

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Directors' and Chief Executive's Interests

As at June 30, 2013, 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") and as adopted by the Company, 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	145,361,000	1,770,000	401,050,794	21.90%
	Interests of spouse	760,000	—		
	Interests of controlled corporation	253,159,794 <sup>(2)</sup>	—		
Mr Joseph Galli Jr	Beneficial owner	849,500	1,000,000	1,849,500	0.10%
Mr Kin Wah Chan	Beneficial owner	500,000	—	500,000	0.03%
Mr Chi Chung Chan	Beneficial owner	300,000	—	300,000	0.02%
Mr Stephan Horst Pudwill	Beneficial owner	4,859,500	1,000,000	5,859,500	0.32%
Prof Roy Chi Ping Chung BBS JP	Beneficial owner	50,005,948	—	87,080,978	4.75%
	Interests of controlled corporation	37,075,030 <sup>(3)</sup>	—		
Mr Joel Arthur Schleicher	Beneficial owner	107,000	850,000	957,000	0.05%
Mr Christopher Patrick Langley OBE	Beneficial owner	1,000,000	250,000	1,250,000	0.07%
Mr Manfred Kuhlmann	Beneficial owner	—	350,000	350,000	0.02%
Mr Peter David Sullivan	Beneficial owner	—	650,000	650,000	0.04%
Mr Vincent Ting Kau Cheung	Beneficial owner	2,920,000	850,000	3,770,000	0.21%

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 shares were held by the following companies in which Mr Horst Julius Pudwill has a beneficial interest:

	No. of shares
Sunning Inc.	216,084,764
Cordless Industries Company Limited *	37,075,030
	253,159,794

- (3) 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, 2013.

## Share Options

The following tables discloses movements in the Company's share options during the six months period ended June 30, 2013:

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 HKD	Exercise period
<b>Directors</b>									
Mr Horst Julius Pudwill	16.11.2009	D	600,000	—	—	—	600,000	6.770	16.11.2009 - 15.11.2019
	26.11.2010	D	600,000	—	—	—	600,000	8.310	26.11.2010 - 25.11.2020
	21.5.2012	D	570,000	—	—	—	570,000	8.742	21.5.2012 - 20.5.2022
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	16.11.2009	D	1,000,000	—	(1,000,000)	—	—	6.770	16.11.2009 - 15.11.2019
Mr Stephan Horst Pudwill	21.5.2012	D	1,000,000	—	—	—	1,000,000	8.742	21.5.2012 - 20.5.2022
Prof Roy Chi Ping Chung BBS JP	16.11.2009	D	600,000	—	(600,000)	—	—	6.770	16.11.2009 - 15.11.2019
Mr Joel Arthur Schleicher	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
Mr Christopher Patrick Langley OBE	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
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
Mr Peter David Sullivan	16.11.2009	D	400,000	—	(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
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
<b>Total for directors</b>		<b>8,720,000</b>	<b>—</b>	<b>(2,000,000)</b>	<b>—</b>	<b>6,720,000</b>			

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 HKD	Exercise period
<b>Employees</b>	24.8.2007	D	1,180,000	—	(200,000)	—	980,000	8.390	24.8.2007 - 23.8.2017
	16.10.2007	D	75,000	—	—	—	75,000	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	605,000	—	(45,000)	—	560,000	7.566	14.1.2008 - 13.1.2018
	17.4.2008	D	775,000	—	(175,000)	—	600,000	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	426,000	—	(76,000)	—	350,000	7.546	30.5.2008 - 29.5.2018
	11.9.2008	D	50,000	—	(50,000)	—	—	7.430	11.9.2008 - 10.9.2018
	1.12.2008	D	100,000	—	(100,000)	—	—	2.340	1.12.2008 - 30.11.2018
	16.11.2009	D	3,570,000	—	(1,165,000)	—	2,405,000	6.770	16.11.2009 - 15.11.2019
	7.12.2009	D	100,000	—	—	—	100,000	6.790	7.12.2009 - 6.12.2019
	21.12.2009	D	50,000	—	—	—	50,000	6.350	21.12.2009 - 20.12.2019
	28.12.2009	D	30,000	—	—	—	30,000	6.390	28.12.2009 - 27.12.2019
	13.9.2010	D	500,000	—	—	—	500,000	7.390	13.9.2010 - 12.9.2020
	17.1.2011	D	20,000	—	—	—	20,000	10.436	17.1.2011 - 16.1.2021
<b>Total for employees</b>			<b>7,561,000</b>	<b>—</b>	<b>(1,811,000)</b>	<b>—</b>	<b>5,750,000</b>		
<b>Total for all categories</b>			<b>16,281,000</b>	<b>—</b>	<b>(3,811,000)</b>	<b>—</b>	<b>12,470,000</b>		

Notes:

- (1) Scheme D is the share option scheme adopted by the Company on May 29, 2007. The share options are vested in parts over 3 years from the date of grant.
- (2) 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 HKD18.10.
- (4) The Group recognised total expense of USD270,000 for the six months period ended June 30, 2013 in relation to share options granted by the Company.
- (5) The Company had 12,470,000 share options outstanding, which represented approximately 0.68% of the issued share capital of the Company as at June 30, 2013.

### Arrangements to Purchase Shares or Debentures

Other than as disclosed above, 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.

### Substantial Shareholders' Interests

As at June 30, 2013, 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 <sup>(1)</sup>	127,900,784 (L)	6.98%
JPMorgan Chase & Co. <sup>(2)</sup>	143,311,585 (L)	7.82%
	73,000 (S)	0.00%
	119,633,184 (LP)	6.53%
The Capital Group Companies, Inc. <sup>(3)</sup>	97,062,500 (L)	5.30%

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

Notes:

(1) The capacity of FIL Limited in holding the 127,900,784 shares was as investment manager.

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

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests	(L/S/LP)	
JPMorgan Chase & Co.	(2a)	—	—	143,311,585	(L)	7.82%
		—	—	73,000	(S)	0.00%
		—	—	119,633,184	(LP)	6.53%
JPMorgan Chase Bank, N.A.	(2b)	119,633,184	(L)	—	—	6.53%
J.P. Morgan Whitefriars Inc.	(2b)	44,401	(L)	—	—	0.00%
J.P. Morgan Overseas Capital Corporation	(2b)	—	—	44,401	(L)	0.00%
J.P. Morgan International Finance Limited	(2b)	—	—	44,401	(L)	0.00%
Bank One International Holdings Corporation	(2b)	—	—	44,401	(L)	0.00%
J.P. Morgan International Inc.	(2b)	—	—	44,401	(L)	0.00%
JPMorgan Chase Bank, NA	(2b)	—	—	44,401	(L)	0.00%
JF International Management Inc.	(2b)	551,500	(L)	—	—	0.03%
JPMorgan Asset Management (Asia) Inc.	(2b)	—	—	23,561,000	(L)	1.29%
JPMorgan Asset Management Holdings Inc.	(2b)	—	—	23,561,000	(L)	1.29%
JPMorgan Asset Management (Taiwan) Limited	(2b)	625,000	(L)	—	—	0.03%
J.P. Morgan Clearing Corp	(2b)	73,000	(L)	—	—	0.00%
		73,000	(S)	—	—	0.00%
J.P. Morgan Securities LLC	(2b)	—	—	73,000	(L)	0.00%
		—	—	73,000	(S)	0.00%
J.P. Morgan Broker-Dealer Holdings Inc	(2b)	—	—	73,000	(L)	0.00%
		—	—	73,000	(S)	0.00%
JF Asset Management Limited	(2b)	22,384,500	(L)	—	—	1.22%

Remarks:

- (2a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 143,311,585 shares of long position, 73,000 shares of short position and 119,633,184 shares of lending pool respectively was as controlled corporation.
- (2b) JPMorgan Chase Bank, N.A., J.P. Morgan Whitefriars Inc., J.P. Morgan Overseas Capital Corporation, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc., JPMorgan Chase Bank, NA, JF International Management Inc., JPMorgan Asset Management (Asia) Inc., JPMorgan Asset Management Holdings Inc., JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan Clearing Corp, J.P. Morgan Securities LLC, J.P. Morgan Broker-Dealer Holdings Inc and JF Asset Management Limited were all direct or indirect 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.

**Substantial Shareholders' Interests** *(continued)*Notes: *(continued)*

(3) The following is a breakdown of the interest in the shares in the Company held by The Capital Group Companies, Inc.:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests	(L/S)	
The Capital Group Companies, Inc.	(3a)	—	—	97,062,500	(L)	5.30%
Capital Research and Management Company	(3b)	97,062,500	(L)	—	—	5.30%

Remarks:

(3a) The capacity of The Capital Group Companies, Inc. in holding 97,062,500 shares of long position was as controlled corporation.

(3b) Capital Research and Management Company was direct owned by The Capital Group Companies, Inc. and by virtue of the SFO, The Capital Group Companies, Inc. was deemed to be interested in the shares held by subsidiary.

Save as disclosed, 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, 2013.

**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, 2013, save that:-

1. 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 103 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.
2. Mr Christopher Patrick Langley OBE (an Independent Non-executive Director) was unable to attend the annual general meeting of the Company held on May 24, 2013 (the "2013 Annual General Meeting") as he had to attend another annual general meeting of which he is the chairman of the audit committee. Mr Joel Arthur Schleicher (an Independent Non-executive Director) was unable to attend the 2013 Annual General Meeting due to prior engagements.
3. the Board is provided with quarterly updates instead of monthly updates. The Board agreed that quarterly updates give a balanced and understandable assessment of the performance, position and prospects of the Company in supporting the Directors to discharge their responsibilities.

Apart from compliance of the code provisions set out in the Corporate Governance Code, the Company also voluntarily complied with a number of recommended best practices set out in the Corporate Governance Code for further enhancement of the Company's corporate governance standard and promote the best interests of the Company and 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, 2013.

The Board 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"). 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](http://www.ttigroup.com)).

## Change in Director's Emoluments

With the recommendation of the Remuneration Committee, the Board has agreed to grant phantom options to the Directors of the Company as bonus on May 24, 2013. Details of which are listed below:

Position	No. of phantom options granted
Chairman	250,000
Executive Directors (except Chairman)	1,000,000 each
Non-executive Director	250,000
Independent Non-executive Directors	250,000 each

The grant date was May 24, 2013 (the "Grant Date"). 50% of the above phantom options will vest on the first anniversary of the Grant Date and the balance will vest on the second anniversary of the Grant Date. No shares will be issued and only the difference in price between the closing price on the Grant Date and the closing price on the related exercise date times the related phantom options would be given to the concerned Directors as bonus.

## Review of Accounts

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The Audit Committee has reviewed with the Company's external auditors, Deloitte Touche Tohmatsu, and the senior management of the Group this report, 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.

## Directors' Interests in Contracts of Significance

No contract 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.

## Purchase, Sales or Redemption of Securities

Neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any listed securities of the Company.

A total of 1,300,000 ordinary shares of HKD0.10 each in the Company (those repurchased in December 2012 at prices ranging from HKD14.34 to HKD14.68 per share) were cancelled by the Company during the period. The aggregate amount paid by the Company for such repurchases amounting to USD2,429,000 was charged to the retained earnings. The issued share capital and the capital redemption reserve of the Company was reduced and increased respectively by the par value thereof.

By order of the Board

**Horst Julius Pudwill**

*Chairman*

Hong Kong

August 21, 2013