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, 2022

HIGHLIGHTS

	2022 US$' million	2021 US$' million	**Changes**
Revenue	**7,034**	6,394	**+10.0%**
Gross profit margin	**39.1%**	38.6%	**+50 bps**
EBIT	**633**	572	**+10.7%**
Profit attributable to Owners of the Company	**578**	524	**+10.4%**
EPS (US cents)	**31.59**	28.62	**+10.4%**
Interim dividend per share (approx. US cents)	**12.23**	10.94	**+11.8%**

- Our Flagship MILWAUKEE business significantly outgrew the market, delivering 25.8% sales growth
- Gross margin improved for the 14^{th} consecutive first half to 39.1%
- Net profit growth of 10.4% to US$578 million

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, 2022 together with the comparative figures in 2021.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK95.00 cents (approximately US12.23 cents) (2021: HK85.00 cents (approximately US10.94 cents)) per share for the six-month period ended June 30, 2022. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 2, 2022. It is expected that the interim dividend will be paid on or about September 16, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Review of Operations

We are pleased to announce that TTI delivered strong results for the first half of 2022, outpacing the market and growing sales by 10.0% to US$7.0 billion. In local currency, sales grew 12.1%. Combined with our 2021 first half sales growth of 52%, TTI has increased sales by 67% over this two-year period. Gross margin improved for the 14th consecutive first half expanding 50 bps to 39.1%. EBIT increased 10.7% to US$633 million, net profit rose 10.4% to US$578 million, and earnings per share increased 10.4% to approximately US31.59 cents per share.

We are delighted that all of our geographic regions delivered solid sales growth in the first half. Rest of World featuring Australia and Asia delivered outstanding 23.0% growth in local currency. Europe grew 14.1% in local currency and North America grew 10.5% in local currency.

Our leadership Power Equipment business delivered a very strong first half, while Floorcare contracted due to slowing demand and customer destocking. Now the global leader in professional cordless, our flagship MILWAUKEE business continued to flourish with 25.8% local currency sales growth in the first half. This business now accounts for a major part of the company sales with an accretive gross margin. We remain confident that our MILWAUKEE business will continue to outpace the market in the second half of 2022 and the years to come.

We have adjusted the investment plans in our DIY/Consumer businesses to reflect the current challenges in the market, while continuing to develop exciting new products. Our focus here will be inventory reduction, working capital management, and ensuring we have the right overhead structure in place. These businesses continue to outperform the market globally.

New product development remains a cornerstone of our past success and our future. We will continue to invest in breakthrough cordless technology, generating hundreds of new cordless products in the years to come. In addition, we are developing many other high potential new businesses, such as the MILWAUKEE Personal Protective Equipment (PPE) product line, that will catalyze even more growth in the future.

Capex spend for the first half was US$229 million, lower than last year by 6.4%. This spend includes investments in new product, sustainability, and capacity expansion in Vietnam and the United States. We look forward to the opening of the industry's first battery powered mower manufacturing facility in South Carolina, USA in Q3 2022.

Working capital as a percent of sales finished at 23.3% versus 18.3% at the end of the first half of 2021. We reduced finished goods inventory by 3 days on hand to 115 days, and we are targeting additional reductions in the second half of 2022. Raw material/Component inventory grew 6 days to 20 days on hand as we increased strategic component levels, allowing us to maintain high service levels to our customers while enduring an increase in supply chain lead time.

Our outstanding first half performance is the result of our ongoing new product flow and our market leadership position. We will continue to execute our proven strategy of investing in demonstrably better, technologically advanced new products to drive our growth. Our new product flow has allowed us to consistently outperform the market and deliver strong financial performance year after year. While the market conditions have become more challenging for the DIY/Consumer businesses, we are on track to outperform the market in the second half of 2022.

BUSINESS REVIEW

POWER EQUIPMENT

The TTI Power Equipment segment delivered sales growth of 14.9% in local currency to US$6.6 billion. All geographic regions delivered exceptional sales growth in the first half.

MILWAUKEE

In the first half of 2022, we expanded our MILWAUKEE M18 and M12 cordless leadership systems with products attacking new verticals and next-generation innovations. With the addition of the M18 FUEL utility fencing stapler and the Generation 4 M18 FUEL ½” drill driver/hammer drill, the M18 system now contains 259 products. In the subcompact space, the MILWAUKEE M12 system leads the industry with 144 products. In addition, the MILWAUKEE MX FUEL system continues to perform well, with 13 products attacking the vast light equipment market.

We have also continued to rapidly expand our lineup of Personal Protective Equipment (PPE) with the launch of the MILWAUKEE BOLT hard hat system. These hard hats and helmets offer superior protection from falling objects versus the competition, and the BOLT system introduces a line of 35 interchangeable accessories that allow users to customize their safety equipment to their specific jobsite needs. The MILWAUKEE BOLT system is yet another example of breakthrough innovation that has been well received in the market.

Now with 65 fully interchangeable products, the MILWAUKEE PACKOUT system is meeting the growing tool transportation, organization, and storage needs of end users. With the launch of over 20 PACKOUT Shop Storage solutions, users will now be able to fully customize their storage needs with wall plates, tool racks, tool holders, and a cabinet.

RYOBI

Our DIY/Consumer Power Equipment business grew low single digits in local currency. The RYOBI Power Tool business delivered strong results across all regions in the first half of 2022, while the RYOBI Outdoor business outperformed the overall market despite being impacted by unfavorable weather conditions.

RYOBI is the global leader in DIY cordless, featuring 162 tools, 84 outdoor products, and 21 cleaning products in the 18V ONE+ battery system. We are excited about the future of this business, and will continue to enhance our cordless DIY leadership position with the launch of a stream of innovative new products.

We also continued to extend our leadership position in the global Outdoor battery-powered market with the launch of the RYOBI 80V HP Zero-Turn Riding Mower. With patented IDRIVE joystick control technology, this rider contains breakthrough innovation setting a new standard for riding mower control and maneuverability. We also launched a stream of new powerful RYOBI 40V products including self-propelled walk-behind mowers, WHISPER quiet blowers, and chainsaws to name a few. With these recent additions, the RYOBI 40V system now contains 81 innovative products that meet or exceed petrol performance levels.

FLOORCARE & CLEANING

Our Floorcare and Cleaning business was impacted by a reduction of COVID-related demand, leading to a decline in sales of 17.8% to US$472 million in the first half of 2022. We have taken aggressive short-term actions to reduce overhead and to reduce inventory levels, while continuing to develop new products for the future.

SUSTAINABILITY

We are pleased with the outstanding progress we are making towards lowering the carbon emissions footprint of our facilities worldwide. Additionally, we are committed to continue launching a series of new cordless sustainable products that reduce emissions, noise, and improve safety.

FINANCIAL REVIEW

Financial Results

Reported revenue for the period grew by 10.0% as compared to the same period last year, amounting to US$7,034 million. Profit attributable to Owners of the Company amounted to US$578 million as compared to US$524 million reported in the same period last year, an increase of 10.4%. Basic earnings per share was at US31.59 cents (2021: US28.62 cents), an increase of 10.4%.

EBIT amounted to US$633 million, an increase of 10.7% as compared to the US$572 million reported in the same period last year.

Result Analysis

Gross Margin

Gross margin improved to 39.1% as compared to 38.6% reported in the same period last year. The margin improvement was the result of new product introduction, product mix, category expansion, improvements in operational efficiency and supply chain productivity together with very effective action plans to navigate global supply constraints, commodity headwinds and logistic costs increase.

Operating Expenses

Total operating expenses for the period amounted to US$2,122 million as compared to US$1,900 million reported for the same period last year, representing 30.2% of revenue (2021: 29.7%). During the period under review, R&D spent at 3.3% of revenue (2021: 3.1%). We will continue to invest in breakthrough technology and deliver broad base end-user products and categories as these are most critical not only to maintain sales growth momentum but also margin expansions.

Net interest expenses for the period amounted to US$11.3 million as compared to US$8.6 million reported for the same period last year, representing 0.2% of revenue (2021: 0.1%). Interest cover, expressed as a multiple of EBITDA to total interest was at 36.7 times (2021: 30.8 times).

Effective tax rate for the period was at 7.0% (2021: 7.0%).

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to US$5.0 billion, an increase of 6.9% as compared to December 31, 2021. Book value per share was US$2.75 as compared to US$2.57 at December 31, 2021, an increase of 7.0%.

Financial Position

The Group continued to maintain a strong financial position. As at June 30, 2022, the Group's cash and cash equivalents amounted to US$1,274 million (US$1,874 million at December 31, 2021) after the payment of US$236.1 million dividend during the period (US$193.5 million in first half 2021), of which 34.2%, 28.3%, 13.2%, and 24.3% were denominated in RMB, US$, EUR and other currencies respectively.

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 40.5% as compared to 14.8% as at June 30, 2021.

Bank Borrowings

Long term borrowing accounted for 39.5% of total debts (32.1% at December 31, 2021).

The Group's major borrowings continued to be in US$. Borrowings are predominantly LIBOR 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 30.2% of the total bank borrowings, the balance being floating rate debts.

Working Capital

Total inventory was at US$5,232 million as compared to US$4,471 million as at June 30, 2021. Days inventory increased by 2 days from 136 days to 138 days The increase was due to the strategic decision to increase safety level of raw materials to protect against shortages and provide maximum production flexibility and maintain high service levels. Raw material inventory increased by 6 days to 20 days with Finished Goods inventory reduced by 3 days when compared to same period last year.

Trade receivables turnover days were at 54 days as compared to 56 days as at June 30, 2021. Excluding the gross up of the receivables factored which is without recourse in nature, receivables turnover days was at 52 days as compared to 54 days as at June 30, 2021. 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 107 days as compared to 125 days as at June 30, 2021. The reduction in days mainly due to our prudent procurement strategy in second quarter 2022 as we pushed to reduce inventory and be ready for the challenging demand environment in the second half of the year.

Working capital as a percentage of sales was at 23.3% as compared to 18.3% for the same period last year.

Capital Expenditures

Total capital expenditures for the period amounted to US$229 million (2021: US$245 million).

Capital Commitments and Guarantees

As at June 30, 2022, total capital commitments for the acquisition of property, plant and equipment and equity interests in subsidiaries contracted for but not provided amounted to US$373 million (2021: US$267 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 47,568 employees (49,934 employees as at June 30, 2021) globally. Total staff cost for the period under review amounted to US$1,260 million as compared to US$1,074 million in the same period last year.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six-month period ended June 30, 2022, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the Board must retire by rotation at each annual general meeting of the Company, and if eligible, offer themselves for re-election.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors who have confirmed that they have fully complied with the required standards as set out in the Model Code during the six-month period ended June 30, 2022.

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, 2022, 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 500,000 shares of the Company purchased on-market for satisfying the awarded shares granted under the Company's share award schemes (details of which will be set out in the "Corporate Governance and Other Information" section to be included in the Company's 2022 Interim Report), neither the Company nor any of its subsidiaries has, during the six-month period ended June 30, 2022, 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 1, 2022 to September 2, 2022, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (to be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on August 15, 2022) for registration not later than 4:00 p.m. on August 31, 2022.

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 2022 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 look forward to the future with confidence as we continue to attack the market with hundreds of exciting new products while we maintain our focus on operational excellence. Our world-class team is well prepared to manage the business through challenging macroeconomic environments and continue to deliver above market results. We are well positioned to strengthen our leadership position in the months and years to come.

By order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, August 10, 2022

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

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

All trademarks and trade names listed other than AEG and RYOBI are owned by the Group.

AEG is a registered trademark of AB Electrolux (publ.), and is used under license.

RYOBI is a registered trademark of Ryobi Limited, and is used under license.

RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended June 30, 2022

	Notes	**2022** **US$'000** **(Unaudited)**	2021 US$'000 (Unaudited)
Revenue	3 & 4	**7,033,606**	6,393,749
Cost of sales		**(4,286,861)**	(3,928,704)
Gross profit		**2,746,745**	2,465,045
Other income		**6,944**	6,386
Interest income		**12,796**	16,416
Selling, distribution and advertising expenses		**(1,152,943)**	(1,030,525)
Administrative expenses		**(737,078)**	(673,420)
Research and development costs		**(231,780)**	(196,133)
Finance costs		**(24,118)**	(24,995)
Profit before share of result of an associate and taxation		**620,566**	562,774
Share of result of an associate		**901**	346
Profit before taxation		**621,467**	563,120
Taxation charge	5	**(43,479)**	(39,418)
Profit for the period	6	**577,988**	523,702
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		**14,359**	-
Items that may be reclassified subsequently to profit or loss, net of related income tax:			
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting		**36,297**	75,467
Exchange differences on translation of foreign operations		**(98,840)**	(9,813)
Other comprehensive (loss) income for the period		**(48,184)**	65,654
Total comprehensive income for the period		**529,804**	589,356
Profit for the period attributable to:			
Owners of the Company		**577,988**	523,604
Non-controlling interests		**-**	98
		577,988	523,702
Total comprehensive income attributable to:			
Owners of the Company		**529,804**	589,258
Non-controlling interests		**-**	98
		529,804	589,356
Earnings per share (US cents)	8		
Basic		**31.59**	28.62
Diluted		**31.47**	28.48

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2022

	Notes	**June 30 2022 US$'000 (Unaudited)**	December 31 2021 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	9 & 17	**1,949,652**	1,852,886
Right of use assets	9	**561,974**	553,365
Goodwill		**598,500**	577,237
Intangible assets	9	**973,806**	849,785
Interest in an associate		**2,927**	2,026
Financial assets at fair value through profit or loss		**9,759**	4,959
Derivative financial instruments		**8,302**	8,302
Deferred tax assets		**91,553**	97,436
		4,196,473	3,945,996
Current assets			
Inventories		**5,231,695**	4,849,792
Right to returned goods asset		**7,737**	9,692
Trade and other receivables	10	**2,167,745**	2,022,278
Deposits and prepayments		**386,297**	151,443
Bills receivable	10	**12,808**	7,643
Tax recoverable		**47,715**	29,874
Trade receivables from an associate	11	**14,184**	6,600
Derivative financial instruments		**167,057**	93,554
Financial assets at fair value through profit or loss		**12,221**	16,272
Bank balances, deposits and cash		**1,274,178**	1,874,401
		9,321,637	9,061,549
Current liabilities			
Trade and other payables	12	**4,066,256**	3,991,797
Bills payable	12	**31,678**	47,549
Warranty provision		**191,342**	182,765
Tax payable		**64,812**	56,123
Derivative financial instruments		**31,851**	8,282
Lease liabilities		**119,744**	115,194
Discounted bills with recourse		**1,955**	1,857
Unsecured borrowings - due within one year	13	**2,079,511**	2,252,636
Refund liabilities from right of return		**20,900**	22,767
		6,608,049	6,678,970
Net current assets		**2,713,588**	2,382,579
Total assets less current liabilities		**6,910,061**	6,328,575

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

As at June 30, 2022

	Notes	**June 30 2022 US$'000 (Unaudited)**	December 31 2021 US$'000 (Audited)
Capital and reserves			
Share capital	14	**684,607**	683,395
Reserves		**4,364,478**	4,039,123
Equity attributable to Owners of the Company		**5,049,085**	4,722,518
Total equity		**5,049,085**	4,722,518
Non-current liabilities			
Lease liabilities		**446,507**	439,006
Unsecured borrowings - due after one year	13	**1,312,409**	1,028,351
Retirement benefit obligations		**55,124**	76,139
Other payables	12	**33,043**	48,502
Deferred tax liabilities		**13,893**	14,059
		1,860,976	1,606,057
Total equity and non-current liabilities		**6,910,061**	6,328,575

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, 2021 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, 2021 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 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, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

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

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 annual periods beginning on or after January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contract - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

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.

Impacts and changes in accounting policies on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

For business combinations in which the acquisition date is on or after January 1, 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

The Group applies the amendments to business combinations for which the acquisition date is on or after January 1, 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

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, 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**

For the six-month period ended June 30, 2021

	Power Equipment US$'000	Floorcare & Cleaning US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	5,819,509	574,240	-	6,393,749
Inter-segment sales	-	5,376	(5,376)	-
Total segment revenue	5,819,509	579,616	(5,376)	6,393,749

Inter-segment sales are charged at prevailing market rates.

	Six-month period ended June 30					
	2022			2021		
	Power Equipment US$'000	**Floorcare & Cleaning US$'000**	**Consolidated US$'000**	Power Equipment US$'000	Floorcare & Cleaning US$'000	Consolidated US$'000
Segment results	**646,060**	**(13,271)**	**632,789**	564,807	6,794	571,601
Interest income			**12,796**			16,416
Finance costs			**(24,118)**			(24,995)
Profit before taxation			**621,467**			563,022

Segment results represent the profit earned by each segment without the 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	
	2022	2021
	US$'000	US$'000
Sales of goods	**7,027,920**	6,388,877
Commission and royalty income	**5,686**	4,872
	7,033,606	6,393,749

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	
	2022	2021
	US$'000	US$'000
North America	**5,396,694**	4,885,809
Europe	**1,073,687**	1,018,637
Other countries	**563,225**	489,303
	7,033,606	6,393,749

5. Taxation charge

	Six-month period ended June 30	
	2022	2021
	US$'000	US$'000
Current tax:		
Hong Kong Profits Tax	**(986)**	(324)
Overseas taxation	**(39,952)**	(38,320)
Deferred tax	**(2,541)**	(774)
	(43,479)	(39,418)

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	
	2022	2021
	US$'000	US$'000
Profit for the period has been arrived at after charging (crediting):		
Amortization of intangible assets	**54,057**	42,894
Depreciation of property, plant and equipment	**115,339**	88,024
Depreciation of right of use assets	**69,175**	50,316
Total depreciation and amortization	**238,571**	181,234
Fair value loss (gain) on listed equity securities	**4,051**	(4,758)
(Reversal of impairment loss) impairment loss on trade receivables under expected credit loss model	**(419)**	9,892
Net exchange gain	**(8,220)**	(13,336)
Write down of inventories	**51,913**	48,144
Staff costs	**1,259,653**	1,074,459

7. Dividends

A dividend of HK1 dollar (approximately US12.87 cents) per share with a total of approximately US$236,104,000 (2021: HK82.00 cents (approximately US10.55 cents) per share with a total of approximately US$193,488,000) was paid to shareholders as the final dividend for 2021 (2021: final dividend for 2020) on June 17, 2022.

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$224,317,000 (2021: HK85.00 cents (approximately US10.94 cents) per share with a total of approximately US$200,627,000) will be paid to the shareholders of the Company whose names appear in the Register of Members on September 2, 2022.

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	
	2022	2021
	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	**577,988**	523,604
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,829,902,444**	1,829,504,825
Effect of dilutive potential ordinary shares:		
Share options	**4,719,816**	6,308,946
Share awards	**2,158,319**	2,579,580
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,836,780,579**	1,838,393,351

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

During the period, the Group spent approximately US$229,397,000 (for the six-month period ended June 30, 2021: US$245,071,000) and US$179,916,000 (for the six-month period ended June 30, 2021: US$129,646,000) 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$87,233,000 (for the six-month period ended June 30, 2021: US$97,240,000) of right of use assets and US$87,233,000 (for the six-month period ended June 30, 2021: US$97,240,000) 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 2022 US$'000**	December 31 2021 US$'000
0 to 60 days	**1,599,503**	1,795,436
61 to 120 days	**318,319**	22,583
121 days or above	**142,631**	82,128
Total trade receivables	**2,060,453**	1,900,147
Other receivables	**107,292**	122,131
	2,167,745	2,022,278

All the Group's bills receivable at June 30, 2022 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 2022 US$'000**	December 31 2021 US$'000
0 to 60 days	**1,262,989**	1,267,129
61 to 120 days	**916,840**	672,558
121 days or above	**207,475**	92,789
Total trade payables	**2,387,304**	2,032,476
Other payables	**1,711,995**	2,007,823
Total trade and other payables	**4,099,299**	4,040,299
Non-current portion of other payables	**(33,043)**	(48,502)
	4,066,256	3,991,797

All the Group's bills payable at June 30, 2022 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$1,519,042,000 (At December 31, 2021: US$1,731,545,000). 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$2,256,109,000 (2021: US$3,565,834,000) which mainly carry interest at LIBOR. The Group also repaid unsecured borrowings of US$2,137,061,000 (2021: US$1,916,998,000).

14. Share capital

	Number of shares		**Share capital**	
	June 30 2022	December 31 2021	**June 30 2022 US$'000**	December 31 2021 US$'000
Ordinary shares				
Issued and fully paid:				
At the beginning of the period/year	**1,834,484,441**	1,832,620,441	**683,395**	673,141
Issue of shares upon exercise of share options	**193,500**	1,864,000	**1,212**	10,254
At the end of the period/year	**1,834,677,941**	1,834,484,441	**684,607**	683,395

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, 2022	December 31, 2021		
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$8,302,000**	Acquisition right of certain property, plant and equipment: US$8,302,000	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$151,693,000; and Liabilities – US$31,851,000**	Assets – US$93,554,000; and Liabilities – US$1,885,000	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$12,221,000**	Listed shares: US$16,272,000	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$4,914,000**	Club membership debentures: US$4,914,000	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: Nil	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$15,364,000; and Liabilities – Nil**	Assets – Nil and Liabilities – US$6,397,000	Level 2	Measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between US$ and EUR, which is observable at the end of the reporting period.

15. Fair value measurements of financial instruments (continued)

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

16. Acquisition of a subsidiary

In 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 is engaged in the manufacture and sale of saw blades and is included in the Power Equipment segment.

	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 of C4	**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 of C4	**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 amount 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 contributed approximately US$9,575,000 to the Group's revenue, and approximately US$129,000 increase in the Group's profit before taxation for the period between the date of acquisition and the reporting date as at June 30, 2022.

The revenue and profit or loss of C4 for the current reporting period as though the date of acquisition has been as of the beginning of the annual reporting period is not presented as it was impracticable to obtain various financial information in C4's operations prior to the acquisition.

17. Capital commitments

	June 30 2022 US$'000	December 31 2021 US$'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	**373,181**	235,174