



*INTERIM
REPORT
2023*

M18 FUEL™

1/2" HIGH TORQUE IMPACT WRENCH

The best combination of power and size in the industry

MOST POWER DENSE

Delivers an industry-leading 1,600 ft-lbs of torque at up to 0.7" lbs lighter than the leading competitor

UP TO 2" SHORTER LENGTH

More compact than the leading competitor for greater access in tight spaces

FASTEST REMOVAL SPEED

Achieves the fastest speed of bolt removal when combined with the new M18 REDLITHIUM FORGE XC6.0 Battery Pack



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Company Profile

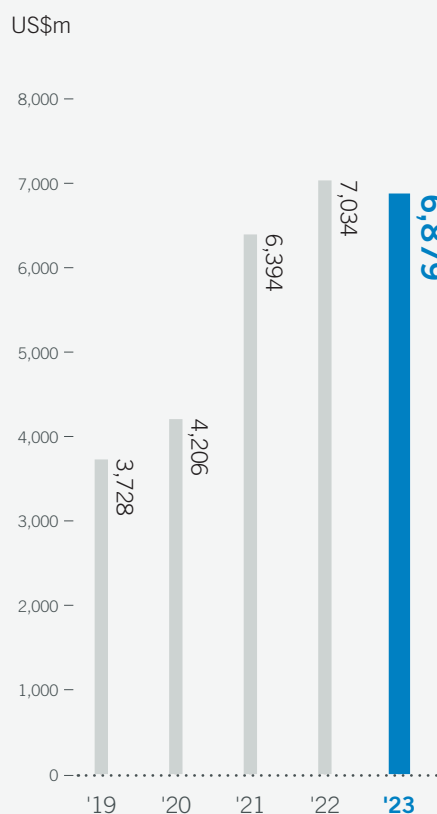
Techtronic Industries Company Limited (the “Company”, the “Group” or “TTI”) is a fast growing world leader in Power Tools, Accessories, Hand Tools, Outdoor Power Equipment, and Floorcare and Cleaning for Do-It-Yourself (DIY)/Consumer, professional and industrial users in the home improvement, repair, maintenance, construction and infrastructure industries. The Company is committed to accelerating the transformation of these industries through superior environmentally friendly cordless technology. The TTI brands like MILWAUKEE, RYOBI and HOOVER are recognized worldwide for their deep heritage and cordless product platforms of superior quality, outstanding performance, safety, productivity and compelling innovation.

Founded in 1985 and listed on the Stock Exchange of Hong Kong (“SEHK”) in 1990, TTI is included in the Hang Seng Index as one of their constituent stocks. The Company maintains a powerful brand portfolio, global manufacturing and product development footprint, as well as a healthy financial position with record worldwide 2022 annual sales of US\$13.3 billion, with over 44,000 employees as of the first half of 2023.

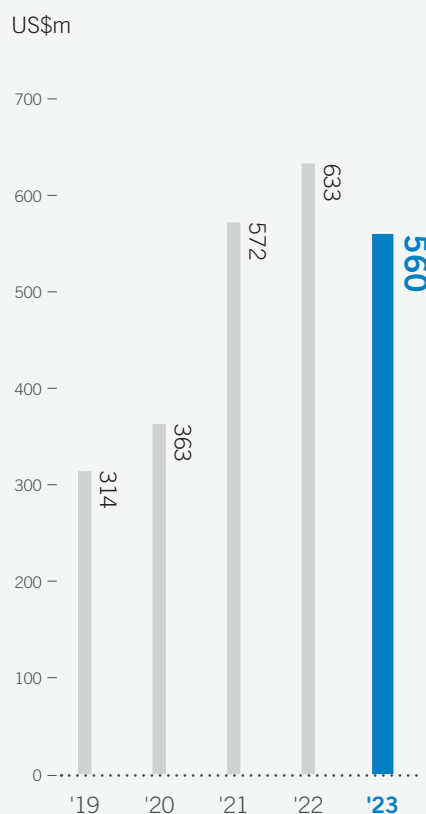
Financial Highlights

	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	–

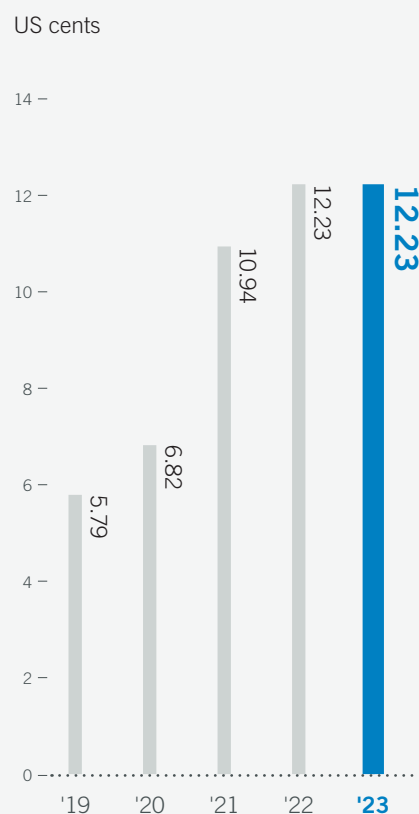
Revenue US\$6,879 million



EBIT US\$560 million



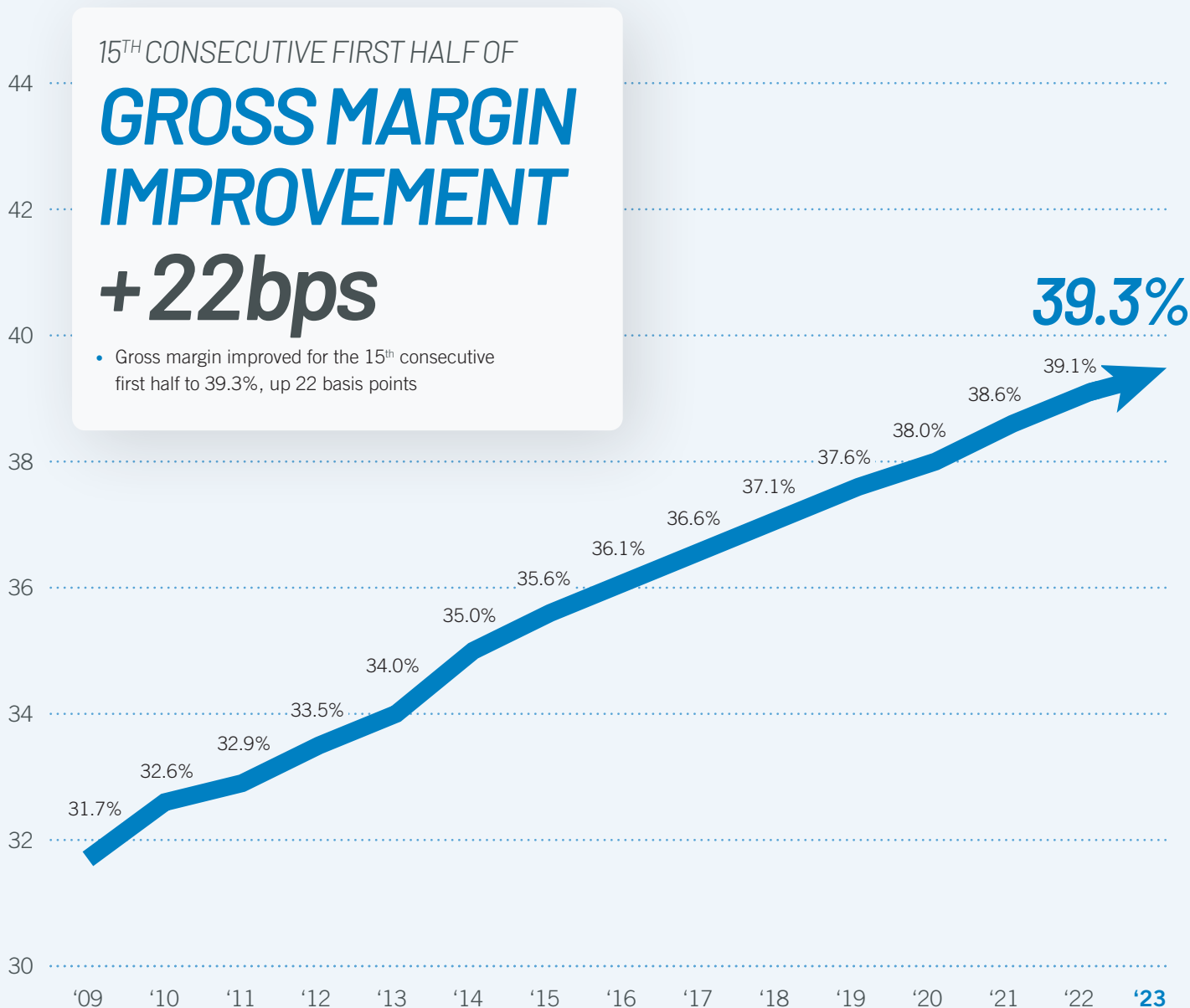
Interim Dividend per Share US12.23 cents



For the six-month period ended June 30, 2023

Gross Profit Margin

%



For the six-month period ended June 30, 2023

- + 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



MILWAUKEE M18 FUEL 1/2" Controlled Mid-Torque Impact Wrench

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 US\$26.00 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.



Power Equipment
Sales

US\$6,450 m

93.8% of total sales

MILWAUKEE M12 FUEL INSIDER Extended Reach Box Ratchet



MILWAUKEE MX FUEL 14" Cut-Off Saw w/ RAPIDSTOP



MILWAUKEE BOLT System

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 TRAPSSNAKE 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 customers. 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.



RYOBI USB LITHIUM LED Magnifying Light



RYOBI 18V ONE+ HP Swiftclean Mid-Size Spot Cleaner



RYOBI 40V HP Brushless Kinetic Log Splitter



RYOBI 80V HP Brushless 42" Lithium Electric Riding Lawn Tractor



HOOVER ONEPWR Family



VAX PLATINUM SMARTWASH

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.

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.



VAX ONEPWR Family

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.

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.

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.

Forward-Looking Statements

This report 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 report. 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 report.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

**TO THE BOARD OF DIRECTORS OF
TECHTRONIC INDUSTRIES COMPANY LIMITED**
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Techtronic Industries Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 27, which comprise the consolidated statement of financial position as of June 30, 2023 and the related consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting”(“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
August 9, 2023

Condensed Consolidated Financial Statements

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

Condensed Consolidated Financial Statements

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

	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

Condensed Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the six-month period ended June 30, 2023

	Share capital US\$'000	Shares held for share award scheme US\$'000	Translation reserve US\$'000	Employee share-based compensation reserve US\$'000	Defined benefit obligations remeasurement reserve US\$'000	Hedging reserve US\$'000	Retained profits US\$'000	Total US\$'000
At January 1, 2022 (audited)	683,395	(105,740)	(103,714)	31,341	(11,781)	81,900	4,147,117	4,722,518
Profit for the period	—	—	—	—	—	—	577,988	577,988
Remeasurement of defined benefit obligations	—	—	—	—	14,359	—	—	14,359
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	36,297	—	36,297
Exchange differences on translation of foreign operations	—	—	(98,840)	—	—	—	—	(98,840)
Other comprehensive (loss) income for the period	—	—	(98,840)	—	14,359	36,297	—	(48,184)
Total comprehensive (loss) income for the period	—	—	(98,840)	—	14,359	36,297	577,988	529,804
Shares issued on exercise of options	1,212	—	—	(238)	—	—	—	974
Vesting of awarded shares	—	19,666	—	(19,666)	—	—	—	—
Shares for share award scheme	—	(6,158)	—	—	—	—	—	(6,158)
Recognition of share-based payments	—	—	—	38,051	—	—	—	38,051
Final dividend – 2021	—	—	—	—	—	—	(236,104)	(236,104)
At June 30, 2022 (unaudited)	684,607	(92,232)	(202,554)	49,488	2,578	118,197	4,489,001	5,049,085
Profit for the period	—	—	—	—	—	—	499,162	499,162
Remeasurement of defined benefit obligations	—	—	—	—	7,648	—	—	7,648
Fair value loss on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	(99,968)	—	(99,968)
Deferred tax liability on remeasurement of defined benefit obligations	—	—	—	—	(2,631)	—	—	(2,631)
Deferred tax asset on hedging reserve	—	—	—	—	—	304	—	304
Exchange differences on translation of foreign operations	—	—	(29,542)	—	—	—	—	(29,542)
Other comprehensive (loss) income for the period	—	—	(29,542)	—	5,017	(99,664)	—	(124,189)
Total comprehensive (loss) income for the period	—	—	(29,542)	—	5,017	(99,664)	499,162	374,973
Shares issued on exercise of options	103	—	—	(20)	—	—	—	83
Vesting of awarded shares	—	1,985	—	(1,985)	—	—	—	—
Shares for share award scheme	—	(3,638)	—	—	—	—	—	(3,638)
Recognition of share-based payments	—	—	—	9,295	—	—	—	9,295
Interim dividend – 2022	—	—	—	—	—	—	(224,317)	(224,317)
At December 31, 2022 (audited)	684,710	(93,885)	(232,096)	56,778	7,595	18,533	4,763,846	5,205,481
Profit for the period	—	—	—	—	—	—	475,779	475,779
Remeasurement of defined benefit obligations	—	—	—	—	1,120	—	—	1,120
Fair value loss on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	(5,755)	—	(5,755)
Exchange differences on translation of foreign operations	—	—	(13,986)	—	—	—	—	(13,986)
Other comprehensive (loss) income for the period	—	—	(13,986)	—	1,120	(5,755)	—	(18,621)
Total comprehensive (loss) income for the period	—	—	(13,986)	—	1,120	(5,755)	475,779	457,158
Shares issued on exercise of options	682	—	—	(132)	—	—	—	550
Vesting of awarded shares	—	20,146	—	(20,146)	—	—	—	—
Recognition of share-based payments	—	—	—	30,554	—	—	—	30,554
At June 30, 2023 (unaudited)	685,392	(73,739)	(246,082)	67,054	8,715	12,778	5,239,625	5,693,743

Condensed Consolidated Financial Statements

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

	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 early 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

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Basis of preparation

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

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

2.1 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. Significant accounting policies (continued)

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.

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. Significant accounting policies (continued)

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.

2.5 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 US\$'000	2022 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 US\$'000	2022 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 US\$'000	2022 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 US\$'000	2022 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 US\$'000	2022 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

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

	June 30 2023 US\$'000	December 31 2022 US\$'000
Trade receivables	2,012,031	1,559,646
Less: Allowances for credit losses	(67,333)	(58,387)
	1,944,698	1,501,259
Other receivables	68,838	138,304
	2,013,536	1,639,563

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	December 31
	2023	2022
	US\$'000	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.

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

Corporate Governance and Other Information

Directors' and Chief Executive's Interests

As at June 30, 2023, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) were as follows:

Name of directors	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) ⁽¹⁾	Interests in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	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	0.00%

Notes:

- 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.
- These included Mr Horst Julius Pudwill's interests in 150,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2023. Details of Mr Horst Julius Pudwill's awarded shares are set out in the section headed “Share Award Scheme” below.
- 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 June 30, 2023. Details of Mr Stephan Horst Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.
- (5) These shares were held by a trust of which Mr Stephan Horst Pudwill is one of the beneficiaries.
- (6) These included Mr Joseph Galli Jr's interests in (i) 4,000,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2023; and (ii) 5,000,000 awarded shares which agreed to be granted to Mr Galli based on certain performance criteria of which details are set out in the section headed "Share Award Scheme" below.
- (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 June 30, 2023. Details of Mr Kin Wah Chan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (8) These included Mr Chi Chung Chan's interests in 25,000 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2023. Details of Mr Chi Chung Chan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (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 June 30, 2023. Details of Mr Johannes-Gerhard Hesse's awarded shares are set out in the section headed "Share Award Scheme" below.
- (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 June 30, 2023. Details of Mr Robert Hinman Getz's awarded shares are set out in the section headed "Share Award Scheme" below.
- (12) These included Ms Virigina Davis Wilmerding's interests in 12,500 awarded shares which remained unvested under the share award schemes of the Company as of June 30, 2023. Details of Ms Virigina Davis Wilmerding's awarded shares are set out in the section headed "Share Award Scheme" below.

Save as disclosed above, none of the directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at June 30, 2023.

Share Options

The following tables disclose movements in the Company's share options during the six-month period ended June 30, 2023:

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Directors									
Mr Horst Julius Pudwill	22.12.2020	E	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	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
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			16,331,000	—	—	—	16,331,000		

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Employees	17.3.2017	D	70,000	—	(20,000)	—	50,000	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			608,000	—	(120,000)	—	488,000		
Total for all categories			16,939,000	—	(120,000)	—	16,819,000		

Notes:

- Scheme D was the share option scheme adopted by the Company on May 29, 2007 and expired on May 28, 2017, though its provisions shall remain in full force and effect in all other respects. The number of shares that may be issued in respect of share options granted under Scheme D is 117,281,565, representing approximately 6.39% of the issued shares of the Company as at June 30, 2023. The total number of shares available for issue in respect of which share options may be granted under Scheme D is 150,505,065 shares, which represented approximately 8.20% of the issued shares of the Company as at June 30, 2023.
- Following the expiry of Scheme D, Scheme E was adopted on May 19, 2017 and amended and restated on May 12, 2023 and will expire on May 18, 2027. Since the adoption of Scheme E on May 19, 2017, no share options was granted to any service provider of the Company. The maximum number of share options can be granted to service providers of the Company is 1.0% of the issued shares of the Company as at the date of approval of the amendments to Scheme E on May 12, 2023. The number of shares that may be issued in respect of share options and awarded shares granted under Scheme E and the 2018 Share Award Scheme is 168,193,294, representing approximately 9.17% of the issued shares of the Company as at June 30, 2023. The total number of shares available for issue in respect of which share options may be granted under Scheme E are 183,479,794 shares, which represented approximately 10.00% of the issued shares of the Company as at June 30, 2023. As no option was granted during the period, the number of share options available for grant under Scheme E at the beginning of the period remained at 168,012,694. Upon Scheme E was amended and restated on May 12, 2023, the number of share options available for grant under the approved scheme mandate at the end of the period was 183,479,794.
- The share options are vested in parts over a period of 1 to 3 years from the date of grant. For share options to be vested in two equal batches, 50% of the share options granted will be vested on the 1st anniversary of the date of grant and the remaining 50% will be vested on the 2nd anniversary of the date of grant. For share options to be vested in three batches, either three equal batches or three separate batches of 33.0%, 33.0% and 34.0% will be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively. The Company had 16,819,000 share options outstanding, which represented approximately 0.92% of the issued shares of the Company as at June 30, 2023. No share option was granted, cancelled or lapsed during the period. All of the above grants of share options were made prior to the new amendments made to Chapter 17 of the Listing Rules which became effective on January 1, 2023. None of the grants of share options to any participants is in excess of the 1% individual limit.
- The Group recognized a total expense of US\$3,256,000 for the six-month period ended June 30, 2023 in relation to share options granted by the Company.
- The weighted average closing price of the Company's shares immediately before various dates during the period on which the share options were exercised was HK\$81.33. The number of shares that may be issued in respect of share options granted under the Scheme E during the period ended June 30, 2023 divided by the weighted average number of shares in issue for the period is 0.00%.

Arrangements to Purchase Shares or Debentures

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

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

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

Directors' Indemnities

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

Management Contracts

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

Equity-linked Agreements

Other than as disclosed above and for satisfying the awarded shares granted under the Company's share award schemes (details of which are set out in this Interim Report), the Group has not entered into any equity-linked agreements during the period.

Share Award Scheme

The Board has adopted two share award schemes, namely the 2008 Share Award Scheme and the 2018 Share Award Scheme. The 2008 Share Award Scheme was adopted on January 9, 2008 (the “2008 Adoption Date”) and expired from January 9, 2018 and all awards granted thereunder have been duly vested. Following the expiry of the 2008 Share Award Scheme, the 2018 Share Award Scheme was adopted with effect from January 17, 2018 (the “2018 Adoption Date”), which was amended and restated on May 12, 2023 (the “Share Award Scheme Amendment Date”), and shall be terminated on the earlier of the 10th anniversary of the 2018 Adoption Date or such date of early termination as determined by the Board.

The purpose of both the 2008 Share Award Scheme and the 2018 Share Award Scheme is to recognize the contributions by Eligible Persons as defined below and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Unless otherwise stated, the scheme rules of the schemes are substantially identical and a summary of the principal terms of both schemes is set out below:

Any employee, officer or Director (including, without limitation, any Executive, Non-executive or Independent Non-executive Director) of any member of the Group (the “Eligible Person”) will be entitled to participate in the schemes. Unless terminated earlier by the Board in accordance with the respective scheme rules, the effective term of each scheme is 10 years commencing on the adoption date of the relevant scheme provided that no contribution to the trust will be made by the Company on or after the 10th anniversary date of the adoption date of the relevant scheme. Details of both schemes were announced by the Company on the respective adoption date of the schemes.

The Board may, from time to time, at their absolute discretion select any individual as an Eligible Person for participation in a scheme (the “Selected Grantee”) and determine the number of shares to be awarded. The relevant number of shares awarded will either 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 (which may include performance targets), the trustee will transfer the relevant vested shares together with the income derived therefrom (net of accrued interest) to the Selected Grantee.

According to the scheme rules as amended and restated on May 12, 2023, the scheme limits of the 2018 Share Award Scheme have been amended that the Board shall not make any further award of awarded shares which will result in the number of shares awarded by the Board under the 2018 Share Award Scheme and any other share scheme(s) of the Company would represent in excess of 10% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date. Where any grant of awarded shares to a Selected Grantee under the 2018 Share Award Scheme would result in shares issued and to be issued in respect of all share options or awarded shares granted to such person (excluding any share options and awarded shares lapsed in accordance with the terms of the 2018 Share Award Scheme or any other share scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date, such grant of awarded shares must be separately approved by the shareholders in general meeting with such Selected Grantee and his/her close associates (or his/her associates if the Selected Grantee is a connected person of the Company) abstaining from voting. Without prejudice to the above, where any grant of awarded shares or share options to a Director (other than an Independent Non-executive Director) or chief executive of the Company, or any of their respective associates would result in the shares issued and to be issued in respect of all awarded shares and share options granted (excluding any awarded shares or share options lapsed in accordance with the terms of the 2018 Share Award Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date, such grant of awarded shares must be approved by the shareholders in general meeting (with such Selected Grantee, his/her associates and all core connected persons of the Company abstaining from voting at such general meeting). The total issued share capital of the Company as at the Share Award Scheme Amendment Date was 1,834,797,941 shares.

Share Award Scheme (continued)

Since the 2018 Adoption Date and up to June 30, 2023, 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 Share Award Scheme Amendment Date. Recognition of share-based payment expenses under the 2018 Share Award Scheme during the period was US\$27,298,000. During the period ended June 30, 2023, no shares had been awarded under the 2018 Share Award Scheme. The total payout, including related expenses, amounted to US\$Nil. In addition, during the period ended June 30, 2023, 1,350,000 shares were transferred to two Directors and a Selected Grantee upon vesting under the 2018 Share Award Scheme. As at June 30, 2023, 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					As at June 30, 2023	Vesting Period	Closing price at the Date of Award (HK\$)	Purchase price (HK\$)
				As at January 1, 2023	Awarded during the period	Vested during the period	Lapsed during the period	As at June 30, 2023				
Directors												
Mr Horst Julius Pudwill	21.3.2018	2018	500,000	—	—	—	—	—	15.3.2019 – 15.3.2022	47.00	30.29	
	20.5.2019	2018	300,000	—	—	—	—	—	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	—	(150,000)	—	150,000	3.4.2023 – 30.12.2023	154.90	115.13	
Mr Stephan Horst Pudwill	21.3.2018	2018	50,000	—	—	—	—	—	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	25,000	—	—	—	25,000	30.12.2022 – 30.12.2023	154.90	115.13	
Mr Joseph Galli Jr ⁽⁴⁾	21.3.2018	2018	514,000	—	—	—	—	—	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	—	—	—	—	—	3.3.2022	136.10	130.19	
	3.3.2022	2018	1,000,000	1,000,000	—	(1,000,000)	—	—	23.3.2023	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	—	—	—	—	—	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	25,000	—	—	—	25,000	30.12.2022 – 30.12.2023	154.90	115.13	
Mr Chi Chung Chan	21.3.2018	2018	50,000	—	—	—	—	—	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	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	—	—	—	—	—	21.12.2021 – 21.12.2022	107.00	44.55	
	30.12.2021	2018	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	—	—	—	—	—	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	—	—	—	—	—	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	—	—	—	—	—	30.12.2021 – 30.12.2022	154.90	115.13	
Mr Peter David Sullivan	30.12.2022	2018	11,000	—	—	—	—	—	30.12.2022	87.10	142.95	
	21.12.2020	2018	10,000	—	—	—	—	—	21.12.2021 – 21.12.2022	107.00	44.55	
	30.12.2021	2018	12,500	—	—	—	—	—	30.12.2022	154.90	115.13	

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares					As at June 30, 2023	Vesting Period	Closing price at the Date of Award (HK\$)	Purchase price (HK\$)
				As at January 1, 2023	Awarded during the period	Vested during the period	Lapsed during the period	As at June 30, 2023				
Directors (continued)												
Mr Johannes-Gerhard Hesse	21.12.2020	2018	10,000	—	—	—	—	—	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
Mr Robert Hinman Getz	21.12.2020	2018	10,000	5,000	—	—	—	5,000	N/A ⁽⁶⁾	107.00	44.55	
	30.12.2021	2018	12,500	12,500	—	—	—	12,500		N/A ⁽⁷⁾	154.90	115.13
Ms Virginia Davis Wilmerding	30.12.2021	2018	12,500	12,500	—	—	—	12,500	N/A ⁽⁸⁾	154.90	115.13	
Total for directors			11,538,500	5,417,500	—	(1,150,000)	—	4,267,500				
Employees	20.5.2019	2018	1,100,000	400,000	—	(200,000)	—	200,000	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	400,000	—	(200,000)	—	200,000				
Total for all categories			12,658,500	5,817,500	—	(1,350,000)	—	4,467,500				

Notes:

- All the awarded shares are purchased from the market. No share awards were cancelled during the period ended June 30, 2023.
- At the end of the period, the average fair value per share is HK\$95.85. The average fair value of the awarded shares is based on the average purchase cost.
- During the reporting period, no shares were purchased for satisfying the awards granted pursuant to the 2018 Share Award Scheme.
- 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 each 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 the remaining 1,000,000 awarded shares to be granted as disclosed above are not included. The above mentioned performance criteria were set out in the "Remuneration Committee" section in the Company's 2022 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 (i.e. reaching a specific EBIT target each year) for the years between 2022 to 2026 respectively, the 1,000,000 shares for 2022 were awarded to Mr Galli on March 3, 2022 and vested on March 23, 2023. If the respective performance criteria is not completed for a year, the grant for that year will lapse. Details of the remaining 4,000,000 shares to be granted as disclosed above are not included. The above mentioned performance criteria were set out in the "Remuneration Committee" section in the Company's 2022 Corporate Governance Report.
- 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.
- 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.
- 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.
- 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.

Share Award Scheme (continued)

The weighted average closing price of the Company's shares immediately before the various dates on which the share awards were vested during the period ended June 30, 2023 was HK\$84.84. The number of shares that may be issued in respect of share awards granted under the 2018 Share Award Scheme during the period ended June 30, 2023 divided by the weighted average number of shares in issue for the period is zero.

The number of shares available for grant under 2018 Share Award Scheme at the beginning of the period remained at 170,843,694. Immediately after the 2018 Share Award Scheme was amended and restated on May 12, 2023, the number of shares available for grant under the approved scheme mandate at the end of the period was 183,479,794. The total number of shares available for issue under the 2018 Share Award Scheme is 183,479,794, which represents approximately 10.00% of the issued share capital of the Company as at June 30, 2023. The number of shares that may be issued in respect of share options and awarded shares granted under Scheme E (details are set out in the section headed "Share Options" above) and the 2018 Share Award Scheme is 168,193,294, representing approximately 9.17% of the issued share capital of the Company as at June 30, 2023.

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.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

When the trustee purchases the Company's shares on the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity. No gain or loss is recognized on the transactions of the Company's own shares.

When the trustee transfers the Company's shares to grantees upon vesting, the related costs of the granted shares vested are reversed from shares held under the share award scheme. Accordingly, the related expense of the granted shares vested is reversed from the employee share-based compensation reserve. The difference arising from this transfer is debited/credited to retained profits. At the end of the reporting period, the Group revises its estimate of the number of shares that are expected to ultimately vest. The impact of the revision of the estimate, if any, is recognized in profit or loss with a corresponding adjustment to the employee share-based compensation reserve.

The fair value of the share award is estimated based on the share price of the Company on date of purchase/grant.

All share awards granted under the 2018 Share Award Scheme before January 1, 2023 were not subject to any performance-based target or clawback mechanism except for those granted to Mr Joseph Galli Jr as detailed in Note (4) on page 35. The Remuneration Committee is of the view that these are justifiable as all such decisions were (i) made before the corresponding new requirements under Chapter 17 of the Listing Rules became effective on January 1, 2023 and within the authority and discretion of the Board as stipulated under the rules of the 2018 Share Award Scheme; and (ii) aligned with the purpose of the 2018 Share Award Scheme as a recognition and reward of the grantee's contributions to the Group's continuing operation and development and which in turn is beneficial to the shareholders and the Company as a whole from a business sustainability and stability perspective.

Save as disclosed above, no other person was granted share awards for the period ended June 30, 2023.

Substantial Shareholders' Interests

As at June 30, 2023, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the shares, underlying shares and debentures of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Total interests in shares	(L/S/LP)*	Approximate aggregate percentage of interests
The Bank of New York Mellon Corporation ⁽¹⁾	91,822,534	(L)	5.00%
	35,813,385	(S)	1.95%
	53,690,030	(LP)	2.93%
The Capital Group Companies, Inc. ⁽²⁾	114,468,642	(L)	6.24%

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

Notes:

(1) The following is a breakdown of the interest in shares in the Company held by The Bank of New York Mellon Corporation:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
The Bank of New York Mellon Corporation	(1a)	—	—	91,822,534	(L)	5.00%
		—	—	35,813,385	(S)	1.95%
		—	—	53,690,030	(LP)	2.93%
The Bank of New York Mellon	(1b)	91,765,694	(L)	—	—	5.00%
		35,813,385	(S)	—	—	1.95%
BNY Mellon, National Association	(1b)	56,415	(L)	—	—	0.00%
B.N.Y. Holdings (Delaware) Corporation	(1b)	—	—	425	(L)	0.00%
BNY Mellon Trust of Delaware	(1b)	425	(L)	—	—	0.00%

Remarks:

(1a) The Bank of New York Mellon Corporation is listed on New York Stock Exchange. The capacity of The Bank of New York Mellon Corporation in holding the 91,822,534 shares of long position, 35,813,385 shares of short position and 53,690,030 shares of lending pool respectively was as controlled corporation.

(1b) The Bank of New York Mellon, BNY Mellon, National Association, B.N.Y. Holdings (Delaware) Corporation and BNY Mellon Trust of Delaware were all directly or indirectly owned by The Bank of New York Mellon Corporation and by virtue of the SFO, The Bank of New York Mellon Corporation was deemed to be interested in the shares held by these subsidiaries.

Substantial Shareholders' Interests (continued)

Notes: (continued)

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

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
The Capital Group Companies, Inc.	(2a)	—	—	114,468,642	(L)	6.24%
Capital Research and Management Company	(2b)	111,910,642	(L)	—	—	6.10%
		—	—	2,558,000	(L)	0.14%
Capital Group International, Inc.	(2b)	—	—	2,558,000	(L)	0.14%
Capital International Limited	(2b)	334,000	(L)	—	—	0.02%
Capital International Sarl	(2b)	387,500	(L)	—	—	0.02%
Capital International, Inc.	(2b)	1,782,000	(L)	—	—	0.10%
Capital Group Investment Management Private Limited	(2b)	54,500	(L)	—	—	0.00%

Remarks:

(2a) The capacity of The Capital Group Companies, Inc. in holding the 114,468,642 shares of long position was as controlled corporation.

(2b) Capital Research and Management Company, Capital Group International, Inc., Capital International Limited, Capital International Sarl, Capital International, Inc. and Capital Group Investment Management Private Limited were all directly or indirectly owned by The Capital Group Companies, Inc. and by virtue of the SFO, The Capital Group Companies, Inc. was deemed to be interested in the shares held by these subsidiaries.

Save as disclosed above, no other person was interested in or had a short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of the Part XV of the SFO as at June 30, 2023.

Compliance with the Corporate Governance Code of the Listing Rules

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules 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 provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”) has been adopted by the Board. In response to the specific enquiries made, all Directors have confirmed that they have fully complied with the required standards as set out in the Model Code during the six-month period ended June 30, 2023.

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

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

Change in Directors’ Emoluments

An increase of US\$10,000 to the board retainer fee for Non-executive Directors and Independent Non-executive Directors and an increase of US\$5,000 in the Chair fee to both the Chairman of the Audit Committee and the Remuneration Committee, which was approved by all the Executive Directors of the Company, has been taken effect from April 1, 2023.

Ms Caroline Christina Kracht, an Independent Non-executive Director, was appointed as member of the Audit Committee with effect from March 1, 2023. Ms Caroline Christina Kracht is entitled to the Audit Committee fee which has been fixed by the Board.

Ms Virginia Davis Wilmerding, an Independent Non-executive Director, was appointed as member of the Remuneration Committee with effect from March 1, 2023. Ms Virginia Davis Wilmerding is entitled to the Remuneration Committee fee which has been fixed by the Board.

Review of Accounts

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The Audit Committee has reviewed this report with the Company’s independent auditor, Deloitte Touche Tohmatsu, and the senior management of the Group, the accounting principles and practices adopted by the Group and the internal controls and financial reporting matters. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

Purchase, Sales or Redemption of Securities

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

By order of the Board

Horst Julius Pudwill

Chairman

Hong Kong

August 9, 2023

Corporate Information

Board of Directors

Group Executive Directors

Mr Horst Julius Pudwill
Chairman

Mr Stephan Horst Pudwill
Vice Chairman

Mr Joseph Galli Jr
Chief Executive Officer

Mr Patrick Kin Wah Chan
Mr Frank Chi Chung Chan

Non-executive Directors

Prof Roy Chi Ping Chung GBS BBS JP
Mr Camille Jojo

Independent Non-executive Directors

Mr Peter David Sullivan
Mr Johannes-Gerhard Hesse
Mr Robert Hinman Getz
Ms Virginia Davis Wilmerding
Ms Caroline Christina Kracht

Financial Calendar 2023

June 30	: Six-month interim period end
July 7	: Final dividend payment for 2022
August 9	: Announcement of 2023 interim results
August 30	: Last day to register for 2023 interim dividend
August 31 to September 1	: Book closure for 2023 interim dividend
September 15	: Interim dividend payment for 2023
December 31	: Financial year end

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Email: ir@tti.com.hk

Website

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

Listing Information

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

Share Registrar and Transfer Office

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1888

ADR Depository

BNY Mellon

Principal Bankers

Bank of America, N.A.
Bank of China Group
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank N.A.
MUFG Bank, Ltd.
Mizuho Bank, Ltd., Hong Kong Branch

Solicitors

Vincent T.K. Cheung, Yap & Co.

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Company Secretary

Ms Veronica Ka Po Ng

Trademarks

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