

# Condensed Consolidated Financial Statements

## 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	<b>7,033,606</b>	6,393,749
Cost of sales		<b>(4,286,861)</b>	(3,928,704)
Gross profit		<b>2,746,745</b>	2,465,045
Other income		<b>6,944</b>	6,386
Interest income		<b>12,796</b>	16,416
Selling, distribution and advertising expenses		<b>(1,152,943)</b>	(1,030,525)
Administrative expenses		<b>(737,078)</b>	(673,420)
Research and development costs		<b>(231,780)</b>	(196,133)
Finance costs		<b>(24,118)</b>	(24,995)
Profit before share of result of an associate and taxation		<b>620,566</b>	562,774
Share of result of an associate		<b>901</b>	346
Profit before taxation		<b>621,467</b>	563,120
Taxation charge	5	<b>(43,479)</b>	(39,418)
Profit for the period	6	<b>577,988</b>	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		<b>14,359</b>	—
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		<b>36,297</b>	75,467
Exchange differences on translation of foreign operations		<b>(98,840)</b>	(9,813)
Other comprehensive (loss) income for the period		<b>(48,184)</b>	65,654
Total comprehensive income for the period		<b>529,804</b>	589,356
Profit for the period attributable to:			
Owners of the Company		<b>577,988</b>	523,604
Non-controlling interests		<b>—</b>	98
		<b>577,988</b>	523,702
Total comprehensive income attributable to:			
Owners of the Company		<b>529,804</b>	589,258
Non-controlling interests		<b>—</b>	98
		<b>529,804</b>	589,356
Earnings per share (US cents)	8		
Basic		<b>31.59</b>	28.62
Diluted		<b>31.47</b>	28.48

# Condensed Consolidated Financial Statements

## Consolidated Statement of Financial Position

As at June 30, 2022

	Notes	June 30 2022 US\$'000 (Unaudited)	December 31 2021 US\$'000 (Audited)
<b>Non-current assets</b>			
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
		<b>4,196,473</b>	3,945,996
<b>Current assets</b>			
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
		<b>9,321,637</b>	9,061,549
<b>Current liabilities</b>			
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
		<b>6,608,049</b>	6,678,970
Net current assets		<b>2,713,588</b>	2,382,579
Total assets less current liabilities		<b>6,910,061</b>	6,328,575

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

# Condensed Consolidated Financial Statements

## Consolidated Statement of Changes in Equity

For the six-month period ended June 30, 2022

	Attributable to Owners of the Company							Total	Share of net assets of subsidiaries US\$'000	Attributable to non-controlling interests	Total US\$'000
	Share capital US\$'000	Shares held for share award scheme US\$'000	Translation reserve US\$'000	Employee share-based compensation reserve US\$'000	Defined benefit obligations rereasurement reserve US\$'000	Hedging reserve US\$'000	Retained profits US\$'000				
At January 1, 2021 (audited)	673,141	(42,086)	(87,765)	17,411	(19,620)	(80,305)	3,442,229	3,903,005	(98)	3,902,907	
Profit for the period	—	—	—	—	—	—	523,604	523,604	98	523,702	
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	75,467	—	75,467	—	75,467	
Exchange differences on translation of foreign operations	—	—	(9,813)	—	—	—	—	(9,813)	—	(9,813)	
Other comprehensive (loss) income for the period	—	—	(9,813)	—	—	75,467	—	65,654	—	65,654	
Total comprehensive (loss) income for the period	—	—	(9,813)	—	—	75,467	523,604	589,258	98	589,356	
Shares issued on exercise of options	4,356	—	—	(870)	—	—	—	3,486	—	3,486	
Vesting of awarded shares	—	13,584	—	(13,584)	—	—	—	—	—	—	
Shares for share award scheme	—	(59,037)	—	—	—	—	—	(59,037)	—	(59,037)	
Recognition of share-based payments	—	—	—	22,352	—	—	—	22,352	—	22,352	
Final dividend – 2020	—	—	—	—	—	—	(193,488)	(193,488)	—	(193,488)	
At June 30, 2021 (unaudited)	677,497	(87,539)	(97,578)	25,309	(19,620)	(4,838)	3,772,345	4,265,576	—	4,265,576	
Profit for the period	—	—	—	—	—	—	575,399	575,399	—	575,399	
Remeasurement of defined benefit obligations	—	—	—	—	7,459	—	—	7,459	—	7,459	
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	88,089	—	88,089	—	88,089	
Deferred tax asset on rereasurement of defined benefit obligations	—	—	—	—	380	—	—	380	—	380	
Deferred tax liability on hedging reserve	—	—	—	—	—	(1,351)	—	(1,351)	—	(1,351)	
Exchange differences on translation of foreign operations	—	—	(6,136)	—	—	—	—	(6,136)	—	(6,136)	
Other comprehensive (loss) income for the period	—	—	(6,136)	—	7,839	86,738	—	88,441	—	88,441	
Total comprehensive (loss) income for the period	—	—	(6,136)	—	7,839	86,738	575,399	663,840	—	663,840	
Shares issued on exercise of options	5,898	—	—	(1,176)	—	—	—	4,722	—	4,722	
Vesting of awarded shares	—	4,013	—	(4,013)	—	—	—	—	—	—	
Shares for share award scheme	—	(22,214)	—	—	—	—	—	(22,214)	—	(22,214)	
Recognition of share-based payments	—	—	—	11,221	—	—	—	11,221	—	11,221	
Interim dividend – 2021	—	—	—	—	—	—	(200,627)	(200,627)	—	(200,627)	
At December 31, 2021 (audited)	683,395	(105,740)	(103,714)	31,341	(11,781)	81,900	4,147,117	4,722,518	—	4,722,518	
Profit for the period	—	—	—	—	—	—	577,988	577,988	—	577,988	
Remeasurement of defined benefit obligations	—	—	—	—	14,359	—	—	14,359	—	14,359	
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	36,297	—	36,297	—	36,297	
Exchange differences on translation of foreign operations	—	—	(98,840)	—	—	—	—	(98,840)	—	(98,840)	
Other comprehensive (loss) income for the period	—	—	(98,840)	—	14,359	36,297	—	(48,184)	—	(48,184)	
Total comprehensive (loss) income for the period	—	—	(98,840)	—	14,359	36,297	577,988	529,804	—	529,804	
Shares issued on exercise of options	1,212	—	—	(238)	—	—	—	974	—	974	
Vesting of awarded shares	—	19,666	—	(19,666)	—	—	—	—	—	—	
Shares for share award scheme	—	(6,158)	—	—	—	—	—	(6,158)	—	(6,158)	
Recognition of share-based payments	—	—	—	38,051	—	—	—	38,051	—	38,051	
Final dividend – 2021	—	—	—	—	—	—	(236,104)	(236,104)	—	(236,104)	
At June 30, 2022 (unaudited)	684,607	(92,232)	(202,554)	49,488	2,578	118,197	4,489,001	5,049,085	—	5,049,085	

# Condensed Consolidated Financial Statements

## Consolidated Statement of Cash Flows

For the six-month period ended June 30, 2022

	June 30 2022 US\$'000 (Unaudited)	June 30 2021 US\$'000 (Unaudited)
<b>Operating Activities</b>		
Profit before taxation	621,467	563,120
Adjustments for:		
Amortization/write-off of intangible assets	57,696	66,622
Depreciation of property, plant and equipment	115,339	88,024
Depreciation of right of use assets	69,175	50,316
Fair value gain on foreign currency forward contracts	(9,097)	(5,555)
Fair value loss (gain) on listed equity securities	4,051	(4,758)
Finance costs	24,118	24,995
Loss (gain) on early termination of leases	44	(693)
(Reversal of impairment loss) impairment loss on trade receivables under expected credit loss model	(419)	9,892
Interest income	(12,796)	(16,416)
Loss on disposal of property, plant and equipment	2,225	16,009
Share-based payments expense	38,051	22,352
Share of result of an associate	(901)	(346)
Write down of inventories	51,913	48,144
Operating cash flows before movements in working capital	960,866	861,706
Increase in inventories	(487,681)	(1,299,307)
Increase in trade and other receivables, deposits and prepayments	(392,550)	(608,536)
Decrease in right to returned goods asset	1,955	3,304
Increase in bills receivable	(5,165)	(1,741)
(Increase) decrease in trade receivables from an associate	(7,584)	1,059
Increase in trade and other payables	80,577	827,730
Decrease in refund liabilities from right of return	(1,867)	(5,771)
(Decrease) increase in bills payable	(15,871)	16,102
Increase in warranty provision	13,194	11,334
Decrease in retirement benefit obligations	(6,656)	(4,270)
Net payment for purchase of shares for share award scheme	(6,158)	(59,037)
Cash generated from (used in) operations	133,060	(257,427)
Interest paid	(24,118)	(24,995)
Hong Kong Profits Tax paid	(1,306)	(281)
Overseas tax paid	(48,021)	(40,354)
Hong Kong Profits Tax refunded	41	—
Overseas tax refunded	709	1,667
<b>Net Cash from (used in) Operating Activities</b>	<b>60,365</b>	<b>(321,390)</b>

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** Consolidated Statement of Cash Flows

For the six-month period ended June 30, 2022

	Note	June 30 2022 US\$'000 (Unaudited)	June 30 2021 US\$'000 (Unaudited)
<b>Investing Activities</b>			
Acquisition of a subsidiary	16	(37,060)	—
Additions to intangible assets		(179,916)	(129,646)
Interest received		12,796	16,416
Proceeds from (payment for) termination of leases		1	(6)
Proceeds from disposal of property, plant and equipment		873	50
Purchase of club membership debenture		—	(1,737)
Purchase of unlisted equity securities		(4,800)	—
Purchase of property, plant and equipment		(229,397)	(245,071)
<b>Net Cash used in Investing Activities</b>		<b>(437,503)</b>	<b>(359,994)</b>
<b>Financing Activities</b>			
Increase in discounted bills with recourse		97	266
Dividends paid		(236,104)	(193,488)
New unsecured borrowings obtained		2,256,109	3,565,834
Proceeds from issue of shares		974	3,486
Repayment of unsecured borrowings		(2,137,061)	(1,916,998)
Repayment of lease liabilities		(66,911)	(42,079)
<b>Net Cash (used in) from Financing Activities</b>		<b>(182,896)</b>	<b>1,417,021</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>(560,034)</b>	<b>735,637</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>		<b>1,874,401</b>	<b>1,533,876</b>
<b>Effect of Foreign Exchange Rate Changes</b>		<b>(40,189)</b>	<b>836</b>
<b>Cash and Cash Equivalents at End of the Period</b>		<b>1,274,178</b>	<b>2,270,349</b>
<b>Analysis of the Balances of Cash and Cash Equivalents</b>			
Represented by:			
Bank balances, deposits and cash		1,274,178	2,270,349
		<b>1,274,178</b>	<b>2,270,349</b>

# Condensed Consolidated Financial Statements

## Notes to the Condensed Consolidated Financial Statements (Unaudited)

### 1. Basis of preparation

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

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

#### *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 US\$'000	2021 US\$'000
Sales of goods	7,027,920	6,388,877
Commission and royalty income	5,686	4,872
	<b>7,033,606</b>	<b>6,393,749</b>

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

#### 5. Taxation charge

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

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 US\$'000	2021 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 US\$'000	2021 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

	<b>June 30 2022 US\$'000</b>	December 31 2021 US\$'000
Trade receivables	<b>2,134,640</b>	1,976,060
Less: Allowances for credit losses	<b>(74,187)</b>	(75,913)
	<b>2,060,453</b>	1,900,147
Other receivables	<b>107,292</b>	122,131
	<b>2,167,745</b>	2,022,278

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	<b>June 30 2022 US\$'000</b>	December 31 2021 US\$'000
0 to 60 days	<b>1,599,503</b>	1,795,436
61 to 120 days	<b>318,319</b>	22,583
121 days or above	<b>142,631</b>	82,128
Total trade receivables	<b>2,060,453</b>	1,900,147
Other receivables	<b>107,292</b>	122,131
	<b>2,167,745</b>	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	December 31
	2022	2021
	US\$'000	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
<b>Ordinary shares</b>				
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).

## 15. Fair value measurements of financial instruments (continued)

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	<b>Acquisition right of certain property, plant and equipment: US\$8,302,000</b>	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	<b>Assets – US\$151,693,000; and Liabilities – US\$31,851,000</b>	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	<b>Listed shares: US\$12,221,000</b>	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	<b>Club membership debentures: US\$4,914,000</b>	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.
	<b>Unlisted equity securities: US\$4,800,000</b>	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.
	<b>Other: US\$45,000</b>	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	<b>Assets – US\$15,364,000; and Liabilities – Nil</b>	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.

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
<b>Net Assets Acquired</b>	
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