	23.3.2018 – 23.3.2019	HK\$32.15	
	21.3.2018	2018	500,000	375,000	—	(125,000)	250,000	15.3.2019 – 15.3.2022	HK\$47.00	
	20.5.2019	2018	300,000	300,000	—	(100,000)	200,000	20.5.2020 – 20.5.2022	HK\$50.20	
Mr Stephan Horst Pudwill	15.10.2015	2008	100,000	—	—	—	—	15.10.2016	HK\$27.10	
	21.3.2018	2018	50,000	37,500	—	(12,500)	25,000	15.3.2019 – 15.3.2022	HK\$47.00	
Mr Joseph Galli Jr ⁽⁴⁾	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	
	21.3.2018	2018	514,000	385,500	—	(128,500)	257,000	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 2.1.2025	HK\$64.70	
Mr Kin Wah Chan	15.10.2015	2008	100,000	—	—	—	—	15.10.2016	HK\$27.10	
	21.3.2018	2018	50,000	37,500	—	(12,500)	25,000	15.3.2019 – 15.3.2022	HK\$47.00	
Mr Chi Chung Chan	15.10.2015	2008	100,000	—	—	—	—	15.10.2016	HK\$27.10	
	21.3.2018	2018	50,000	37,500	—	(12,500)	25,000	15.3.2019 – 15.3.2022	HK\$47.00	
Mr Camille Jojo	4.1.2017	2008	11,500	—	—	—	—	4.1.2017	HK\$28.00	
	8.1.2018	2008	10,500	—	—	—	—	8.1.2018	HK\$51.50	
	2.1.2019	2018	10,000	—	—	—	—	2.1.2019	HK\$41.10	
	20.5.2019	2018	150,000	150,000	—	(50,000)	100,000	20.5.2020 – 20.5.2022	HK\$50.20	
	3.1.2020	2018	12,500	—	12,500	(12,500)	—	3.1.2020	HK\$64.70	
Total			6,582,500	1,323,000	1,012,500	(453,500)	—	1,882,000		

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\$44.38. The average fair value of the awarded shares is based on the average purchase cost.
- (3) During the reporting period, a total of 850,000 shares were purchased at an aggregate consideration of US\$6,406,000 for satisfying the awards granted pursuant to the 2008 Share Award Scheme and the 2018 Share Award Scheme.
- (4) As to the agreement for the separate 5,000,000 awarded shares to be granted to Mr Joseph Galli Jr between 2020 and 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 tranche of 1,000,000 shares was awarded to Mr Galli on January 3, 2020. Details of the remaining 4,000,000 awarded shares to be granted as disclosed above are not included.

Substantial Shareholders' Interests

As at June 30, 2020, 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
Artisan Partners Asset Management Inc. ⁽¹⁾	94,073,945	(L)	5.14%
JPMorgan Chase & Co. ⁽²⁾	145,817,008	(L)	7.96%
	7,359,056	(S)	0.40%
	43,617,553	(LP)	2.38%
The Bank of New York Mellon Corporation ⁽³⁾	105,230,768	(L)	5.75%
	34,639,690	(S)	1.89%
	63,969,109	(LP)	3.49%

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

Notes:

(1) The following is a breakdown of the interest in shares in the Company held by Artisan Partners Asset Management Inc.:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
Artisan Partners Asset Management Inc.	(1a)	—	—	94,073,945	(L)	5.14%
Artisan Partners Holdings LP	(1b)	—	—	94,073,945	(L)	5.14%
Artisan Investments GP LLC	(1b)	—	—	94,073,945	(L)	5.14%
Artisan Partners Limited Partnership	(1b)	94,073,945	(L)	—	—	5.14%

Remarks:

- (1a) Artisan Partners Asset Management Inc. is listed on The New York Stock Exchange. The capacity of Artisan Partners Asset Management Inc. in holding the 94,073,945 shares of long position was as controlled corporation.
- (1b) Artisan Partners Holdings LP, Artisan Investments GP LLC and Artisan Partners Limited Partnership were all directly or indirectly owned by Artisan Partners Asset Management Inc. and by virtue of the SFO, Artisan Partners Asset Management Inc. was deemed to be interested in the shares held by these subsidiaries.

Notes: (continued)

(2) 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.	(2a)	—	—	145,817,008	(L)	7.96%
		—	—	7,359,056	(S)	0.40%
		—	—	43,617,553	(LP)	2.38%
JPMorgan Asset Management (Taiwan) Limited	(2b)	491,000	(L)	—	—	0.03%
J.P. Morgan AG	(2b)	18,000	(L)	—	—	0.00%
J.P. Morgan Securities LLC	(2b)	474,977	(L)	—	—	0.03%
		404,732	(S)	—	—	0.02%
JPMORGAN CHASE BANK, N.A. - LONDON BRANCH	(2b)	43,617,553	(L)	—	—	2.38%
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	(2b)	4,091,000	(L)	—	—	0.22%
J.P. Morgan Investment Management Inc.	(2b)	69,464,500	(L)	—	—	3.79%
JPMorgan Asset Management (Japan) Limited	(2b)	819,772	(L)	—	—	0.04%
J.P. Morgan Trust Company of Delaware	(2b)	50,480	(L)	—	—	0.00%
JPMorgan Chase Bank, National Association	(2b)	6,675,496	(L)	—	—	0.36%
JPMorgan Asset Management (Asia Pacific) Limited	(2b)	11,441,000	(L)	—	—	0.62%
J.P. MORGAN SECURITIES PLC	(2b)	8,673,230	(L)	—	—	0.47%
		6,954,324	(S)	—	—	0.38%
JPMorgan Asset Management (Asia) Inc.	(2b)	—	—	12,751,772	(L)	0.70%
JPMorgan Asset Management Holdings Inc.	(2b)	—	—	86,307,272	(L)	4.71%
JPMorgan Chase Holdings LLC	(2b)	—	—	86,832,729	(L)	4.74%
		—	—	404,732	(S)	0.02%
J.P. Morgan International Finance Limited	(2b)	—	—	8,691,230	(L)	0.47%
		—	—	6,954,324	(S)	0.38%
JPMorgan Chase Bank, National Association	(2b)	—	—	52,308,783	(L)	2.86%
		—	—	6,954,324	(S)	0.38%
J.P. Morgan Broker-Dealer Holdings Inc.	(2b)	—	—	474,977	(L)	0.03%
		—	—	404,732	(S)	0.02%
JPMORGAN ASSET MANAGEMENT HOLDINGS (UK) LIMITED	(2b)	—	—	4,091,000	(L)	0.22%
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	(2b)	—	—	4,091,000	(L)	0.22%
J.P. Morgan Equity Holdings, Inc.	(2b)	—	—	50,480	(L)	0.00%
J.P. MORGAN CAPITAL HOLDINGS LIMITED	(2b)	—	—	8,673,230	(L)	0.47%
		—	—	6,954,324	(S)	0.38%

Corporate Governance and Other Information

Substantial Shareholders' Interests (continued)

Notes: (continued)

Remarks:

- (2a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 145,817,008 shares of long position, 7,359,056 shares of short position and 43,617,553 shares of lending pool respectively was as controlled corporation.
- (2b) JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan AG, J.P. Morgan Securities LLC, JPMORGAN CHASE BANK, N.A. - LONDON BRANCH, JPMORGAN ASSET MANAGEMENT (UK) LIMITED, J.P. Morgan Investment Management 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 (Asia) Inc., JPMorgan Asset Management Holdings Inc., JPMorgan Chase Holdings LLC, J.P. Morgan International Finance Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Broker-Dealer Holdings Inc., JPMORGAN ASSET MANAGEMENT HOLDINGS (UK) LIMITED, JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED, 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.
- (3) The following is a breakdown of the interest in shares in the Company held by The Bank of New York Mellon Corporation:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
The Bank of New York Mellon Corporation	(3a)	—	—	105,230,768	(L)	5.75%
		—	—	34,639,690	(S)	1.89%
		—	—	63,969,109	(LP)	3.49%
The Bank of New York Mellon	(3b)	105,171,438	(L)	—	—	5.74%
		34,639,690	(S)	—	—	1.89%
B.N.Y. Holdings (Delaware) Corporation	(3b)	—	—	400	(L)	0.00%
BNY Mellon Trust of Delaware	(3b)	400	(L)	—	—	0.00%
BNY Mellon, National Association	(3b)	58,930	(L)	—	—	0.00%

Remarks:

- (3a) 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 105,230,768 shares of long position, 34,639,690 shares of short position and 63,969,109 shares of lending pool respectively was as controlled corporation.
- (3b) The Bank of New York Mellon, B.N.Y. Holdings (Delaware) Corporation, BNY Mellon Trust of Delaware and BNY Mellon, National Association were 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, 2020.

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, 2020, 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 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, 2020.

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 Director's Emoluments

Mr Robert Hinman Getz, an Independent Non-executive Director, was appointed as member of the Audit Committee with effect from August 12, 2020. Mr Robert Hinman Getz is entitled to the Audit 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 850,000 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 12, 2020

Corporate Information

Board of Directors

Group Executive Directors

Mr Horst Julius Pudwill
Chairman

Mr Stephan Horst Pudwill
Vice Chairman

Mr Joseph Galli Jr
Chief Executive Officer

Mr Patrick Kin Wah Chan
Mr Frank Chi Chung Chan

Non-executive Directors

Prof Roy Chi Ping Chung GBS BBS JP
Mr Camille Jojo

Independent Non-executive Directors

Mr Christopher Patrick Langley OBE
Mr Peter David Sullivan
Mr Vincent Ting Kau Cheung
Mr Johannes-Gerhard Hesse
Mr Robert Hinman Getz

Financial Calendar 2020

June 19	:	Final dividend payment for 2019
June 30	:	Six-month interim period end
August 12	:	Announcement of 2020 interim results
September 2	:	Last day to register for 2020 interim dividend
September 3-4	:	Book closure for 2020 interim dividend
September 18	:	Interim dividend payment for 2020
December 31	:	Financial year end

Investor Relations Contact

Investor Relations and Communications
Techtronic Industries Co. Ltd.
29/F, Tower 2
Kowloon Commerce Centre
51 Kwai Cheong Road
Kwai Chung, N.T.
Hong Kong
email: ir@tti.com.hk

Website

www.ttigroup.com
Earnings results, annual/interim reports are available online.

Listing Information

The Stock Exchange of Hong Kong Limited
Ordinary Shares (stock code: 669)
ADR Level 1 Programme (symbol: TTNDY)

Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1888

ADR Depository

The Bank of New York

Principal Bankers

Bank of America, N.A.
Bank of China
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank N.A.
MUFG Bank, Ltd.
Mizuho Bank, Ltd., Hong Kong Branch

Solicitors

Vincent T.K. Cheung, Yap & Co.

Auditor

Deloitte Touche Tohmatsu

Company Secretary

Ms Veronica Ka Po Ng

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