TECHTRONIC INDUSTRIES COMPANY LIMITED
創 科 實 業 有 限 公 司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 669)

ANNOUNCEMENT OF RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

The board of directors (the "Directors" or the "Board") of Techtronic Industries Company Limited ("TTI" or the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six-month period ended June 30, 2023 together with the comparative figures in 2022.

- TTI delivered solid results for the first half of 2023, outpacing the market in sales performance and profit generation, while reducing inventory and delivering outstanding free cash flow
- Our Flagship MILWAUKEE business, which is the #1 global professional power tool brand, outperformed the market with 8.7% growth in local currency
- Reduced inventory from the first half of 2022 by US$651 million
- Delivered record first half Free Cash Flow of US$301 million, an improvement of US$649 million from the first half of 2022
- Gross Margin expanded for the 15th consecutive first half to 39.3%, a 22 bps increase

HIGHLIGHTS

	2023 US$' million	2022 US$' million	**Changes**
Revenue	**6,879**	7,034	**(2.2%)**
Gross profit margin	**39.3%**	39.1%	**+22 bps**
EBIT	**560**	633	**(11.5%)**
Profit attributable to Owners of the Company	**476**	578	**(17.7%)**
EPS (US cents)	**26.00**	31.59	**(17.7%)**
Free Cash Flow	**301**	(348)	**+649 m**
Interim dividend per share (approx. US cents)	**12.23**	12.23	**-**

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK95.00 cents (approximately US12.23 cents) (2022: HK95.00 cents (approximately US12.23 cents)) per share for the six-month period ended June 30, 2023. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 1, 2023. It is expected that the interim dividend will be paid on or about September 15, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Review of Operations

Overall sales declined 2.2% in reported currency, and 1.0% in local currency, to US$6.9 billion. Our Flagship MILWAUKEE business grew 8.7% in local currency, while our Consumer businesses were down low double-digit, in part driven by inventory reduction initiatives within our network and our customers.

Globally, we outperformed the market in the first half of 2023. North America declined 3.9% in sales in local currency. Europe, led by our world-class management team, grew 10.1% in local currency. Rest of World, featuring Australia and Asia, delivered 5.7% growth in local currency.

Gross Margin improved 22 bps from the first half of 2022, due to our greater mix towards our higher margin MILWAUKEE business and productivity initiatives, supplemented with the continued outperformance of our high margin aftermarket battery business.

As a percentage to Sales, total SG&A increased 108 bps from the first half of 2022, with Selling, Distribution, and Advertising increased 86 bps due to investments in MILWAUKEE commercialization activity and geographic expansion, as well as selling and promotional activities in the Consumer businesses to drive additional POS sell through and inventory reductions. Research and Development increased 24 bps versus the first half of last year. Amortization of intangible assets accounted for 28 bps of the increase, offset by the rationalization of consumer research expense. Administrative spend decreased 3 bps from the first half of 2022 due to headcount reductions and other Consumer SG&A rationalization actions.

Our Flagship MILWAUKEE business vastly outperformed the competition in the first half of 2023. We have maintained our MILWAUKEE strategic investment plans in new product development, in-store support, and geographic expansion, while prudently reducing non-strategic spend.

Investment plans in our Consumer businesses remain curtailed to align with current market conditions. We have managed down SG&A and structural overhead to support our lower near-term growth outlook, while driving impressive inventory reduction and free cash flow generation from these businesses.

EBIT declined 11.5% to US$560 million, net profit declined 17.7% to US$476 million, and earnings per share decreased 17.7% to approximately US26.00 cents per share.

We delivered US$301 million of positive Free Cash Flow in the first half of 2023. This is an improvement of US$649 million from the first half of 2022 and we are well positioned for additional free cash flow generation in the second half of 2023.

Inventory was reduced by US$504 million from our year end 2022 balance, and US$651 million from the end of the first half of 2022. Working capital as a percent of sales improved 56 bps to 22.7% and gearing decreased to 25.7% from 40.5% from the end of June 2022.

Capex spend for the first half was US$210 million, lower than last year by 8.6%. This spend includes investments in new product, productivity, factory automation, advanced material handling and sustainability initiatives in Vietnam and the United States. The new MILWAUKEE Hand Tool factory in Wisconsin, powered exclusively by green energy, started production on Made-in-USA hand tools in Q2 2023.

Our first half performance reflects our focus on extending our market leadership position, while reducing inventory balances, within our network and our customers, and delivering positive free cash flow. Even in times of challenging macroeconomic conditions, we have not wavered from our strategy of investing in demonstrably better, technologically advanced new products to drive our growth. We are well positioned to continue outperforming the market in the second half of 2023 and beyond.

BUSINESS REVIEW

POWER EQUIPMENT

The TTI Power Equipment segment delivered sales of US$6.5 billion, down 1.7% in reported currency and down 0.5% in local currency.

MILWAUKEE

We significantly outpaced the market, delivering 8.7% growth in local currency from our Flagship MILWAUKEE business in the first half of 2023. More importantly, we believe this business is well positioned for sustained long term sales growth of high single digit to low double digit based on the shift from legacy power sources like petrol and corded to cordless, geographic expansion, deep vertical penetration, and new product introductions. Europe, Asia, Canada, Australia and Latin America are all regions that have substantial geographic expansion potential. Additionally, there are vast opportunities to keep growing MILWAUKEE in verticals like Infrastructure, Construction, Power Utility, Renewable Energy, Mining, and Transportation Maintenance, to name just a few.

The industry leading MILWAUKEE M18 platform expanded to a total of 272 products in the first half of 2023. Highlights include the new M18 Brushless Cut Off Grinders commonly used in infrastructure applications and M18 6T Utility Crimper intended for users in the Power Utility vertical.

With the addition of the M12 Bandfile, Brushless Planer and Second Generation TRAPSNAKE Auger, the MILWAUKEE M12 subcompact system now includes 153 products. We are especially excited about the new-to-world M12 Insider Box Ratchet launching in Q3 2023. The patent pending design of this ratchet is smaller than competitive product and will allow users, commonly in the Transportation Maintenance vertical, to reach spaces previously inaccessible by larger ratchets.

We also announced a significant expansion of our MILWAUKEE MX FUEL Light Equipment platform in the first half of 2023. Examples of new product include the MX FUEL Second Generation Cutoff Saw, Power Trowels, and Plate Compactor. By the end of 2023, this revolutionary platform will contain 20 light equipment products.

MILWAUKEE Personal Protective Equipment (PPE) continued to gain traction in this highly important space. We are extremely proud of the innovation within our MILWAUKEE BOLT hard hat system that includes a line of 21 interchangeable accessories that allow users to customize their safety equipment to their specific jobsite needs. Our recently announced Impact Armor helmet liner is another example of breakthrough innovation in the Personal Protective Equipment arena.

RYOBI

Our Consumer Power Equipment business declined low double digit in the first half of 2023. Even with the sales contraction, our team demonstrated tremendous working capital discipline, generating strong Free Cash Flow. We curtailed production and stimulated POS sell through to drive inventory within our network, as well as our customer. In addition, we took actions to ensure the SG&A and structural overhead are the right size to support our growth outlook in the consumer arena.

RYOBI is the #1 consumer tool brand in the world and global leader in DIY cordless, featuring 4 innovative cordless platforms. The RYOBI 18V ONE+ system, originally launched in 1996, is the #1 DIY system worldwide with 305 products running off the same interchangeable battery. The RYOBI 40V battery system powers 88 different products, delivering breakthrough power, performance, and noise reduction in our innovative line of outdoor products. Our Whisper Series technology eliminates the noise pollution and emissions created by competitive petrol products, without sacrificing on performance. Additionally, the new RYOBI 80V system powers our innovative line of high voltage mowers, delivering more performance than petrol. Our newest platform, the RYOBI USB LITHIUM series provides compact, portable, rechargeable solutions for cordless power and productivity. This system is quickly gaining adoption and will have 22 products by the end of 2023.

FLOORCARE & CLEANING

Our Floorcare and Cleaning business improved in the first half of 2023 with profit increasing US$13.5 million versus last year. Sales in the first half of 2023 were down 9.1% to US$429 million, as we did not repeat the aggressive excess and obsolete sales actions taken in the first half of 2022. This business is now well positioned to grow and further improve profitability in the second half of 2023.

SUSTAINABILITY

In March 2023, we announced our commitment to setting science based targets with SBTi (Science Based Target initiative) and reducing carbon emissions throughout our value chain in accordance with the mission of the Paris Agreement. In the first half of the year, we have made additional progress on solar panel installations in China, while also accelerating our internal mapping of Scope 3 emissions. Additionally, we implemented several initiatives to increase the focus on employee safety that have been successful in reducing injuries and accidents at the workplace. In April 2023, the Asia Institutional Investor poll recognized our TTI Company Board as best in class with an overall combined ranking of 2nd in the Industrials category.

FINANCIAL REVIEW

Financial Results

Reported revenue for the period amounted to US$6,879 million, 2.2% lower than the US$7,034 million reported in the same period last year. Profit attributable to Owners of the Company amounted to US$476 million as compared to US$578 million reported in the same period last year, a decrease of 17.7%. Basic earnings per share was at US26.00 cents (2022: US31.59 cents), a decrease of 17.7%.

EBIT amounted to US$560 million, a decrease of 11.5% as compared to the US$633 million reported in the same period last year.

Result Analysis

Gross Margin

Gross margin improved to 39.3% as compared to 39.1% reported in the same period last year. The margin improvement was the result of mix improvements by Milwaukee's growth and high margin aftermarket battery business.

Operating Expenses

Total operating expenses for the period amounted to US$2,149 million as compared to US$2,122 million reported for the same period last year, representing 31.2% of revenue (2022: 30.2%). During the period under review, R&D spent at 3.5% of revenue (2022: 3.3%). The increase was mainly due to the continual strategic investments in new products and promotional activities to support our near-term growth outlook.

Net interest expenses for the period amounted to US$49.2 million as compared to US$11.3 million reported for the same period last year, representing 0.7% of revenue (2022: 0.2%). The increase mainly due to the ten interest rate increases since June 2022.

Effective tax rate for the period was at 6.9% (2022: 7.0%).

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to US$5.7 billion, an increase of 9.4% as compared to December 31, 2022. Book value per share was US$3.10 as compared to US$2.84 at December 31, 2022, an increase of 9.2%.

Financial Position

The Group continued to maintain a strong financial position. As at June 30, 2023, the Group's cash and cash equivalents amounted to US$1,485 million (US$1,429 million at December 31, 2022) of which 37.6%, 34.0%, 13.1%, and 15.3% were denominated in RMB, US$, EUR and other currencies respectively.

The Group generated free cash flow of US$301 million during the period as compared to a negative cash flow of US$348 million same period last year (Free cash flow equals to net cash from operating activities, less purchase of property, plant and equipment, less additions to intangible assets, and add proceeds from disposal of property, plant and equipment).

The Group's net gearing, expressed as a percentage of total net borrowings (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, was at 25.7% as compared to 40.5% as at June 30, 2022.

Bank Borrowings

Long term borrowing accounted for 38.4% of total debts (38.7% at December 31, 2022).

The Group's major borrowings continued to be in US Dollars. Borrowings are predominantly Secured Overnight Financing Rate ("SOFR") 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.

Amongst the bank borrowings, fixed rate debts account for 33.1% of the total bank borrowings, the balance being floating rate debts.

Working Capital

Total inventory was at US$4,581 million as compared to US$5,232 million as at June 30, 2022. Days inventory decreased by 10 days from 138 days to 128 days. The Group will continue to focus in managing the inventory level and improve inventory turns. Raw material inventory increased by 2 days to 22 days with Finished Goods inventory reduced by 14 days to 101 days when compared to same period last year.

Trade receivables turnover days maintained at 54 days. Excluding the gross up of the receivables factored which is without recourse in nature, receivables turnover days was at 53 days as compared to 52 days as at June 30, 2022. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days were 99 days as compared to 107 days as at June 30, 2022. The reduction in days mainly due to our prudent procurement strategy in 2023 as we pushed to reduce inventory.

Working capital as a percentage of sales was at 22.7% as compared to 23.3% for the same period last year.

Capital Expenditures

Total capital expenditures for the period amounted to US$210 million (2022: US$229 million) representing 3.0% of sales.

Capital Commitments and Guarantees

As at June 30, 2023, total capital commitments for the acquisition of property, plant and equipment and equity interests in subsidiaries contracted for but not provided amounted to US$167 million (2022: US$373 million), and there were no material guarantees 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 44,288 employees (47,568 employees as at June 30, 2022) globally. Total staff cost for the period under review amounted to US$1,141 million as compared to US$1,260 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.

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six-month period ended June 30, 2023, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the Board must retire by rotation at each annual general meeting of the Company, and if eligible, offer themselves for re-election.

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-month period ended June 30, 2023.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the Company's independent auditor, Deloitte Touche Tohmatsu, and the senior management of the Group the unaudited financial statements of the Company for the six-month period ended June 30, 2023, 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

Neither the Company nor any of its subsidiaries has, during the six-month period ended June 30, 2023, purchased, sold or redeemed any listed securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from August 31, 2023 to September 1, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, whose office is presently situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on August 30, 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.ttigroup.com) and the HKExnews website (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited. The 2023 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

OUTLOOK

While we are pleased with our results in this challenging macroeconomic period, at TTI we continually push ourselves to improve, internally referring to this mindset as "A Race Without a Finish Line". We outperformed the competition in sales, drove substantial inventory reduction, and generated positive free cash flow, while continuing to invest for the future. Although our results in July 2023 are indicating that we are nearer to the end of this corrective period than the beginning, we are well positioned should challenging market conditions persist in the second half of 2023 and possibly 2024. We have a long-term focus, and with our strong balance sheet, we will continue deploying our strategy and investing for the future. We are encouraged about the second half of 2023, in our ability to outperform the competition and drive positive sales growth, strong free cash generation, and disciplined working capital management.

FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements or uses certain forward-looking terminologies which are based on the current expectations, estimates, projections, beliefs and assumptions of TTI about the businesses and the markets in which the Group operates and reflect TTI's views as of the date of this announcement. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of TTI. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this announcement.

By order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, August 9, 2023

As at the date of this announcement, the Board comprises five Group Executive Directors, namely Mr. Horst Julius Pudwill (Chairman), Mr. Stephan Horst Pudwill (Vice Chairman), Mr. Joseph Galli Jr. (Chief Executive Officer), Mr. Patrick Kin Wah Chan and Mr. Frank Chi Chung Chan, two Non-executive Directors, namely, Prof. Roy Chi Ping Chung GBS BBS JP and Mr. Camille Jojo and five Independent Non-executive Directors, namely, Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding and Ms. Caroline Christina Kracht.

This results announcement is published on the website of the Company (www.ttigroup.com) and the HKExnews (www.hkexnews.hk).

RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended June 30, 2023

	Notes	**2023 US$'000 (Unaudited)**	2022 US$'000 (Unaudited)
Revenue	3 & 4	**6,879,464**	7,033,606
Cost of sales		**(4,177,800)**	(4,286,861)
Gross profit		**2,701,664**	2,746,745
Other income		**7,797**	6,944
Interest income		**29,336**	12,796
Selling, distribution and advertising expenses		**(1,186,948)**	(1,152,943)
Administrative expenses		**(719,058)**	(737,078)
Research and development costs		**(243,483)**	(231,780)
Finance costs		**(78,519)**	(24,118)
Profit before share of result of an associate and taxation		**510,789**	620,566
Share of result of an associate		**235**	901
Profit before taxation		**511,024**	621,467
Taxation charge	5	**(35,245)**	(43,479)
Profit for the period attributable to Owners of the Company	6	**475,779**	577,988
Other comprehensive income (loss):			
Item that will not be reclassified subsequently to profit or loss, net of related income tax:			
Remeasurement of defined benefit obligations		**1,120**	14,359
Items that may be reclassified subsequently to profit or loss, net of related income tax:			
Fair value (loss) gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting		**(5,755)**	36,297
Exchange differences on translation of foreign operations		**(13,986)**	(98,840)
Other comprehensive loss for the period		**(18,621)**	(48,184)
Total comprehensive income for the period		**457,158**	529,804
Total comprehensive income attributable to:			
Owners of the Company		**457,158**	529,804
Earnings per share (US cents)	8		
Basic		**26.00**	31.59
Diluted		**25.92**	31.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Notes	**June 30 2023 US$'000 (Unaudited)**	December 31 2022 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	9 & 17	**2,226,366**	2,085,871
Right of use assets	9	**723,667**	683,289
Goodwill		**604,047**	598,674
Intangible assets	9	**1,234,028**	1,124,013
Interest in an associate		**2,264**	2,029
Financial assets at fair value through profit or loss		**9,745**	9,744
Deposits		**112,000**	177,300
Finance lease receivables		**7,151**	8,487
Derivative financial instruments		**8,002**	8,002
Deferred tax assets		**70,123**	81,082
		4,997,393	4,778,491
Current assets			
Inventories		**4,580,813**	5,084,951
Right to returned goods asset		**17,949**	10,563
Trade and other receivables	10	**2,013,536**	1,639,563
Deposits and prepayments		**214,111**	232,127
Bills receivable	10	**16,158**	6,887
Finance lease receivables		**2,646**	2,589
Tax recoverable		**12,142**	36,231
Trade receivables from an associate	11	**12,419**	5,026
Derivative financial instruments		**57,807**	76,774
Financial assets at fair value through profit or loss		**20,177**	13,466
Bank balances, deposits and cash		**1,485,066**	1,428,930
		8,432,824	8,537,107
Current liabilities			
Trade and other payables	12	**3,545,765**	3,777,427
Bills payable	12	**18,491**	20,267
Warranty provision		**222,535**	205,350
Tax payable		**38,153**	56,750
Derivative financial instruments		**42,021**	50,474
Lease liabilities		**143,160**	139,520
Discounted bills with recourse		**5,029**	2,003
Unsecured borrowings - due within one year	13	**1,853,709**	1,952,947
Refund liabilities from right of return		**30,091**	17,577
		5,898,954	6,222,315
Net current assets		**2,533,870**	2,314,792
Total assets less current liabilities		**7,531,263**	7,093,283

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
As at June 30, 2023

	Notes	June 30 2023 US$'000 (Unaudited)	December 31 2022 US$'000 (Audited)
Capital and reserves			
Share capital	14	**685,392**	684,710
Reserves		**5,008,351**	4,520,771
Equity attributable to Owners of the Company and total equity		**5,693,743**	5,205,481
Non-current liabilities			
Lease liabilities		**594,296**	565,561
Unsecured borrowings - due after one year	13	**1,132,269**	1,198,002
Retirement benefit obligations		**49,229**	47,671
Other payables	12	**45,699**	60,346
Deferred tax liabilities		**16,027**	16,222
		1,837,520	1,887,802
Total equity and non-current liabilities		**7,531,263**	7,093,283

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2023

	June 30 2023 US$'000 (Unaudited)	June 30 2022 US$'000 (Unaudited)
Operating Activities		
Profit before taxation	**511,024**	621,467
Adjustments for:		
Amortization/write-off of intangible assets	**76,747**	57,696
Depreciation of property, plant and equipment	**129,727**	115,339
Depreciation of right of use assets	**80,902**	69,175
Fair value loss (gain) on foreign currency forward contracts	**3,176**	(9,097)
Fair value (gain) loss on listed equity securities	**(7,816)**	4,051
Finance costs	**78,519**	24,118
Loss on early termination of leases	**177**	44
Impairment loss (reversal of impairment loss) on trade receivables under expected credit loss model	**11,808**	(419)
Interest income	**(29,336)**	(12,796)
Loss on disposal of property, plant and equipment	**281**	2,225
Gain on disposal of listed equity securities	**(271)**	-
Share-based payments expense	**30,554**	38,051
Share of result of an associate	**(235)**	(901)
Write down of inventories	**49,273**	51,913
Operating cash flows before movements in working capital	**934,530**	960,866
Decrease (increase) in inventories	**439,319**	(487,681)
Increase in trade and other receivables, deposits and prepayments	**(358,578)**	(392,550)
(Increase) decrease in right to returned goods asset	**(7,386)**	1,955
Increase in bills receivable	**(10,974)**	(5,165)
Increase in trade receivables from an associate	**(7,393)**	(7,584)
(Decrease) increase in trade and other payables	**(228,544)**	80,577
Increase (decrease) in refund liabilities from right of return	**12,514**	(1,867)
Decrease in bills payable	**(1,776)**	(15,871)
Increase in warranty provision	**16,693**	13,194
Increase (decrease) in retirement benefit obligations	**2,678**	(6,656)
Net payment for purchase of shares for share award scheme	**-**	(6,158)
Cash generated from operations	**791,083**	133,060
Interest paid	**(78,519)**	(24,118)
Hong Kong Profits Tax paid	**(2,184)**	(1,306)
Overseas tax paid	**(29,765)**	(48,021)
Hong Kong Profits Tax refunded	**13,082**	41
Overseas tax refunded	**77**	709
Net Cash from Operating Activities	**693,774**	60,365

CONSOLIDATED STATEMENT OF CASH FLOWS - continued

For the six-month period ended June 30, 2023

	Note	**June 30 2023 US$'000 (Unaudited)**	June 30 2022 US$'000 (Unaudited)
Investing Activities			
Acquisition of a subsidiary	16	**(4,524)**	(37,060)
Additions to intangible assets		**(186,680)**	(179,916)
Interest received		**29,336**	12,796
(Payment for) proceeds from termination of leases		**(125)**	1
Proceeds from disposal of listed equity securities		**1,376**	-
Proceeds from disposal of property, plant and equipment		**3,182**	873
Purchase of unlisted equity securities		**-**	(4,800)
Purchase of property, plant and equipment		**(209,579)**	(229,397)
Repayment in finance lease receivables		**1,277**	-
Net Cash used in Investing Activities		**(365,737)**	(437,503)
Financing Activities			
Increase in discounted bills with recourse		**3,026**	97
Dividends paid		**-**	(236,104)
New unsecured borrowings obtained		**3,378,940**	2,256,109
Proceeds from issue of shares		**550**	974
Repayment of unsecured borrowings		**(3,549,424)**	(2,137,061)
Repayment of lease liabilities		**(78,229)**	(66,911)
Net Cash used in Financing Activities		**(245,137)**	(182,896)
Net Increase (Decrease) in Cash and Cash Equivalents		**82,900**	(560,034)
Cash and Cash Equivalents at Beginning of the Period		**1,428,930**	1,874,401
Effect of Foreign Exchange Rate Changes		**(26,764)**	(40,189)
Cash and Cash Equivalents at End of the Period		**1,485,066**	1,274,178
Analysis of the Balances of Cash and Cash Equivalents			
Represented by:			
Bank balances, deposits and cash		**1,485,066**	1,274,178
		1,485,066	1,274,178

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of preparation

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

The financial information relating to the year ended December 31, 2022 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, 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

- The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. Significant accounting policies

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

Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standard ("HKFRS"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual periods beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules

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

2. **Significant accounting policies** (continued)

2.1 Impacts on application of HKFRS 17 (including the October 2020 and February 2022 Amendments) Insurance Contracts

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 Insurance Contracts.

HKFRS 17 defines an insurance contract as a contract under which the Group accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Certain contracts entered into by the Group, meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current period had no material impact on the condensed consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

2.3 Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities and for provisions for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

2. Significant accounting policies (continued)

2.3 Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions and provisions for decommissioning and restoration that occurred on or after January 1, 2022;

(ii) the Group also, as at January 1, 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities and decommissioning and restoration and the corresponding amounts recognized as part of the cost of the related asset.

The application of the amendments has had no material impact on the Group's financial position and performance.

2.4 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the Group's consolidated financial statements for the year ending December 31, 2023.

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending December 31, 2023.

2. Significant accounting policies (continued)

2.5 Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

HKAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the “Pillar Two legislation”). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group’s exposure to Pillar Two income taxes in the Group’s annual consolidated financial statements for the year ending December 31, 2023.

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 six-month period ended June 30, 2023

	Power Equipment US$'000	**Floorcare & Cleaning US$'000**	**Eliminations US$'000**	**Consolidated US$'000**
Segment revenue				
External sales	**6,450,231**	**429,233**	**-**	**6,879,464**
Inter-segment sales	**-**	**15,099**	**(15,099)**	**-**
Total segment revenue	**6,450,231**	**444,332**	**(15,099)**	**6,879,464**

For the six-month period ended June 30, 2022

	Power Equipment US$'000	Floorcare & Cleaning US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	6,561,632	471,974	-	7,033,606
Inter-segment sales	-	23,601	(23,601)	-
Total segment revenue	6,561,632	495,575	(23,601)	7,033,606

Inter-segment sales are charged at prevailing market rates.

	Six-month period ended June 30					
	2023			2022		
	Power Equipment US$'000	**Floorcare & Cleaning US$'000**	**Consolidated US$'000**	Power Equipment US$'000	Floorcare & Cleaning US$'000	Consolidated US$'000
Segment results	**559,985**	**222**	**560,207**	646,060	(13,271)	632,789
Interest income			**29,336**			12,796
Finance costs			**(78,519)**			(24,118)
Profit before taxation			**511,024**			621,467

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

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

4. Revenue

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

	Six-month period ended June 30	
	2023	2022
	US$'000	US$'000
Sales of goods	**6,874,422**	7,027,920
Commission and royalty income	**5,042**	5,686
	6,879,464	7,033,606

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

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

	Six-month period ended June 30	
	2023	2022
	US$'000	US$'000
North America	**5,167,421**	5,396,694
Europe	**1,151,765**	1,073,687
Other countries	**560,278**	563,225
	6,879,464	7,033,606

5. Taxation charge

	Six-month period ended June 30	
	2023	2022
	US$'000	US$'000
Current tax:		
Hong Kong Profits Tax	**1,084**	(986)
Overseas taxation	**(25,882)**	(39,952)
Deferred tax	**(10,447)**	(2,541)
	(35,245)	(43,479)

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

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

6. Profit for the period

	Six-month period ended June 30	
	2023	2022
	US$'000	US$'000
Profit for the period has been arrived at after charging (crediting):		
Amortization of intangible assets	**72,417**	54,057
Depreciation of property, plant and equipment	**129,727**	115,339
Depreciation of right of use assets	**80,902**	69,175
Total depreciation and amortization	**283,046**	238,571
Fair value (gain) loss on listed equity securities	**(7,816)**	4,051
Impairment loss (reversal of impairment loss) on trade receivables under expected credit loss model	**11,808**	(419)
Net exchange loss (gain)	**18,996**	(8,220)
Write down of inventories	**49,273**	51,913
Staff costs	**903,834**	1,032,196

Staff costs disclosed above do not include an amount of US$236,754,000 (2022: US$227,457,000) of staff cost incurred relating to research and development activities.

7. Dividends

A dividend of HK90.00 cents (approximately US11.58 cents) per share with a total of approximately US$212,525,000 (2022: HK1 dollar (approximately US12.87 cents) per share with a total of approximately US$236,104,000) was paid to shareholders as the final dividend for 2022 (2022: final dividend for 2021) on July 7, 2023.

The directors of the Company have determined that an interim dividend of HK95.00 cents (approximately US12.23 cents) per share with a total of approximately US$224,334,000 (2022: HK95.00 cents (approximately US12.23 cents) per share with a total of approximately US$224,317,000) will be paid to the shareholders of the Company whose names appear in the Register of Members on September 1, 2023.

8. Earnings per share

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

	Six-month period ended June 30	
	2023	2022
	US$'000	US$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to Owners of the Company	**475,779**	577,988
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,829,619,170**	1,829,902,444
Effect of dilutive potential ordinary shares:		
Share options	**3,352,873**	4,719,816
Share awards	**2,750,727**	2,158,319
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,835,722,770**	1,836,780,579

8. Earnings per share (continued)

The computation of diluted earnings per share does not assume the exercise of the Company's share options and vesting of Company's share awards which the exercise price of those share options and adjusted exercise price of those share awards were higher than the average market price for shares for both six-month period ended June 30, 2023 and 2022.

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

During the period, the Group spent approximately US$209,579,000 (for the six-month period ended June 30, 2022: US$229,397,000) and US$186,680,000 (for the six-month period ended June 30, 2022: US$179,916,000) on the acquisition of property, plant and equipment and intangible assets respectively.

During the period, the Group entered into certain new lease agreements for the use of land and buildings, office equipment, furniture and fixtures, plant and machinery and motor vehicles. The Group is required to make periodic payments. On lease commencement, the Group recognized US$114,346,000 (for the six-month period ended June 30, 2022: US$87,233,000) of right of use assets and US$114,346,000 (for the six-month period ended June 30, 2022: US$87,233,000) lease liabilities.

10. Trade and other receivables/Bills receivable

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

Age	**June 30 2023 US$'000**	December 31 2022 US$'000
0 to 60 days	**1,623,065**	1,090,446
61 to 120 days	**259,553**	328,173
121 days or above	**62,080**	82,640
Total trade receivables	**1,944,698**	1,501,259
Other receivables	**68,838**	138,304
	2,013,536	1,639,563

All the Group's bills receivable at June 30, 2023 are aged within 120 days.

11. Trade receivables from an associate

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

12. Trade and other payables/Bills payable

The aging analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

Age	**June 30 2023 US$'000**	December 31 2022 US$'000
0 to 60 days	**1,013,565**	1,306,486
61 to 120 days	**783,142**	533,961
121 days or above	**225,115**	232,838
Total trade payables	**2,021,822**	2,073,285
Other payables	**1,569,642**	1,764,488
Total trade and other payables	**3,591,464**	3,837,773
Non-current portion of other payables	**(45,699)**	(60,346)
	3,545,765	3,777,427

All the Group's bills payable at June 30, 2023 are aged within 120 days based on the invoice date.

The other payables mainly represents accruals of various selling, general and administrative expenses of US$1,405,173,000 (At December 31, 2022: US$1,554,656,000). The non-current other payables mainly represents accruals of long-term incentive benefits offered to certain management executives of the Group.

13. Unsecured borrowings

During the period, the Group obtained new unsecured borrowings of US$3,378,940,000 (2022: US$2,256,109,000) which mainly carry interest at SOFR. The Group also repaid unsecured borrowings of US$3,549,424,000 (2022: US$2,137,061,000).

14. Share capital

	Number of shares		**Share capital**	
	June 30 2023	December 31 2022	**June 30 2023 US$'000**	December 31 2022 US$'000
Ordinary shares				
Issued and fully paid:				
At the beginning of the period/year	**1,834,697,941**	1,834,484,441	**684,710**	683,395
Issue of shares upon exercise of share options	**120,000**	213,500	**682**	1,315
At the end of the period/year	**1,834,817,941**	1,834,697,941	**685,392**	684,710

15. Fair value measurements of financial instruments

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

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

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	June 30, 2023	December 31, 2022		
1) Acquisition right of certain property, plant and equipment classified as derivative financial instruments in the consolidated statement of financial position	**Acquisition right of certain property, plant and equipment: US$8,002,000**	Acquisition right of certain property, plant and equipment: US$8,002,000	Level 2	Measured at the fair value of the land and buildings associated with the acquisition right which is based on a valuation by third party independent valuer at the end of the financial year.
2) Foreign currency forward contracts classified as derivative financial instruments in the consolidated statement of financial position	**Assets – US$46,648,000; and Liabilities – US$42,021,000**	Assets – US$59,710,000; and Liabilities – US$50,474,000	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates and yield curves at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Listed equity securities classified as financial assets at fair value through profit or loss ("FVTPL") in the consolidated statement of financial position	**Listed shares: US$20,177,000**	Listed shares: US$13,466,000	Level 1	Quoted bid prices in an active market.
4) Other financial assets classified as financial assets at FVTPL in the consolidated statement of financial position	**Club membership debentures: US$4,900,000**	Club membership debentures: US$4,899,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
	Unlisted equity securities: US$4,800,000	Unlisted equity securities: US$4,800,000	Level 2	The fair value was arrived at with reference to the latest purchase price per share arising on subscribing for the shares in private market.
	Other: US$45,000	Other: US$45,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
5) Cross-currency interest rate swaps classified as derivative financial instruments in the consolidated statement of financial position	**Assets – US$11,159,000; and Liabilities – Nil**	Assets – US$17,064,000; and Liabilities – Nil	Level 2	Measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between US$ and EUR, which is observable at the end of the reporting period.

15. Fair value measurements of financial instruments (continued)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

16. Acquisition of a subsidiary

In April 2023, the Group acquired 100% equity interest in Green Planet Distribution Centre Company Limited ("Green Planet") from independent third parties for a cash consideration of approximately US$75,094,000. Green Planet's business was acquired so as to continue the expansion of the Group's manufacture of power equipment and outdoor power equipment products business. Green Planet is engaged in the Power Equipment segment.

	2023 Fair value US$'000
Net Assets Acquired	
Property, plant and equipment	**68,339**
Right of use assets	**12,008**
Trade and other receivables	**6,033**
Bank balances and cash	**76**
Trade and other payables	**(15,159)**
Lease liabilities	**(167)**
Goodwill arising on acquisition	**3,964**
Total consideration	**75,094**
Net cash outflow arising on acquisition:	
Total consideration	**75,094**
Less: Consideration payable	**(8,194)**
Less: Deposit paid	**(62,300)**
Less: Bank balances and cash acquired	**(76)**
Net outflow of cash and cash equivalents in respect of the acquisition	**4,524**

Goodwill of US$3,964,000 arose on the acquisition of Green Planet's business from cost savings within the Power Equipment segment.

The fair value and contractual amounts of trade and other receivables at the date of acquisition amounted to US$6,033,000. All amounts are expected to be collected.

The acquisition-related costs are insignificant. They have been excluded from the consideration transferred and have been recognized as an expense in the current year.

The business acquired has no contribution to the Group's revenue, and approximately US$1,231,000 decrease in the Group's profit before taxation for the period between the date of acquisition and the reporting date as at June 30, 2023.

16. Acquisition of a subsidiary (continued)

In January 2022, the Group acquired 100% equity interest in C4 Carbides Limited ("C4") from independent third parties for a cash consideration of approximately US$39,589,000. C4's business was acquired so as to continue the expansion of the Group's power equipment business. C4 was engaged in the manufacture and sale of saw blades and is included in the Power Equipment segment.

	2022 Fair value US$'000
Net Assets Acquired	
Property, plant and equipment	3,200
Right of use assets	1,712
Intangible assets	2,015
Inventories	4,797
Trade and other receivables	7,639
Bank balances and cash	2,529
Trade and other payables	(5,034)
Lease liabilities	(1,876)
Tax payable	(122)
Deferred tax liabilities	(376)
Goodwill arising on acquisition	25,105
Total consideration	39,589
Net cash outflow arising on acquisition:	
Total consideration	39,589
Less: Bank balances and cash acquired	(2,529)
Net outflow of cash and cash equivalents in respect of the acquisition	37,060

Intangible assets of US$2,015,000 and goodwill of US$25,105,000 arose on the acquisition of C4's business from patents and the anticipated profitability arising from new product synergies and cost savings within the Power Equipment segment.

The fair value and contractual amounts of trade and other receivables at the date of acquisition amounted to US$7,639,000. All amounts were expected to be collected.

The acquisition-related costs were insignificant. They had been excluded from the consideration transferred and had been recognized as an expense in the prior year.

The business acquired approximately US$9,575,000 to the Group's revenue, and approximately US$129,000 increased in the Group's profit before taxation for the period between the date of acquisition and the reporting date as at June 30, 2022.

17. Capital commitments

	June 30 2023 US$'000	December 31 2022 US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and equity interests in subsidiaries contracted for but not provided in the condensed consolidated financial statements	**166,523**	328,364