



Techtronic Industries



Interim Report 2016

Corporate Profile

Techtronic Industries Company Limited (the “Company” or “TTI”) is a world-class leader in design, manufacturing and marketing of Power Tools, Outdoor Power Equipment, and Floor Care and Appliances for consumers, professional and industrial users in the home improvement, repair and construction industries. Our unrelenting strategic focus on Powerful Brands, Innovative Products, Operational Excellence and Exceptional People drives our culture.

Our brands and products are recognized worldwide for their deep heritage, superior quality, outstanding performance and compelling innovation. Through a company-wide commitment to innovation and strong customer partnerships, we consistently deliver new products that enhance customer satisfaction and productivity. This focus and drive provides TTI with a powerful platform for sustainable leadership and strong growth.

Founded in 1985 in Hong Kong, TTI has a portfolio of industry leading brands, a worldwide customer reach, and over 21,000 staff. TTI is listed on the Stock Exchange of Hong Kong and in 2015 had worldwide annual sales of US\$5.0 billion.

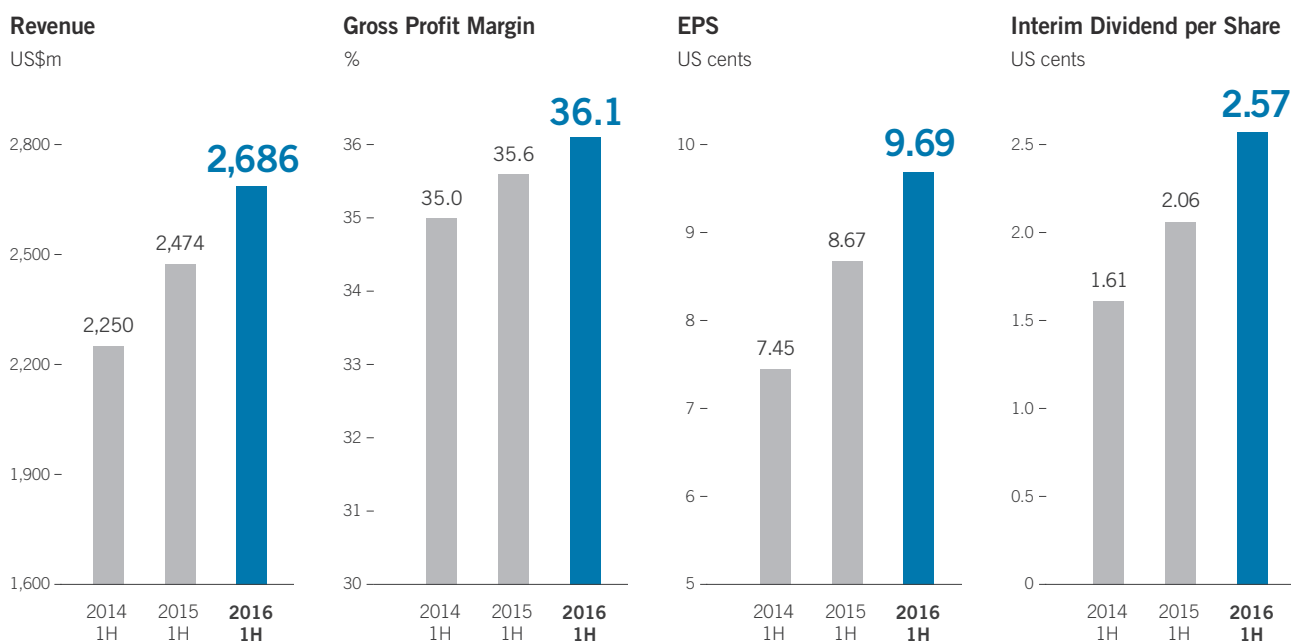
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Financial Highlights

	2016 US\$' million	2015 US\$' million	Changes %
Revenue	2,686	2,474	+8.6
Gross profit margin	36.1%	35.6%	+50 bps
EBIT	201	181	+11.3
Profit attributable to Owners of the Company	177	159	+11.6
EPS (US cents)	9.69	8.67	+11.7
Interim dividend per share (approx. US cents)	2.57	2.06	+25.0

- Record results in revenue, gross profit and net income
- Gross Profit Margin increased for the 8th consecutive first half to 36.1%
- Power Equipment sales outpaced the industry, increasing 12.6%, fueled by innovative new products

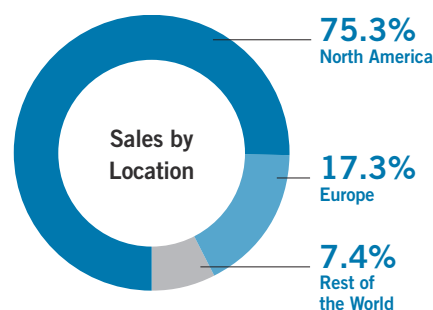
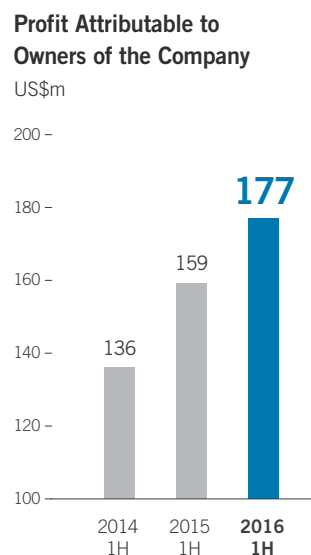
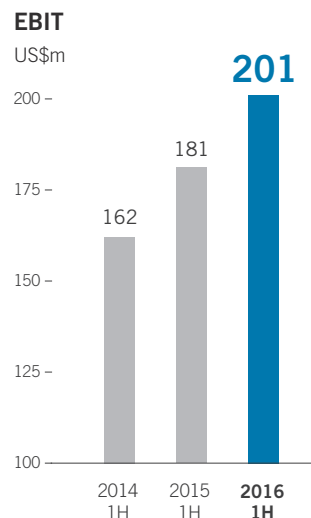


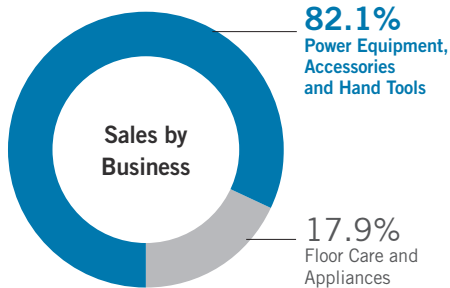
Management's Discussion and Analysis

Record Performance

In the first half of 2016, TTI delivered record results in revenue, gross profit, and net income with revenues growing by 8.6% to US\$2.7 billion and 9.7% before currency adjustment. Net profit margins continued to improve, increasing by 20 basis points to 6.6% of sales. We grew in all geographic regions through innovative new product launches and strategic marketing programs, while delivering continued operational efficiency and productivity gains. The Power Equipment business, comprising 82.1% of sales, delivered double-digit revenue growth of 12.6% and 13.6% before currency adjustment, outpacing the power tool industry while improving profitability. Our MILWAUKEE industrial business sales grew 20.2% before currency adjustment, with our highly recognized Consumer Power Tool and Outdoor Product brands also delivering double-digit growth. The Floor Care and Appliance business revenues declined 6.7% in the period or 5.3% before currency adjustment.

As a result of our disciplined focus to our strategy and continuous efforts to driving stronger financial results, TTI has yielded the eighth consecutive reporting period of gross margin improvement. The relentless efforts on manufacturing productivity, purchasing programs, and ongoing initiatives to boost supply chain efficiency, combined with the impact from our high margin new product stream and volume leverage have resulted in a 50 basis point improvement in gross margin to 36.1%. SG&A for the first half of 2016 was 28.7% of sales as compared to 28.4% last year. The increase is due to strategic investment in new product development, geographic expansion, and additional strategic marketing spend. Executing on our strategic initiatives of building powerful brands, developing innovative products, driving operational excellence, and creating a global organization of exceptional people has increased EBIT by 11.3% to US\$201 million and net profit attributable to shareholders reached US\$177 million, which is an 11.6% increase from the prior year. Basic earnings per share increased 11.7% to 9.69 US cents.





Business Review

Power Equipment, Accessories and Hand Tools

The Power Equipment business, our largest segment accounting for 82.1% of total revenues, delivered a strong first half with US\$2,204 million in global sales, a 12.6% increase compared with the same period in 2015. This growth was driven by our continuous new product introductions, strong retail partnerships, expanding distribution, and focused end-user marketing. New products, improved product mix, and operational excellence programs in supply chain and manufacturing contributed to the EBIT improvement of 15.4% for the business in the first half.

Industrial

The global MILWAUKEE industrial business delivered an outstanding 20.2% sales growth before currency adjustment in the first half of 2016. This performance was driven by the introduction of innovative new products, strong marketing initiatives, continued entry into new product categories, targeted geographic expansion and a focus on operational and commercial excellence.

Power Tools

Our MILWAUKEE power tool business reported excellent double-digit growth for the period, continuing to propel our leadership position in cordless tools. Investment in disruptive technologies coupled with prolific new product introductions across the M12 and M18 cordless power tool platforms have resulted in outstanding growth. FUEL Brushless technology continues to redefine cordless power tool performance with continued new product introductions leveraging the technology. M18 FUEL introduced the world to high powered, high performance motor technology. The introduction of the next-generation M18 FUEL drill/drivers, hammer drill/drivers, and impact tools converge three industry-leading technologies to deliver unmatched power, run-time, and durability. The revolutionary M18 FUEL finish nailers delivered on the promise of peak productivity for professional users, providing optimal driving-power, speed, and efficiency. MILWAUKEE continues to lead the industry in innovation and performance with our FUEL cordless technology to convert users from corded and pneumatic to cordless tool solutions. MILWAUKEE has been propelling the corded to cordless replacement for years, matching the world's best technology with relentless jobsite-user research to ensure each tool is delivering on its promise with 40 FUEL product solutions and counting. MILWAUKEE will continue to drive the conversion of the jobsite to cordless power with the second half introduction of the M18 9.0 Ah High Demand Battery Pack.



Management's Discussion and Analysis

In addition, ONE KEY continues to revolutionize the way work gets done on the jobsite by integrating industry-leading tool electronics with a custom-built cloud based program. ONE KEY provides a new level of control and access to information which enables the user to control the performance, track and manage their inventory, all through their mobile device.

MILWAUKEE is investing in delivering disruptive cordless solutions for the mechanical, electrical and plumbing trades while expanding into adjacent categories for further trade penetration. New introductions leveraging the FORCE LOGIC hydraulic platform, continues to enable innovative solutions for the mechanical, electrical and plumbing trades. MILWAUKEE invested significantly in developing hydraulic competencies over the last few years and is now a global leader in the technology. The M18 FORCE LOGIC electrical cutters and crimpers, launched in late 2015, have enabled MILWAUKEE to enter the large power utility market, creating another entry point into the M18 Cordless System.

In 2016, MILWAUKEE continues to expand the cordless high output LED lighting family of products with the introduction of new lighting solutions that maximize productivity. MILWAUKEE will continue to convert the use of dated corded halogen technology predominantly found on a jobsite to advanced LED technology.

Accessories

Our MILWAUKEE power tool accessory business achieved double-digit growth driven by enhanced marketing, expanded distribution partnerships, and innovative new product introductions. We continued with the strategic product development in our core SAWZALL reciprocating saw blades, HOLE DOZER hole saws and Jam Free step bits in plumbing and electrical channels. The new SHOCKWAVE range, with significant performance and durability improvements, is energizing growth across all distribution channels. Operational improvements in our US manufacturing plant are delivering increased capacity with enhanced productivity driven by lean manufacturing initiatives and upgrades to OEE and SPC capabilities.

We are developing next generation technologies to deliver superior user productivity and efficiency with cordless tools. Our AX SAWZALL blades, leveraging carbide-tipping technology to deliver 30 times the performance of the Bi-Metal AX, are an example of the user-centric innovation we are bringing to market. Our unrelenting commitment to upgrading core category lines and expanding into new product lines will add value for our users.

Hand Tools

The MILWAUKEE hand tool business continued its positive momentum and reported double-digit sales growth from innovative new product launches and further distribution penetration. Strong distribution partnerships have resulted in market share gains across plumbing, electrical, and hardware channels. The introduction of new products across core categories continues to feed growth in the hand tool business. Additionally, our EMPIRE layout and measuring tools business expanded sales at a double-digit rate in the target markets of North America and Australia, with strong results in I-beam levels, Torpedo levels, and Squares.

Consumer and Tradesman

In the first half of 2016, the consumer and tradesman power tool business further strengthened its market position posting strong gains in the home construction and DIY segment. This robust sales growth is attributed to innovative new product launches and compelling marketing campaigns.

RYOBI power tools in North America delivered double-digit sales performance. The RYOBI ONE+ cordless platform is leading the industry with its lithium battery technology that is backwards compatible with previous generations of ONE+ tools. Additionally, the breadth of ONE+ compatible tools is growing with the ongoing introduction of innovative products. RYOBI ONE+ continues to differentiate from the competition through technology, innovation, and category expansion such as the introduction of the industry's first module capable garage door opening system, which utilizes the ONE+ battery system as backup power. In addition, the RYOBI ONE+ 18V system of tools benefited from the continued success of the RYOBI 18V AIRSTRIKE cordless nailer program and additional ONE+ products.

In Europe, RYOBI had an excellent first half, recording double-digit sales growth driven by new lithium ONE+ products, such as the new brushless cordless tools for consumers, and the success of targeted media campaigns in important markets. Sales of ONE+ across the region have been robust, driven by new products introduced in late 2015 and early 2016. Throughout this period, our tradesman AEG brand tools and accessories delivered positive growth buoyed by new lithium product introductions, successful in-store marketing initiatives and an expanding retail footprint.

Sales in Australia for RYOBI continued to grow with further penetration of the ONE+ System. The RYOBI brushless cordless tools continues the string of successful new ONE+ additions. We have an exciting pipeline of new product launches planned for the second half of the year to further enhance our successful 18V platform. Additionally, our HART business continues to capture new hand tool categories.

Outdoor Products

In the first half of the year, our Outdoor Products business delivered double-digit sales growth globally, driven by superb North American and Australian results. This strong performance was generated by key initiatives that focused on new lithium cordless product introductions. We are leading the ongoing success of lithium cordless products in the outdoor category with a wide range of tools in the RYOBI ONE+ 18V, RYOBI 36V/40V, and new AEG 58V platforms. As with power tools, RYOBI is at the forefront of developing and applying lithium cordless technology to outdoor products.

Several key product innovations drove sales in the first half of 2016. The most significant launch was the RYOBI ONE+ LITHIUM+ line of 18V cordless tools, offering improved performance and run-time in a string trimmer, hedge trimmer, jet fan blower, and chainsaw. The broad range of ONE+ including mowers, pole saws, line trimmers, and weed sprayers continue to drive sales. The expanded range of RYOBI 36V/40V mowers performed extremely well in all markets. Other standout performers included the new professionally featured RYOBI gas trimmer, the new line of RYOBI gas chainsaws, and a new RYOBI gas jet fan blower. In addition, we launched a leadership range of AEG 58V cordless tools in Australia targeted at the professional user. Positioned to replace professional petrol products, this range delivers petrol-like performance with the convenience of cordless.

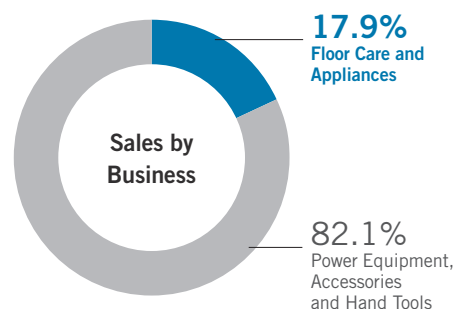
Floor Care and Appliances

The Floor Care and Appliance business, representing 17.9% of total TTI sales, had a challenging first half with sales declining 6.7%, however, our global strategy to turn this business around is clearly gaining traction. As compared with full year 2015, the business had a 150 basis point improvement in EBIT margin.

Our North American business has generated positive momentum in cordless vacuums and delivered double-digit growth in the commercial cleaning segment, although the continued exit of non-strategic channels of business negatively impacted sales. The HOOVER range of cordless stick vacuums is off to a good start and we will be expanding the offering with a new platform of high performance sticks launching this year. Additionally, in the second half we will deliver an exciting range of HOOVER robots, incorporating Bluetooth technology for easy set up and operation. The DIRT DEVIL brand introduced a new series of high performance upright vacuums, which contributed to the brand returning to growth in the first half. The ORECK brand launched ELEVATE, a new range of premium vacuums for the exclusive ORECK distribution partners, providing the highest level of performance in its category. Commercial cleaning is making gains with the success of the recently launched HOOVER HUSHTONE upright vacuums and expansion of commercial distribution. The business will introduce a stream of exciting HOOVER Commercial and ORECK Commercial innovative cordless products in the second half of the year.

Europe delivered positive growth in the first half, which marks a solid improvement from 2015. Our growth in the UK was supported by continued VAX cordless vacuum sales boosted by both advertising and new product extensions. Demand for the core VAX carpet washing products increased significantly and was energized further by a DRTV advertising campaign which drove both retail and direct sales. Growth in France was due to an expanded retail partner footprint and consumer acceptance of our new eco-range of bagless canisters.

In the first half of 2016, we invested in opening our new North American headquarters in Charlotte, North Carolina. This new facility includes our leadership marketing and innovation center and an advanced cordless product development laboratory and progressive design studio, providing a world-class environment to attract and motivate top talent required for our brands and product development plans. Operationally, we consolidated our distribution network in the US and opened a new facility to optimize customer service and logistics.



ORECK

VAX



Outlook

TTI enters the second half from a position of strength after a record first half performance. The MILWAUKEE industrial business is set to deliver a continuous flow of innovative technologies in lithium cordless power tool platforms, accessories, and hand tools. Our Consumer and Tradesman Tools and Outdoor Products businesses will drive their cordless platforms of RYOBI ONE+, RYOBI 36V/40V, and the new AEG 58V. We are encouraged by the progress we are making with the rollout of our floor care strategic plan. With this foundation in place, we are now in a position to launch a stream of exciting new products developed through TTI's world-class high speed new product development system that will drive this businesses' success in the years to come.

The unrelenting focus on powerful brands, innovative products, operational excellence, and exceptional people is the foundation from which we have delivered record results year after year. It is our consistent performance at the highest level and our ability to stay laser focused on our strategic direction that makes us believe we are the industry leader.

Recent Developments

No important events affecting the Group have occurred since June 30, 2016 that are material or otherwise require disclosure or commentary.

Financial Review

Financial Results

Reported revenue for the period grew by 8.6% as compared to the same period last year, amounted to US\$2,686 million, with negative currency headwind. Excluding the negative currency effect, revenue increased by 9.7% as compared to the same period last year. Profit attributable to Owners of the Company amounted to US\$177 million as compared to US\$159 million reported last year, an increase of 11.6%. Basic earnings per share was at US9.69 cents (2015: US8.67 cents).

EBITDA amounted to US\$293 million, an increase of 11.9% as compared to the US\$262 million reported in the same period last year.

EBIT amounted to US\$201 million, an increase of 11.3% as compared to the US\$181 million reported in the same period last year.

Result Analysis

Gross Margin

Gross margin improved to 36.1% as compared to 35.6% in the same period last year. The margin improvement was the result of new product introduction, category expansion, improvements in operational efficiency and supply chain productivity.

Operating Expenses

Total operating expenses for the period amounted to US\$770 million as compared to US\$703 million reported for the same period last year, representing 28.7% of revenue (2015: 28.4%). The increase was mainly due to the strategic spent on advertising and promotion on new products.

Investment in product design and development amounted to US\$71 million (2015: US\$66 million), representing 2.6% of revenue (2015: 2.6%), reflecting our continuous strive for innovation. We will continue to invest to create breakthrough technology and deliver broad base end-user products and categories as these are most critical not only to maintain sales growth momentum but also margin expansions.

Net interest expenses for the period amounted to US\$8.0 million as compared to US\$7.6 million reported for the same period last year, representing 0.3% of revenue (2015: 0.31%). Interest cover, expressed as a multiple of EBITDA to total interest was at 24.5 times (2015: 20.3 times).

Effective tax rate for the period was maintained at 8.5% as compared to the same period last year. The Group will continue to leverage its global operations to further improve overall tax efficiencies.

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to US\$2.2 billion, an increase of 3.6% as compared to December 31, 2015. Book value per share was US\$1.22 as compared to US\$1.18 at December 31, 2015, an increase of 3.4%.

Financial Position

The Group continued to maintain a strong financial position. As at June 30, 2016, the Group's cash and cash equivalents amounted to US\$744 million (US\$775 million at December 31, 2015) after the payment of US\$54.9 million dividend during the period (US\$44.8 million in first half 2015), of which 47.4%, 28.8%, 9.5%, and 14.3% were denominated in US\$, RMB, HK\$ and other currencies respectively.

The Group's net gearing, expressed as a percentage of total net borrowings (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, improved to 16.0% as compared to 17.7% as at June 30, 2015. The gearing improvement is the result of very disciplined and focused management over working capital. The Group remains confident that gearing will remain low going forward.

Bank Borrowings

Long term borrowing accounted for 44.1% of total debts (42.9% at December 31, 2015).

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

Working Capital

Total inventory was at US\$1,341 million as compared to US\$1,131 million as at June 30, 2015. The number of days inventory was at 93 days as compared to 83 days for same period last year. Inventory at the end of the first half of the year is normally higher in preparation for the peak shipment period in the second half of the year and to maintain the high service quality level to customers having taken into consideration of our sales momentum. The Group will continue to focus on managing the inventory level and improve inventory turns.

Trade receivables turnover days were at 66 days as compared to 63 days as at June 30, 2015. Excluding the gross up of the receivables factored which is without recourse in nature, receivables turnover days were at 61 days as compared to 58 days as at June 30, 2015. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days increased to 89 days as compared to 84 days as at June 30, 2015.

Working capital as a percentage of sales was at 19.3% as compared to 17.1% for the same period of last year.

Capital Expenditure

Total capital expenditures for the period amounted to US\$81 million (2015: US\$137 million).

Capital Commitment and Contingent Liability

As at June 30, 2016, total capital commitments for the acquisition of property, plant and equipment contracted for but not provided amounted to US\$37 million (2015: US\$10 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 21,288 employees (20,964 employees as at June 30, 2015) in Hong Kong and overseas. Total staff cost for the period under review amounted to US\$408 million as compared to US\$367 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 HK20.00 cents (approximately US2.57 cents) (2015: HK16.00 cents (approximately US2.06 cents)) per share for the six months period ended June 30, 2016. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 9, 2016. It is expected that the interim dividend will be paid on or about September 23, 2016.

Closure of Register of Members

The register of members of the Company will be closed from September 8, 2016 to September 9, 2016, both days inclusive, during which period no transfers 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on September 7, 2016.

Report on Review of Condensed Consolidated Financial Statements



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 22, which comprise the condensed consolidated statement of financial position as of June 30, 2016 and the related condensed 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 Main Board Listing 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 17, 2016

Condensed Consolidated Financial Statements

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

For the six months period ended June 30, 2016

	Notes	2016 US\$'000 (Unaudited)	2015 US\$'000 (Unaudited)
Revenue	3	2,685,662	2,474,009
Cost of sales		(1,716,909)	(1,592,644)
Gross profit		968,753	881,365
Other income		2,151	2,145
Interest income		4,095	5,580
Selling, distribution and advertising expenses		(399,396)	(358,914)
Administrative expenses		(299,112)	(278,105)
Research and development costs		(71,041)	(65,529)
Finance costs		(12,094)	(13,169)
Profit before taxation		193,356	173,373
Taxation charge	4	(16,428)	(14,737)
Profit for the period	5	176,928	158,636
Other comprehensive loss:			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations		(107)	(5,434)
Items that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on foreign currency forward contracts in hedge accounting		2,151	(13,914)
Exchange differences on translation of foreign operations		(50,051)	(14,328)
Other comprehensive loss for the period		(48,007)	(33,676)
Total comprehensive income for the period		128,921	124,960
Profit for the period attributable to:			
Owners of the Company		177,033	158,693
Non-controlling interests		(105)	(57)
		176,928	158,636
Total comprehensive income attributable to:			
Owners of the Company		129,026	125,017
Non-controlling interests		(105)	(57)
		128,921	124,960
Earnings per share (US cents)	7		
Basic		9.69	8.67
Diluted		9.65	8.64

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2016

	Notes	June 30 2016 US\$'000 (Unaudited)	December 31 2015 US\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8 & 16	566,585	538,466
Lease prepayments		31,505	32,441
Goodwill		554,068	553,789
Intangible assets	8	532,349	520,935
Interests in associates		4,624	6,588
Available-for-sale investments		570	495
Derivative financial instruments		10,544	10,544
Deferred tax assets		163,835	146,064
		1,864,080	1,809,322
Current assets			
Inventories		1,341,391	1,190,331
Trade and other receivables	9	972,822	849,488
Deposits and prepayments		108,979	117,400
Bills receivable	9	26,761	27,277
Tax recoverable		9,289	8,080
Trade receivables from an associate	10	2,470	2,681
Derivative financial instruments		7,893	22,415
Held-for-trading investments		974	1,116
Bank balances, deposits and cash		743,838	774,608
		3,214,417	2,993,396
Current liabilities			
Trade and other payables	11	1,274,261	1,160,494
Bills payable	11	52,986	37,440
Warranty provision		79,908	75,193
Tax payable		135,616	110,353
Derivative financial instruments		18,970	14,028
Obligations under finance leases – due within one year		2,265	2,153
Discounted bills with recourse		104,759	77,629
Unsecured borrowings – due within one year	12	567,252	588,341
Bank overdrafts		—	3,837
		2,236,017	2,069,468
Net current assets		978,400	923,928
Total assets less current liabilities		2,842,480	2,733,250

	Notes	June 30 2016 US\$'000 (Unaudited)	December 31 2015 US\$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	13	647,534	647,109
Reserves		1,585,563	1,508,874
Equity attributable to Owners of the Company		2,233,097	2,155,983
Non-controlling interests		(516)	(411)
Total equity		2,232,581	2,155,572
NON-CURRENT LIABILITIES			
Obligations under finance leases – due after one year		10,187	10,402
Unsecured borrowings – due after one year	12	485,565	456,680
Retirement benefit obligations		105,228	99,896
Deferred tax liabilities		8,919	10,700
		609,899	577,678
Total equity and non-current liabilities		2,842,480	2,733,250

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months period ended June 30, 2016

	Attributable to Owners of the Company							Attributable to non-controlling interests		
	Share capital US\$'000	Shares held for share award scheme US\$'000	Translation reserve US\$'000	Employee share-based compensation reserve US\$'000	Defined benefit obligations rereasurement reserve US\$'000	Hedging reserve US\$'000	Retained profits US\$'000	Total US\$'000	Share of net assets of subsidiaries US\$'000	Total US\$'000
At January 1, 2015 (audited)	643,914	(2,441)	(26,245)	3,954	(3,229)	19,075	1,332,125	1,967,153	(127)	1,967,026
Profit (loss) for the period	—	—	—	—	—	—	158,693	158,693	(57)	158,636
Remeasurement of defined benefit obligations	—	—	—	—	(5,434)	—	—	(5,434)	—	(5,434)
Fair value loss on foreign currency forward contracts in hedge accounting	—	—	—	—	—	(13,914)	—	(13,914)	—	(13,914)
Exchange differences on translation of foreign operations	—	—	(14,328)	—	—	—	—	(14,328)	—	(14,328)
Other comprehensive loss for the period	—	—	(14,328)	—	(5,434)	(13,914)	—	(33,676)	—	(33,676)
Total comprehensive income (loss) for the period	—	—	(14,328)	—	(5,434)	(13,914)	158,693	125,017	(57)	124,960
Shares issued at premium on exercise of options	981	—	—	(192)	—	—	—	789	—	789
Recognition of equity-settled share-based payments	—	—	—	1,273	—	—	—	1,273	—	1,273
Final dividend – 2014	—	—	—	—	—	—	(44,799)	(44,799)	—	(44,799)
At June 30, 2015 (unaudited)	644,895	(2,441)	(40,573)	5,035	(8,663)	5,161	1,446,019	2,049,433	(184)	2,049,249
Profit (loss) for the period	—	—	—	—	—	—	195,734	195,734	(227)	195,507
Remeasurement of defined benefit obligations	—	—	—	—	807	—	—	807	—	807
Fair value loss on foreign currency forward contracts in hedge accounting	—	—	—	—	—	(16,830)	—	(16,830)	—	(16,830)
Deferred tax liability on remeasurement of defined benefit obligations	—	—	—	—	1,823	—	—	1,823	—	1,823
Deferred tax liability on hedging reserve	—	—	—	—	—	482	—	482	—	482
Exchange differences on translation of foreign operations	—	—	(34,156)	—	—	—	—	(34,156)	—	(34,156)
Other comprehensive (loss) income for the period	—	—	(34,156)	—	2,630	(16,348)	—	(47,874)	—	(47,874)
Total comprehensive income (loss) for the period	—	—	(34,156)	—	2,630	(16,348)	195,734	147,860	(227)	147,633
Shares issued at premium on exercise of options	2,214	—	—	(445)	—	—	—	1,769	—	1,769
Vesting of awarded shares	—	813	—	(813)	—	—	—	—	—	—
Shares for share award scheme	—	(7,626)	—	—	—	—	—	(7,626)	—	(7,626)
Recognition of equity-settled share-based payments	—	—	—	2,273	—	—	—	2,273	—	2,273
Interim dividend - 2015	—	—	—	—	—	—	(37,726)	(37,726)	—	(37,726)
At December 31, 2015 and January 1, 2016 (audited)	647,109	(9,254)	(74,729)	6,050	(6,033)	(11,187)	1,604,027	2,155,983	(411)	2,155,572
Profit (loss) for the period	—	—	—	—	—	—	177,033	177,033	(105)	176,928
Remeasurement of defined benefit obligations	—	—	—	—	(107)	—	—	(107)	—	(107)
Fair value gain on foreign currency forward contracts in hedge accounting	—	—	—	—	—	2,151	—	2,151	—	2,151
Exchange differences on translation of foreign operations	—	—	(50,051)	—	—	—	—	(50,051)	—	(50,051)
Other comprehensive (loss) income for the period	—	—	(50,051)	—	(107)	2,151	—	(48,007)	—	(48,007)
Total comprehensive income (loss) for the period	—	—	(50,051)	—	(107)	2,151	177,033	129,026	(105)	128,921
Shares issued at premium on exercise of options	425	—	—	(81)	—	—	—	344	—	344
Shares for share award scheme	—	(789)	—	—	—	—	—	(789)	—	(789)
Recognition of equity-settled share-based payments	—	—	—	3,414	—	—	—	3,414	—	3,414
Final dividend – 2015	—	—	—	—	—	—	(54,881)	(54,881)	—	(54,881)
At June 30, 2016 (unaudited)	647,534	(10,043)	(124,780)	9,383	(6,140)	(9,036)	1,726,179	2,233,097	(516)	2,232,581

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months period ended June 30, 2016

	June 30 2016 US\$'000 (Unaudited)	June 30 2015 US\$'000 (Unaudited)
Net cash from operating activities	125,313	59,330
Net cash used in investing activities	(127,588)	(174,914)
Net cash (used in) from financing activities	(20,728)	152,664
Net (decrease) increase in cash and cash equivalents	(23,003)	37,080
Cash and cash equivalents at January 1	770,771	687,776
Effect of foreign exchange rate changes	(3,930)	(5,377)
Cash and cash equivalents at June 30	743,838	719,479
Analysis of the balances of cash and cash equivalents Represented by:		
Bank balances, deposits and cash	743,838	725,153
Bank overdrafts	—	(5,674)
	743,838	719,479

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Basis of preparation and accounting policies

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 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 Stock Exchange”).

The financial information relating to the year ended December 31, 2015 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, 2015 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.

No significant events and transactions noted in the current interim period.

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.

Except as described below, the accounting policies and method of computations used in the condensed consolidated financial statements for the six months ended June 30, 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Segment information

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

For the period ended June 30, 2016

	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Eliminations US\$'000	Consolidated US\$'000
Segment revenue				
External sales	2,204,254	481,408	—	2,685,662
Inter-segment sales	—	467	(467)	—
Total segment revenue	2,204,254	481,875	(467)	2,685,662

For the period ended June 30, 2015

	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Eliminations US\$'000	Consolidated US\$'000
Segment revenue				
External sales	1,957,879	516,130	—	2,474,009
Inter-segment sales	—	542	(542)	—
Total segment revenue	1,957,879	516,672	(542)	2,474,009

Inter-segment sales are charged at prevailing market rates.

	Six months period ended June 30					
	2016			2015		
	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Consolidated US\$'000	Power Equipment US\$'000	Floor Care and Appliances US\$'000	Consolidated US\$'000
Segment results	184,860	16,495	201,355	160,148	20,814	180,962
Interest income			4,095			5,580
Finance costs			(12,094)			(13,169)
Profit before taxation			193,356			173,373
Taxation charge			(16,428)			(14,737)
Profit for the period			176,928			158,636

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. Taxation charge

	Six months period ended June 30	
	2016 US\$'000	2015 US\$'000
Current tax:		
Hong Kong	2,003	2,917
Overseas Tax	31,893	15,410
Deferred Tax	(17,468)	(3,590)
	16,428	14,737

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.

5. Profit for the period

	Six months period ended June 30	
	2016 US\$'000	2015 US\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	48,988	43,751
Amortisation of lease prepayments	179	185
Amortisation of intangible assets	42,097	36,546
Total depreciation and amortisation	91,264	80,482
Net exchange gain	(6,034)	(5,835)
Staff costs	408,095	367,451
Fair value loss (gain) on held-for-trading investments	141	(52)

6. Dividends

A dividend of HK23.25 cents (approximately US2.99 cents) per share with a total of approximately US\$54,881,000 (2015: HK19.00 cents (approximately US2.45 cents) per share with a total of approximately US\$44,799,000) was paid to shareholders as the final dividend for 2015 on June 24, 2016.

The Directors have determined that an interim dividend of HK20.00 cents (approximately US2.57 cents) per share with a total of approximately US\$47,209,000 (2015: HK16.00 cents (approximately US2.06 cents) per share) shall be paid to the shareholders of the Company whose names appear in the Register of Members on September 9, 2016.

7. 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 months period ended June 30	
	2016 US\$'000	2015 US\$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to Owners of the Company	177,033	158,693
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,827,745,438	1,829,912,665
Effect of dilutive potential ordinary shares:		
Share options	6,408,796	7,426,563
Share award	839,723	406,156
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,834,993,957	1,837,745,384

8. Additions to property, plant and equipment/intangible assets

During the period, the Group spent approximately US\$81 million (for the six months ended June 30, 2015: US\$137 million) and US\$54 million (for the six months ended June 30, 2015: US\$49 million) on the acquisition of property, plant and equipment and intangible assets respectively.

9. 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 doubtful debts, 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	December 31
	2016 US\$'000	2015 US\$'000
0 to 60 days	797,657	699,592
61 to 120 days	109,544	90,601
121 days or above	40,833	37,744
Total trade receivables	948,034	827,937
Other receivables	24,788	21,551
	972,822	849,488

All the Group's bills receivable at June 30, 2016 are due within 120 days.

10. Trade receivables from an associate

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

11. Trade and other payables/Bills payable

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

Age	June 30 2016 US\$'000	December 31 2015 US\$'000
0 to 60 days	563,771	523,034
61 to 120 days	176,460	140,479
121 days or above	4,407	9,734
Total trade payables	744,638	673,247
Other payables	529,623	487,247
	1,274,261	1,160,494

All the Group's bills payable at June 30, 2016 were aged and are due within 120 days.

12. Unsecured borrowings

During the period, the Group obtained new bank borrowings of US\$817 million (2015: US\$1,253 million) which carry interest at the London Interbank Offered Rate, Euro Interbank Offered Rate or Hong Kong best lending rates. The Group also repaid the existing bank borrowings of US\$809 million (2015: US\$1,078 million).

13. Share capital

	Number of shares		Share capital	
	June 30 2016	December 31 2015	June 30 2016 US\$'000	December 31 2015 US\$'000
Ordinary shares				
Authorised shares	2,400,000,000	2,400,000,000	N/A	N/A
Issued and fully paid:				
At the beginning of the period	1,833,736,941	1,831,346,941	647,109	643,914
Issue of shares upon exercise of share options	345,000	2,390,000	425	3,195
At the end of the period	1,834,081,941	1,833,736,941	647,534	647,109

14. Contingent liabilities

	June 30 2016 US\$'000	December 31 2015 US\$'000
Guarantees given to banks in respect of credit facilities utilised by an associate	9,582	8,877

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 categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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

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, 2016	December 31, 2015		
1) Acquisition right of certain property, plant and equipment classified as derivative financial instruments in the condensed consolidated statement of financial position	Acquisition right of certain property, plant and equipment: US\$10,544,000	Acquisition right of certain property, plant and equipment: US\$10,544,000	Level 2	Measured at the fair value of the land and buildings associated with the acquisition right which is based on a valuation by a 3 rd party independent valuer at the end of the financial year.
2) Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	Assets – US\$7,893,000; and Liabilities – US\$18,970,000	Assets – US\$22,415,000; and Liabilities – US\$13,368,000	Level 2	Quoted forward exchange rates matching maturities of the contracts.
3) Held-for-trading non-derivative financial assets classified as held-for-trading investments in the condensed consolidated statement of financial position	Unlisted investment fund: US\$974,000	Unlisted investment fund: US\$1,116,000	Level 2	Quoted prices provided by the fund administrator based on the prices of stocks invested by the investment fund.
4) Interest rate swaps classified as derivative financial instruments in the condensed consolidated statement of financial position	Liabilities (not designated for hedging) – Nil	Liabilities (not designated for hedging) – US\$660,000	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.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. There were no transfers between Level 1 and 2 in both periods.

16. Capital commitments

	June 30 2016 US\$'000	December 31 2015 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	36,878	20,942

Corporate Governance and Other Information

Directors' and Chief Executive's Interests

As at June 30, 2016, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Name of directors	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) ⁽¹⁾	Interests in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	149,443,500 ⁽²⁾	398,000	366,761,294	20.00%
	Interests of spouse	760,000	—		
	Interests of controlled corporation	216,159,794 ⁽³⁾	—		
Mr Joseph Galli Jr	Beneficial owner	2,183,000 ⁽⁴⁾	1,000,000	3,183,000	0.17%
Mr Kin Wah Chan	Beneficial owner	100,000 ⁽⁵⁾	1,250,000	1,350,000	0.07%
Mr Chi Chung Chan	Beneficial owner	400,000 ⁽⁶⁾	1,250,000	1,650,000	0.09%
Mr Stephan Horst Pudwill	Beneficial owner	4,959,500 ⁽⁷⁾	2,250,000	41,217,000	2.25%
	Beneficiary of a trust	34,007,500 ⁽⁸⁾	—		
Prof Roy Chi Ping Chung BBS JP	Beneficial owner	49,005,948	150,000	86,230,978	4.70%
	Interests of controlled corporation	37,075,030 ⁽⁹⁾	—		
Mr Christopher Patrick Langley OBE	Beneficial owner	200,000	150,000	350,000	0.02%
Mr Manfred Kuhlmann	Beneficial owner	—	500,000	500,000	0.03%
Mr Peter David Sullivan	Beneficial owner	—	800,000	800,000	0.04%
Mr Vincent Ting Kau Cheung	Beneficial owner	2,920,000	1,000,000	3,920,000	0.21%

Directors' and Chief Executive's Interests *(continued)*

Notes:

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

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

- (2) These included Mr Horst Julius Pudwill's interests in 1,024,000 awarded shares, of which 849,500 awarded shares remained unvested under the Share Award Scheme as of June 30, 2016. Details of Mr Horst Julius Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.

- (3) These shares were held by the following companies in which Mr Horst Julius Pudwill has a beneficial interest:

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

- (4) These included Mr Joseph Galli Jr's interests in 1,300,000 awarded shares, of which 1,200,000 awarded shares remained unvested under the Share Award Scheme as of June 30, 2016. Details of Mr Joseph Galli Jr's awarded shares are set out in the section headed "Share Award Scheme" below.

- (5) These included Mr Kin Wah Chan's interests in 100,000 awarded shares, which remained unvested under the Share Award Scheme as of June 30, 2016. Details of Mr Kin Wah Chan's awarded shares are set out in the section headed "Share Award Scheme" below.

- (6) These included Mr Chi Chung Chan's interests in 100,000 awarded shares, which remained unvested under the Share Award Scheme as of June 30, 2016. Details of Mr Chi Chung Chan's awarded shares are set out in the section headed "Share Award Scheme" below.

- (7) These included Mr Stephan Horst Pudwill's interests in 100,000 awarded shares, which remained unvested under the Share Award Scheme as of June 30, 2016. Details of Mr Stephan Horst Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.

- (8) These shares were held by a trust of which Mr Stephan Horst Pudwill is one of the beneficiaries.

- (9) These shares were held by Cordless Industries Company Limited* in which Prof Roy Chi Ping Chung 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 BBS JP.

Save as disclosed above, none of the directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at June 30, 2016.

Share Options

The following tables disclose movements in the Company's share options during the six months period ended June 30, 2016:

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Directors									
Mr Horst Julius Pudwill	20.3.2014	D	230,000	—	—	—	230,000	21.600	20.3.2014 - 19.3.2024
	11.9.2015	D	168,000	—	—	—	168,000	29.650	11.9.2015 - 10.9.2025
Mr Joseph Galli Jr	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Kin Wah Chan	20.3.2014	D	1,000,000	—	—	—	1,000,000	21.600	20.3.2014 - 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2015 - 10.9.2025
Mr Chi Chung Chan	20.3.2014	D	1,000,000	—	—	—	1,000,000	21.600	20.3.2014 - 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2015 - 10.9.2025
Mr Stephan Horst Pudwill	21.5.2012	D	1,000,000	—	—	—	1,000,000	8.742	21.5.2012 - 20.5.2022
	20.3.2014	D	1,000,000	—	—	—	1,000,000	21.600	20.3.2014 - 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2015 - 10.9.2025
Prof Roy Chi Ping Chung BBS JP	11.9.2015	D	150,000	—	—	—	150,000	29.650	11.9.2015 - 10.9.2025
Mr Christopher Patrick Langley OBE	11.9.2015	D	150,000	—	—	—	150,000	29.650	11.9.2015 - 10.9.2025
Mr Manfred Kuhlmann	23.5.2011	D	100,000	—	—	—	100,000	9.872	23.5.2011 - 22.5.2021
	21.5.2012	D	250,000	—	—	—	250,000	8.742	21.5.2012 - 20.5.2022
	11.9.2015	D	150,000	—	—	—	150,000	29.650	11.9.2015 - 10.9.2025
Mr Peter David Sullivan	16.11.2009	D	200,000	—	—	—	200,000	6.770	16.11.2009 - 15.11.2019
	23.5.2011	D	200,000	—	—	—	200,000	9.872	23.5.2011 - 22.5.2021
	21.5.2012	D	250,000	—	—	—	250,000	8.742	21.5.2012 - 20.5.2022
	11.9.2015	D	150,000	—	—	—	150,000	29.650	11.9.2015 - 10.9.2025
Mr Vincent Ting Kau Cheung	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
	23.5.2011	D	200,000	—	—	—	200,000	9.872	23.5.2011 - 22.5.2021
	21.5.2012	D	250,000	—	—	—	250,000	8.742	21.5.2012 - 20.5.2022
	11.9.2015	D	150,000	—	—	—	150,000	29.650	11.9.2015 - 10.9.2025
Total for directors			8,748,000	—	—	—	8,748,000		

Share Options *(continued)*

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Employees	24.8.2007	D	730,000	—	(50,000)	—	680,000	8.390	24.8.2007 - 23.8.2017
	16.10.2007	D	50,000	—	(20,000)	—	30,000	8.810	16.10.2007 - 15.10.2017
	7.11.2007	D	40,000	—	—	—	40,000	8.088	7.11.2007 - 6.11.2017
	14.1.2008	D	505,000	—	(25,000)	—	480,000	7.566	14.1.2008 - 13.1.2018
	17.4.2008	D	350,000	—	—	—	350,000	7.780	17.4.2008 - 16.4.2018
	14.5.2008	D	40,000	—	—	—	40,000	7.500	14.5.2008 - 13.5.2018
	30.5.2008	D	250,000	—	(250,000)	—	—	7.546	30.5.2008 - 29.5.2018
	16.11.2009	D	1,570,000	—	—	—	1,570,000	6.770	16.11.2009 - 15.11.2019
	28.12.2009	D	30,000	—	—	—	30,000	6.390	28.12.2009 - 27.12.2019
	17.1.2011	D	20,000	—	—	—	20,000	10.436	17.1.2011 - 16.1.2021
Total for employees			3,585,000	—	(345,000)	—	3,240,000		
Total for all categories			12,333,000	—	(345,000)	—	11,988,000		

Notes:

- (1) Scheme D is the share option scheme adopted by the Company on May 29, 2007.
- (2) The share options are vested in parts over 3 years from the date of grant. No option was granted and cancelled during the period.
- (3) The weighted average closing price of the Company's shares immediately before various dates on which the share options were exercised was HK\$29.28.
- (4) The Group recognised a total expense of US\$713,000 for the six months period ended June 30, 2016 in relation to the share options granted by the Company.
- (5) The Company had 11,988,000 share options outstanding, which represented approximately 0.65% of the issued shares of the Company as at June 30, 2016.
- (6) Total securities available for issue under Scheme D is 150,505,065 shares, which represented approximately 8.21% of the issued shares of the Company as at June 30, 2016.

Arrangements to Purchase Shares or Debentures

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

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

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

Directors' Indemnities

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

Management Contracts

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

Equity-linked Agreements

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

Share Award Scheme

The Board adopted the Share Award Scheme (the “Scheme”) on January 9, 2008 (the “Adoption Date”), pursuant to which any employee or Director (including, without limitation, any Executive, Non-executive or Independent Non-executive Director) of any member of the Group (the “Eligible Person”) will be entitled to participate. Unless terminated earlier by the Board in accordance with the rules relating to the Scheme, the Scheme is valid and effective for a term of 10 years commencing on the Adoption Date provided that no contribution to the trust will be made by the Company on or after the 10th anniversary date of the Adoption Date. Details of the Scheme were announced by the Company on the Adoption Date.

The Board may, from time to time, at their absolute discretion select any Eligible Person for participation in the 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 Scheme from the market or new shares will be subscribed for at the cost of the Company and be held in trust until they are vested. When the Selected Grantee has satisfied all vesting conditions specified by the Board, the trustee of the Scheme 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 the Scheme is 10% of the issued share capital of the Company as at the Adoption Date, and the maximum number of shares which can be awarded to a Selected Grantee, at any one time, shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date. The total issued share capital of the Company as at the Adoption Date is 1,501,252,152 shares.

Since the Adoption Date and up to June 30, 2016, a total of 2,624,000 shares had been awarded under the Scheme, representing 0.17% of the issued share capital of the Company as at the Adoption Date.

Recognition of share-based payment expenses under the Scheme during the period was US\$2,701,000. During the period ended June 30, 2016, no shares were awarded under the Scheme and no shares were transferred to the Selected Grantees upon vesting.

As at June 30, 2016, details of the awarded shares under the Scheme were as follows:

Name of Directors	Date of Award	Number of awarded shares	Number of shares				As at June 30, 2016	Vesting Period	Closing price at the Date of Award
			As at January 1, 2016	Awarded during the period	Vested during the period	Lapsed during the period			
Horst Julius Pudwill	18.9.2014	350,000	233,500	—	—	—	233,500	18.9.2015 - 18.9.2017	HK\$22.50
Horst Julius Pudwill	26.9.2014	174,000	116,000	—	—	—	116,000	26.9.2015 - 26.9.2017	HK\$22.10
Joseph Galli Jr	17.12.2014	300,000	200,000	—	—	—	200,000	17.12.2015 - 17.12.2017	HK\$25.85
Horst Julius Pudwill	15.10.2015	500,000	500,000	—	—	—	500,000	15.10.2016 - 15.10.2017	HK\$27.10
Joseph Galli Jr	15.10.2015	1,000,000	1,000,000	—	—	—	1,000,000	15.10.2016 - 15.10.2017	HK\$27.10
Kin Wah Chan	15.10.2015	100,000	100,000	—	—	—	100,000	15.10.2016	HK\$27.10
Chi Chung Chan	15.10.2015	100,000	100,000	—	—	—	100,000	15.10.2016	HK\$27.10
Stephan Horst Pudwill	15.10.2015	100,000	100,000	—	—	—	100,000	15.10.2016	HK\$27.10

Notes:

- (1) All the awarded shares are purchased from the market.
- (2) During the reporting period, a total of 203,500 shares were purchased at an aggregate consideration of US\$789,000 for satisfying the awards granted pursuant to the Scheme.

Substantial Shareholders' Interests

As at June 30, 2016, 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
FIL Limited ⁽¹⁾	102,405,000	(L)	5.58%
FMR LLC ⁽²⁾	165,918,725	(L)	9.05%
JPMorgan Chase & Co. ⁽³⁾	103,893,079	(L)	5.66%
	543,500	(S)	0.03%
	86,344,074	(LP)	4.71%
Schroders Plc ⁽⁴⁾	128,350,278	(L)	7.00%

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

Notes:

- (1) The capacity of FIL Limited in holding the 102,405,000 shares was as investment manager.
- (2) The following is a breakdown of the interests in shares in the Company held by FMR LLC:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)	Deemed interests	(L/S/LP)	
FMR LLC	(2a)	—	—	165,918,725	(L)	9.05%
FIDELITY MANAGEMENT & RESEARCH (HONG KONG) LIMITED	(2b)	3,892,000	(L)	—	—	0.21%
FIDELITY MANAGEMENT & RESEARCH (JAPAN) LIMITED	(2b)	1,264,000	(L)	—	—	0.07%
FMR CO., INC	(2b)	56,507,000	(L)	—	—	3.08%
FMR INVESTMENT MANAGEMENT (UK) LIMITED	(2b)	41,512,500	(L)	—	—	2.26%
PYRAMIS GLOBAL ADVISORS TRUST COMPANY	(2b)	34,055,975	(L)	—	—	1.86%
PYRAMIS GLOBAL ADVISORS, LLC	(2b)	28,687,250	(L)	—	—	1.56%

Remarks:

- (2a) The capacity of FMR LLC in holding the 165,918,725 shares of long position was as investment manager.
- (2b) FIDELITY MANAGEMENT & RESEARCH (HONG KONG) LIMITED, FIDELITY MANAGEMENT & RESEARCH (JAPAN) LIMITED, FMR CO., INC, FMR INVESTMENT MANAGEMENT (UK) LIMITED, PYRAMIS GLOBAL ADVISORS TRUST COMPANY and PYRAMIS GLOBAL ADVISORS, LLC were all directly or indirectly owned by FMR LLC and by virtue of the SFO, FMR LLC was deemed to be interested in the shares held by these subsidiaries.

(3) 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.	(3a)	—	—	103,893,079	(L)	5.66%
		—	—	543,500	(S)	0.03%
		—	—	86,344,074	(LP)	4.71%
J.P. Morgan Clearing Corp	(3b)	339,160	(L)	—	—	0.02%
JF Asset Management Limited	(3b)	12,051,500	(L)	—	—	0.66%
JPMorgan Asset Management (Japan) Limited	(3b)	1,238,000	(L)	—	—	0.07%
JPMorgan Asset Management (Taiwan) Limited	(3b)	623,500	(L)	—	—	0.03%
J.P. Morgan Investment Management Inc.	(3b)	363,000	(L)	—	—	0.02%
J.P. Morgan Trust Company of Delaware	(3b)	7,905	(L)	—	—	0.00%
J.P. Morgan Whitefriars Inc.	(3b)	1,710,167	(L)	—	—	0.09%
		183,500	(S)	—	—	0.01%
J.P. Morgan Securities plc	(3b)	366,368	(L)	—	—	0.02%
		360,000	(S)	—	—	0.02%
Bank One International Holdings Corporation	(3b)	—	—	2,442,903	(L)	0.13%
		—	—	903,500	(S)	0.05%
J.P. Morgan International Inc.	(3b)	—	—	2,442,903	(L)	0.13%
		—	—	903,500	(S)	0.05%
J.P. Morgan Chase International Holdings	(3b)	—	—	366,368	(L)	0.02%
		—	—	360,000	(S)	0.02%
JPMorgan Chase Bank, N.A.	(3b)	87,125,779	(L)	—	—	4.75%
JPMorgan Asset Management (UK) Limited	(3b)	67,700	(L)	—	—	0.00%
J.P. Morgan Capital Financing Limited	(3b)	—	—	366,368	(L)	0.02%
		—	—	360,000	(S)	0.02%
J.P. Morgan Securities LLC	(3b)	—	—	339,160	(L)	0.02%
J.P. Morgan Broker-Dealer Holdings Inc	(3b)	—	—	339,160	(L)	0.02%
J.P. Morgan Capital Holdings Limited	(3b)	—	—	366,368	(L)	0.02%
		—	—	360,000	(S)	0.02%
JPMorgan Asset Management Holdings Inc	(3b)	—	—	14,343,700	(L)	0.78%
JPMorgan Asset Management (Asia) Inc.	(3b)	—	—	13,913,000	(L)	0.76%
J.P. Morgan Chase (UK) Holdings Limited	(3b)	—	—	366,368	(L)	0.02%
		—	—	360,000	(S)	0.02%
JPMorgan Asset Management Holdings (UK) Limited	(3b)	—	—	67,700	(L)	0.00%
J.P. Morgan Overseas Capital Corporation	(3b)	—	—	2,076,535	(L)	0.11%
		—	—	543,500	(S)	0.03%
JPMorgan Asset Management International Limited	(3b)	—	—	67,700	(L)	0.00%
JPMorgan Chase Bank, N.A.	(3b)	—	—	2,442,903	(L)	0.13%
		—	—	903,500	(S)	0.05%
J.P. Morgan Equity Holdings, Inc.	(3b)	—	—	7,905	(L)	0.00%
J.P. Morgan International Finance Limited	(3b)	—	—	2,442,903	(L)	0.13%
		—	—	903,500	(S)	0.05%

Remarks:

(3a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 103,893,079 shares of long position, 543,500 shares of short position and 86,344,074 shares of lending pool respectively was as controlled corporation.

Substantial Shareholders' Interests *(continued)*

Notes: *(continued)*

(3b) J.P. Morgan Clearing Corp, JF Asset Management Limited, JPMorgan Asset Management (Japan) Limited, JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan Investment Management Inc., J.P. Morgan Trust Company of Delaware, J.P. Morgan Whitefriars Inc., J.P. Morgan Securities plc, Bank One International Holdings Corporation, J.P. Morgan International Inc., J.P. Morgan Chase International Holdings, JPMorgan Chase Bank, N.A., JPMorgan Asset Management (UK) Limited, J.P. Morgan Capital Financing Limited, J.P. Morgan Securities LLC, J.P. Morgan Broker-Dealer Holdings Inc, J.P. Morgan Capital Holdings Limited, JPMorgan Asset Management Holdings Inc, JPMorgan Asset Management (Asia) Inc., J.P. Morgan Chase (UK) Holdings Limited, JPMorgan Asset Management Holdings (UK) Limited, J.P. Morgan Overseas Capital Corporation, JPMorgan Asset Management International Limited, JPMorgan Chase Bank, N.A., J.P. Morgan Equity Holdings, Inc. and J.P. Morgan International Finance 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.

(4) The following is a breakdown of the interests in shares in the Company held by Schroders Plc:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)	Deemed interests	(L/S/LP)	
Schroders Plc	(4a)	—	—	128,350,278	(L)	7.00%
Schroder Administration Limited	(4b)	—	—	128,350,278	(L)	7.00%
Schroder International Holdings Limited	(4b)	—	—	109,066,500	(L)	5.95%
Schroder Holdings (Bermuda) Limited	(4b)	—	—	109,066,500	(L)	5.95%
Schroder International Holdings (Bermuda) Limited	(4b)	—	—	109,066,500	(L)	5.95%
Schroder Investment Management Limited	(4b)	8,148,000	(L)	—	—	0.44%
	(4b)	—	—	10,168,878	(L)	0.55%
Schroder Investment Management North America Limited	(4b)	10,168,878	(L)	—	—	0.55%
Schroder Investment Management (Hong Kong) Limited	(4b)	43,454,500	(L)	—	—	2.37%
Schroder Wealth Holdings Limited	(4b)	—	—	966,900	(L)	0.05%
Schroder & Co. Limited	(4b)	—	—	842,900	(L)	0.05%
Schroder & Co. (Asia) Limited	(4b)	842,900	(L)	—	—	0.05%
Schroder & Co Bank AG	(4b)	124,000	(L)	—	—	0.01%
Schroder Investment Management (Singapore) Limited	(4b)	65,612,000	(L)	—	—	3.58%

Remarks:

- (4a) Schroders Plc is listed on London Stock Exchange. The capacity of Schroders Plc in holding the 128,350,278 shares of long position was as investment manager.
- (4b) Schroder Administration Limited, Schroder International Holdings Limited, Schroder Holdings (Bermuda) Limited, Schroder International Holdings (Bermuda) Limited, Schroder Investment Management Limited, Schroder Investment Management North America Limited, Schroder Investment Management (Hong Kong) Limited, Schroder Wealth Holdings Limited, Schroder & Co. Limited, Schroder & Co. (Asia) Limited, Schroder & Co Bank AG and Schroder Investment Management (Singapore) Limited were all directly or indirectly owned by Schroders Plc and by virtue of the SFO, Schroders Plc was deemed to be interested in the shares held by these subsidiaries.

Save as disclosed above, no other person was interested in or had a short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of the Part XV of the SFO as at June 30, 2016.

Compliance with the Corporate Governance Code of the Listing Rules

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 months period ended June 30, 2016, 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 general meeting of the Company, and if eligible, offer themselves for re-election.

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

Compliance with the Model Code of the Listing Rules

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”). Specific enquiries have been made with all Directors who have confirmed that they have fully complied with the required standards as set out in the Model Code during the six months period ended June 30, 2016.

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

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

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 203,500 ordinary shares of the Company on-market purchased for satisfying the awarded shares granted under the Company’s share award scheme (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 17, 2016

Corporate Information

Board of Directors

Group Executive Directors

Mr Horst Julius Pudwill
Chairman

Mr Joseph Galli Jr
Chief Executive Officer

Mr Patrick Kin Wah Chan
Mr Frank Chi Chung Chan
Mr Stephan Horst Pudwill

Non-executive Directors

Prof Roy Chi Ping Chung BBS JP
Mr Camille Jojo

Independent Non-executive Directors

Mr Christopher Patrick Langley OBE
Mr Manfred Kuhlmann
Mr Peter David Sullivan
Mr Vincent Ting Kau Cheung

Financial Calendar 2016

June 24 : Final dividend payment for 2015
June 30 : Six months interim period end
August 17 : Announcement of 2016 interim results
September 7 : Last day to register for 2016 interim dividend
September 8-9 : Book closure for 2016 interim dividend
September 23 : Interim dividend payment for 2016
December 31 : Financial year end

Investor Relations Contact

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Website

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

Listing Information

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

Share Registrar and Transfer Office

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1888

ADR Depositary

The Bank of New York

Principal Bankers

Bank of America, N.A.
Bank of China
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank, N.A.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Solicitors

Vincent T. K. Cheung, Yap & Co.

Auditor

Deloitte Touche Tohmatsu

Company Secretary

Ms Veronica Ka Po Ng

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