



## Interim Report **2021**

### MILWAUKEE M12 FUEL 3/8" Extended Reach Ratchet

The M12 FUEL 3/8" Extended Reach Ratchet is the latest addition to our best-in-class line-up of battery powered ratchets. These MILWAUKEE M12 FUEL ratchets provide industry leading torque output with a slim head profile and an extended neck that gives you the longest reach in tight spaces. The 3/8" cordless ratchet provides the performance of a pneumatic ratchet with up to 55 ft-lbs max torque, the same torque output as our M12 FUEL Ratchets.





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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 Floorcare 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 like 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 constituent stocks. The Company maintains a powerful brand portfolio, global manufacturing and product development footprint, healthy financial position with record 2020 worldwide sales of US\$9.8 billion and over 48,000 employees.

# Financial Highlights

Revenue  
US\$m

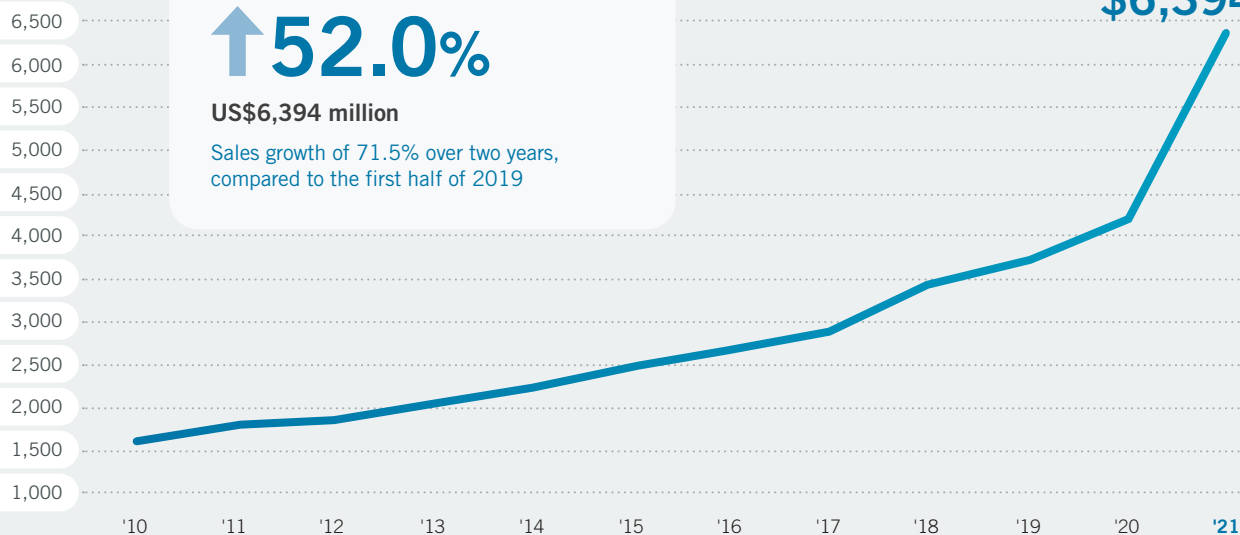
12<sup>th</sup> consecutive year of  
**record first half revenue**

**↑52.0%**

**US\$6,394 million**

Sales growth of 71.5% over two years,  
compared to the first half of 2019

**\$6,394**



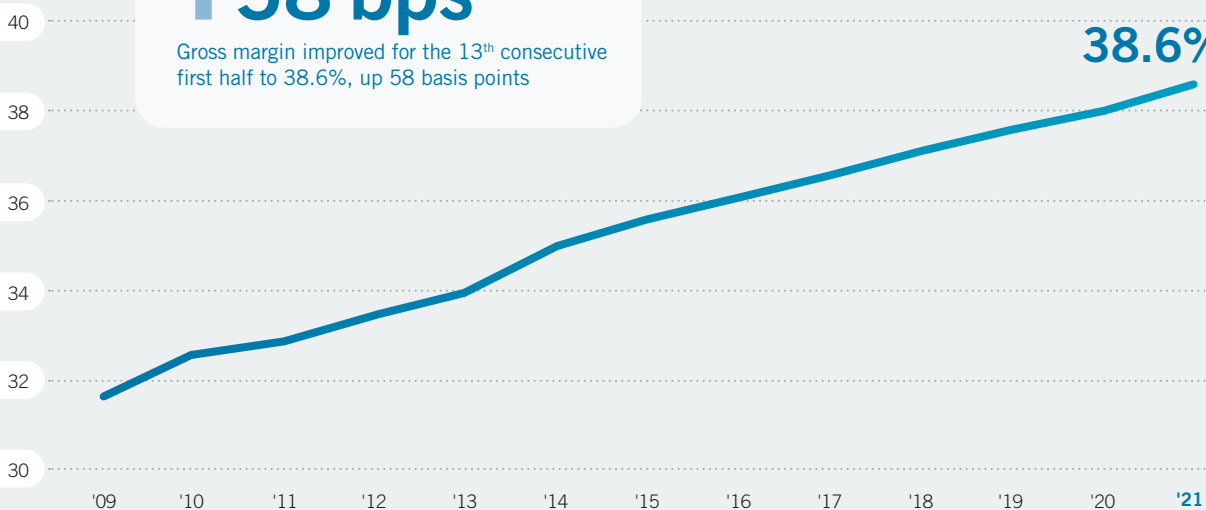
Gross Profit Margin  
%

13<sup>th</sup> consecutive year of  
**record first half gross profit margin**

**↑58 bps**

Gross margin improved for the 13<sup>th</sup> consecutive first half to 38.6%, up 58 basis points

**38.6%**



For the six-month period ended June 30, 2021

## Financial Highlights

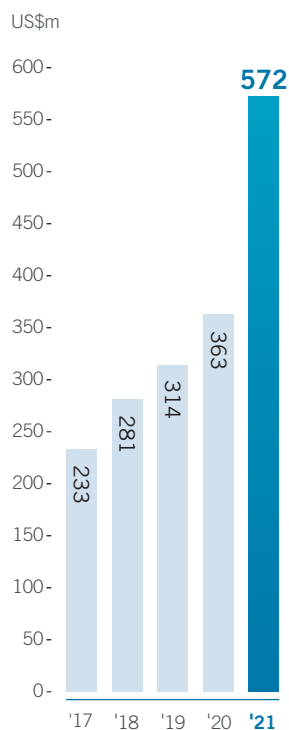
	2021 US\$' million	2020 US\$' million	Changes
Revenue	6,394	4,206	+52.0%
Gross profit margin	38.6%	38.0%	+58 bps
EBIT	572	363	+57.4%
Profit attributable to Owners of the Company	524	332	+57.9%
EPS (US cents)	28.62	18.14	+57.8%
Interim dividend per share (approx. US cents)	10.94	6.82	+60.4%

### EBIT

**↑57.4%**

US\$572 million

EBIT increased 57.4% to US\$572 million

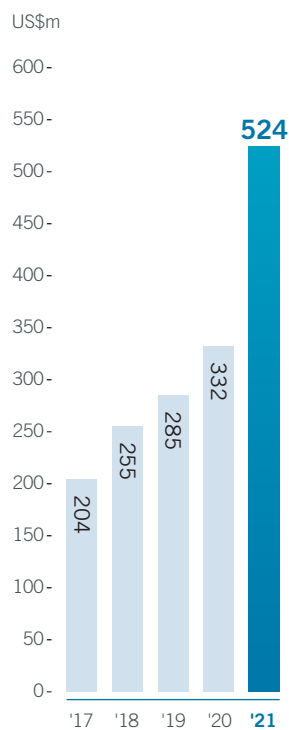


### Net Profit

**↑57.9%**

US\$524 million

Net profit rose 57.9% to US\$524 million

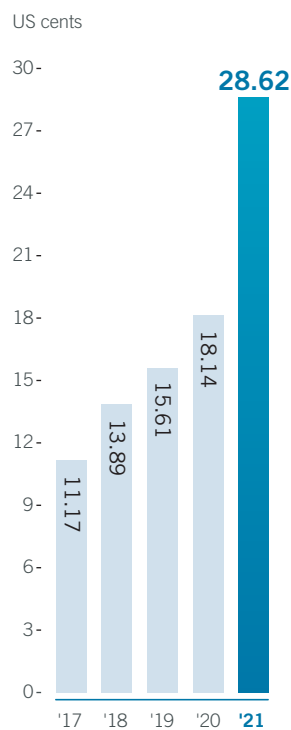


### EPS

**↑57.8%**

US28.62 cents

Earnings per share increased 57.8%

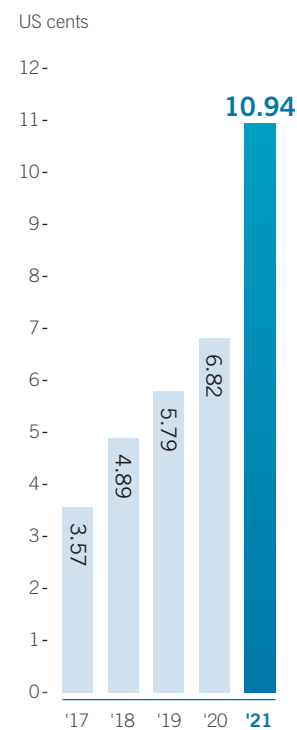


### Interim Dividend per Share

**↑60.4%**

US10.94 cents

The interim dividend is US10.94 cents per share



For the six-month period ended June 30, 2021

## Review of Operations



MILWAUKEE M18 FUEL SAWZALL Reciprocating Saw w/ ONE-KEY

We are pleased to announce that TTI delivered extraordinary results for the first half of 2021, growing sales by 52.0% to US\$6.4 billion. Gross margin improved for the 13<sup>th</sup> consecutive first half to 38.6%, and the growth in EBIT, net profit, and earnings per share all outpaced sales growth. EBIT increased 57.4% to US\$572 million, net profit rose 57.9% to US\$524 million, and earnings per share increased 57.8% to approximately US28.62 cents per share.

Working capital as a percent of sales finished at 18.3%, below our goal of 20.0% or less. We continue to strategically build inventory to support our exceptional above market growth, to serve our customers with consistently high service levels, and to insulate us from potential critical component shortages.

Every one of our geographic regions and business units delivered impressive sales growth in the first half. North America grew 50.2%, Europe grew 62.3% and Rest-of-World grew 50.0%.

The TTI logistics team has done a fantastic job managing through the surge in demand across all targeted geographic markets. Our long term relationships with key suppliers have enabled us to navigate through global supply challenges.

The first half capital expenditure spending of US\$245 million reflects our strategy of making bold investments in our future. We continue investing in manufacturing, distribution and productivity throughout our worldwide operations. These strategic investments will allow us to continue to deliver strong growth in the future while accelerating the pace of new product development.

We have focused on building out a world-class e-commerce capability that is flourishing and delivering exceptional results. We have worked closely with our customers, augmenting our powerful physical store distribution network with well-choreographed direct fulfilment support, online engagement, and new media content. E-commerce is an essential strategic element of our go-to-market strategy and we are committed to further developing this area with our business partners.

Our first half results clearly demonstrate our leadership position, momentum, and future potential. The onslaught of innovative, demonstrably better, technologically advanced new products we are bringing to market allow us to achieve sales levels in excess of our competition. Our high-speed new product machine allows us to expand the market and capture market share while we continue to improve gross margin to record levels. We continue to improve gross margin year after year, allowing us to self-fund strategic SG&A investments to drive even more growth. These SG&A investments resulted in a strong first half, but more importantly, position our company for continued long-term success.

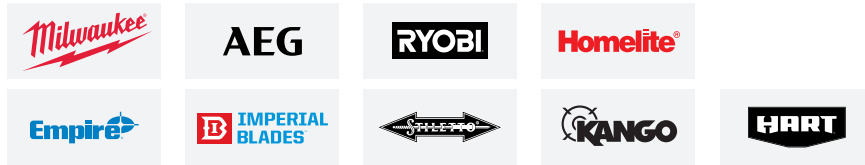


### MILWAUKEE MX FUEL Backpack Concrete Vibrator

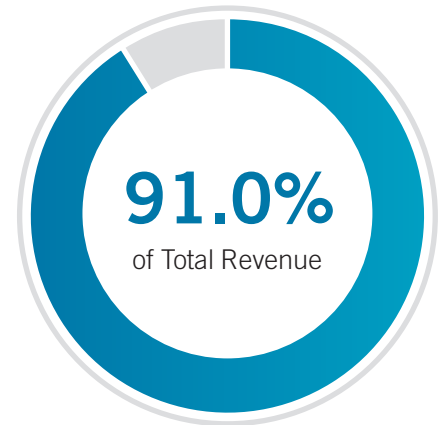
provides consistent starts and the most reliable pours with the power to push up to 2-½" heads, no gas headaches, consolidating up to 70 yds<sup>3</sup> per charge with a 1-½" head and 7' shaft. It can accept whips up to 21 ft long without sacrificing power.

## Business Review

# Power Equipment



Sales in Power Equipment  
**US\$5.8 billion**



The TTI Power Equipment segment delivered sales growth of 55.3% to US\$5.8 billion. All geographies and business units contributed to this stellar performance.

### MILWAUKEE

Our flagship Milwaukee business delivered an astounding 64.1% growth globally in the first half of 2021. This record growth was propelled by a wave of innovative new product launches, combined with our focus on end user conversions and strong commercial execution. The growth momentum of this business has never been stronger, and we are excited to bring a continuous stream of new product innovations to market in the second half and beyond.

We expanded our MILWAUKEE M18 and M12 cordless leadership platforms with exciting new-to-world and next-generation products in the first half. With the addition of the M18 FUEL Small Angle Grinder, Rivet Tool, and SAWZALL reciprocating saw with ONE-KEY, the M18 platform now contains 216 products. We also expanded the M12 system's leadership position in the sub-compact market to 129 tools with the addition of the 23 Gage Pin Nailer, High-Speed Tire Buffer and Underbody Light.



**MILWAUKEE M18 FUEL 14" Abrasive Chop Saw** offers you a portable solution while generating the same power as a 15A Corded Chop Saw. It utilizes a POWERSTATE Brushless Motor, providing 4,000RPM for consistent power and cut speed.



MILWAUKEE M18 FUEL 4-1/2" / 5" Braking Grinder w/ ONE-KEY Slide Switch, Lock-On

## Management's Discussion and Analysis

The breakthrough MILWAUKEE MX FUEL Equipment system continues to convert industrial users to our clean cordless technology from traditional gas, pneumatic and corded power sources. With the introduction of the MX FUEL Concrete Vibrator, this platform now contains 11 products focused on the multi-billion-dollar light equipment segment.

We are rapidly expanding the MILWAUKEE Personal Protective Equipment (PPE) range with the addition of 102 new innovative products. Our recently launched Made-In-USA hardhats and safety helmets offer increased comfort, protection, and functionality with the MILWAUKEE BOLT system accessory slots. PPE is an important strategic focus, and we will continue to expand our innovative solutions that help users stay safe and productive on the jobsite.

### RYOBI/DIY

Our Consumer Power Tools business performed exceptionally well across all brands with solid double-digit growth in all categories and geographies.

RYOBI is the #1 DIY Cordless Tool brand in the world featuring 165 tools, 61 outdoor products, and 14 cleaning products in the 18V ONE+ battery platform. The RYOBI DIY Power Tool business delivered strong first half growth, powered by the launch of 13 new 18V ONE+ High-Performance (HP) brushless tools. With advanced technology, brushless motors, and powerful lithium ion batteries, the RYOBI HP tools have re-energized our DIY business. We will continue to invest heavily in expanding our global DIY leadership position with a continuous stream of innovative RYOBI cordless product.



The RYOBI Outdoor business delivered impressive growth in the first half, led by our global leadership range of battery powered mowers and handheld outdoor equipment. RYOBI is now the #1 battery powered mower brand offering a fleet of 30 individual mowers. Not only are our products leading the revolution to battery powered from gas products, but we are also leading the industry in reducing noise pollution. The negative effects of noise pollution are gaining awareness as local governments are now enacting legislation restricting the use of loud gas powered outdoor equipment. TTI is leading the charge away from noisy, polluting gas powered equipment to our WHISPER series of quiet lithium battery powered outdoor equipment.



#### RYOBI 18V ONE+ HP Brushless Compact 1/4" Right Angle Die Grinder

RYOBI introduces the industry's first cordless 18V Right Angle Die Grinder. The 18V ONE+ HP Brushless Compact 1/4" Die Grinder is designed to live up to professional expectations and is an ideal alternative to pneumatic tools. This powerful solution in a lightweight and compact design is ideal for automotive applications in tight spaces, and for use in areas where air hoses may get in the way or mar the work surface.



#### RYOBI 40V HP Brushless WHISPER SERIES Blower

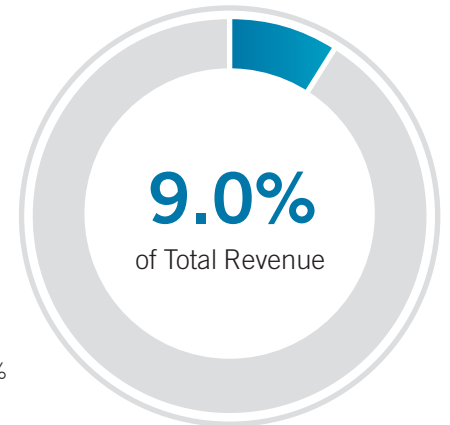
RYOBI introduces the industry's most powerful cordless handheld blower delivering an impressive 730 CFM. The powerful high performance brushless motor and jet fan design unleash 45% more power than gas while operating 7X quieter at only 57 dBs. The 40V HP Brushless WHISPER SERIES Blower truly delivers all the power without the noise.



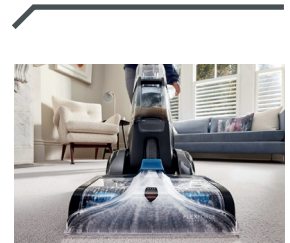
# Floorcare & Cleaning



Sales in Floorcare & Cleaning  
**US\$574 million**



Our Floorcare & Cleaning business accounted for 9.0% of total TTI Sales, with sales increasing 25.3% to US\$574 million. All geographies and business units performed well, generating US\$6.8 million of operating profit, up 90.4% from the first half of 2020. We are highly encouraged by the traction we are gaining in the strategic categories of carpet washers and formulas and we are continuing to build out the high potential HOOVER and VAX cordless ONEPWR system. Clearly, the TTI Floorcare and Cleaning business is making meaningful progress, setting the stage for strong future performance.



**VAX PLATINUM SMARTWASH Carpet Cleaner** is the UK's first carpet washer with Motion Sense technology; there is no trigger, it automatically washes and dispenses clean water and VAX Antibacterial solution when you push forward and dries when you pull back, effortlessly easy to use.

## Sustainability

We are driving sustainability by converting the market to cordless lithium battery power sources. This transition to lithium batteries will continue to result in a product range that delivers exceptional performance while addressing the inherent issues of gas and pneumatic products, including the reduction of carbon emissions, improved safety and productivity, reduced noise, and greater convenience. Our increasingly diverse and inclusive workplace drives this sustainable transition across all business units and geographic regions. We are developing a long-term plan for sustainability with environmental targets across all offices, distribution centers and manufacturing facilities worldwide.

## Outlook

At TTI, we are confident that we will continue to outperform the market in the future. We have built an exceptional world-class team and we would like to recognize our outstanding global organization for delivering strong results. We are proud of the bold, strategic decisions we have made over the past 18 months to position ourselves for a strong second half of 2021.

# Financial Review

## Financial Results

Reported revenue for the period grew by 52.0% as compared to the same period last year, amounting to US\$6,394 million. Profit attributable to Owners of the Company amounted to US\$524 million as compared to US\$332 million reported in the same period last year, an increase of 57.9%. Basic earnings per share was at US28.62 cents (2020: US18.14 cents), an increase of 57.8%.

EBIT amounted to US\$572 million, an increase of 57.4% as compared to the US\$363 million reported in the same period last year.

## Result Analysis

### Gross Margin

Gross margin improved to 38.6% as compared to 38.0% 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 navigate global supply constraints, commodity headwinds and logistic costs increase.

### Operating Expenses

Total operating expenses for the period amounted to US\$1,900 million as compared to US\$1,240 million reported for the same period last year, representing 29.7% of revenue (2020: 29.5%). During the period under review, R&D spent at 3.1% of revenue (2020: 2.9%). The increase was mainly due to the strategic investments in new products and promotional activities to maintain the sales growth momentum, margin improvements and high service levels.

Net interest expenses for the period amounted to US\$8.6 million as compared to US\$7.0 million reported for the same period last year, representing 0.1% of revenue (2020: 0.2%). Interest cover, expressed as a multiple of EBITDA to total interest was at 30.8 times (2020: 20.9 times).

Effective tax rate for the period was at 7.0% (2020: 6.9%).

## Liquidity and Financial Resources

### Shareholders' Funds

Total shareholders' funds amounted to US\$4.3 billion, an increase of 9.3% as compared to December 31, 2020. Book value per share was US\$2.33 as compared to US\$2.13 at December 31, 2020, an increase of 9.4%.

### Financial Position

The Group continued to maintain a strong financial position. As at June 30, 2021, the Group's cash and cash equivalents amounted to US\$2,270 million (US\$1,534 million at December 31, 2020) after the payment of US\$193.5 million dividend during the period (US\$136.7 million in first half 2020), of which 40.5%, 36.6%, 13.0%, and 9.9% 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, was at 14.8% as compared to 4.0% as at June 30, 2020.

### Bank Borrowings

Long term borrowing accounted for 31.7% of total debts (71.4% at December 31, 2020).

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.

## Management's Discussion and Analysis

### Working Capital

Total inventory was at US\$4,471 million as compared to US\$2,327 million as at June 30, 2020. Days inventory increased by 34 days from 102 days to 136 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 56 days as compared to 65 days as at June 30, 2020. Excluding the gross up of the receivables factored which is without recourse in nature, receivables turnover days was at 54 days as compared to 62 days as at June 30, 2020. 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 125 days as compared to 109 days as at June 30, 2020. The Group managed to leverage the volume and order visibility for better trade terms from suppliers.

Working capital as a percentage of sales was at 18.3% as compared to 15.8% for the same period last year.

### Capital Expenditures

Total capital expenditures for the period amounted to US\$245 million (2020: US\$117 million).

### Capital Commitments and Contingent Liabilities

As at June 30, 2021, total capital commitments for the acquisition of property, plant and equipment contracted for but not provided amounted to US\$267 million (2020: US\$60 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.

### Human Resources

The Group employed a total of 49,934 employees (34,082 employees as at June 30, 2020) in Hong Kong and overseas. Total staff cost for the period under review amounted to US\$1,074 million as compared to US\$668 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 HK85.00 cents (approximately US10.94 cents) (2020: HK53.00 cents (approximately US6.82 cents)) per share for the six-month period ended June 30, 2021. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 3, 2021. It is expected that the interim dividend will be paid on or about September 17, 2021.

### Closure of Register of Members

The register of members of the Company will be closed from September 2, 2021 to September 3, 2021, 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 1, 2021.

# 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 11 to 25, which comprise the consolidated statement of financial position as of June 30, 2021 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 11, 2021

# Condensed Consolidated Financial Statements

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

For the six-month period ended June 30, 2021

	Notes	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Revenue	3 & 4	6,393,749	4,205,697
Cost of sales		(3,928,704)	(2,608,643)
Gross profit		2,465,045	1,597,054
Other income		6,386	5,373
Interest income		16,416	19,508
Selling, distribution and advertising expenses		(1,030,525)	(670,555)
Administrative expenses		(673,420)	(448,067)
Research and development costs		(196,133)	(120,897)
Finance costs		(24,995)	(26,479)
Profit before share of results of associates and taxation		562,774	355,937
Share of results of associates		346	292
Profit before taxation		563,120	356,229
Taxation charge	5	(39,418)	(24,586)
Profit for the period	6	523,702	331,643
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)
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		75,467	14,109
Exchange differences on translation of foreign operations		(9,813)	(17,131)
Other comprehensive income (loss) for the period		65,654	(4,033)
Total comprehensive income for the period		589,356	327,610
Profit for the period attributable to:			
Owners of the Company		523,604	331,573
Non-controlling interests		98	70
		523,702	331,643
Total comprehensive income attributable to:			
Owners of the Company		589,258	327,540
Non-controlling interests		98	70
		589,356	327,610
Earnings per share (US cents)	8		
Basic		28.62	18.14
Diluted		28.48	18.08

# Condensed Consolidated Financial Statements

## Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2021

	Notes	June 30 2021 US\$'000 (Unaudited)	December 31 2020 US\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9 & 16	1,473,201	1,332,960
Right of use assets	9	425,927	383,718
Goodwill		577,940	578,461
Intangible assets	9	726,690	663,674
Interests in associates		2,367	2,021
Financial assets at fair value through profit or loss		4,973	6,535
Derivative financial instruments		8,494	8,494
Deferred tax assets		72,910	74,501
		<b>3,292,502</b>	3,050,364
<b>Current assets</b>			
Inventories		4,471,258	3,223,748
Right to returned goods asset		5,962	9,266
Trade and other receivables	10	1,939,701	1,367,286
Deposits and prepayments		162,600	139,677
Bills receivable	10	9,401	7,660
Tax recoverable		46,983	27,181
Trade receivables from associates	11	3,181	4,240
Derivative financial instruments		39,350	9,341
Financial assets at fair value through profit or loss		25,822	17,763
Bank balances, deposits and cash		2,270,349	1,533,876
		<b>8,974,607</b>	6,340,038
<b>Current liabilities</b>			
Trade and other payables	12	4,108,243	3,247,808
Bills payable	12	77,893	61,791
Warranty provision		166,939	156,671
Tax payable		50,871	32,336
Derivative financial instruments		48,375	96,135
Lease liabilities		91,358	73,331
Discounted bills with recourse		1,702	1,436
Unsecured borrowings – due within one year	13	2,054,602	385,214
Refund liabilities from right of return		20,942	26,713
		<b>6,620,925</b>	4,081,435
Net current assets		<b>2,353,682</b>	2,258,603
Total assets less current liabilities		<b>5,646,184</b>	5,308,967

**Condensed Consolidated Financial Statements**  
**Consolidated Statement of Financial Position (Unaudited)**

As at June 30, 2021

	Notes	<b>June 30 2021 US\$'000 (Unaudited)</b>	December 31 2020 US\$'000 (Audited)
<b>Capital and reserves</b>			
Share capital	14	<b>677,497</b>	673,141
Reserves		<b>3,588,079</b>	3,229,864
Equity attributable to Owners of the Company		<b>4,265,576</b>	3,903,005
Non-controlling interests		—	(98)
Total equity		<b>4,265,576</b>	3,902,907
<b>Non-current liabilities</b>			
Lease liabilities		<b>330,530</b>	301,076
Unsecured borrowings – due after one year	13	<b>918,712</b>	940,220
Retirement benefit obligations		<b>88,048</b>	92,318
Other payables	12	<b>29,396</b>	58,524
Deferred tax liabilities		<b>13,922</b>	13,922
		<b>1,380,608</b>	1,406,060
Total equity and non-current liabilities		<b>5,646,184</b>	5,308,967

# Condensed Consolidated Financial Statements

## Consolidated Statement of Changes in Equity (Unaudited)

For the six-month period ended June 30, 2021

	Attributable to Owners of the Company							Attributable to non-controlling interests		
	Share capital US\$'000	Shares held for share award scheme US\$'000	Translation reserve US\$'000	Employee share-based compensation reserve US\$'000	Defined benefit obligations 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, 2020 (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 swaps 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 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 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
Profit for the period	—	—	—	—	—	—	469,187	469,187	166	469,353
Remeasurement of defined benefit obligations	—	—	—	—	(2,202)	—	—	(2,202)	—	(2,202)
Fair value loss on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	(105,328)	—	(105,328)	—	(105,328)
Termination of a defined benefit plan	—	—	—	—	15,991	—	(15,991)	—	—	—
Deferred tax asset on remeasurement of defined benefit obligations	—	—	—	—	(80)	—	—	(80)	—	(80)
Release of deferred tax upon termination of a defined benefit plan	—	—	—	—	(3,425)	—	—	(3,425)	—	(3,425)
Deferred tax liability on hedging reserve	—	—	—	—	—	322	—	322	—	322
Exchange differences on translation of foreign operations	—	—	80,668	—	—	—	—	80,668	—	80,668
Other comprehensive income (loss) for the period	—	—	80,668	—	10,284	(105,006)	(15,991)	(30,045)	—	(30,045)
Total comprehensive income (loss) for the period	—	—	80,668	—	10,284	(105,006)	453,196	439,142	166	439,308
Shares issued on exercise of options	5,912	—	—	(1,190)	—	—	—	4,722	—	4,722
Vesting of awarded shares	—	9,527	—	(9,527)	—	—	—	—	—	—
Shares for share award scheme	—	(16,651)	—	—	—	—	—	(16,651)	—	(16,651)
Recognition of share-based payments	—	—	—	13,375	—	—	—	13,375	—	13,375
Interim dividend – 2020	—	—	—	—	—	—	(124,949)	(124,949)	—	(124,949)
At December 31, 2020 (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



# Condensed Consolidated Financial Statements

## Consolidated Statement of Cash Flows (Unaudited)

For the six-month period ended June 30, 2021

	June 30 2021 US\$'000 (Unaudited)	June 30 2020 US\$'000 (Unaudited)
<b>Operating Activities</b>		
Profit before taxation	563,120	356,229
Adjustments for:		
Amortization/write-off of intangible assets	66,622	57,463
Depreciation of right of use assets	50,316	35,606
Depreciation on property, plant and equipment	88,024	79,041
Fair value gain on foreign currency forward contracts	(5,555)	(3,169)
Fair value (gain) loss on listed equity securities	(4,758)	9,456
Finance costs	24,995	26,479
Gain on early termination of leases	(693)	(89)
Impairment loss on trade receivables under expected credit loss model	9,892	4,227
Interest income	(16,416)	(19,508)
Loss (gain) on disposal of property, plant and equipment	16,009	(303)
Share-based payments expense	22,352	4,403
Share of results of associates	(346)	(292)
Write down of inventories	48,144	5,716
Operating cash flows before movements in working capital	861,706	555,259
Increase in inventories	(1,299,307)	(229,957)
Increase in trade and other receivables, deposits and prepayments	(608,536)	(370,939)
Decrease in right to returned goods asset	3,304	1,357
Increase in bills receivable	(1,741)	(1,564)
Decrease (increase) in trade receivables from associates	1,059	(6,268)
Increase in trade and other payables	827,730	367,886
Decrease in refund liabilities from right of return	(5,771)	(1,072)
Increase (decrease) in bills payable	16,102	(14,209)
Increase in warranty provision	11,334	5,591
Decrease in retirement benefit obligations	(4,270)	(37,729)
Net payment for purchase of shares for share award scheme	(59,037)	(6,406)
Cash (used in) generated from operations	(257,427)	261,949
Interest paid	(24,995)	(26,479)
Hong Kong Profits Tax paid	(281)	(5,226)
Hong Kong Profits Tax refunded	—	102
Overseas tax paid	(40,354)	(17,711)
Overseas tax refunded	1,667	1,140
<b>Net Cash (used in) from Operating Activities</b>	<b>(321,390)</b>	<b>213,775</b>

**Condensed Consolidated Financial Statements**  
**Consolidated Statement of Cash Flows (Unaudited)**

For the six-month period ended June 30, 2021

	<b>June 30 2021 US\$'000 (Unaudited)</b>	June 30 2020 US\$'000 (Unaudited)
<b>Investing Activities</b>		
Additions to intangible assets	<b>(129,646)</b>	(78,408)
Interest received	<b>16,416</b>	19,508
Payment for termination of leases	<b>(6)</b>	(24)
Proceeds from disposal of property, plant and equipment	<b>50</b>	1,429
Purchase of property, plant and equipment	<b>(245,071)</b>	(117,267)
Purchase of club membership debenture	<b>(1,737)</b>	—
Purchase of listed equity securities	<b>—</b>	(1,226)
<b>Net Cash used in Investing Activities</b>	<b>(359,994)</b>	(175,988)
<b>Financing Activities</b>		
Increase (decrease) in discounted bills with recourse	<b>266</b>	(7,954)
Dividends paid	<b>(193,488)</b>	(136,688)
New unsecured borrowings obtained	<b>3,565,834</b>	2,322,022
Proceeds from issue of shares	<b>3,486</b>	3,872
Repayment of unsecured borrowings	<b>(1,916,998)</b>	(1,874,930)
Repayment of lease liabilities	<b>(42,079)</b>	(32,977)
<b>Net Cash from Financing Activities</b>	<b>1,417,021</b>	273,345
<b>Net Increase in Cash and Cash Equivalents</b>	<b>735,637</b>	311,132
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>1,533,876</b>	1,411,821
<b>Effect of Foreign Exchange Rate Changes</b>	<b>836</b>	(8,069)
<b>Cash and Cash Equivalents at End of the Period</b>	<b>2,270,349</b>	1,714,884
<b>Analysis of the Balances of Cash and Cash Equivalents</b>		
Represented by:		
Bank balances, deposits and cash	<b>2,270,349</b>	1,714,884
	<b>2,270,349</b>	1,714,884

# 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, 2020 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, 2020 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, as appropriate.

Other than additional accounting policies resulting from application of amendments to 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, 2021 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2020.

#### 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, 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current interim period has 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)

### Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

#### 2.1 Accounting policies

##### *Financial instruments*

###### *Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform*

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortized cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie: the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 Financial Instrument on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

##### *Hedge accounting*

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

##### Cash flows hedges

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

## 2. Significant accounting policies (continued)

### Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (continued)

#### 2.2 Transition and summary of effects

As at January 1, 2021, the Group has several financial liabilities and derivative financial instruments, the interest of which are indexed to benchmark rates that will be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts with payments indexed to benchmark rates which are subject to interest rate benchmark reform. The amounts of financial liabilities are shown at their carrying amounts and derivative financial instruments are shown at their notional amounts.

	United States dollar London Interbank Offered Rate ("USD LIBOR") US\$'000
<b>Financial liabilities</b>	
Unsecured borrowings	270,245
<b>Derivative financial instruments</b>	
Cross-currency interest rate swaps	210,300

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for unsecured borrowings measured at amortized cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending December 31, 2021. The management is in the progress to negotiate with the banks for the transition to alternative benchmark rates.

### 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, 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

#### For the period ended June 30, 2020

	Power Equipment US\$'000	Floorcare & Cleaning 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

Inter-segment sales are charged at prevailing market rates.

	Six-month period ended June 30					
	2021			2020		
	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Consolidated US\$'000	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Consolidated US\$'000
Segment results	564,807	6,794	571,601	359,562	3,568	363,130
Interest income			16,416			19,508
Finance costs			(24,995)			(26,479)
Profit before tax			563,022			356,159

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	
	2021 US\$'000	2020 US\$'000
Sales of goods	6,388,877	4,200,751
Commission and royalty income	4,872	4,946
	<b>6,393,749</b>	4,205,697

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	
	2021 US\$'000	2020 US\$'000
North America	4,885,809	3,251,878
Europe	1,018,637	627,536
Other countries	489,303	326,283
	<b>6,393,749</b>	4,205,697

#### 5. Taxation charge

	Six-month period ended June 30	
	2021 US\$'000	2020 US\$'000
Current tax:		
Hong Kong Tax	(324)	(98)
Overseas Tax	(38,320)	(26,851)
Deferred Tax	(774)	2,363
	<b>(39,418)</b>	(24,586)

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	
	2021 US\$'000	2020 US\$'000
Profit for the period has been arrived at after charging (crediting):		
Amortization of intangible assets	42,894	56,895
Depreciation of property, plant and equipment	88,024	79,041
Depreciation of right of use assets	50,316	35,606
Total depreciation and amortization	181,234	171,542
Fair value (gain) loss on listed equity securities	(4,758)	9,456
Impairment loss on trade receivables under expected credit loss model	9,892	4,227
Net exchange gain	(13,336)	(1,713)
Write down of inventories	48,144	5,716
Staff costs	1,074,459	667,906

## 7. Dividends

A dividend of HK82.00 cents (approximately US10.55 cents) per share with a total of approximately US\$193,488,000 (2020: HK58.00 cents (approximately US7.46 cents) per share with a total of approximately US\$136,688,000) was paid to shareholders as the final dividend for 2020 (2020: final dividend for 2019) on June 18, 2021.

The Directors have determined that an interim dividend of HK85.00 cents (approximately US10.94 cents) per share with a total of approximately US\$200,567,000 (2020: HK53.00 cents (approximately US6.82 cents) per share with a total of approximately US\$124,949,000) shall be paid to the shareholders of the Company whose names appear in the Register of Members on September 3, 2021.

## 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	
	2021 US\$'000	2020 US\$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to Owners of the Company	523,604	331,573
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,829,504,825	1,828,155,414
Effect of dilutive potential ordinary shares:		
Share options	6,308,946	4,170,615
Share awards	2,579,580	1,495,400
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,838,393,351	1,833,821,429



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

During the period, the Group spent approximately US\$245 million (for the six-month ended June 30, 2020: US\$117 million) and US\$130 million (for the six-month ended June 30, 2020: US\$78 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\$97,240,000 (for the six-month ended June 30, 2020: US\$78,453,000) of right of use assets and US\$97,240,000 (for the six-month ended June 30, 2020: US\$78,453,000) lease liabilities.

## 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, 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 2021 US\$'000	December 31 2020 US\$'000
0 to 60 days	1,545,544	1,016,581
61 to 120 days	228,991	232,640
121 days or above	62,592	57,835
Total trade receivables	1,837,127	1,307,056
Other receivables	102,574	60,230
	1,939,701	1,367,286

All the Group's bills receivable at June 30, 2021 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 at the end of the reporting period is as follows:

Age	June 30 2021 US\$'000	December 31 2020 US\$'000
0 to 60 days	1,456,599	1,315,379
61 to 120 days	808,983	389,775
121 days or above	48,099	17,988
Total trade payables	2,313,681	1,723,142
Other payables	1,823,958	1,583,190
Total trade and other payables	4,137,639	3,306,332
Non-current portion of other payables	(29,396)	(58,524)
	4,108,243	3,247,808

All the Group's bills payable at June 30, 2021 are aged within 120 days based on invoice date.

## 12. Trade and other payables/Bills payable (continued)

The other payables mainly represents accruals of various selling, general and administrative expenses of US\$1,601,270,000 (At December 31, 2020: US\$1,385,793,000) and non-trading nature payables to vendors US\$193,292,000 (At December 31, 2020: US\$138,873,000). 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\$3,566 million (2020: US\$2,322 million) which mainly carry interest at LIBOR. The Group also repaid unsecured borrowings of US\$1,917 million (2020: US\$1,875 million).

## 14. Share capital

	Number of shares		Share capital	
	June 30 2021	December 31 2020	June 30 2021 US\$'000	December 31 2020 US\$'000
<b>Ordinary shares</b>				
Authorized shares	<b>2,400,000,000</b>	2,400,000,000	<b>N/A</b>	N/A
Issued and fully paid:				
At the beginning of the period	<b>1,832,620,441</b>	1,830,006,941	<b>673,141</b>	662,379
Issue of shares upon exercise of share options	<b>797,000</b>	2,613,500	<b>4,356</b>	10,762
At the end of the period	<b>1,833,417,441</b>	1,832,620,441	<b>677,497</b>	673,141

## 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, 2021	December 31, 2020		
1) Acquisition right of certain property, plant and equipment classified as derivative financial instruments in the consolidated statement of financial position	<b>Acquisition right of certain property, plant and equipment: US\$8,494,000</b>	Acquisition right of certain property, plant and equipment: US\$8,494,000	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	<b>Assets – US\$39,350,000; and Liabilities – US\$29,798,000</b>	Assets – US\$9,341,000; and Liabilities – US\$67,858,000	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	<b>Listed shares: US\$25,822,000</b>	Listed shares: US\$17,763,000	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	<b>Club membership debentures: US\$4,928,000</b>	Club membership debentures: US\$3,189,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
	<b>Unlisted equity securities: Nil</b>	Unlisted equity securities: US\$3,301,000	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.
	<b>Other: US\$45,000</b>	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	<b>Liabilities: US\$18,577,000</b>	Liabilities: US\$28,277,000	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. During the period, there was a transfer of financial asset of US\$3,301,000 from level 2 to level 1 for one equity investment. The reason for the transfer was that the shares of the invested company has started being actively traded and reliable quoted price can be obtained in the market.

## 16. Capital commitments

	June 30 2021 US\$'000	December 31 2020 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	<b>267,180</b>	103,957

# Corporate Governance and Other Information

## Directors' and Chief Executive's Interests

As at June 30, 2021, 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) <sup>(1)</sup>	Interests in underlying shares pursuant to equity derivatives <sup>(1)</sup>	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	150,975,500 <sup>(2)</sup>	47,000	367,942,294	20.07%
	Interests of spouse	760,000	–		
	Interests of controlled corporation	216,159,794 <sup>(3)</sup>	–		
Mr Stephan Horst Pudwill	Beneficial owner	5,109,500 <sup>(4)</sup>	4,750,000	43,867,000	2.39%
	Beneficiary of a trust	34,007,500 <sup>(5)</sup>	–		
Mr Joseph Galli Jr	Beneficial owner	16,806,000 <sup>(6)</sup>	–	16,806,000	0.92%
Mr Kin Wah Chan	Beneficial owner	775,000 <sup>(7)</sup>	3,750,000	4,525,000	0.25%
Mr Chi Chung Chan	Beneficial owner	900,000 <sup>(8)</sup>	4,000,000	4,900,000	0.27%
Prof Roy Chi Ping Chung GBS BBS JP	Beneficial owner	49,015,948 <sup>(9)</sup>	544,000	86,634,978	4.73%
	Interests of controlled corporation	37,075,030 <sup>(10)</sup>	–		
Mr Camille Jojo	Beneficial owner	210,000 <sup>(11)</sup>	194,000	404,000	0.02%
Mr Peter David Sullivan	Beneficial owner	10,000 <sup>(12)</sup>	544,000	554,000	0.03%
Mr Vincent Ting Kau Cheung <sup>(13)</sup>	Beneficial owner	4,250,000 <sup>(14)</sup>	194,000	4,444,000	0.24%
Mr Johannes-Gerhard Hesse	Beneficial owner	10,000 <sup>(15)</sup>	379,000	389,000	0.02%
Mr Robert Hinman Getz	Beneficial owner	55,674 <sup>(16)</sup>	122,000	177,674	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 725,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. 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

## Corporate Governance and Other Information

### Notes:

- (4) These included Mr Stephan Horst Pudwill's interests in 62,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. Details of Mr Stephan Horst Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.
- (5) These shares were held by a trust of which Mr Stephan Horst Pudwill is one of the beneficiaries.
- (6) These included Mr Joseph Galli Jr's interests in 2,128,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021; 3,000,000 awarded shares which are agreed to be granted to Mr Galli in the year between 2022 to 2024 in three equal tranches (i.e. 1,000,000 awarded shares each year) provided the Company meets certain performance criteria; and the agreement for the 1,000,000 shares and 5,000,000 shares might be granted subject to, inter alia, the achievement of performance criteria for the year of 2021 and the years between 2022 to 2026 respectively. 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 62,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. 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 62,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. 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 10,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. 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 60,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. 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 10,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. Details of Mr Peter David Sullivan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (13) Mr Vincent Ting Kau Cheung passed away on July 31, 2021.
- (14) These included Mr Vincent Ting Kau Cheung's interests in 10,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. Details of Mr Vincent Ting Kau Cheung's awarded shares are set out in the section headed "Share Award Scheme" below.
- (15) These included Mr Johannes-Gerhard Hesse's interests in 10,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. Details of Mr Johannes-Gerhard Hesse's awarded shares are set out in the section headed "Share Award Scheme" below.
- (16) These included Mr Robert Hinman Getz's interests in 10,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2021. Details of Mr Robert Hinman Getz'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, 2021.

## Share Options

The following tables disclose movements in the Company's share options during the six-month period ended June 30, 2021:

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
<b>Directors</b>									
Mr Horst Julius Pudwill	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
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
	22.12.2020	E	2,000,000	-	-	-	2,000,000	105.500	22.12.2021 - 21.12.2030
Mr Kin Wah Chan	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
22.12.2020	E	2,000,000	-	-	-	2,000,000	105.500	22.12.2021 - 21.12.2030	
Mr Chi Chung Chan	20.3.2014	D	200,000	-	(200,000)	-	-	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
22.12.2020	E	2,000,000	-	-	-	2,000,000	105.500	22.12.2021 - 21.12.2030	
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
	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 - 21.12.2030
Mr Camille Jojo	14.3.2018	E	100,000	-	(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
	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 - 21.12.2030
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
	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 - 21.12.2030

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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
<b>Directors (continued)</b>									
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
	22.12.2020	E	47,000	-	-	-	47,000	105.500	22.12.2021 – 21.12.2030
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
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
Mr Christopher Patrick Langley OBE (retired after the conclusion of the annual general meeting of the Company held on May 14, 2021)	17.3.2017	D	130,000	-	-	-	130,000	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
<b>Total for directors</b>			<b>15,495,000</b>	<b>-</b>	<b>(597,000)</b>	<b>-</b>	<b>14,898,000</b>		
<b>Employees</b>	23.3.2017	D	100,000	-	(100,000)	-	-	32.150	23.3.2018 – 22.3.2027
	19.6.2017	E	100,000	-	-	-	100,000	36.300	19.6.2018 – 18.6.2027
	14.3.2018	E	100,000	-	(100,000)	-	-	47.900	14.3.2019 – 13.3.2028
<b>Total for employees</b>			<b>300,000</b>	<b>-</b>	<b>(200,000)</b>	<b>-</b>	<b>100,000</b>		
<b>Total for all categories</b>			<b>15,795,000</b>	<b>-</b>	<b>(797,000)</b>	<b>-</b>	<b>14,998,000</b>		

### 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) The share options are vested in parts over 1 to 3 years from the date of grant. No option was granted during the period.
- (3) 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\$135.58.
- (4) The Group recognized a total expense of US\$7,375,000 for the six-month period ended June 30, 2021 in relation to share options granted by the Company.
- (5) The Company had 14,998,000 share options outstanding, which represented approximately 0.82% of the issued share capital of the Company as at June 30, 2021. No option was cancelled and no share option was lapsed during the period.
- (6) Total securities available for issue under Scheme D are 150,505,065 shares, which represented approximately 8.21% of the issued shares of the Company as at June 30, 2021. Total securities available for issue under Scheme E are 183,299,194 shares, which represented approximately 10.00% of the issued shares of the Company as at June 30, 2021.
- (7) Mr Vincent Ting Kau Cheung passed away on July 31, 2021.

## 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 Company 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, 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 10<sup>th</sup> 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.



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Since the 2008 Adoption Date and up to June 30, 2021, 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, 2021, 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, 2021, a total of 8,117,000 shares had been awarded under the 2018 Share Award Scheme, representing 0.44% 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\$14,977,000. During the period ended June 30, 2021, 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\$20,656,000. In addition, during the period ended June 30, 2021, 1,701,000 shares were transferred to seven Directors and certain Selected Grantees upon vesting under the 2018 Share Award Scheme. As at June 30, 2021, 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					Closing price at the Date of Award	
				As at January 1, 2021	Awarded during the period	Vested during the period	Lapsed during the period	As at June 30, 2021		
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	250,000	-	(125,000)	-	125,000	15.3.2019 - 15.3.2022	HK\$47.00
	20.5.2019	2018	300,000	200,000	-	(100,000)	-	100,000	20.5.2020 - 20.5.2022	HK\$50.20
	21.12.2020	2018	1,000,000	500,000	-	-	-	500,000	21.12.2020 - 21.12.2021	HK\$107.00
Mr Stephan Horst Pudwill	15.10.2015	2008	100,000	-	-	-	-	-	15.10.2016	HK\$27.10
	21.3.2018	2018	50,000	25,000	-	(12,500)	-	12,500	15.3.2019 - 15.3.2022	HK\$47.00
	21.12.2020	2018	100,000	50,000	-	-	-	50,000	21.12.2020 - 21.12.2021	HK\$107.00
Mr Joseph Galli Jr <sup>(4) (5)</sup>	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	257,000	-	(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	-	1,000,000	(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	
Mr Kin Wah Chan	15.10.2015	2008	100,000	-	-	-	-	-	15.10.2016	HK\$27.10
	21.3.2018	2018	50,000	25,000	-	(12,500)	-	12,500	15.3.2019 - 15.3.2022	HK\$47.00
	21.12.2020	2018	100,000	50,000	-	-	-	50,000	21.12.2020 - 21.12.2021	HK\$107.00
Mr Chi Chung Chan	15.10.2015	2008	100,000	-	-	-	-	-	15.10.2016	HK\$27.10
	21.3.2018	2018	50,000	25,000	-	(12,500)	-	12,500	15.3.2019 - 15.3.2022	HK\$47.00
	21.12.2020	2018	100,000	50,000	-	-	-	50,000	21.12.2020 - 21.12.2021	HK\$107.00
Prof Roy Chi Ping Chung GBS BBS JP	21.12.2020	2018	10,000	10,000	-	-	-	10,000	21.12.2021 - 21.12.2022	HK\$107.00

## Share Award Scheme (continued)

Name of Directors	Date of Award	Share award scheme category	Number of awarded shares	Number of shares					As at June 30, 2021	Vesting Period	Closing price at the Date of Award
				As at January 1, 2021	Awarded during the period	Vested during the period	Lapsed during the period	As at June 30, 2021			
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	100,000	-	(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	10,000	-	-	-	10,000	21.12.2021 – 21.12.2022	HK\$107.00	
	31.12.2020	2018	10,500	-	-	-	-	-	31.12.2020	HK\$110.60	
Mr Peter David Sullivan	21.12.2020	2018	10,000	10,000	-	-	-	10,000	21.12.2021 – 21.12.2022	HK\$107.00	
Mr Vincent Ting Kau Cheung <sup>(6)</sup>	21.12.2020	2018	10,000	10,000	-	-	-	10,000	21.12.2021 – 21.12.2022	HK\$107.00	
Mr Johannes-Gerhard Hesse	21.12.2020	2018	10,000	10,000	-	-	-	10,000	21.12.2021 – 21.12.2022	HK\$107.00	
Mr Robert Hinman Getz	21.12.2020	2018	10,000	10,000	-	-	-	10,000	21.12.2021 – 21.12.2022	HK\$107.00	
Mr Christopher Patrick Langley OBE <small>(retired after the conclusion of the annual general meeting of the Company held on May 14, 2021)</small>	21.12.2020	2018	10,000	10,000	-	(10,000) <sup>(7)</sup>	-	-	21.12.2021 – 21.12.2022	HK\$107.00	
<b>Total</b>			<b>10,963,000</b>	<b>2,602,000</b>	<b>2,000,000</b>	<b>(1,451,000)</b>		<b>- 3,151,000</b>			

## 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\$52.52. The average fair value of the awarded shares is based on the average purchase cost.
- (3) During the reporting period, a total of 3,600,000 shares were purchased at an aggregate consideration of US\$59,037,000 for satisfying the awards granted pursuant to 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 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 and second tranches of 1,000,000 shares were awarded to Mr Galli on January 3, 2020 and March 4, 2021 respectively. Details of the remaining 3,000,000 awarded shares to be granted as disclosed above are not included.
- (5) As to the agreement for the 1,000,000 shares and 5,000,000 shares might be granted subject to, inter alia, the achievement of performance criteria for the year of 2021 and the years between 2022 to 2026 respectively as disclosed above are not included.
- (6) Mr Vincent Ting Kau Cheung passed away on July 31, 2021.
- (7) The Board has, at its discretion, approved the vesting of a total of 10,000 shares to Mr Christopher Patrick Langley OBE upon his retirement.

## Substantial Shareholders' Interests

As at June 30, 2021, 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. <sup>(1)</sup>	143,633,733	(L)	7.83%
	3,906,250	(S)	0.21%
	44,383,550	(LP)	2.42%

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

Notes:

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

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
JPMorgan Chase & Co.	(2a)	–	–	143,633,733	(L)	7.83%
		–	–	3,906,250	(S)	0.21%
		–	–	44,383,550	(LP)	2.42%
JPMorgan Asset Management (Taiwan) Limited	(2b)	446,000	(L)	–	–	0.02%
J.P. Morgan AG	(2b)	115,500	(L)	–	–	0.01%
J.P. Morgan Securities LLC	(2b)	585,964	(L)	–	–	0.03%
		264,000	(S)	–	–	0.01%
JPMORGAN CHASE BANK, N.A. – LONDON BRANCH	(2b)	44,383,550	(L)	–	–	2.42%
J.P. Morgan Prime Inc.	(2b)	22,500	(L)	–	–	0.00%
		22,500	(S)	–	–	0.00%
J.P. Morgan Investment Management Inc.	(2b)	68,167,980	(L)	–	–	3.72%
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	(2b)	4,485,500	(L)	–	–	0.24%
JPMorgan Asset Management (Japan) Limited	(2b)	758,772	(L)	–	–	0.04%
J.P. Morgan Trust Company of Delaware	(2b)	74,500	(L)	–	–	0.00%
JPMorgan Chase Bank, National Association	(2b)	5,777,696	(L)	–	–	0.32%
JPMorgan Asset Management (Asia Pacific) Limited	(2b)	13,732,500	(L)	–	–	0.75%
J.P. MORGAN SECURITIES PLC	(2b)	5,083,271	(L)	–	–	0.28%
		3,619,750	(S)	–	–	0.20%
JPMorgan Asset Management (Asia) Inc.	(2b)	–	–	14,937,272	(L)	0.81%
JPMorgan Asset Management Holdings Inc.	(2b)	–	–	87,590,752	(L)	4.78%
JPMorgan Chase Holdings LLC	(2b)	–	–	88,273,716	(L)	4.81%
		–	–	286,500	(S)	0.02%
J.P. Morgan International Finance Limited	(2b)	–	–	5,198,771	(L)	0.28%
		–	–	3,619,750	(S)	0.20%
JPMorgan Chase Bank, National Association	(2b)	–	–	49,582,321	(L)	2.70%
		–	–	3,619,750	(S)	0.20%
J.P. Morgan Broker-Dealer Holdings Inc.	(2b)	–	–	608,464	(L)	0.03%
		–	–	286,500	(S)	0.02%
J.P. Morgan Securities LLC	(2b)	–	–	22,500	(L)	0.00%
		–	–	22,500	(S)	0.00%
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	(2b)	–	–	4,485,500	(L)	0.24%
J.P. Morgan Equity Holdings, Inc.	(2b)	–	–	74,500	(L)	0.00%
J.P. MORGAN CAPITAL HOLDINGS LIMITED	(2b)	–	–	5,083,271	(L)	0.28%
		–	–	3,619,750	(S)	0.20%

## Substantial Shareholders' Interests (continued)

Notes: (continued)

Remarks:

- (1a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 143,633,733 shares of long position, 3,906,250 shares of short position and 44,383,550 shares of lending pool respectively was as controlled corporation.
- (1b) JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan AG, J.P. Morgan Securities LLC, JPMORGAN CHASE BANK, N.A. – LONDON BRANCH, J.P. Morgan Prime Inc., J.P. Morgan Investment Management Inc., JPMORGAN ASSET MANAGEMENT (UK) LIMITED, 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., J.P. Morgan Securities LLC, 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.

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, 2021.

## 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, 2021, 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, 2021.

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](http://www.ttigroup.com)).

## Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, a change in information of the Directors as notified to the Company subsequent to the date of the 2020 Annual Report of the Company is that Prof Roy Chi Ping Chung GBS BBS JP (a Non-executive Director of the Company) has resigned as an Independent Non-executive Director of Fujikon Industrial Holdings Limited, which is listed on the Stock Exchange of Hong Kong Limited, with effect from June 23, 2021.

## Change in Director's Emoluments

Mr Robert Hinman Getz, an Independent Non-executive Director, was appointed as member of the Nomination Committee and the Remuneration Committee with effect from July 19, 2021. In order to comply with the requirement under Rule 3.25 of the Listing Rules, the Board has appointed Mr Robert Hinman Getz as the Chairman of Remuneration Committee on August 11, 2021. Mr Robert Hinman Getz is entitled to the fees of Nomination Committee and Remuneration Committee which have 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 3,600,000 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 11, 2021

# 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 Peter David Sullivan  
Mr Johannes-Gerhard Hesse  
Mr Robert Hinman Getz  
Ms Virginia Davis Wilmerding

## Financial Calendar 2021

June 18 : Final dividend payment for 2020  
June 30 : Six-month interim period end  
August 11 : Announcement of 2021 interim results  
September 1 : Last day to register for 2021 interim dividend  
September 2-3 : Book closure for 2021 interim dividend  
September 17 : Interim dividend payment for 2021  
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](mailto:ir@tti.com.hk)

## Website

[www.ttigroup.com](http://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

BNY Mellon

## 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  
Registered Public Interest Entity Auditors

## Company Secretary

Ms Veronica Ka Po Ng

## Trademarks

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