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

# ANNOUNCEMENT OF RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

The board of directors (the "Directors" or the "Board") of Techtronic Industries Company Limited ("TTI" or the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six-month period ended June 30, 2024 together with the comparative figures in 2023.

- TTI delivered strong first half results, growing sales 6.3% to US$7.3 billion and net profit 15.7% to US$550 million.
- Our Flagship MILWAUKEE business grew sales 11.2% in local currency, extending our leadership position as the #1 professional power tool brand worldwide.
- Gross margin improved 67 bps to 39.9% in the first half of 2024.
- We delivered record first half Free Cash Flow of US$508 million and improved gearing to 9.2%.
- Mr. Steven Philip Richman was appointed to the role of TTI Chief Executive Officer (CEO) on May 21, 2024.

## HIGHLIGHTS

| | **2024 US$' million** | 2023 US$' million | **Changes** |
|---|---|---|---|
| **Revenue** | **7,312** | 6,879 | **+6.3%** |
| **Gross profit margin** | **39.9%** | 39.3% | **+67 bps** |
| **EBIT** | **626** | 560 | **+11.8%** |
| **Profit attributable to Owners of the Company** | **550** | 476 | **+15.7%** |
| **EPS (US cents)** | **30.12** | 26.00 | **+15.8%** |
| **Free Cash Flow** | **508** | 301 | **+207 m** |
| **Interim dividend per share (approx. US cents)** | **13.90** | 12.23 | **+13.7%** |

**INTERIM DIVIDEND**

The Directors have resolved to declare an interim dividend of HK108.00 cents (approximately US13.90 cents) (2023: HK95.00 cents (approximately US12.23 cents)) per share for the six-month period ended June 30, 2024. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 6, 2024. It is expected that the interim dividend will be paid on or about September 19, 2024.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Review of Operations**

TTI grew sales in the first half of 2024 to US$7.3 billion, up 6.3% in reported currency and 6.6% in local currency. MILWAUKEE delivered double-digit sales growth in local currency and RYOBI outperformed the market.

Globally, our performance was well balanced across all our geographies. North America grew 5.6%, Europe grew 7.9%, and Rest of World, featuring Australia and Asia, grew 13.0% in local currency.

Gross margin improved 67 bps to 39.9% in the first half of 2024. This improvement reflects the strength and success of our high margin MILWAUKEE business, our aftermarket battery business and the introduction of highly innovative, margin accretive new products. We also implemented productivity improvements across our manufacturing network and benefited from increased factory utilization.

Total SG&A increased 24 bps from the first half of 2023 to 31.5% as a percentage of sales. This increase reflects our continued strategic investments in new product development, R&D, commercialization, and geographic expansion.

We delivered US$626 million of EBIT in the first half, growing 11.8% over the comparable period in 2023. EBIT Margin as a percentage of sales was 8.6%, an increase of 42 bps from the first half of 2023.

Net Profit increased 15.7% to US$550 million. Net Interest costs for the first half decreased 34.0% to US$32 million, reflecting our outstanding reduction in higher-cost debt and effective utilization of lower interest rate facilities. Earnings per share also increased 15.8% to US30.12 cents.

Working capital as a percent of sales improved 409 bps to 18.7% as compared to June 2023. We finished the first half of 2024 with US$4,027 million of inventory, a reduction of US$71 million from year end 2023 and US$554 million compared to the first half of last year. Total inventory days on hand went from 128 from the first half of last year to 104 for the same period this year, while we lowered finished goods levels to 81 days on hand. This demonstrates the success of our efficient supply chain and working capital management.

Capex spend in the first half was US$100 million, down 52.3% from the first half last year as we leveraged strategic investments made over the past few years to support our growth.

Gearing improved to 9.2% as we delivered US$508 million of positive Free Cash Flow in the first half of 2024, an improvement of US$207 million from the first half of 2023. We are well positioned to continue driving strong Free Cash Flow conversion in the years to come.

Our first half performance demonstrates our focus on extending our market leadership position within our MILWAUKEE and Consumer group of businesses, while delivering a strong financial performance. We remain laser focused on our strategy of investing in demonstrably better, technologically advanced new products and exceptional people to drive our growth. The promotion of Steven Philip Richman to the role of CEO is just one example of our commitment to promoting our exceptional people from within and is indicative of the depth of our world-class management team across the organization.

## BUSINESS REVIEW

### POWER EQUIPMENT

The TTI Power Equipment segment grew sales 7.1% in local currency to US$6.9 billion.

### MILWAUKEE

Our flagship MILWAUKEE business delivered another period of double-digit growth in the first half, finishing the period up 11.2% in local currency. The investments we have made in new product development, geographic expansion, commercialization, and vertical penetration are driving this robust growth.

More importantly, MILWAUKEE is well positioned for continued growth as we enter new verticals and expand our domination within existing verticals. For example, the exponential advancement of generative Artificial Intelligence ("AI") has created new growth opportunities for MILWAUKEE. This new technology has created a need for the buildout of power grid advancements and the construction of additional data center capacity. MILWAUKEE is partnering with end users, trade organizations, contractors and training centers across the Mechanical, Electrical, Power Utility and General Contractor verticals to support this growth.

Another key driver of MILWAUKEE's commercial success has been our focus on offering a total solution for the end user. Not only do we lead the market in superior cordless battery and charging technology, but we pair it with advanced motors and electronics within the tool and technology-infused accessories. The combination of these four highly engineered items: Battery, Tool, Charger, and Accessory, provides the best performance for the end user.

One example of this powerful combination is our recently announced MILWAUKEE M18 FUEL 7-1/4" Circular Saw that launches with a MILWAUKEE M18 REDLITHIUM FORGE HD12.0 Battery Pack and a patented MILWAUKEE 7-1/4" 24T Thick Kerf Framing Circular Saw Blade accessory. This product is the industry's most powerful and fastest-cutting cordless circular saw. When paired with the MILWAUKEE M18 Dual Bay Simultaneous Super Charger, the battery reaches 80% state of charge in 35 minutes, charging 6 times faster than standard chargers, resulting in greater productivity. Additionally, the Thick Kerf accessory blade includes innovative venting to reduce blade bobble and faster chip ejection, resulting in straighter cuts. The combination of all four of these elements together results in delivering the highest productivity for the end user.

Our strategy of creating a total solution for the end user allows us to sustain the virtuous cycle of introducing differentiated product with an accretive gross margin to reinvest in new product development, commercialization, and geographic expansion activities. In addition, we have been able to invest in our highly talented team and new product development process to create entirely new growth opportunities like our MILWAUKEE PACKOUT MODULAR STORAGE SYSTEM, Electrician's Hand Tools and Personal Protective Equipment (PPE) categories. All three of these categories were internally developed through our work on understanding end user needs to ensure we deliver a solution that improves productivity and safety.

**RYOBI**

Our Consumer group of businesses delivered solid first half 2024 results. RYOBI, our #1 global consumer battery-powered tool and outdoor brand, performed well and continued to extend its leadership position. Led by strong performance in Outdoor, RYOBI delivered mid-single digit sales growth compared with the first half of last year. Like our MILWAUKEE business, the RYOBI business has flourished by focusing on the needs of the end user. With RYOBI, we strive to "own the home", by providing best-in-class cordless power tool and outdoor equipment, while expanding our product focus outside of traditional DIY categories.

Our strategy is to attract new users into our cordless battery platforms, while adding new products to the system for the existing user base to expand into the platform. Introduced in 1996, the RYOBI 18V ONE+ platform now has over 314 compatible products. Our powerful RYOBI 40V system now contains 90 products, and the RYOBI USB LITHIUM system features 26 compact, portable solutions for the end user.

**FLOORCARE & CLEANING**

Our consumer Floorcare and Cleaning business delivered profit improvement of US$9.1 million and revenue of US$428 million which was comparable to the revenue generated for the first half of last year. The team is focused on improving overall business profitability by reducing costs and managing mix, while also introducing exciting new products with innovative and ergonomic features. We are also driving the conversion from corded to cordless cleaning, expanding our product range across the different categories.

## FINANCIAL REVIEW

### Financial Results

Reported revenue for the period grew by 6.3% as compared to the same period last year, amounting to US$7,312 million. Profit attributable to Owners of the Company amounted to US$550 million as compared to US$476 million reported in the same period last year, an increase of 15.7%. Basic earnings per share was at US30.12 cents (2023: US26.00 cents), an increase of 15.8%.

EBIT amounted to US$626 million, an increase of 11.8% as compared to the US$560 million reported in the same period last year.

### Result Analysis

#### *Gross Margin*

Gross margin improved to 39.9% as compared to 39.3% reported in the same period last year. The margin improvement was the result of mix improvements by MILWAUKEE's growth, the high margin aftermarket battery business, accretive innovative new products and effective cost controls by all our manufacturing operations.

#### *Operating Expenses*

Total operating expenses for the period amounted to US$2,302 million as compared to US$2,149 million reported for the same period last year, representing 31.5% of revenue (2023: 31.2%). The increase was mainly due to our strategic investments in new products, commercialization and geographic expansion.

R&D spending at 4.1% of revenue (2023: 3.5%) as we continued to invest in innovations and technology.

Net interest expenses for the period amounted to US$32.5 million as compared to US$49.2 million reported for the same period last year, representing 0.4% of revenue (2023: 0.7%). The decrease in net interest expenses is the result of our efficient management of financial resources.

Effective tax rate for the period was at 7.3% (2023: 6.9%).

### Liquidity and Financial Resources

#### *Shareholders' Funds*

Total shareholders' funds amounted to US$6.3 billion, an increase of 8.8% as compared to December 31, 2023. Book value per share was US$3.41 as compared to US$3.13 at December 31, 2023, an increase of 8.9%.

### *Financial Position*

The Group continued to maintain a strong financial position. As at June 30, 2024, the Group's cash and cash equivalents amounted to US$1,227 million (US$953 million at December 31, 2023) of which 37.8%, 21.4%, 16.2%, and 24.6% were denominated in EUR, AUD, RMB and other currencies respectively.

The Group generated Free Cash Flow of US$508 million during the period as compared to US$301 million for 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 9.2% as compared to 25.7% as at June 30, 2023.

### *Bank Borrowings*

Long term borrowing accounted for 48.3% of total debts (53.3% at December 31, 2023).

The Group's major borrowings continued to be in US$. Borrowings are predominantly Secured Overnight Financing Rate ("SOFR") based. There is a natural hedge mechanism in place as the Group's major revenues are in US$ 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 after interest rate hedging account for 56.8% of the total bank borrowings, the balance being floating rate debts.

### *Working Capital*

Total inventory was at US$4,027 million as compared to US$4,581 million as at June 30, 2023. Inventory days decreased by 24 days from 128 days to 104 days. The Group will continue to focus on managing the inventory level and improve inventory turns. Raw material inventory decreased by 3 days to 19 days while Finished Goods inventory reduced by 20 days to 81 days when compared to the same period last year.

Trade receivables turnover days were at 60 days as compared to 54 days as at June 30, 2023. Excluding the gross up of the receivables factored which is without recourse in nature, receivables turnover days was at 60 days as compared to 53 days as at June 30, 2023. 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 96 days as compared to 99 days as at June 30, 2023.

Working capital as a percentage of sales was at 18.7% as compared to 22.7% for the same period last year.

### *Capital Expenditures*

Total capital expenditures for the period amounted to US$100 million (2023: US$210 million) representing 1.4% of sales.

### *Capital Commitments and Guarantees*

As at June 30, 2024, total capital commitments for the acquisition of property, plant and equipment and equity interests in subsidiaries contracted for but not provided amounted to US$163 million (2023: US$167 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 49,778 employees (44,288 employees as at June 30, 2023) globally. Total staff cost for the period under review amounted to US$1,359 million as compared to US$1,141 million in the same period last year.

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improve the quality, competence and skills of all employees. It provides job-related training and leadership development programs throughout the organization. The Group continues to offer competitive remuneration packages, discretionary share options, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six-month period ended June 30, 2024, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the Board must retire by rotation at each annual general meeting of the Company, and if eligible, offer themselves for re-election.

## COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors who have confirmed that they have fully complied with the required standards as set out in the Model Code during the six-month period ended June 30, 2024.

## REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the Company's independent auditor, Deloitte Touche Tohmatsu, and the senior management of the Group the unaudited financial statements of the Company for the six-month period ended June 30, 2024, the accounting principles and practices adopted by the Group and the internal controls and financial reporting matters. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

## PURCHASE, SALES OR REDEMPTION OF SECURITIES

Other than 902,500 shares of the Company purchased on-market by the trustee for satisfying the awarded shares granted under the Company's share award scheme (details of which will be set out in the "Corporate Governance and Other Information" section to be included in the Company's 2024 Interim Report), a total of 2,500,000 ordinary shares were bought back by the Company during the period at prices ranging from HK$86.00 to HK$105.00 per share. Among these shares bought back by the Company, 2,000,000 shares were settled and cancelled during the period and 500,000 shares were cancelled on July 3, 2024. The consideration paid by the Company for such buy-backs of the shares of approximately US$30,960,000 was charged to the retained profits.

The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced. The buy-backs of the Company's shares during the period were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the six-month period ended June 30, 2024, purchased, sold or redeemed any listed securities of the Company.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from September 5, 2024 to September 6, 2024, 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 September 4, 2024.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.ttigroup.com) and the HKExnews website (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited. The 2024 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

## OUTLOOK

We delivered outstanding results in the first half of 2024, including generating strong Free Cash Flow and strengthening our balance sheet through disciplined working capital management. We are extremely well positioned to continue growing the overall market and extending our leadership position with MILWAUKEE and RYOBI. Together, these brands complement each other in the industry, allowing TTI to win across a wide range of consumers, price points, and retail partners.

More importantly, the team we have put in place is energized and ready to continue our cordless domination. Exceptional people have always been a pillar of our success at TTI and is one of our key competitive advantages in the industry. With the promotion of Steven Philip Richman to CEO and the deep talent pool supporting him, the future at TTI has never been brighter.

By order of the Board
**Horst Julius Pudwill**
Chairman

Hong Kong, August 6, 2024

*As at the date of this announcement, the Board comprises six Group Executive Directors, namely Mr. Horst Julius Pudwill (Chairman), Mr. Stephan Horst Pudwill (Vice Chairman), Mr. Steven Philip Richman (Chief Executive Officer), Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo, and six Independent Non-executive Directors, namely, Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding, Ms. Caroline Christina Kracht and Mr. Andrew Philip Roberts.*

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

## RESULTS SUMMARY

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended June 30, 2024

| | Notes | **2024**<br>**US$'000**<br>**(Unaudited)** | 2023<br>US$'000<br>(Unaudited) |
|---|---|---|---|
| Revenue | 3 & 4 | **7,311,988** | 6,879,464 |
| Cost of sales | | **(4,391,271)** | (4,177,800) |
| Gross profit | | **2,920,717** | 2,701,664 |
| Other income | | **7,689** | 7,797 |
| Interest income | | **32,713** | 29,336 |
| Selling, distribution and advertising expenses | | **(1,244,345)** | (1,186,948) |
| Administrative expenses | | **(759,673)** | (719,058) |
| Research and development costs | | **(298,054)** | (243,483) |
| Finance costs | | **(65,182)** | (78,519) |
| Profit before share of result of an associate and taxation | | **593,865** | 510,789 |
| Share of result of an associate | | **(159)** | 235 |
| Profit before taxation | | **593,706** | 511,024 |
| Taxation charge | 5 | **(43,341)** | (35,245) |
| Profit for the period attributable to Owners of the Company | 6 | **550,365** | 475,779 |
| Other comprehensive (loss) income: | | | |
| Item that will not be reclassified subsequently to profit or loss, net of related income tax: | | | |
| Remeasurement of defined benefit obligations | | **(2,830)** | 1,120 |
| Items that may be reclassified subsequently to profit or loss, net of related income tax: | | | |
| Fair value gain (loss) on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting | | **11,532** | (5,755) |
| Exchange differences on translation of foreign operations | | **(43,785)** | (13,986) |
| Other comprehensive loss for the period | | **(35,083)** | (18,621) |
| Total comprehensive income for the period | | **515,282** | 457,158 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | **515,282** | 457,158 |
| Earnings per share (US cents) | 8 | | |
| Basic | | **30.12** | 26.00 |
| Diluted | | **29.98** | 25.92 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

| | Notes | **June 30 2024 US$'000 (Unaudited)** | December 31 2023 US$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 9 & 17 | **2,231,685** | 2,310,537 |
| Right of use assets | 9 | **850,025** | 866,009 |
| Goodwill | | **603,665** | 604,297 |
| Intangible assets | 9 | **1,331,666** | 1,298,419 |
| Interest in an associate | | **1,897** | 2,056 |
| Financial assets at fair value through profit or loss | | **8,783** | 8,732 |
| Deposits | | **90,500** | 112,000 |
| Finance lease receivables | | **4,845** | 5,781 |
| Derivative financial instruments | | **8,058** | 8,084 |
| Deferred tax assets | | **59,833** | 63,354 |
| | | **5,190,957** | 5,279,269 |
| **Current assets** | | | |
| Inventories | | **4,026,715** | 4,098,161 |
| Right to returned goods asset | | **7,560** | 8,734 |
| Trade and other receivables | 10 | **2,405,903** | 1,811,592 |
| Deposits and prepayments | | **189,109** | 187,349 |
| Bills receivable | 10 | **9,263** | 8,423 |
| Finance lease receivables | | **2,204** | 2,706 |
| Tax recoverable | | **7,416** | 5,013 |
| Trade receivables from an associate | 11 | **14,040** | 6,927 |
| Derivative financial instruments | | **22,274** | 14,455 |
| Financial assets at fair value through profit or loss | | **19,670** | 26,114 |
| Bank balances, deposits and cash | | **1,226,545** | 953,240 |
| | | **7,930,699** | 7,122,714 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **3,712,759** | 3,373,231 |
| Bills payable | 12 | **13,784** | 18,424 |
| Warranty provision | | **243,420** | 235,597 |
| Tax payable | | **64,489** | 47,558 |
| Derivative financial instruments | | **11,634** | 16,062 |
| Lease liabilities | | **151,506** | 153,523 |
| Discounted bills with recourse | | **2,579** | 2,708 |
| Unsecured borrowings - due within one year | 13 | **929,277** | 920,151 |
| Refund liabilities from right of return | | **14,163** | 16,215 |
| | | **5,143,611** | 4,783,469 |
| Net current assets | | **2,787,088** | 2,339,245 |
| Total assets less current liabilities | | **7,978,045** | 7,618,514 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

As at June 30, 2024

| | Notes | **June 30 2024 US$'000 (Unaudited)** | December 31 2023 US$'000 (Audited) |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | 14 | **688,220** | 685,392 |
| Reserves | | **5,564,624** | 5,062,158 |
| Equity attributable to Owners of the Company and total equity | | **6,252,844** | 5,747,550 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **725,923** | 734,369 |
| Unsecured borrowings - due after one year | 13 | **870,518** | 1,030,971 |
| Retirement benefit obligations | | **48,746** | 47,825 |
| Other payables | 12 | **53,862** | 31,530 |
| Deferred tax liabilities | | **26,152** | 26,269 |
| | | **1,725,201** | 1,870,964 |
| Total equity and non-current liabilities | | **7,978,045** | 7,618,514 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2024

| | **June 30 2024 US$'000 (Unaudited)** | June 30 2023 US$'000 (Unaudited) |
|---|---|---|
| **Operating Activities** | | |
| Profit before taxation | **593,706** | 511,024 |
| Adjustments for: | | |
| Amortization/write-off of intangible assets | **136,857** | 76,747 |
| Depreciation of property, plant and equipment | **142,561** | 129,727 |
| Depreciation of right of use assets | **88,436** | 80,902 |
| Fair value (gain) loss on foreign currency forward contracts | **(739)** | 3,176 |
| Fair value loss on acquisition right of certain property, plant and equipment | **26** | - |
| Impairment loss of property, plant and equipment | **6,749** | - |
| Fair value loss (gain) on listed equity securities | **6,444** | (7,816) |
| Finance costs | **65,182** | 78,519 |
| (Gain) loss on early termination of leases | **(252)** | 177 |
| Loss on lease modification | **1,331** | - |
| Impairment loss on trade receivables under expected credit loss model | **23,568** | 11,808 |
| Interest income | **(32,713)** | (29,336) |
| Loss on disposal of property, plant and equipment | **3,774** | 281 |
| Gain on disposal of listed equity securities | **-** | (271) |
| Share-based payments expense | **30,166** | 30,554 |
| Share of result of an associate | **159** | (235) |
| Write down of inventories | **31,214** | 49,273 |
| Operating cash flows before movements in working capital | **1,096,469** | 934,530 |
| Decrease in inventories | **13,979** | 439,319 |
| Increase in trade and other receivables, deposits and prepayments | **(611,784)** | (358,578) |
| Decrease (increase) in right to returned goods asset | **1,174** | (7,386) |
| Increase in bills receivable | **(840)** | (10,974) |
| Increase in trade receivables from an associate | **(7,113)** | (7,393) |
| Increase (decrease) in trade and other payables | **385,901** | (228,544) |
| (Decrease) increase in refund liabilities from right of return | **(2,052)** | 12,514 |
| Decrease in bills payable | **(4,640)** | (1,776) |
| Increase in warranty provision | **9,153** | 16,693 |
| (Decrease) increase in retirement benefit obligations | **(1,909)** | 2,678 |
| Net payment for purchase of shares for share award scheme | **(11,444)** | - |
| Cash generated from operations | **866,894** | 791,083 |
| Interest paid | **(65,182)** | (78,519) |
| Hong Kong Profits Tax paid | **(375)** | (2,184) |
| Overseas tax paid | **(27,162)** | (29,765) |
| Hong Kong Profits Tax refunded | **-** | 13,082 |
| Overseas tax refunded | **741** | 77 |
| **Net Cash from Operating Activities** | **774,916** | 693,774 |

## **CONSOLIDATED STATEMENT OF CASH FLOWS** - continued

For the six-month period ended June 30, 2024

| | Notes | **June 30 2024 US$'000 (Unaudited)** | June 30 2023 US$'000 (Unaudited) |
|---|---|---|---|
| **Investing Activities** | | | |
| Acquisition of a subsidiary | 16 | **-** | (4,524) |
| Additions to intangible assets | | **(170,119)** | (186,680) |
| Interest received | | **32,713** | 29,336 |
| Payment for early termination of leases | | **(115)** | (125) |
| Proceeds from disposal of listed equity securities | | **-** | 1,376 |
| Proceeds from disposal of property, plant and equipment | | **2,761** | 3,182 |
| Purchase of club membership debentures | | **(53)** | - |
| Purchase of property, plant and equipment | | **(99,885)** | (209,579) |
| Repayment in finance lease receivables | | **107** | 1,277 |
| **Net Cash used in Investing Activities** | | **(234,591)** | (365,737) |
| **Financing Activities** | | | |
| (Decrease) increase in discounted bills with recourse | | **(129)** | 3,026 |
| New unsecured borrowings obtained | | **2,251,941** | 3,378,940 |
| Proceeds from issue of shares | | **2,250** | 550 |
| Repayment of unsecured borrowings | | **(2,386,907)** | (3,549,424) |
| Repayment of lease liabilities | | **(83,040)** | (78,229) |
| Payment for buy-back of shares | 14 | **(30,960)** | - |
| **Net Cash used in Financing Activities** | | **(246,845)** | (245,137) |
| **Net Increase in Cash and Cash Equivalents** | | **293,480** | 82,900 |
| **Cash and Cash Equivalents at Beginning of the Period** | | **953,240** | 1,428,930 |
| **Effect of Foreign Exchange Rate Changes** | | **(20,175)** | (26,764) |
| **Cash and Cash Equivalents at End of the Period** | | **1,226,545** | 1,485,066 |
| **Analysis of the Balances of Cash and Cash Equivalents** | | | |
| Represented by: | | | |
| Bank balances, deposits and cash | | **1,226,545** | 1,485,066 |
| | | **1,226,545** | 1,485,066 |

## 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, 2023 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, 2023 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. Material Accounting Policies Information

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, 2024 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2023.

***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 period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

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. Material Accounting Policies Information (continued)

### *2.1 Impacts on application of Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback*

*2.1.1 Accounting policies*

**Sale and leaseback transactions**

*The Group as a seller-lessee*

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right of use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognizes any gain or loss that relates to the rights transferred to the buyer-lessor only. Right of use asset and lease liability are subsequently measured in accordance with the general requirements under HKFRS 16 *Leases*. In measuring the lease liability, the Group determines "lease payments" or "revised lease payments" (including both lease payments that are fixed or variable) in a way that the Group would not recognize any amount of the gain or loss that relates to the right of use assets retained by the Group.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

(a) any below-market terms is accounted for as a prepayment of lease payments; and

(b) any above-market terms is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

*2.1.2 Transition and summary of impact*

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

### *2.2 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")*

The Group has applied the new accounting policy and the amendments retrospectively. The application of the amendments in the current period has the following impacts on unsecured borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date.

The Group's right to defer settlement for borrowings of US$1,198,002,000 and US$1,030,971,000 as at January 1 and December 31, 2023, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the six months ended June 30, 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, 2024**

| | **Power Equipment US$'000** | **Floorcare & Cleaning US$'000** | **Eliminations US$'000** | **Consolidated US$'000** |
|---|---|---|---|---|
| Segment revenue | | | | |
| External sales | **6,884,453** | **427,535** | **-** | **7,311,988** |
| Inter-segment sales | **-** | **7,138** | **(7,138)** | **-** |
| Total segment revenue | **6,884,453** | **434,673** | **(7,138)** | **7,311,988** |

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 |

Inter-segment sales are charged at prevailing market rates.

| | **Six-month period ended June 30** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Power Equipment US$'000** | **Floorcare & Cleaning US$'000** | **Consolidated US$'000** | Power Equipment US$'000 | Floorcare & Cleaning US$'000 | Consolidated US$'000 |
| Segment results | **616,850** | **9,325** | **626,175** | 559,985 | 222 | 560,207 |
| Interest income | | | **32,713** | | | 29,336 |
| Finance costs | | | **(65,182)** | | | (78,519) |
| Profit before taxation | | | **593,706** | | | 511,024 |

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 | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Sales of goods | **7,306,377** | 6,874,422 |
| Commission and royalty income | **5,611** | 5,042 |
| | **7,311,988** | 6,879,464 |

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 | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| North America | **5,461,455** | 5,167,421 |
| Europe | **1,251,320** | 1,151,765 |
| Other countries | **599,213** | 560,278 |
| | **7,311,988** | 6,879,464 |

## 5. Taxation charge

| | Six-month period ended June 30 | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Current tax: | | |
| Hong Kong Profits Tax | **(790)** | 1,084 |
| Overseas taxation | **(40,653)** | (25,882) |
| Deferred tax | **(1,898)** | (10,447) |
| | **(43,341)** | (35,245) |

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

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

5. **Taxation charge** (continued)

The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two Rules"). For the year ending December 31, 2024, the Pillar Two Rules have or will become effective in Australia, Canada, Japan, Korea, Austria, Belgium, Czechia, Denmark, Finland, France, Germany, Hungary, Italy, Luxembourg, Netherlands, Norway, Portugal, Romania, Spain, Sweden, United Kingdom and Vietnam in which the Group has operative subsidiaries. As at June 30, 2024, no Pillar Two Rules related taxing rights would be enacted over any of the Group's subsidiaries other than the countries mentioned above.

Under the requirement in HKAS 34, any Pillar Two tax expense for interim reporting purpose is an income tax expense based on a forecasted effective tax rate basis expected for the full financial year, whereby the estimation includes whether any of the Pillar Two safe harbours are forecasted to apply. This estimation includes whether any of the Pillar Two safe harbours are forecasted to apply. As of June 30, 2024, the Group subsidiaries which are subject to enacted or substantially enacted Pillar Two Rules are limited to entities held by a subsidiary in the United Kingdom or which are located in countries which have enacted or substantially enacted Pillar Two qualified domestic minimum taxes. All such subsidiaries within the Group have a forecasted jurisdictional effective tax rate in excess of 15% and/or are forecasted to be subject to either 1) the Qualified Country-by-Country reporting based simplified effective tax rate safe harbour, 2) De Minimis-based Pillar Two safe harbour or 3) the Substance Based Income Exclusion/Routine Profits Test safe harbour. All the safe harbours apply on a jurisdictional basis.

Based on the above, there is no forecasted Pillar Two income tax expense arising for the year ending December 31, 2024 in any jurisdiction where the Group operates. Accordingly, the Group has not recognized any Pillar Two related income tax expense in the current interim period.

6. **Profit for the period**

| | **Six-month period ended June 30** | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Profit for the period has been arrived at after charging: | | |
| Amortization of intangible assets | **94,643** | 72,417 |
| Depreciation of property, plant and equipment | **142,561** | 129,727 |
| Depreciation of right of use assets | **88,436** | 80,902 |
| Total depreciation and amortization | **325,640** | 283,046 |
| Fair value loss (gain) on listed equity securities | **6,444** | (7,816) |
| Impairment loss on trade receivables under expected credit loss model | **23,568** | 11,808 |
| Net exchange (gain) loss | **(6,106)** | 18,996 |
| Write down of inventories | **31,214** | 49,273 |
| Staff costs | **1,359,469** | 1,140,588 |

## 7. Dividends

A dividend of HK98.00 cents (approximately US12.61 cents) per share with a total of approximately US$231,355,000 (2023: HK90.00 cents (approximately US11.58 cents) per share with a total of approximately US$212,525,000) was paid to shareholders as the final dividend for 2023 (2023: final dividend for 2022) on July 5, 2024.

The directors of the Company have determined that an interim dividend of HK108.00 cents (approximately US13.90 cents) per share with a total of approximately US$254,725,000 (2023: HK95.00 cents (approximately US12.23 cents) per share with a total of approximately US$224,334,000) will be paid to the shareholders of the Company whose names appear in the Register of Members on September 6, 2024.

## 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 | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Earnings for the purposes of basic and diluted earnings per share: | | |
| Profit for the period attributable to Owners of the Company | **550,365** | 475,779 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **1,827,109,617** | 1,829,619,170 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | **4,048,866** | 3,352,873 |
| Share awards | **4,368,285** | 2,750,727 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **1,835,526,768** | 1,835,722,770 |

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, 2024 and 2023.

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

During the period, the Group spent approximately US$99,885,000 (for the six-month period ended June 30, 2023: US$209,579,000) and US$170,119,000 (for the six-month period ended June 30, 2023: US$186,680,000) 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$102,109,000 (for the six-month period ended June 30, 2023: US$114,346,000) of right of use assets and US$102,109,000 (for the six-month period ended June 30, 2023: US$114,346,000) lease liabilities.

## 10. Trade and other receivables/Bills receivable

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

| Age | **June 30 2024 US$'000** | December 31 2023 US$'000 |
|---|---|---|
| 0 to 60 days | **1,940,626** | 1,291,677 |
| 61 to 120 days | **323,137** | 335,205 |
| 121 days or above | **64,162** | 72,597 |
| Total trade receivables | **2,327,925** | 1,699,479 |
| Other receivables | **77,978** | 112,113 |
| | **2,405,903** | 1,811,592 |

All the Group's bills receivable at June 30, 2024 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 2024 US$'000** | December 31 2023 US$'000 |
|---|---|---|
| 0 to 60 days | **1,249,416** | 1,017,375 |
| 61 to 120 days | **667,393** | 495,930 |
| 121 days or above | **82,204** | 142,062 |
| Total trade payables | **1,999,013** | 1,655,367 |
| Other payables | **1,767,608** | 1,749,394 |
| Total trade and other payables | **3,766,621** | 3,404,761 |
| Non-current portion of other payables | **(53,862)** | (31,530) |
| | **3,712,759** | 3,373,231 |

All the Group's bills payable at June 30, 2024 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$1,610,435,000 (At December 31, 2023: US$1,621,560,000). 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$2,251,941,000 (2023: US$3,378,940,000). The Group also repaid unsecured borrowings of US$2,386,907,000 (2023: US$3,549,424,000).

In respect of a unsecured borrowings with carrying amount of US$870,518,000 as at June 30, 2024, the Group has the right to defer settlement for at least twelve months after the reporting period and the bank loan is classified as non-current.

**14. Share capital**

| | Number of shares | | Share capital | |
|---|---|---|---|---|
| | **June 30 2024** | December 31 2023 | **June 30 2024 US$'000** | December 31 2023 US$'000 |
| **Ordinary shares** | | | | |
| Issued and fully paid: | | | | |
| At the beginning of the period/year | **1,834,317,941** | 1,834,697,941 | **685,392** | 684,710 |
| Issue of shares upon exercise of share options | **790,000** | 120,000 | **2,828** | 682 |
| Buy-Back of shares | **(2,500,000)** | (500,000) | **-** | - |
| At the end of the period/year | **1,832,607,941** | 1,834,317,941 | **688,220** | 685,392 |

For the period ended June 30, 2024, the Company bought back its own shares through the Stock Exchange as follows:

| **Month of buy-back** | **No. of ordinary shares** | **Price per share Highest HK$** | **Lowest HK$** | **Aggregate consideration Paid US$'000** |
|---|---|---|---|---|
| **January 2024** | **500,000** | **88.00** | **86.00** | **5,629** |
| **May 2024** | **1,000,000** | **105.00** | **99.20** | **13,147** |
| **June 2024** | **1,000,000** | **97.70** | **91.55** | **12,184** |

The shares bought back were settled and cancelled during the period. Out of 2,500,000 ordinary shares bought back in 2024, the documents of title of 2,000,000 buy-back shares were cancelled during the six months ended June 30, 2024. The remaining 500,000 buy-back shares' documents of title were cancelled in July 2024. The consideration paid on the buy-back of the shares of approximately US$30,960,000 was charged to retained profits.

During 2023, the Company bought back and cancelled its own shares through the Stock Exchange as follows:

| Month of buy-back | No. of ordinary shares | Price per share Highest HK$ | Lowest HK$ | Aggregate consideration Paid US$'000 |
|---|---|---|---|---|
| October 2023 | 500,000 | 68.70 | 67.90 | 4,408 |

## 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 June 30, 2024 | Fair value as at December 31, 2023 | Fair value hierarchy | Valuation techniques and key inputs |
|---|---|---|---|---|
| 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$8,058,000** | Acquisition right of certain property, plant and equipment: US$8,084,000 | 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 interim period. |
| 2) Foreign currency forward contracts classified as derivative financial instruments in the consolidated statement of financial position | **Assets – US$16,890,000; and Liabilities – US$9,866,000** | Assets – US$9,113,000; and Liabilities – US$16,062,000 | 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$19,670,000** | Listed shares: US$26,114,000 | 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$4,938,000** | Club membership debentures: US$4,887,000 | Level 2 | The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics. |
| | **Unlisted equity securities: US$3,800,000** | Unlisted equity securities: US$3,800,000 | 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$5,384,000; and Liabilities – US$1,768,000** | Assets – US$5,342,000; and Liabilities – Nil | Level 2 | Measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between US$ 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<br>Fair value<br>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 expected 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 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 six months ended June 30, 2023.

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.

## 17. Capital commitments

| | **June 30<br>2024<br>US$'000** | December 31<br>2023<br>US$'000 |
|---|---|---|
| Capital expenditure in respect of the acquisition of property, plant and equipment and equity interests in a subsidiary contracted for but not provided in the condensed consolidated financial statements | **162,930** | 177,975 |