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 YEAR ENDED DECEMBER 31, 2023

The board of directors (the "Directors" or the "Board") of Techtronic Industries Company Limited ("TTI" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended December 31, 2023 together with the comparative figures in 2022.

- TTI delivered record free cash flow of US$1.3 billion while outperforming the market in sales growth and profit generation
- Our Flagship MILWAUKEE business grew sales 10.7% in local currency
- We improved Gross Margin for the 15th consecutive year to 39.5%, a 14 bps increase, while cutting inventory US$987 million versus last year

Highlights

	2023 US$' million	2022 US$' million	**Changes**
Revenue	**13,731**	13,254	**+3.6%**
Gross profit margin	**39.5%**	39.3%	**+14 bps**
EBIT	**1,135**	1,201	**(5.5%)**
Profit attributable to Owners of the Company	**976**	1,077	**(9.4%)**
Basic earnings per share (US cents)	**53.36**	58.86	**(9.3%)**
Free Cash Flow	**1,281**	329	**+952 m**
Dividend per share (approx. US cents)	**24.84**	23.81	**+4.3%**

BUSINESS REVIEW

TTI delivered US$13.7 billion of sales in 2023, up 3.6% in reported growth and 3.9% in local currency. Both our MILWAUKEE and Consumer group of businesses gained momentum in the second half of 2023. MILWAUKEE delivered 10.7% full year sales growth in local currency, improving to 12.7% local currency growth in the second half, versus 8.7% in the first half. Our Consumer group of businesses also delivered positive sales growth in the second half and are well positioned to continue gaining traction in 2024.

Globally, all regions delivered above market growth in local currency in 2023. North America grew 2.9% and Europe delivered an impressive 7.3% growth. Rest of World, including Australia, Latin America, and Asia, delivered 7.6% growth.

Gross margin improved 14 bps to 39.5% in 2023. This improvement is a direct result of the continued success of the MILWAUKEE business, the growth of our aftermarket battery sales, and highly innovative margin accretive new product. This gross margin improvement is highly encouraging given our significant US$987 million inventory reduction versus last year.

Total SG&A increased 96 bps from year end 2022 to 31.3% of sales. Selling, distribution, and marketing increased 56 bps due to one-time promotional funding investments to drive sell through at our partners and reduce inventory in our channels. Research and development increased 34 bps versus last year. Amortization of intangible assets accounted for 28 bps of the increase, and we increased investments in research activities to bolster our new product pipeline.

EBIT was at US$1.1 billion, 5.5% lower than 2022. In the second half of 2023, EBIT improved to US$575 million, a 1.1% increase versus the second half of 2022.

In 2023, we delivered US$976 million of net profit. The decline of 9.4% versus last year was partially driven by significant increases in interest rates over the period, resulting in higher interest expense. Earnings per share also declined 9.3% to US53.36 cents.

We reduced inventory an impressive US$987 million from year end 2022. This was split throughout the halves with a US$504 million reduction in the first half and an additional US$483 million in the second half. Although we have made vast progress on inventory, we believe we can continue reducing inventory days on hand in 2024 and the years ahead.

Capex spend for the year was US$502 million, lower than last year by 13.7%. This spend includes investments in new product, manufacturing capacity, automation, and productivity initiatives in China, Vietnam, Mexico, and the United States.

Working capital as a percent of sales improved from 21.2% last year to 17.7% in 2023. This reduction in working capital helped drive record free cash flow of US$1.3 billion for the year and we are well positioned to deliver strong free cash flow in 2024 and the future.

The Group’s net gearing, expressed as a percentage of total net borrowing (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, was at 17.1% as compared to 32.1% in 2022.

Our exceptional results over the past fifteen years have consistently surpassed overall market performance and we expect 2024 will be no exception, as we are poised to outperform the market yet again. Our strength in cordless innovation, new product development, operational excellence, and in-field marketing initiatives are unparalleled in the industry and give TTI an unassailable competitive advantage. We are grateful for the support of our largest partner, The Home Depot, and are honored to have received an unprecedented three Supplier of the Year awards from them in 2023.

REVIEW OF OPERATIONS

Power Equipment

The TTI Power Equipment segment delivered sales of US$12.8 billion in 2023, up 3.8% in reported currency and up 4.1% in local currency.

MILWAUKEE

Our flagship MILWAUKEE business grew 10.7% in local currency with reported sales up 10.3%. All our MILWAUKEE growth categories performed well, with the Hand Tools, PACKOUT Storage, and Personal Protective Equipment (PPE) businesses outperforming the fleet average. In local currency, North America grew 9.9%, Europe delivered 13.7% growth and Rest of World delivered 13.0% growth.

MILWAUKEE significantly expanded its market leadership position in 2023 with the launch of our MILWAUKEE FORGE battery technology. MILWAUKEE pioneered lithium-ion batteries in the power tool industry in 2005. Since then, we have relentlessly advanced this state-of-the-art cell technology. The RED LITHIUM MILWAUKEE FORGE batteries, used in conjunction with the advanced electronics in our MILWAUKEE Superchargers, can reach 80% charge in 15 minutes or less. This advancement significantly boosts productivity for our users on the jobsite and is just another example of demonstrably better product that commands a price premium. This is part of our virtuous cycle of developing innovative products with an accretive gross margin, which funds strategic SG&A investment to drive sales and further gross margin improvement.

Our industry-leading MILWAUKEE M18 platform now contains 284 products for users in verticals like Infrastructure, Construction, Power Utility, Renewable Energy, Mining, Data-Com, and Transportation Maintenance, to name just a few. The MILWAUKEE M18 Strut Shear, commonly used in the Infrastructure vertical, is one example of breakthrough cordless innovation that allows users to make high quality cuts on the jobsite, saving time and energy versus the hydraulic competition.

MILWAUKEE continues to invest in the sub-compact MILWAUKEE M12 system which now features 153 products. The recently launched MILWAUKEE M12 Auto Technician Borescope is an example of a new product intended for users in the expanding Transportation Maintenance vertical.

At the recent World of Concrete event in Las Vegas, Nevada, we announced the addition of 5 MILWAUKEE MX FUEL Light Equipment products, bringing the total of this system to 23. All products, from the MX FUEL RAMMER to the MX FUEL HIGH CYCLE BACKPACK CONCRETE VIBRATOR, were extremely well received. We are at the beginning of our buildout of the MILWAUKEE MX FUEL Light Equipment platform, and this system holds massive future growth potential.

Our MILWAUKEE Hand Tool business continues to grow at impressive rates. This year we launched a range of Made-in-USA electrician's hand tools manufactured in West Bend, Wisconsin. Pliers manufactured in the factory are forged for strength and each cutting edge is laser hardened for long life. Screwdrivers made in our West Bend factory feature patent pending laser etched tips that provide superior grip when fastening.

MILWAUKEE PACKOUT modular storage solutions continue to perform well with end-users. This system now contains 102 interchangeable products that have changed the way professionals transport materials from the jobsite to their vehicles, and to their shops. MILWAUKEE PACKOUT is another example of the success of the network effect at TTI. Like our battery platforms, when we add additional products to the MILWAUKEE PACKOUT system, it enhances the value of the network overall and increases the loyalty of end users already in the system.

Our MILWAUKEE Personal Protective Equipment (PPE) product line continues to gain end-user support and adoption. The innovation within our MILWAUKEE BOLT hard hat and helmet system allows users to customize safety equipment to their specific jobsite needs. With the addition of the MILWAUKEE BOLT compatible Personal Cooling Solutions, this system now contains 49 interchangeable accessories.

RYOBI

Our Consumer Power Equipment business improved in the second half of 2023, led by the strength of our RYOBI brand worldwide. The actions we have taken to size the SG&A and overhead structure of this business to support our DIY growth projections, will allow us to continue to improve profitability in 2024 and beyond.

We are extremely excited to announce the launch of our new RYOBI 18V LITHIUM HP EDGE Batteries. A combination of advanced lithium cell designs and onboard electronics enable these new batteries to enhance the performance of all our existing tools and take the RYOBI ONE+ system to a whole new level of performance.

The RYOBI 18V ONE+ platform now contains 307 products with 186 Power Tools, 89 Outdoor, and 32 Cleaning products. In 2023, we introduced the new RYOBI 18V ONE+ HP AIRSTRIKE Framing Nailer. The performance capability of the new cordless framing nailer showcases our cordless innovation, allowing users to get the performance they need without the compressors, air hoses or gas cartridges of legacy competitors.

The RYOBI 40V platform powers 91 products including our 21inch RYOBI WHISPER Series Mower. This mower is one of many RYOBI products leading the outdoor power equipment industry towards battery-powered cordless solutions. The transition to cordless is increasingly gaining traction as many jurisdictions are beginning to regulate noise and carbon emissions. As an example, in the United States, the state of Colorado is encouraging cordless adoption by offering consumer rebates for purchasing cordless outdoor power equipment. We are working with our partners to maximize this user conversion opportunity.

Our RYOBI USB LITHIUM series provides compact, portable, rechargeable solutions that are perfect for day-to-day use. Offering a variety of products, from ratchets for household assembly projects, to clamp fans and other products for hobby and craft enthusiasts, this system is rapidly gaining traction. The USB LITHIUM system will have over 23 products by June 2024.

Floorcare & Cleaning

Our Floorcare and Cleaning business delivered sales growth in 2023 of 1.5% in local currency to US$937 million and profit increased US$65.3 million versus last year to US$27.2 million. Our streamlined and refocused approach to this business has allowed us to improve profitability, while developing exciting new products. In Q4 2023, we introduced the industry's first cordless Carpet Washer with the launch of the HOOVER ONEPWR SMARTWASH Carpet Washer.

SUSTAINABILITY

In 2023, we deepened our commitment to clean technology and environmental preservation by focusing on the development of cordless lithium-ion battery-powered products. We made progress towards our goal of reducing absolute Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions by 60% in 2030. Our efforts resulted in a noteworthy 8% improvement in emission intensity in 2023, leading to a total reduction of 8k tonnes of CO2e emissions. We also made significant progress in the mapping of our Scope 3 emissions, as we work towards our Science Based Target Initiatives (SBTI) commitment.

DIVIDEND

The Directors have recommended a final dividend of HK98.00 cents (approximately US12.61 cents) per share with a total of approximately US$231,355,000 for the year ended December 31, 2023 (2022: HK90.00 cents (approximately US11.58 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 20, 2024. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about July 5, 2024. This payment, together with the interim dividend of HK95.00 cents (approximately US12.23 cents) per share (2022: HK95.00 cents (approximately US12.23 cents)) paid on September 15, 2023, makes a total payment of HK193.00 cents (approximately US24.84 cents) per share for 2023 (2022: HK185.00 cents (approximately US23.81 cents)).

FINANCIAL REVIEW

FINANCIAL RESULTS

Result Analysis

The Group's revenue for the year amounted to US$13.7 billion, an increase of 3.6% as compared to US$13.3 billion in 2022. Profit attributable to Owners of the Company amounted to US$976 million as compared to US$1,077 million in 2022, a decrease of 9.4%. Basic earnings per share for the year was at US53.36 cents as compared to US58.86 cents in 2022.

EBIT amounted to US$1,135 million, a decrease of 5.5% as compared to US$1,201 million in 2022.

Gross Margin

Gross margin improved to 39.5% as compared to 39.3% last year. The margin improvement was the result of mix improvements by MILWAUKEE's growth and the high margin aftermarket battery business and accretive innovative new products.

Operating Expenses

Total operating expenses for the year amounted to US$4,302 million as compared to US$4,025 million in 2022, representing 31.3% of turnover (2022: 30.4%). The increase was mainly due to our strategic investments and promotional activities to drive inventory reductions and the increase in in-field marketing representatives.

Investments in product design and development amounted to US$548 million, representing 4.0% of turnover (2022: 3.7%) reflecting our continuous focus on innovation. 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 expansion.

Net interest expense for the year amounted to US$79 million as compared to US$44 million in 2022, representing 0.6% of turnover (2022:0.3%). The increase was mainly due to the eleven consecutive interest rate increases since 2022.

The effective tax rate, being tax charged for the year to before tax profits was at 7.5% (2022: 6.9%). The Group will continue to leverage its global operations and align its strategy to manage various tax policies changes globally to further improve overall tax efficiencies.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' Funds

Total shareholders' funds amounted to US$5.7 billion as compared to US$5.2 billion in 2022. Book value per share was at US$3.13 as compared to US$2.84 last year, an increase of 10.2%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2023, the Group's cash and cash equivalents amounted to US$953 million (2022: US$1,429 million), of which 44.6%, 16.2%, 13.8%, and 25.4% were denominated in EUR, US$, AUD and other currencies respectively.

The Group generated free cash flow of US$1,281 million for the year as compared to US$329 million 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 borrowing (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, was at 17.1% as compared to 32.1% in 2022.

Bank Borrowings

Long term borrowings accounted for 53.3% of total debts (2022: 38.7%).

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 exposures, 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 60.3% of the total bank borrowings, the balance being floating rate debts.

Working Capital

Total inventory was at US$4,098 million as compared to US$5,085 million in 2022. Inventory days decreased by 31 days from 140 days to 109 days. The Group will continue to focus on managing the inventory level and improve inventory turns. Raw material inventory decreased by 2 days to 22 days while Finished Goods inventory reduced by 29 days to 84 days when compared to last year.

Trade receivable turnover days were at 45 days as compared to 41 days last year. Excluding the gross up of the receivables factored which are without recourse in nature, receivable turnover days were at 45 days as compared to 40 days last year. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing the credit exposure.

Trade payable days were at 90 days as compared to 104 days in 2022. The reduction in days is mainly due to our prudent procurement strategy in 2023 as we continued to reduce inventory.

Working capital as a percentage of sales was at 17.7% as compared to 21.2% in 2022.

Capital Expenditure

Total capital expenditures for the year amounted to US$502 million (2022: US$581 million) representing 3.7% of sales.

Capital Commitments and Guarantees

As at December 31, 2023, total capital commitments for the acquisition of property, plant and equipment and equity interest in a subsidiary contracted for but not provided amounted to US$178 million (2022: US$328 million), and there were no material guarantees or off balance sheet obligations.

Charge

None of the Group's assets are charged or subject to encumbrance.

Major Customers and Suppliers

For the year ended December 31, 2023

(i) the Group's largest customer and five largest customers accounted for approximately 44.0% and 53.6% respectively of the Group's total revenue; and

(ii) the Group's largest supplier and five largest suppliers accounted for approximately 7.5% and 17.5% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

As far as the Directors are aware, none of the Directors, their associates or any shareholders who owned more than 5% of TTI's share capital had any interest in the five largest customers or suppliers of the Group.

HUMAN RESOURCES

The Group employed a total of 47,224 employees as at December 31, 2023 (2022: 44,705) in Hong Kong and overseas. Total staff cost for the year under review amounted to US$2,454 million (2022: US$2,420 million).

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improving 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 and bonuses to eligible staff, based on the performance of the Group and the individual employee.

CORPORATE STRATEGY AND BUSINESS MODEL

The Group is a world-class leader in design, manufacturing and marketing of power tools, outdoor power equipment and floorcare & cleaning for consumers, professional and industrial users in the home improvement, infrastructure and construction industries. We are committed to implementing our long term strategic plan that focuses on "Powerful brands, Innovative Products, Operational Excellence and Exceptional People".

We continue to strengthen our portfolio of powerful brands with a focused marketing approach. Our extension into new product categories and under-represented markets enable us to generate outstanding growth. Geographic expansion will be a highlight of TTI's future, our long term strategy is to aggressively build our business both inside and outside North America and we are relentlessly focused on expanding and establishing presence in high potential markets around the world.

Introducing innovative new products is the centerpiece of our long term strategy. We continue to invest in building a high-speed product development process, enabling us to respond faster to customer requests and emerging opportunities, giving us a vigorous competitive advantage.

Our strategy in operational excellence will continue, we will drive further gains in efficiency across our manufacturing operations, supporting further margin improvement.

We continue to deploy our Leadership Development Program (LDP) to develop our pool of talent for the future. The LDP initiative is successfully feeding talent into key positions throughout the company.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with senior management of the Group and Messrs Deloitte Touche Tohmatsu the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters, including the review of Group's consolidated financial statements for the year ended December 31, 2023. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

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 (formerly known as Appendix 14) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Corporate Governance Code") throughout the year ended December 31, 2023, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the Board must retire by rotation at each annual general meeting of the Company, and if eligible, offer themselves for re-election.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (formerly known as 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 year ended December 31, 2023.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Other than 350,000 shares of the Company purchased on-market by the trustee for satisfying the awarded shares granted under the Company's share award schemes (details of which will be set out in the Corporate Governance Report to be included in the Company's 2023 Annual Report), a total of 500,000 ordinary shares of the Company were bought back by the Company during the year at prices ranging from HK$67.90 to HK$68.70 per share. The aggregate amount paid by the Company for such buy-backs amounting to US$4,408,000 was charged to the retained earnings.

The shares bought back were cancelled immediately and accordingly the issued share capital of the Company was reduced correspondingly. The buy-backs of the Company's shares during the year 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 purchased, redeemed or sold any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

To ascertain members' eligibility to attend and vote at the 2024 Annual General Meeting, the register of members of the Company will be closed from May 8, 2024 to May 10, 2024, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2024 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on May 7, 2024.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 20, 2024 when no transfers of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on May 17, 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on May 10, 2024 and the notice of the annual general meeting will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

Outlook

TTI is poised for continued market outperformance in 2024. We expect our Flagship MILWAUKEE business to sustain double-digit sales growth in 2024 and beyond, while our Consumer group of businesses will continue to outperform the competition.

Our global new product pipeline has never been stronger. We are relentlessly focused on developing innovative cordless products with advanced electronics, cutting-edge motor technology, and artificial intelligence. As the first mover in our industry on applying machine learning and artificial intelligence to cordless products, we have made the investments necessary to continue advancing this important technology in the months and years ahead. With demonstrably better features that improve productivity for end users, our products command a price premium, which in turn drives our virtuous cycle of outperforming the market while driving gross margin improvement.

Another key driver of our gross margin accretion is the productivity generated by our world-class manufacturing network. Since 2018, we have expanded our footprint beyond our manufacturing site in China to add start up facilities in Vietnam, Mexico and the United States. We believe our ability to rapidly adapt to change will serve us well, no matter what we face in the future.

With a healthy balance sheet, solid cash position, and strong growth outlook, we look forward to 2024 with confidence.

By Order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, March 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. Joseph Galli Jr. (Chief Executive Officer), Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo, one Non-executive Director, namely, Prof. Roy Chi Ping Chung GBS BBS JP 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 year ended December 31, 2023

	Notes	**2023** **US$'000**	2022 US$'000
Revenue	*2*	**13,731,411**	13,253,917
Cost of sales		**(8,311,775)**	(8,041,340)
Gross profit		**5,419,636**	5,212,577
Other income	*3*	**16,820**	13,517
Interest income		**44,956**	25,852
Selling, distribution and advertising expenses		**(2,347,219)**	(2,191,001)
Administrative expenses		**(1,406,210)**	(1,349,840)
Research and development costs		**(548,338)**	(484,343)
Finance costs	*4*	**(124,056)**	(69,868)
Profit before share of result of an associate and taxation		**1,055,589**	1,156,894
Share of result of an associate		**27**	3
Profit before taxation		**1,055,616**	1,156,897
Taxation charge	*5*	**(79,276)**	(79,747)
Profit for the year attributable to Owners of the Company	*6*	**976,340**	1,077,150
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		**(38)**	19,376
Items that may be reclassified subsequently to profit or loss, net of related income tax:			
Fair value loss on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting		**(18,553)**	(63,367)
Exchange differences on translation of foreign operations		**(18,383)**	(128,382)
Other comprehensive loss for the year		**(36,974)**	(172,373)
Total comprehensive income for the year attributable to Owners of the Company		**939,366**	904,777
Earnings per share (US cents)	*8*		
Basic		**53.36**	58.86
Diluted		**53.17**	58.67

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	**2023**	2022
		US$'000	US$'000
Non-current assets			
Property, plant and equipment	*9 & 14*	**2,310,537**	2,085,871
Right of use assets		**866,009**	683,289
Goodwill		**604,297**	598,674
Intangible assets		**1,298,419**	1,124,013
Interest in an associate		**2,056**	2,029
Financial assets at fair value through profit or loss		**8,732**	9,744
Deposits		**112,000**	177,300
Finance lease receivables		**5,781**	8,487
Derivative financial instruments		**8,084**	8,002
Deferred tax assets		**63,354**	81,082
		5,279,269	4,778,491
Current assets			
Inventories		**4,098,161**	5,084,951
Right to returned goods asset		**8,734**	10,563
Trade and other receivables	*10*	**1,811,592**	1,639,563
Deposits and prepayments		**187,349**	232,127
Bills receivable		**8,423**	6,887
Finance lease receivables		**2,706**	2,589
Tax recoverable		**5,013**	36,231
Trade receivables from an associate		**6,927**	5,026
Derivative financial instruments		**14,455**	76,774
Financial assets at fair value through profit or loss		**26,114**	13,466
Bank balances, deposits and cash		**953,240**	1,428,930
		7,122,714	8,537,107
Current liabilities			
Trade and other payables	*11*	**3,373,231**	3,777,427
Bills payable		**18,424**	20,267
Warranty provision		**235,597**	205,350
Tax payable		**47,558**	56,750
Derivative financial instruments		**16,062**	50,474
Lease liabilities		**153,523**	139,520
Discounted bills with recourse		**2,708**	2,003
Unsecured borrowings - due within one year		**920,151**	1,952,947
Refund liabilities from right of return		**16,215**	17,577
		4,783,469	6,222,315
Net current assets		**2,339,245**	2,314,792
Total assets less current liabilities		**7,618,514**	7,093,283

	Notes	**2023**	2022
		US$'000	US$'000
Capital and Reserves			
Share capital	*12*	**685,392**	684,710
Reserves		**5,062,158**	4,520,771
Equity attributable to Owners of the Company and total equity		**5,747,550**	5,205,481
Non-current Liabilities			
Lease liabilities		**734,369**	565,561
Unsecured borrowings - due after one year		**1,030,971**	1,198,002
Retirement benefit obligations		**47,825**	47,671
Other payables	*11*	**31,530**	60,346
Deferred tax liabilities		**26,269**	16,222
		1,870,964	1,887,802
Total equity and non-current liabilities		**7,618,514**	7,093,283

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	2023	2022
	US$'000	US$'000
Operating Activities		
Profit before taxation	**1,055,616**	1,156,897
Adjustments for:		
Amortization/write-off of intangible assets	**198,268**	132,434
Depreciation of property, plant and equipment	**269,041**	240,428
Depreciation of right of use assets	**166,178**	139,998
Fair value loss (gain) on foreign currency forward contracts	**8,968**	(4,339)
Fair value (gain) loss on acquisition right of certain property, plant and equipment	**(82)**	300
Fair value (gain) loss on listed equity securities	**(14,024)**	2,806
Fair value loss on unlisted equity securities	**1,000**	-
Finance costs	**124,056**	69,868
Gain on early termination of leases	**(65)**	(178)
Gain on sale and leaseback transactions	**-**	(9,072)
Impairment loss (reversal of impairment loss) on trade receivables under expected credit loss model	**9,738**	(12,268)
Interest income	**(44,956)**	(25,852)
Loss on disposal of property, plant and equipment	**18,079**	16,497
Share-based payments expense	**46,945**	47,346
Share of result of an associate	**(27)**	(3)
Write down of inventories	**24,247**	61,611
Operating cash flows before movements in working capital	**1,862,982**	1,816,473
Decrease (increase) in inventories	**946,369**	(361,235)
(Increase) decrease in trade and other receivables, deposits and prepayments	**(126,471)**	119,405
Decrease (increase) in right to returned goods asset	**1,829**	(871)
(Increase) decrease in bills receivable	**(1,536)**	756
(Increase) decrease in trade receivables from an associate	**(1,901)**	1,574
Decrease in trade and other payables	**(438,262)**	(178,038)
Decrease in refund liabilities from right of return	**(1,362)**	(5,190)
Decrease in bills payable	**(1,843)**	(27,282)
Increase in warranty provision	**29,034**	26,195
Increase (decrease) in retirement benefit obligations	**316**	(6,462)
Net payment for purchase of shares for share award scheme	**(3,525)**	(9,796)
Cash generated from operations	**2,265,630**	1,375,529

	Notes	**2023** **US$'000**	2022 US$'000
Interest paid		**(124,056)**	(69,868)
Hong Kong Profits Tax paid		**(3,188)**	(1,904)
Overseas tax paid		**(55,569)**	(73,527)
Hong Kong Profits Tax refunded		**14,573**	41
Overseas tax refunded		**6,485**	2,832
Net Cash from Operating Activities		**2,103,875**	1,233,103
Investing Activities			
Acquisition of a subsidiary	13	**(4,524)**	(37,060)
Additions to intangible assets		**(372,588)**	(404,876)
Interest received		**44,956**	25,852
(Payment for) Proceeds from early termination of leases		**(435)**	6
Proceeds from disposal of listed equity securities		**1,376**	-
Proceeds from disposal of property, plant and equipment		**51,417**	3,643
Proceeds from sale and leaseback transactions		**-**	78,572
Purchase of property, plant and equipment		**(501,573)**	(580,990)
Purchase of unlisted equity securities		**-**	(4,800)
Repayment in finance lease receivables		**2,589**	423
Net Cash used in Investing Activities		**(778,782)**	(919,230)
Financing Activities			
Increase in discounted bills with recourse		**705**	146
Dividends paid	7	**(436,859)**	(460,421)
New unsecured borrowings obtained		**5,597,039**	4,839,103
Proceeds from issue of shares		**550**	1,057
Repayment of lease liabilities		**(159,919)**	(137,333)
Repayment of unsecured borrowings		**(6,798,749)**	(4,955,291)
Payment on repurchase and cancellation of shares		**(4,408)**	-
Net Cash used in Financing Activities		**(1,801,641)**	(712,739)
Net Decrease in Cash and Cash Equivalents		**(476,548)**	(398,866)
Cash and Cash Equivalents at Beginning of the Year		**1,428,930**	1,874,401
Effect of Foreign Exchange Rate Changes		**858**	(46,605)
Cash and Cash Equivalents at End of the Year		**953,240**	1,428,930
Analysis of the Balances of Cash and Cash Equivalents			
Represented by:			
Bank balances, deposits and cash		**953,240**	1,428,930
		953,240	1,428,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation and Material Accounting Policies

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the years ended December 31, 2023 and 2022 included in this preliminary announcement of annual results 2023 do not constitute the Company's statutory annual consolidated financial statements for those years but are derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended December 31, 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended December 31, 2023 in due course.

- The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

Application of New and Amendments to HKFRSs and Changes in Other Accounting Policies

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

1. Basis of Preparation and Material Accounting Policies (continued)

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

The Group has applied the new standard and the relevant amendments for the first time in the current year.

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

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

In October 2020, the HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 *Extension of the Temporary Exemption from HKFRS 9* that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after January 1, 2023.

In February 2022, the HKICPA issued Amendment to HKFRS 17 *Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information* to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

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

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

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

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

1. Basis of Preparation and Material Accounting Policies (continued)

1.3 Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

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

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

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

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

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two legislation"). The revised standard requires that entities apply the amendments both retrospectively and immediately upon issuance. The revised standard also requires entities to separately disclose its qualitative and quantitative exposure relative to the Pillar Two. This disclosure requirement is effective for Pillar Two legislation enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

For group entities operating in jurisdictions where the Pillar Two legislation is enacted or substantially enacted but not yet in effect, the Group has applied the temporary exception upon issue of these amendments.

The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

1. Basis of Preparation and Material Accounting Policies (continued)

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

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosures of the Group’s accounting policies in the Group’s consolidated financial statements for the year ended December 31, 2023.

1. Basis of Preparation and Material Accounting Policies (continued)

1.6 Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") - Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Company and several subsidiaries are operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on May 1, 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

1. Basis of Preparation and Material Accounting Policies (continued)

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after January 1, 2024.
[3] Effective for annual periods beginning on or after January 1, 2025.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKRS 16 *Lease Liability in a Sale and Leaseback*

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognize a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognizing in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying HKFRS 16 *Leases* is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

1. Basis of Preparation and Material Accounting Policies (continued)

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 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognizes the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation.*

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after January 1, 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at December 31, 2023, the Group's right to defer settlement for borrowings of US$1,030,971,000 are subject to compliance with certain financial ratios only after the reporting period. Such borrowings were classified as non-current as the Group met such ratios at December 31, 2023. Upon the application of the 2022 Amendments, such borrowings will still be 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 will not affect the classification of the Group's other liabilities as at December 31, 2023.

2. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods sold.

The principal categories of goods supplied are “Power Equipment” and “Floorcare & Cleaning”. The Group’s operating segments under HKFRS 8 are as follows:

1. Power Equipment - sales of power tools, power tool accessories, outdoor products, and outdoor product accessories for consumer, trade, professional and industrial users. The products are available under the MILWAUKEE, EMPIRE, AEG, RYOBI, HOMELITE and HART brands plus original equipment manufacturer (“OEM”) customers.

2. Floorcare & Cleaning - sales of floorcare products and floorcare accessories under the HOOVER, DIRT DEVIL, VAX and ORECK brands plus OEM customers.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments:

For the year ended December 31, 2023

	Power Equipment US$’000	Floorcare & Cleaning US$’000	Eliminations US$’000	Consolidated US$’000
Segment revenue				
External sales	**12,794,548**	**936,863**	**-**	**13,731,411**
Inter-segment sales	**-**	**37,885**	**(37,885)**	-
Total segment revenue	**12,794,548**	**974,748**	**(37,885)**	**13,731,411**

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	**1,107,509**	**27,207**	**-**	**1,134,716**
Interest income				**44,956**
Finance costs				**(124,056)**
Profit before taxation				**1,055,616**

2. **Segment Information** (continued)

For the year ended December 31, 2022

	Power Equipment US$'000	Floorcare & Cleaning US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	12,329,071	924,846	-	13,253,917
Inter-segment sales	-	61,836	(61,836)	-
Total segment revenue	12,329,071	986,682	(61,836)	13,253,917

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	1,238,993	(38,080)	-	1,200,913
Interest income				25,852
Finance costs				(69,868)
Profit before taxation				1,156,897

Segment results represent the profit earned or loss incurred 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.

Revenue from major products

The following is an analysis of the Group's disaggregated revenue from its major products:

	2023 US$'000	2022 US$'000
Power Equipment	**12,794,548**	12,329,071
Floorcare & Cleaning	**936,863**	924,846
Total	**13,731,411**	13,253,917

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

2. **Segment Information** (continued)

Geographical information

The Group's revenue from external customers by geographical location, determined based on the location of the customer by geographical location are detailed below:

	2023	2022
	US$'000	US$'000
North America	**10,513,310**	10,232,470
Europe	**2,093,341**	1,927,755
Other countries	**1,124,760**	1,093,692
Total	**13,731,411**	13,253,917

Information about major customer

During the years ended December 31, 2023 and 2022, the Group's largest customer contributed total revenue of US$6,046,986,000 (2022: US$6,333,127,000), of which US$6,016,567,000 (2022: US$6,293,896,000) was under the Power Equipment segment and US$30,419,000 (2022: US$39,231,000) was under the Floorcare & Cleaning segment. There is no other customer contributing more than 10% of total revenue.

3. Other Income

Other income in both 2023 and 2022 mainly comprises of the sale of scrap materials and claims and reimbursements from customers and vendors.

4. Finance Costs

	2023	2022
	US$'000	US$'000
Interest on:		
Unsecured borrowings	**104,625**	58,810
Lease liabilities	**19,431**	11,058
	124,056	69,868

5. Taxation Charge

	2023 **US$'000**	2022 US$'000
The total tax charge comprises:		
Hong Kong Profits Tax	**(14,117)**	(1,903)
Overseas taxation	**(36,582)**	(65,007)
Deferred tax	**(28,577)**	(12,837)
	(79,276)	(79,747)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

6. Profit for the Year

	2023 **US$'000**	2022 US$'000
Profit for the year has been arrived at after charging:		
Amortization of intangible assets	**163,213**	120,425
Depreciation on property, plant and equipment	**269,041**	240,428
Staff costs	**1,940,550**	1,944,919

Staff costs disclosed above do not include an amount of US$513,326,000 (2022: US$475,188,000) of staff costs incurred relating to research and development activities.

7. Dividends

	2023 **US$'000**	2022 US$'000
Dividends recognized as distributions during the year:		
Final dividend paid:		
2022: HK90.00 cents (approximately US11.58 cents) (2021: HK1 dollar (approximately US12.87 cents)) per share	**212,525**	236,104
Interim dividend paid:		
2023: HK95.00 cents (approximately US12.23 cents) (2022: HK95.00 cents (approximately US12.23 cents)) per share	**224,334**	224,317
	436,859	460,421

The final dividend of HK98.00 cents (approximately US12.61 cents) per share with a total of approximately US$231,355,000 in respect of the year ended December 31, 2023 (2022: final dividend of HK90.00 cents (approximately US11.58 cents) per share in respect of the year ended December 31, 2022) has been proposed by the directors of the Company and is subject to approval by the shareholders in the Annual General Meeting.

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:

	2023 **US$'000**	2022 US$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to Owners of the Company	**976,340**	1,077,150
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,829,863,359**	1,829,931,694
Effect of dilutive potential ordinary shares:		
Share options	**3,258,878**	4,199,642
Share awards	**3,060,683**	1,900,192
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,836,182,920**	1,836,031,528

9. Additions of Property, Plant and Equipment

During the year, the Group spent approximately US$502 million (2022: US$581 million) on the acquisition of property, plant and equipment.

10. Trade and Other Receivables

The Group had a policy of allowing credit periods ranging mainly from 30 days to 120 days. The ageing 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:

	2023 **US$'000**	2022 US$'000
0 to 60 days	**1,291,677**	1,090,446
61 to 120 days	**335,205**	328,173
121 days or above	**72,597**	82,640
Total trade receivables	**1,699,479**	1,501,259
Other receivables	**112,113**	138,304
	1,811,592	1,639,563

11. Trade and Other Payables

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

	2023	2022
	US$'000	US$'000
0 to 60 days	**1,017,375**	1,306,486
61 to 120 days	**495,930**	533,961
121 days or above	**142,062**	232,838
Total trade payables	**1,655,367**	2,073,285
Other payables	**1,749,394**	1,764,488
Total trade and other payables	**3,404,761**	3,837,773
Non-current portion of other payables	**(31,530)**	(60,346)
	3,373,231	3,777,427

The credit period on the purchase of goods ranges from 30 days to 120 days (2022: 30 days to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

12. Share Capital

	2023 Number of shares	2022 Number of shares	**2023 US$'000**	2022 US$'000
Ordinary shares				
Issued and fully paid:				
At the beginning of the year	**1,834,697,941**	1,834,484,441	**684,710**	683,395
Issue of shares upon exercise of share options	**120,000**	213,500	**682**	1,315
Buy-back of shares	**(500,000)**	-	**-**	-
At the end of the year	**1,834,317,941**	1,834,697,941	**685,392**	684,710

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

Month of cancellation	**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**

The shares bought back were settled and cancelled during the year. The consideration paid on the buy-back of the shares of approximately US$4,408,000 was charged to retained profits.

13. Acquisition of a subsidiary

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

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

Goodwill of US$3,964,000 arose on the acquisition of Green Planet's business from 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 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$27,110,000 to the Group's revenue, and approximately US$7,449,000 decrease in the Group's profit before taxation for the period between the date of acquisition and the reporting date as at December 31, 2023.

13. **Acquisition of a subsidiary** (continued)

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

	2022 Fair value US$'000
Net Assets Acquired	
Property, plant and equipment	3,200
Right of use assets	1,712
Intangible assets	2,015
Inventories	4,797
Trade and other receivables	7,639
Bank balances and cash	2,529
Trade and other payables	(5,034)
Lease liabilities	(1,876)
Tax payable	(122)
Deferred tax liabilities	(376)
Goodwill arising on acquisition 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 2022.

The business acquired contributed approximately US$16,876,000 to the Group's revenue, and approximately US$419,000 decrease in the Group's profit before taxation for the period between the date of acquisition and the reporting date as at December 31, 2022.

14. Capital Commitments

	2023 **US$'000**	2022 US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and equity interest in a subsidiary contracted for but not provided in the consolidated financial statements	**177,975**	328,364