

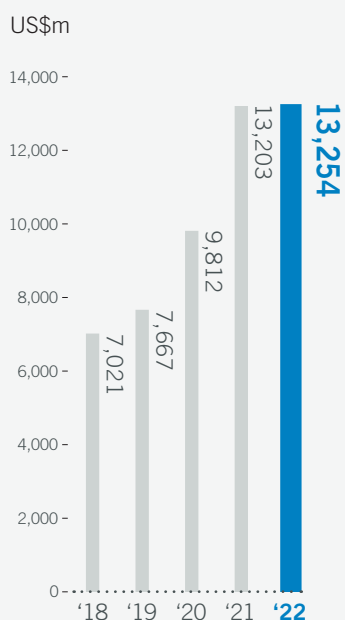
Financial Highlights

	2022 US\$' million	2021 US\$' million	Changes
Revenue	13,254	13,203	+0.4%
Gross profit margin	39.3%	38.8%	+54 bps
EBIT	1,201	1,192	+0.8%
Profit attributable to Owners of the Company	1,077	1,099	(2.0%)
Basic earnings per share (US cents)	58.86	60.04	(2.0%)
Dividend per share (approx. US cents)	23.81	23.81	—

Revenue

US\$13,254 million

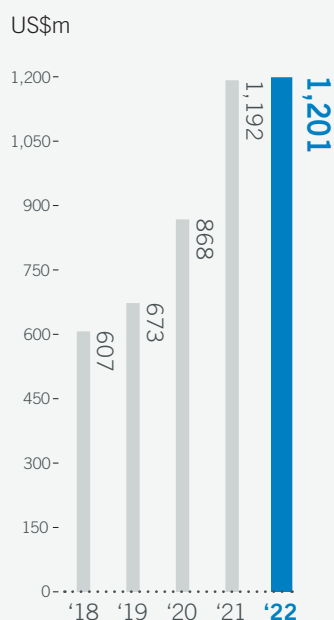
Delivered 2.8% local currency sales growth in 2022



EBIT

US\$1,201 million

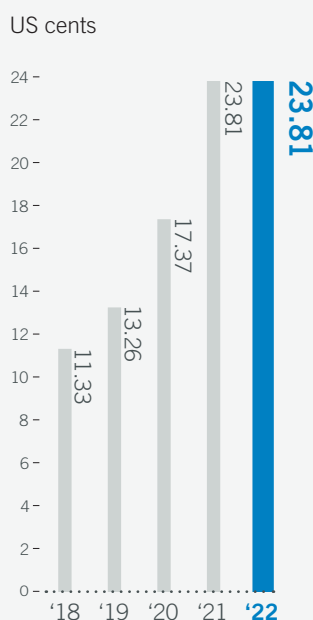
Increased 0.8% to US\$1.2 billion with margin up slightly to 9.1%



Dividend per share

US\$23.81 cents

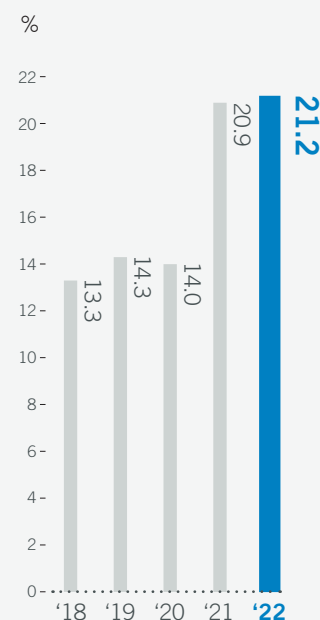
The Board is recommending a final dividend of US\$11.58 cents which result in a full-year dividend of US\$23.81 cents



Working capital as % of sales

21.2%

Working capital to sales finished the year at 21.2% compared to 20.9% a year ago



The Board may, from time to time, at their absolute discretion select any Eligible Person for participation in any scheme as a selected grantee (the “Selected Grantee”) and determine the number of shares to be awarded or make reference to a nominal amount. The relevant number of shares awarded will be purchased by the trustee of the schemes from the market or new shares will be subscribed for by the trustee at the cost of the Company and be held in trust until they are vested. Upon acceptance of the share awards, no payment is required. When a Selected Grantee has satisfied all vesting conditions specified by the Board, the trustee will transfer the relevant vested shares together with the income derived therefrom (net of accrued interest) to such Selected Grantee.

The maximum number of shares which can be awarded under each scheme is 10% of the issued share capital of the Company as at the adoption date thereof, and the maximum number of shares which can be awarded under each scheme to a Selected Grantee, at any one time, shall not in aggregate exceed 1% of the issued share capital of the Company as at the adoption date thereof. The total issued share capital of the Company as at the 2008 Adoption Date and the 2018 Adoption Date were 1,501,252,152 shares and 1,835,021,941 shares, respectively.

Since the 2018 Adoption Date and up to December 31, 2022, a total of 12,658,500 shares had been awarded under the 2018 Share Award Scheme, representing 0.69% of the issued share capital of the Company as at the 2018 Adoption Date. Recognition of share-based payment expenses under the 2018 Share Award Scheme during the year was US\$31,980,000. During the year ended December 31, 2022, a total of 3,011,000 shares had been awarded under the 2018 Share Award Scheme to two Directors of the Company, representing 0.16% of the issued share capital of the Company as at the 2018 Adoption Date. The total payout, including related expenses, amounted to US\$52,112,000. In addition, during the year ended December 31, 2022, 1,784,500 shares were transferred to nine Directors and a Selected Grantee upon vesting under the 2018 Share Award Scheme. As at December 31, 2022, details of the awarded shares granted under the 2018 Share Award Scheme of the Company were as follows:

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares					Vesting Period	Closing price at the Date of Award HK\$	Purchase price HK\$
				As at January 1, 2022	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2022			
Directors											
Mr Horst Julius Pudwill	21.3.2018	2018	500,000	125,000	—	(125,000)	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	20.5.2019	2018	300,000	100,000	—	(100,000)	—	—	20.5.2020 – 20.5.2022	50.20	28.15
	21.12.2020	2018	1,000,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	300,000	300,000	—	—	—	300,000	3.4.2023 – 30.12.2023 ⁽⁴⁾	154.90	115.13
Mr Stephan Horst Pudwill	21.3.2018	2018	50,000	12,500	—	(12,500)	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	21.12.2020	2018	100,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	50,000	50,000	—	(25,000)	—	25,000	30.12.2022 – 30.12.2023	154.90	115.13

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares					Vesting Period	Closing price at the Date of Award HK\$	Purchase price HK\$
				As at January 1, 2022	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2022			
Directors (continued)											
Mr Joseph Galli Jr ⁽⁵⁾	21.3.2018	2018	514,000	128,500	—	(128,500)	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	3.1.2020	2018	1,000,000	1,000,000	—	—	—	1,000,000	On or about 1.1.2025	64.70	44.38
	21.12.2020	2018	1,000,000	—	—	—	—	—	21.12.2020	107.00	44.55
	4.3.2021	2018	1,000,000	—	—	—	—	—	4.3.2021	121.40	80.25
	4.3.2021	2018	1,000,000	1,000,000	—	—	—	1,000,000	On or about 1.1.2025	121.40	80.25
	31.12.2021	2018	1,000,000	1,000,000	—	—	—	1,000,000	On or about 1.1.2025	155.20	121.14
	3.3.2022	2018	1,000,000	—	1,000,000	(1,000,000)	—	—	3.3.2022	136.10	130.19
	3.3.2022	2018	1,000,000	—	1,000,000	—	—	1,000,000	On or about 3.3.2023	136.10	130.19
	30.12.2022	2018	1,000,000	—	1,000,000	—	—	1,000,000	On or about 1.1.2025	87.10	142.95
Mr Kin Wah Chan	21.3.2018	2018	50,000	12,500	—	(12,500)	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	21.12.2020	2018	100,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	50,000	50,000	—	(25,000)	—	25,000	30.12.2022 – 30.12.2023	154.90	115.13
Mr Chi Chung Chan	21.3.2018	2018	50,000	12,500	—	(12,500)	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	21.12.2020	2018	100,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	50,000	50,000	—	(25,000)	—	25,000	30.12.2022 – 30.12.2023	154.90	115.13
Prof Roy Chi Ping Chung GBS BBS JP	21.12.2020	2018	10,000	5,000	—	(5,000)	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	30.12.2021	2018	12,500	12,500	—	(12,500)	—	—	30.12.2022	154.90	115.13
Mr Camille Jojo	2.1.2019	2018	10,000	—	—	—	—	—	2.1.2019	41.10	28.15
	20.5.2019	2018	150,000	50,000	—	(50,000)	—	—	20.5.2020 – 20.5.2022	50.20	38.30
	3.1.2020	2018	12,500	—	—	—	—	—	3.1.2020	64.70	44.62
	21.12.2020	2018	10,000	5,000	—	(5,000)	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	31.12.2020	2018	10,500	—	—	—	—	—	31.12.2020	110.60	49.67
	30.12.2021	2018	18,000	12,500	—	(12,500)	—	—	30.12.2021 – 30.12.2022	154.90	115.13
	30.12.2022	2018	11,000	—	11,000	(11,000)	—	—	30.12.2022	87.10	142.95
Mr Peter David Sullivan	21.12.2020	2018	10,000	5,000	—	(5,000)	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	30.12.2021	2018	12,500	12,500	—	(12,500)	—	—	30.12.2022	154.90	115.13
Mr Johannes-Gerhard Hesse	21.12.2020	2018	10,000	5,000	—	(5,000)	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	30.12.2021	2018	12,500	12,500	—	—	—	12,500	2.5.2024 ⁽⁵⁾	154.90	115.13

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares					Vesting Period	Closing price at the Date of Award HK\$	Purchase price HK\$
				As at January 1, 2022	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2022			
Directors (continued)											
Mr Robert Hinman Getz	21.12.2020	2018	10,000	5,000	—	—	—	5,000	N/A ⁽⁷⁾	107.00	44.55
	30.12.2021	2018	12,500	12,500	—	—	—	12,500	N/A ⁽⁸⁾	154.90	115.13
Ms Virginia Davis Wilmerding	30.12.2021	2018	12,500	12,500	—	—	—	12,500	N/A ⁽⁹⁾	154.90	115.13
Total for directors			11,538,500	3,991,000	3,011,000	(1,584,500)	—	5,417,500			
Employees	20.5.2019	2018	1,100,000	600,000	—	(200,000)	—	400,000	20.5.2020 – 20.5.2024	50.20	45.30
	21.12.2020	2018	10,000	—	—	—	—	—	20.5.2021	107.00	44.55
	21.12.2020	2018	10,000	—	—	—	—	—	30.7.2021	107.00	44.55
Total for employees			1,120,000	600,000	—	(200,000)	—	400,000			
Total for all categories			12,658,500	4,591,000	3,011,000	(1,784,500)	—	5,817,500			

Notes:

- (1) All the awarded shares are purchased on the market. No share awards were cancelled during the year ended December 31, 2022.
- (2) At the end of the year, the average fair value per share is HK\$100.52. The average fair value of the awarded shares is based on the average purchase cost.
- (3) During the reporting year, a total of 800,000 shares were purchased at an aggregate consideration of US\$9,796,000 for satisfying the awards granted pursuant to the 2018 Share Award Scheme.
- (4) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 150,000 shares which were awarded to Mr Horst Julius Pudwill from December 30, 2022 to April 3, 2023.
- (5) As to the agreement for the separate 5,000,000 awarded shares to be granted to Mr Joseph Galli Jr between 2020 to 2024 in five equal tranches (i.e. 1,000,000 awarded shares per year) provided the Company meets certain performance criteria each year, the first, second, third and fourth tranches of 1,000,000 shares were awarded to Mr Galli on January 3, 2020, March 4, 2021, December 31, 2021 and December 30, 2022 respectively. These shares are scheduled to vest to Mr Galli on or about January 1, 2025 if he remains in his current role. Details of remaining 1,000,000 awarded shares to be granted as disclosed above are not included. The above mentioned performance criteria are set out in the "Remuneration Committee" section in this Corporate Governance Report.
- As to the agreement for the 5,000,000 shares might be granted subject to, inter alia, the achievement of performance criteria (reaching specific EBIT target each year) for the years between 2022 to 2026 respectively, the 1,000,000 shares for 2022 were granted to Mr Galli on March 3, 2022 and will be vested on 1st anniversary of the date of award upon completion of certain performance criteria, otherwise, the grant for that year will lapse. Details of remaining 4,000,000 shares to be granted as disclosed above are not included. The above mentioned performance criteria are set out in the "Remuneration Committee" section in this Corporate Governance Report.
- (6) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Johannes-Gerhard Hesse from December 30, 2022 to May 2, 2024.
- (7) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 5,000 shares which were awarded to Mr Robert Hinman Getz from December 21, 2022 to upon his cessation as a director of the Company.
- (8) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Robert Hinman Getz from December 30, 2022 to upon his cessation as a director of the Company.
- (9) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Ms Virginia Davis Wilmerding from December 30, 2022 to upon her cessation as a director of the Company.

The closing price of the Company's shares immediately before the various dates on which the share awards were granted ranged from HK\$87.45 to HK\$124.80 in 2022.

The weighted average closing price of the Company's shares immediately before the various dates on which the share awards were vested during 2022 was HK\$116.07.

The number of shares available for grant under 2018 Share Award Scheme at the beginning and the end of 2022 were 173,854,694 and 170,843,694 respectively.

The number of shares that may be issued in respect of share awards granted under the 2018 Share Award Scheme during 2022 divided by the number of shares in issue for the year is 0.16%.

The total number of shares available for issue under the 2018 Share Award Scheme is 170,843,694, which represents approximately 9.31% of the issued shares of the Company as at December 31, 2022.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Constitutional Document

No change has been made to the Company's constitutional document during 2022. The constitutional document of the Company was published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk).

Board, Board Committee and General Meetings in 2022

A summary of attendance of Board, Board Committee and general meetings in 2022 are detailed in the following table:

	Meetings attended/Held in 2022				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
Number of meeting(s) held during the year	5	4	3	5	1
Group Executive Directors					
Mr Horst Julius Pudwill	5/5		3/3		1/1
Mr Stephan Horst Pudwill	5/5				1/1
Mr Joseph Galli Jr	5/5				1/1
Mr Kin Wah Chan	5/5				1/1
Mr Chi Chung Chan	5/5				1/1
Non-executive Directors					
Prof Roy Chi Ping Chung GBS BBS JP	5/5				1/1
Mr Camille Jojo	5/5	4/4		5/5	1/1
Independent Non-executive Directors					
Mr Peter David Sullivan	5/5	4/4		5/5	1/1
Mr Johannes-Gerhard Hesse	5/5	4/4	3/3		1/1
Mr Robert Hinman Getz	5/5	4/4	3/3	5/5	1/1
Ms Virginia Davis Wilmerding ⁽¹⁾	5/5		1/1		1/1
Ms Caroline Christina Kracht ⁽²⁾	3/3				1/1
Date(s) of meeting(s)	20.1.2022	1.3.2022	1.3.2022	1.3.2022	13.5.2022
	2.3.2022	12.5.2022	9.8.2022	9.8.2022	
	12.5.2022	10.8.2022	8.11.2022	23.8.2022	
	10.8.2022	8.11.2022		8.11.2022	
	9.11.2022			20.12.2022	

Notes:

- (1) Ms Virginia Davis Wilmerding was appointed as a member of the Nomination Committee and the Remuneration Committee on August 10, 2022 and March 1, 2023 respectively.
- (2) Ms Caroline Christina Kracht was appointed as Independent Non-executive Director and a member of the Audit Committee on March 7, 2022 and March 1, 2023 respectively.

Report of the Directors

The directors have the pleasure in presenting their annual report and the audited financial statements for the year ended December 31, 2022.

Principal Activities and Business Review

The Company acts as an investment holding company.

The principal activities of the principal subsidiaries and an associate are set out in Notes 51 and 52 to the consolidated financial statements, respectively.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the “Company Ordinance”), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred, and an indication of likely future development in the Group’s business, can be found in the “Chairman’s Statement”, “Chief Executive Officer’s Message”, “Review of Operations”, “Management’s Discussion and Analysis”, “Corporate Governance Report”, and “Financial Summary” sections of this Annual Report, and the “Environmental, Social and Governance Report” (the “ESG Report”), which will be published separately. The above sections and the ESG Report form part of this report.

Results and Appropriations

The results of the Group for the year ended December 31, 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 89.

An interim dividend of HK95.00 cents (approximately US12.23 cents) per share amounting to approximately US\$224,317,000 was paid to the shareholders during the year.

The directors recommend the payment of a final dividend of HK90.00 cents (approximately US11.58 cents) per share to the shareholders on the register of members on May 19, 2023, amounting to approximately US\$212,513,000.

Property, Plant and Equipment

The Group continued to expand its business and during the year spent approximately US\$3,130,000 on moulds and tooling, office equipment, furniture and fixtures for approximately US\$19,524,000 and plant and machinery for approximately US\$49,017,000. Details of these and other movements in the property, plant and equipment of the Group and the Company during the year are set out in Note 16 to the consolidated financial statements.

Share Capital

Details of movements during the year in the share capital of the Company are set out in Note 39 to the consolidated financial statements.

Other than 800,000 shares of the Company purchased on-market by the trustee for satisfying the awarded shares granted under the Company’s share award schemes (details of which are set out in the Corporate Governance Report), neither the Company nor any of its subsidiaries has, during the year, purchased, sold or redeemed any listed securities of the Company.

Directors

The directors of the Company during the year and up to the date of this report were:

Group Executive Directors:

Mr Horst Julius Pudwill, *Chairman*
Mr Stephan Horst Pudwill, *Vice Chairman*
Mr Joseph Galli Jr, *Chief Executive Officer*
Mr Kin Wah Chan
Mr Chi Chung Chan

Non-executive Directors:

Prof Roy Chi Ping Chung GBS BBS JP
Mr Camille Jojo

Independent Non-executive Directors:

Mr Peter David Sullivan
Mr Johannes-Gerhard Hesse
Mr Robert Hinman Getz
Ms Virginia Davis Wilmerding
Ms Caroline Christina Kracht (appointed on March 7, 2022)

In accordance with Article 107(A) of the Company’s Articles of Association, Messrs. Horst Julius Pudwill, Joseph Galli Jr, Chi Chung Chan and Robert Hinman Getz will retire at the forthcoming Annual General Meeting, being eligible, will offer themselves for re-election.

No director proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Terms of Office of Non-executive Directors and Independent Non-executive Directors

The term of office for each of the Non-executive Directors and Independent Non-executive Directors is the period up to his retirement by rotation in accordance with Article 107(A) of the Company's Articles of Association.

Directors of Subsidiaries

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended December 31, 2022 and during the period from January 1, 2023 to the date of this Report are available on the Company's website (www.ttigroup.com).

Directors' and Chief Executive's Interests

As at December 31, 2022, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Name of directors	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) ⁽¹⁾	Interests in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	146,309,000 ⁽²⁾	55,500	363,284,294	19.80%
	Interests of spouse	760,000	—		
	Interests of controlled corporation	216,159,794 ⁽³⁾	—		
Mr Stephan Horst Pudwill	Beneficial owner	5,159,500 ⁽⁴⁾	5,750,000	44,917,000	2.45%
	Beneficiary of a trust	34,007,500 ⁽⁵⁾	—		
Mr Joseph Galli Jr	Beneficial owner	16,806,000 ⁽⁶⁾	—	16,806,000	0.92%
Mr Kin Wah Chan	Beneficial owner	691,000 ⁽⁷⁾	4,450,000	5,141,000	0.28%
Mr Chi Chung Chan	Beneficial owner	1,050,000 ⁽⁸⁾	4,750,000	5,800,000	0.32%
Prof Roy Chi Ping Chung GBS BBS JP	Beneficial owner	49,178,448	426,000	86,679,478	4.72%
	Interests of controlled corporation	37,075,030 ⁽⁹⁾	—		
Mr Camille Jojo	Beneficial owner	139,000	226,000	365,000	0.02%
Mr Peter David Sullivan	Beneficial owner	519,500	79,000	598,500	0.03%
Mr Johannes-Gerhard Hesse	Beneficial owner	22,500 ⁽¹⁰⁾	411,000	433,500	0.02%
Mr Robert Hinman Getz	Beneficial owner	68,174 ⁽¹¹⁾	154,000	222,174	0.01%
Ms Virginia Davis Wilmerding	Beneficial owner	12,500 ⁽¹²⁾	29,500	42,000	less than 0.01%

Notes:

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

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

- (2) These included Mr Horst Julius Pudwill's interests in 300,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022. Details of Mr Horst Julius Pudwill's awarded shares are set out in the Corporate Governance Report.

Directors' and Chief Executive's Interests (continued)

Notes: (continued)

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

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

- (4) These included Mr Stephan Horst Pudwill's interests in 25,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022. Details of Mr Stephan Horst Pudwill's awarded shares are set out in the Corporate Governance Report.
- (5) These shares were held by a trust of which Mr Stephan Horst Pudwill is one of the beneficiaries.
- (6) These included Mr Joseph Galli Jr's interests in 5,000,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022; 1,000,000 awarded shares which agreed to be granted to Mr Galli shall be vested provided that Mr Galli remains an employee in good standing at the Company through the vesting date; and the 4,000,000 shares which agreed to be granted to Mr Galli shall be vested upon the achievement of performance criteria for the years between 2023 to 2026 respectively. Details of Mr Joseph Galli Jr's awarded shares are set out in the Corporate Governance Report.
- (7) These included Mr Kin Wah Chan's interests in 25,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022. Details of Mr Kin Wah Chan's awarded shares are set out in the Corporate Governance Report.
- (8) These included Mr Chi Chung Chan's interests in 25,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022. Details of Mr Chi Chung Chan's awarded shares are set out in the Corporate Governance Report.
- (9) These shares were held by Cordless Industries Company Limited* in which Prof Roy Chi Ping Chung GBS BBS JP has a beneficial interest.
- * Cordless Industries Company Limited is owned as to 70% by Mr Horst Julius Pudwill and as to 30% by Prof Roy Chi Ping Chung GBS BBS JP.
- (10) These included Mr Johannes-Gerhard Hesse's interests in 12,500 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022. Details of Mr Johannes-Gerhard Hesse's awarded shares are set out in the Corporate Governance Report.
- (11) These included Mr Robert Hinman Getz's interests in 17,500 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022. Details of Mr Robert Hinman Getz's awarded shares are set out in the Corporate Governance Report.
- (12) These included Ms Virginia Davis Wilmerding's interests in 12,500 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2022. Details of Ms Virginia Davis Wilmerding's awarded shares are set out in the Corporate Governance Report.

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 December 31, 2022.

Share Options

Share Option Schemes

The Company has two share option schemes in place – Scheme D and Scheme E. Scheme D was adopted on May 29, 2007 and expired on May 28, 2017, though its provisions shall remain in full force and effect in all other respects. Following the expiry of Scheme D, Scheme E was adopted on May 19, 2017 and will expire on May 18, 2027.

Both Scheme D and Scheme E are aimed for recognition of the contribution to the development and growth of the Group by the eligible persons. The scheme rules of both Scheme D and Scheme E are substantially identical and below are the summary of the principal terms of both schemes:

The Board of Directors of the Company may grant share options to the following eligible persons (and their wholly owned companies) of the Company, its subsidiaries and any companies in which the Group holds any equity interest, to subscribe for shares in the Company:

- (i) employees; or
- (ii) Directors; or
- (iii) secondees; or
- (iv) any shareholders of any member of the Group or invested entity or controlling shareholders or any holders of any securities issued by any member of the Group; or
- (v) business partners; or
- (vi) suppliers; or
- (vii) customers; or
- (viii) advisers of the Group.

Share options granted must be taken up within 21 days of the date of grant, upon payment of consideration to be determined by the Board for the grant thereof. Share options may be exercised at any time, subject to vesting conditions, from the date of grant to the tenth anniversary thereof. The subscription price is set at the highest of: the closing price of the shares on the date of offer of the share option or the average closing price of shares as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the date of offer.

The maximum number of shares in respect of which share options may be granted under the respective share option schemes is not permitted to exceed 30.0% of the issued share capital of the Company from time to time or 10.0% of the shares in issue as at the adoption date of the respective share option schemes. No person shall be granted an option which exceeds 1.0% of the shares in issue as at the date of offer in any 12-month period up to the date thereof.

Options may be exercised at any time after the first to third anniversary of the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

The following tables disclose movements in the Company's share options during the year:

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of the year	Subscription price HK\$	Exercise period
Directors									
Mr Horst Julius Pudwill	22.12.2020	E	47,000	—	(23,500)	—	23,500	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
Mr Stephan Horst Pudwill	20.3.2014	D	750,000	—	—	—	750,000	21.600	20.3.2015 – 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2016 – 10.9.2025
	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
Mr Kin Wah Chan	17.3.2017	D	200,000	—	—	—	200,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
Mr Chi Chung Chan	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
Prof Roy Chi Ping Chung GBS BBS JP	11.9.2015	D	150,000	—	(150,000)	—	—	29.650	11.9.2016 – 10.9.2025
	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
Mr Camille Jojo	14.3.2018	E	50,000	—	—	—	50,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031

Share Options (continued)

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of the year	Subscription price HK\$	Exercise period
Directors (continued)									
Mr Peter David Sullivan	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
Mr Johannes-Gerhard Hesse	19.6.2017	E	135,000	—	—	—	135,000	36.300	19.6.2018 – 18.6.2027
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
Mr Robert Hinman Getz	15.5.2020	E	75,000	—	—	—	75,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
Ms Virginia Davis Wilmerding	19.8.2021	E	29,500	—	—	—	29,500	167.200	19.8.2022 – 18.8.2031
Total for directors			16,504,500	—	(173,500)	—	16,331,000		
Employees	17.3.2017	D	110,000	—	(40,000)	—	70,000	32.100	17.3.2018 – 16.3.2027
	19.6.2017	E	100,000	—	—	—	100,000	36.300	19.6.2018 – 18.6.2027
	14.3.2018	E	150,000	—	—	—	150,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	194,000	—	—	—	194,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	94,000	—	—	—	94,000	105.500	22.12.2021 – 21.12.2030
Total for employees			648,000	—	(40,000)	—	608,000		
Total for all categories			17,152,500	—	(213,500)	—	16,939,000		

No option was granted during the year ended December 31, 2022. Accordingly, the number of share options available for grant under Scheme E at the beginning and the end of the year remains at 168,012,694.

The weighted average closing price of the Company's shares immediately before the various dates on which the share options were granted during 2021 was HK\$152.31.

The closing price of the Company's shares immediately before the various dates on which the share options were granted ranged from HK\$152.20 to HK\$163.70 in 2021.

The weighted average closing prices of the Company's shares immediately before various dates during 2022 and 2021 on which the share options was exercised were HK\$87.98 (2021: HK\$152.40) respectively.

The fair value of the share options granted in 2021 measured at various dates on which the share options were granted was ranged from HK\$36.67 to HK\$39.49. The weighted average fair value of the share options granted in 2021 was HK\$36.70 per option.

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	2022 US\$'000	2021 US\$'000
Operating Activities		
Profit before taxation	1,156,897	1,181,825
Adjustments for:		
Amortization/write-off of intangible assets	132,434	123,992
Depreciation of property, plant and equipment	240,428	190,289
Depreciation of right of use assets	139,998	112,815
Fair value gain on foreign currency forward contracts	(4,339)	(9,074)
Fair value loss on acquisition right of certain property, plant and equipment	300	192
Fair value loss on listed equity securities	2,806	4,792
Finance costs	69,868	42,008
Gain on early termination of leases	(178)	(734)
Gain on sale and leaseback transactions	(9,072)	—
(Reversal of impairment loss) impairment loss on trade receivables under expected credit loss model	(12,268)	24,820
Impairment loss on right of use assets	—	876
Interest income	(25,852)	(32,028)
Loss on disposal of property, plant and equipment	16,497	32,707
Share-based payments expense	47,346	33,573
Share of result of an associate	(3)	(5)
Write down of inventories	61,611	101,991
Operating cash flows before movements in working capital	1,816,473	1,808,039
Increase in inventories	(361,235)	(1,732,671)
Decrease (increase) in trade and other receivables, deposits and prepayments	119,405	(697,983)
Increase in right to returned goods asset	(871)	(426)
Decrease in bills receivable	756	17
Decrease (increase) in trade receivables from an associate	1,574	(2,360)
(Decrease) increase in trade and other payables	(178,038)	734,304
Decrease in refund liabilities from right of return	(5,190)	(3,946)
Decrease in bills payable	(27,282)	(14,242)
Increase in warranty provision	26,195	29,048
Decrease in retirement benefit obligations	(6,462)	(8,719)
Net payment for purchase of shares for share award scheme	(9,796)	(81,251)
Cash generated from operations	1,375,529	29,810
Interest paid	(69,868)	(42,008)
Hong Kong Profits Tax paid	(1,904)	(4,990)
Overseas tax paid	(73,527)	(87,874)
Hong Kong Profits Tax refunded	41	1,104
Overseas tax refunded	2,832	3,013
Net Cash from (used in) Operating Activities	1,233,103	(100,945)