TECHTRONIC INDUSTRIES CO. LTD.
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, 2014

Highlights

	2014 US$' million	2013 US$' million	Changes
Turnover	**4,753**	4,300	**+10.5%**
Gross profit margin	**35.2%**	34.2%	**+100 bpt**
EBIT	**351**	304	**+15.4%**
Profit attributable to Owners of the Company	**300**	250	**+20.0%**
Basic earnings per share (US cents)	**16.41**	13.68	**+20.0%**
Dividend per share (approx. US cents)	**4.05**	3.06	**+32.6%**

Techtronic Industries Company Limited (the "Company" or "TTI") had an outstanding year in 2014, and we are delighted to report record sales, gross margin, and profit, building on our stellar history of continuous growth.

At TTI our disciplined focus on four key strategic drivers of powerful brands, innovative products, exceptional people, and operational excellence allows us to deliver consistent outstanding results across our business units and geographic regions.

The financial highlights of 2014 include:

- Sales increased 10.5% to a record US$4.8 billion
- Our high margin Milwaukee Industrial Tool business grew 22.2% globally, delivering a 3 year CAGR +20%
- Growth in all geographic regions
- Gross profit margin expanded 100 basis points
- Net profit increased 20.0% for the year, delivering double digit growth for seven consecutive years.
- Efficient working capital management at 14.6% of sales

BUSINESS HIGHLIGHTS

Record Sales and Profit

Sales for the year ended December 31, 2014 increased 10.5% over 2013 to US$4.8 billion driven by aggressive new product introductions and demand creation. Sales rose significantly in all key regions demonstrating the strength of our brands and new product development process. Our largest business unit, Power Equipment, had an exceptional year with sales growth of 13.0% to US$3.6 billion, accounting for 74.7% of total sales, and improved operating profit by 16.7% compared to 2013. Our Floor Care and Appliances business grew sales 3.8% to US$1.2 billion with operating profit expanding 15.4% from last year. The successful integration of the ORECK brand has strengthened our position in the North American premium floor care market.

Gross profit margin improved for the sixth consecutive year. Volume growth, operational leverage, productivity and new products expanded gross margin to 35.2% from 34.2% last year. Cost improvement initiatives across our global operations delivered significant savings in purchasing, supply chain, value engineering, and manufacturing. We continue to invest in automation and lean manufacturing driving both labor efficiency and overall productivity.

Earnings before interest and taxes, increased by 15.4% to US$351 million, with the margin improving by 30 basis points to 7.4%. We continued to invest in research and development to drive innovation, technology and new product development. This core strength is a competitive advantage in driving TTI's success. Shareholders' profits have risen by 20.0% to US$300 million, with earnings per share increasing by 20.0% over 2013 to US16.41 cents. Working capital as a percent of sales remains low at 14.6% with our gearing further improved to 10.0%.

Lithium Cordless Leadership

Through ongoing strategic investment in R&D, we continue to create break-through technology, expanding Lithium cordless platforms and delivering broad-based end-user focused product ranges. We are at the forefront of the shift to lithium cordless products in the industrial and consumer tool, outdoor products and floor care segments.

MILWAUKEE had another strong year in 2014, delivering 22.2% growth in the global industrial tool market. New products powered by the M18 and M12 lithium cordless systems are keys to our growth strategy. The technologically advanced M18 FUEL and M12 FUEL ranges are the first industrial grade cordless power tools with true corded power tool performance. MILWAUKEE is leading the way in the corded-to-cordless transformation in the power tool industry.

The RYOBI ONE+ system has the broadest range of lithium cordless products in the consumer power tool and outdoor products segment. Our technology in lithium cordless has extended to the RYOBI 40V lithium cordless range of outdoor products. We continue to add to this exciting platform, offering users the power and run time of gas, but with the benefits of lithium. RYOBI ONE+ system is the number one DIY line of tools in the world.

We are driving the cordless transition in the consumer floor care market with the introduction of our first-to-market HOOVER and VAX lithium full size upright vacuums. We will continue with our innovation in cordless with exciting new products as we expand into new areas of cleaning.

Growth through Innovation

Hand tools continue to be a key strategic focus. Our portfolio of highly regarded hand tool brands, including the MILWAUKEE, STILETTO and HART professional products, has been further expanded with the acquisitions of the INDEX and EMPIRE businesses into measurement and layout categories. RYOBI PHONE WORKS is an exciting innovation which combines pro quality measuring tools with smart phone technology providing a better way to manage home improvement projects. The accessory business grew with broad-based innovation, such as the revolutionary jam-free step drill bit under MILWAUKEE and the integration of the world class KOTTMANN SDS chisel bits.

Driving Operational Productivity

Quality and continuous improvement systems are well established across all businesses with structured programs in place to drive out costs and produce high quality products. Our key initiatives in lean manufacturing, global purchasing, and value engineering are delivering efficiencies, reducing lead-times and improving quality and service levels. We counteracted inflationary pressures in our operations, expanded gross margin and increased our manufacturing output through the same footprint. This commitment to operational excellence and continuous improvement keeps TTI on the leading edge of its industries. Sales grew at 10.5% with headcount expanding only 7.1%, reflecting outstanding productivity progress.

DIVIDEND

The Directors have recommended a final dividend of HK19.00 cents (approximately US2.45 cents) per share with a total of approximately US$44,782,000 for the year ended December 31, 2014 (2013: HK13.75 cents (approximately US1.77 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 29, 2015. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about June 26, 2015. This payment, together with the interim dividend of HK12.50 cents (approximately US1.61 cents) per share (2013: HK10.00 cents (approximately US1.29 cents)) paid on September 26, 2014, makes a total payment of HK31.50 cents (approximately US4.05 cents) per share for 2014 (2013: HK23.75 cents (approximately US3.06 cents)).

REVIEW OF OPERATIONS

TTI delivered another year of excellent record performance in 2014 with growth in all business segments and geographic regions. North America grew 8.8%, Europe 11.3% and rest of world 26.4%.

Across our product lines and brands, we drove gains with the introduction of innovative new technologies including expansion of our market-disrupting Lithium cordless platforms. Our MILWAUKEE business reported exceptional performance in all geographies, and RYOBI brand furthered its penetration across core consumer power tool and outdoor segments. We continued to transform Floor Care making operational improvements and launching new products to enhance profitability.

Our gross margin expanded driven by new products coupled with improvements in operational efficiency and supply chain productivity. We delivered profitability gains across our business units and brands. Working capital remained solid with the business generating positive free cash flow.

Power Equipment

Power Equipment is our largest business and consists of power tools, hand tools, outdoor products, and accessories. For the year, sales in Power Equipment rose by 13.0% to US$3.6 billion with growth in all geographic markets and especially strong performance in our industrial division. The business accounted for 74.7% of Group turnover, against 73.1% in 2013. Based on new product introductions and enhancements in productivity, earnings grew 16.7% to US$305 million.

Industrial

Our industrial business, MILWAUKEE, outpaced the market with 22.2% growth across all geographic regions. A steady flow of innovative new products to our power tool, accessory, and hand tool lines remains central to our strong performance. Successful end-user and distribution channel initiatives as well as adjacent category expansion also played key roles in our gains.

Leveraging the tremendous upside potential of our successful M12 and M18 ranges, we continued investment in the industry's most comprehensive line of cordless industrial power tools with the launch of the ultra-fast cutting M12 FUEL HACKZALL reciprocal saw. We introduced the M18 FUEL HOLE HAWG Right Angle Drill and M18 FUEL Deep Cut Band Saw developed to provide game-changing productivity to the industrial sector. MILWAUKEE FUEL cordless products, applying innovation in both Lithium and brushless motors technology, are the first cordless power tools in their class with true corded power tool performance. Our new M18 FUEL circular saw is the market's most advanced cordless circular saw.

We grew our position in the power tool accessory market. New introductions including the DIAMOND PLUS, HOLE DOZER and SHOCKWAVE IMPACT DUTY hole saws effectively tapped growing market trends and user demands for applications focused solutions. These innovations and the strength of our range makes MILWAUKEE the first choice of demanding users. The acquisition of the world class KOTTMANN chisel bit business also enhanced our full service offering.

Our rapid expansion in hand tools also continued with new product additions including to the popular INKZALL Jobsite Markers line. The recently acquired EMPIRE business, a leading U.S. manufacturer of levels, squares, layout tools and safety and utility tapes, grew in momentum with a focus on new products.

Consumer and Professional

In 2014, our leading North American consumer power tool brand, RYOBI, generated gains through innovative product introductions and enhanced marketing. The RYOBI ONE+ platform continues to grow by more than one million new customers annually and penetrate further North American, Europe, Australia and New Zealand households. We continued to add products to our revolutionary 18V ONE+ SYSTEM of cordless tools for the worksite, like the high-performance compact rotary hammer drill, AC/DC hybrid 20w LED worklight and AC/DC hybrid fan. Our AIRSTRIKE technology, powered by the ONE+ system, deepened its footprint in the growing pneumatics segment with the introduction of the 16 gauge finish nailer and 18 gauge narrow crown stapler. RYOBI PHONE WORKS represented the first-to-market line of electronic pro-quality measuring tools that work in conjunction with smartphone technology to manage home improvement projects.

In Europe, RYOBI brand continued to expand its reach through the launch of innovative new ONE+ lithium products, as well as targeted media and digital marketing campaigns. RYOBI brand delivered double digit growth in Australia and New Zealand with additions to the ONE+ platform as well as the launch of an exciting pneumatic tool range under AIRWAVE and the cordless AIRSTRIKE nailer range. The AEG brand grew in Europe and rest of world geographies with a series of successful new Lithium products and focused marketing to drive brand awareness and sales.

Outdoor Products

Outdoor Products continued its steady growth in 2014 with our cordless Lithium products making impressive inroads in North America, Europe, and Australia. Sales were down slightly in North America due to unfavorable weather conditions, but this was balanced by improvements in operational efficiency and supply chain.

Our first-in-class RYOBI 18V ONE+ SYSTEM AC/DC hybrid blower has been highly successful. The “gas-like power” of the 40V RYOBI Lithium cordless platform continues to be well received and the range expanded into categories such as chainsaws, trimmers, blowers, and mowers. The recently launched RYOBI Inverter Generator is exceeding sales expectations. A series of promotional campaigns as well as growth in relationships with key retail partners also drove our positive momentum.

Floor care and Appliances

Floor Care and Appliances achieved another solid year on sales of US$1.2 billion accounting for 25.3% of group turnover. We realized significant profit improvements through realignment of operations and a focus on leveraging scale and optimizing supply chain.

Applying TTI’s innovative Lithium technology, we introduced the revolutionary HOOVER AIR cordless upright vacuum which delivers 50 minutes of non-stop run-time and the FLOORMATE Cordless Hard Floor Cleaner. We expanded the popular DIRT DEVIL LIFT & GO platform with a lightweight full size detachable upright, and the spray & mop series continued to perform well. The integration of ORECK brand was completed and a refreshed product range is being introduced. Our VAX business in Europe had a highly successful year with introduction of new AIR cordless upright products.

FINANCIAL REVIEW

FINANCIAL RESULTS

Result Analysis

The Group's turnover for the year amounted to US$4.8 billion, an increase of 10.5% as compared to US$4.3 billion in 2013. Profit attributable to Owners of the Company amounted to US$300 million as compared to US$250 million in 2013, an increase of 20.0%. Basic earnings per share for the year improved to US16.41 cents as compared to US13.68 cents in 2013.

EBITDA amounted to US$500 million, an increase of 12.9% as compared to US$443 million in 2013.

EBIT amounted to US$351 million, an increase of 15.4% as compared to US$304 million in 2013.

Gross Margin

Gross margin improved to 35.2% as compared to 34.2% last year. The margin improvement was the result of new product introduction, category expansion, improvements in operational efficiency and supply chain productivity.

Operating Expenses

Total operating expenses for the year amounted to US$1,326 million as compared to US$1,175 million in 2013, representing 27.9% of turnover (2013: 27.3%). The increase was mainly due to the strategic spent on advertising and promotion on new products, particularly for the Floor Care division.

Investments in product design and development amounted to US$118 million, representing 2.5% of turnover (2013: 2.5%) reflecting our continuous strive for innovation. We will continue to invest to create breakthrough technology and deliver broad base end-user products and categories as these are most critical not only to maintain sales growth momentum but also margin expansions.

Net interest expenses for the year was maintained at US$25 million as compared to last year. Interest coverage, expressed as a multiple of EBITDA to total interest was 13.0 times (2013: 12.4 times).

The effective tax rate, being tax charged for the year to before tax profits was at 7.9% (2013: 10.5%). The Group will continue to leverage its global operations to sustain the overall tax efficiencies.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' Funds

Total shareholders' funds amounted to US$2.0 billion as compared to US$1.7 billion in 2013. Book value per share was at US$1.07 as compared to US$0.95 last year, an increase of 12.6%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2014, the Group's cash and cash equivalents amounted to US$690 million (2013: US$698 million), of which 41.0%, 31.0%, 11.6% and 16.4% were denominated in US$, RMB, EUR and other currencies respectively.

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, improved to 10.0% as compared to 10.6% last year. The gearing improvement is the result of very disciplined and focused management over working capital and free cash flow from operations applied to debt repayment. The Group remains confident that gearing will remain low going forward.

Bank Borrowings

Long term borrowings accounted for 36.3% of total debts (2013: 42.4%).

The Group's major borrowings continued to be in US Dollars and in HK Dollars. Borrowings are predominantly LIBOR or Hong Kong best lending rates based. There is a natural hedge mechanism in place as the Group's major revenues are in US Dollars and currency exposure therefore is low. Currency, interest rate exposures, and cash management functions are all being closely monitored and managed by the Group's treasury team.

Working Capital

Total inventory was at US$1,056 million as compared to US$884 million in 2013. Days inventory increased by 6 days from 75 days to 81 days. The increase was mainly due to the strategic decision to carry a higher level of inventory to support our service level, considering our high growth momentum. The Group will continue to focus in managing the inventory level and improve inventory turns.

Trade receivable turnover days were at 59 days as compared to 64 days last year. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 54 days as compared to 57 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 87 days as compared to 88 days in 2013.

Working capital as a percentage of sales was at 14.6% as compared to 13.9% in 2013.

Capital Expenditure

Total capital expenditures for the year amounted to US$154 million (2013: US$105 million).

Capital Commitments and Contingent Liabilities

As at December 31, 2014, total capital commitments amounted to US$12 million (2013: US$19 million) and there were no material contingent liabilities 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, 2014

(i) the Group's largest customer and five largest customers accounted for approximately 37.4% and 49.5% respectively of the Group's total turnover; and

(ii) the Group's largest supplier and five largest suppliers accounted for approximately 5.3% and 18.5% 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 20,081 employees as at December 31, 2014 (2013: 18,746) in Hong Kong and overseas. Increase in the number of employees mainly due to the acquisitions completed during the past twelve months. Excluding the effect from acquisition, employees as at December 31, 2014 total to 19,100, very comparable to last year, with an increase in turnover. Total staff cost for the year under review amounted to US$678 million (2013: US$601 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 floor care 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. Brands 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 outside the U.S. and we have spent relentless efforts to expand or establish 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, 2014. 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 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, 2014, save that:-

1. 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 103 of the Articles of Association of the Company, one-third of the board of directors (the "Board") must retire by rotation at each general meeting of the Company and if eligible, offer themselves for re-election.

2. Mr Joel Arthur Schleicher (an Independent Non-executive Director) and Mr Vincent Ting Kau Cheung (an Independent Non-executive Director) were unable to attend the annual general meeting of the Company held on May 23, 2014 due to prior engagements.

3. The Board was previously provided with quarterly updates instead of monthly updates. In order to give the Board a more balanced and understandable assessment of the performance, position and prospects of the Company, monthly updates have been provided to the Directors starting from August 2014.

The Company also voluntarily complied with a number of recommended best practices set out in the Corporate Governance Code, which is aimed for further enhancement of the Company's corporate governance standard and promote the best interests of the Company and shareholders as a whole.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors who have confirmed that they have fully complied with the required standards as set out in the Model Code during the year ended December 31, 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

Other than for satisfying the awarded shares granted under the Company's share award scheme, (details of which will be set out in the Corporate Governance Report to be included in the Company's 2014 Annual Report), a total of 865,000 ordinary shares of the Company were bought back by the Company during the year at prices ranging from HK$20.80 to HK$24.15 per share. The aggregate amount paid by the Company for such buy-backs amounting to US$2,486,000 was charged to the retained earnings.

The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced.

The buy-back of the Company's shares during the year were effected by the Directors pursuant to the mandate received from shareholders at the previous annual general meeting, 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 2015 Annual General Meeting, the register of members of the Company will be closed from May 21, 2015 to May 22, 2015, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2015 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on May 20, 2015.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 29, 2015 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on May 28, 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on May 22, 2015 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.

OUTSTANDING PROSPECTS

Exciting Outlook

With advancements in our RYOBI ONE+ system and MILWAUKEE M12, M18 and FUEL platforms, we are entering 2015 with the strongest product lineup ever. The expanding demand for our high performance RYOBI 40v Lithium outdoor products and HOOVER and VAX lithium vacuums is quickly disrupting traditional markets. We are also excited about the RYOBI PHONE WORKS program as well as further expanding our hand tool and accessory product ranges for 2015.

We would like to thank our customers, suppliers and employees for an incredible year in 2014 which saw demand for TTI products reach an all-time high. Our dedicated, skilled and passionate teams across the globe are enabling us to continuously achieve superb results. We are grateful to our board of directors for their ongoing strategic contributions and direction. Our success is truly the result of a dedicated team effort.

By Order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, March 18, 2015

As at the date of this announcement, the Board comprises five group Executive Directors, namely Mr Horst Julius Pudwill (Chairman), Mr Joseph Galli Jr. (Chief Executive Officer), Mr Patrick Kin Wah Chan, Mr Frank Chi Chung Chan and Mr Stephan Horst Pudwill, one Non-executive Director, namely Prof Roy Chi Ping Chung BBS JP, and five Independent Non-executive Directors, namely Mr Joel Arthur Schleicher, Mr Christopher Patrick Langley OBE, Mr Manfred Kuhlmann, Mr Peter David Sullivan and Mr Vincent Ting Kau Cheung.

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

"MILWAUKEE, DIAMOND PLUS, HOLE DOZER, HOLE HAWG, EMPIRE, FUEL, HACKZALL, INKZALL, M12, M12 FUEL, M18, M18 FUEL, SHOCKWAVE IMPACT DUTY, HOMELITE, 18V ONE+ SYSTEM, ONE+, PHONE WORKS, HOOVER, FLOORMATE, DIRT DEVIL, LIFT & GO, VAX, AIR, ORECK, STILETTO, HART, INDEX, KOTTMANN, AIRWAVE, AIRSTRIKE" are trademarks of the TTI Group.

"AEG" is a registered trademark of AB Electrolux (publ) and is used by the TTI Group pursuant to a license granted by AB Electrolux (publ).

"RYOBI" is a registered trademark of Ryobi Limited and is used by the TTI Group pursuant to a license granted by Ryobi Limited.

RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2014

	Notes	**2014** **US$'000**	2013 US$'000
Turnover	*2*	**4,752,960**	4,299,755
Cost of sales		**(3,079,883)**	(2,827,445)
Gross profit		**1,673,077**	1,472,310
Other income	*3*	**3,443**	4,242
Interest income		**14,529**	11,836
Selling, distribution, advertising and warranty expenses		**(643,817)**	(562,835)
Administrative expenses		**(564,448)**	(505,394)
Research and development costs		**(117,992)**	(107,079)
Finance costs	*4*	**(39,633)**	(36,682)
Profit before taxation		**325,159**	276,398
Taxation charge	*5*	**(25,680)**	(29,036)
Profit for the year	*6*	**299,479**	247,362
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations		**(6,867)**	(9,143)
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on foreign currency forward contracts in hedge accounting		**21,562**	101
Exchange differences on translation of foreign operations		**(26,624)**	(740)
Other comprehensive loss for the year		**(11,929)**	(9,782)
Total comprehensive income for the year		**287,550**	237,580

	Note	2014 US$'000	2013 US$'000
Profit for the year attributable to:			
Owners of the Company		**300,330**	250,284
Non-controlling interests		**(851)**	(2,922)
		299,479	247,362
Total comprehensive income attributable to:			
Owners of the Company		**288,401**	240,502
Non-controlling interests		**(851)**	(2,922)
		287,550	237,580
Earnings per share (US cents)	*7*		
Basic		**16.41**	13.68
Diluted		**16.34**	13.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	Notes	**2014 US$'000**	2013 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*8 & 12*	**425,366**	383,949
Lease prepayments		**34,706**	36,364
Goodwill		**554,137**	532,488
Intangible assets		**496,082**	459,440
Interests in associates		**6,515**	15,766
Available-for-sale investments		**509**	520
Derivative financial instruments		**11,635**	12,647
Deferred tax assets		**86,911**	79,064
		1,615,861	1,520,238
Current assets			
Inventories		**1,056,329**	884,230
Trade and other receivables	*9*	**819,951**	783,795
Deposits and prepayments		**85,967**	76,057
Bills receivable		**31,600**	26,054
Tax recoverable		**6,448**	15,375
Trade receivables from an associate		**4,011**	2,590
Derivative financial instruments		**39,666**	5,073
Held-for-trading investments		**1,155**	1,000
Bank balances, deposits and cash		**690,395**	698,147
		2,735,522	2,492,321
Current liabilities			
Trade and other payables	*10*	**1,135,530**	1,039,923
Bills payable		**46,845**	40,613
Warranty provision		**65,819**	52,628
Tax payable		**57,945**	50,197
Derivative financial instruments		**11,499**	13,082
Obligations under finance leases - due within one year		**2,277**	977
Discounted bills with recourse		**72,652**	116,704
Unsecured borrowings - due within one year		**552,048**	454,624
Bank overdrafts		**2,619**	7,887
		1,947,234	1,776,635
Net current assets		**788,288**	715,686
Total assets less current liabilities		**2,404,149**	2,235,924

	Note	2014 US$'000	2013 US$'000
Capital and Reserves			
Share capital	*11*	**643,914**	23,471
Reserves		**1,323,239**	1,717,242
Equity attributable to Owners of the Company		**1,967,153**	1,740,713
Non-controlling interests		**(127)**	4,723
Total equity		**1,967,026**	1,745,436
Non-current Liabilities			
Obligations under finance leases - due after one year		**11,135**	3,173
Unsecured borrowings - due after one year		**322,216**	374,744
Retirement benefit obligations		**99,407**	106,296
Deferred tax liabilities		**4,365**	6,275
		437,123	490,488
Total equity and non-current liabilities		**2,404,149**	2,235,924

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

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

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

In the current year, the Group and the Company have applied the following amendments to HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
HK(IFRIC) - Int 21	Levies

The application of the revised and amendments to HKFRSs in the current year has had no material impact on the Group's and the Company's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group have not early applied the following new and revised HKFRSs that have been issued but are not yet effective as at January 1, 2014:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[5]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[4]

[1] Effective for annual periods beginning on or after January 1, 2018.
[2] Effective for first annual HKFRS financial statements beginning on or after January 1, 2016.
[3] Effective for annual periods beginning on or after January 1, 2017.
[4] Effective for annual periods beginning on or after January 1, 2016.
[5] Effective for annual periods beginning on or after July 1, 2014.
[6] Effective for annual periods beginning on or after July 1, 2014, with limited exceptions.

Annual Improvements to HKFRSs 2010-2012 Cycle

The “Annual Improvements to HKFRSs 2010-2012 Cycle” include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of ‘vesting condition’ and ‘market condition’; and (ii) add definitions for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the “Annual Improvements to HKFRSs 2010-2012 Cycle” will have a material effect on the Group’s consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The “Annual Improvements to HKFRSs 2011-2013 Cycle” include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The directors do not anticipate that the application of the amendments included in the “Annual Improvements to HKFRSs 2011-2013 Cycle” will have a material effect on the Group’s consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The "Annual Improvements to HKFRSs 2012-2014 Cycle" include a number of amendments to various HKFRSs, which are summarized below.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after January 1, 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a crossreference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI.

All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 15 will have a material impact on the Group’s consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees’ periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees’ periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on Company’s financial performance and financial position for the current and prior year and/ or on the disclosures set out in these financial statements.

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 "Floor Care and Appliances". 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 and HOMELITE brands plus original equipment manufacturer ("OEM") customers.

2. Floor Care and Appliances – sales of floor care products and floor care accessories under the HOOVER, DIRT DEVIL, VAX and ORECK brands plus OEM customers.

Information regarding the above segments is reported below.

Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segments for the year under review:

For the year ended December 31, 2014

	Power Equipment US$'000	**Floor Care and Appliances US$'000**	**Eliminations US$'000**	**Consolidated US$'000**
Segment turnover				
External sales	**3,552,790**	**1,200,170**	**-**	**4,752,960**
Inter-segment sales	**-**	**923**	**(923)**	**-**
Total segment turnover	**3,552,790**	**1,201,093**	**(923)**	**4,752,960**

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results before finance costs	**305,094**	**59,698**	**-**	**364,792**
Finance costs				**(39,633)**
Profit before taxation				**325,159**
Taxation charge				**(25,680)**
Profit for the year				**299,479**

Segment profit represents the profit earned by each segment without allocation of finance costs. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

Segment turnover and results
For the year ended December 31, 2013

	Power Equipment US$'000	Floor Care and Appliances US$'000	Eliminations US$'000	Consolidated US$'000
Segment turnover				
External sales	3,143,915	1,155,840	-	4,299,755
Inter-segment sales	-	2,384	(2,384)	-
Total segment turnover	3,143,915	1,158,224	(2,384)	4,299,755

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results before finance costs	261,340	51,740	-	313,080
Finance costs				(36,682)
Profit before taxation				276,398
Taxation charge				(29,036)
Profit for the year				247,362

Turnover from major products
The following is an analysis of the Group's turnover from its major products:

	2014 US$'000	2013 US$'000
Power Equipment	**3,552,790**	3,143,915
Floor Care and Appliances	**1,200,170**	1,155,840
Total	**4,752,960**	4,299,755

Geographical information

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

	2014 **US$'000**	2013 US$'000
North America	**3,393,493**	3,120,251
Europe	**968,544**	870,119
Other countries	**390,923**	309,385
Total	**4,752,960**	4,299,755

Information about major customer

During the years ended December 31, 2014 and 2013, the Group's largest customer contributed total turnover of US$1,779,833,000 (2013: US$1,622,819,000), of which US$1,717,950,000 (2013: US$1,568,856,000) was under the Power Equipment segment and US$61,883,000 (2013: US$53,963,000) was under the Floor Care and Appliances segment. There is no other customer contributing more than 10% of total turnover.

3. Other Income

Other income in 2014 mainly comprises of sales of scrap materials, claims and reimbursements from customers and vendors.

Other income in 2013 mainly comprises the net of gain on a bargain purchase of US$38,319,000, sales of scrap materials, claims and reimbursements from customers and vendors, impairment losses on property, plant and equipment and inventories and other costs arising from the integration of floor care and appliances manufacturing operations of US$34,659,000 and goodwill impairment of US$3,390,000.

4. Finance Costs

	2014 **US$'000**	2013 US$'000
Interest on:		
Bank borrowings and overdrafts wholly repayable within five years	**31,870**	27,290
Obligations under finance leases	**325**	355
Fixed interest rate notes	**7,438**	9,037
	39,633	36,682

5. Taxation Charge

	2014 US$'000	2013 US$'000
The total tax charge comprises:		
Hong Kong profits tax	**(3,485)**	(4,312)
Overseas tax	**(32,005)**	(39,569)
Deferred tax	**9,810**	14,845
	(25,680)	(29,036)

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

	2014 US$'000	2013 US$'000
Profit for the year has been arrived at after charging:		
Amortisation of intangible assets	**66,802**	63,415
Amortisation of lease prepayments	**802**	804
Depreciation and amortisation on property, plant and equipment	**80,848**	74,232
Staff costs	**579,881**	512,717

Staff costs disclosed above do not include an amount of US$97,684,000 (2013: US$87,871,000) relating to research and development activities.

7. 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:

	2014	2013
	US$'000	US$'000
Earnings for the purposes of basic earnings per share:		
Profit for the year attributable to Owners of the Company	**300,330**	250,284
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,830,438,103**	1,829,954,083
Effect of dilutive potential ordinary shares:		
Share options	**7,778,724**	7,168,529
Share award	**28,773**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,838,245,600**	1,837,122,612

8. Additions of Property, Plant and Equipment

During the year, the Group spent approximately US$154 million (2013: US$105 million) on the acquisition of property, plant and equipment.

9. Trade and Other Receivables

The Group has a policy of allowing credit periods ranging mainly from 30 days to 120 days. The aged analysis of trade receivables, net of allowances for doubtful debts, 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:

	2014	2013
	US$'000	US$'000
0 to 60 days	**651,192**	625,004
61 to 120 days	**84,514**	95,120
121 days or above	**37,264**	31,741
Total trade receivables	**772,970**	751,865
Other receivables	**46,981**	31,930
	819,951	783,795

10. Trade and Other Payables

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

	2014 **US$'000**	2013 US$'000
0 to 60 days	**541,681**	467,635
61 to 120 days	**149,729**	148,839
121 days or above	**5,076**	29,502
Total trade payables	**696,486**	645,976
Other payables	**439,044**	393,947
	1,135,530	1,039,923

The credit period on the purchase of goods ranges from 30 days to 120 days (2013: 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.

11. Share Capital

	2014 **Number of shares**	2013 Number of shares	**2014** **US$'000**	2013 US$'000
Ordinary shares				
Authorised shares (Note)	**2,400,000,000**	2,400,000,000	**N/A** (Note)	30,769

Note: Under Chapter 622 of the new Hong Kong Companies Ordinance, with effect from March 3, 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

	2014 **Number of shares**	2013 Number of shares	**2014** **US$'000**	2013 US$'000
Issued and fully paid:				
At the beginning of the year	**1,829,883,941**	1,829,080,941	**23,471**	23,461
Issue of shares upon exercise of share options	**2,328,000**	4,103,000	**1,408**	52
Buy-back of shares	**(865,000)**	(3,300,000)	**-**	(42)
Transfer of share premium and capital redemption reserve upon abolition of par value under the new Hong Kong Companies Ordinance (Note)	**-**	-	**619,035**	-
At the end of the year	**1,831,346,941**	1,829,883,941	**643,914**	23,471

Note: In accordance with the transitional provisions set out in section 37 of schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on March 3, 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

During the year, the Company cancelled its own shares through the Stock Exchange as follows:

Month of buy-back	No. of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid US$'000
September 2014	285,000	21.80	20.80	779
October 2014	330,000	22.50	21.10	935
November 2014	150,000	24.15	24.00	467
December 2014	100,000	23.65	23.60	305
	865,000			2,486

The consideration paid on the buy-back of shares of approximately US$2,486,000 was charged to retained profits.

12. Capital Commitments

	2014 US$'000	2013 US$'000
Capital expenditure in respect of the purchase of property, plant and equipment:		
Contracted for but not provided	**9,077**	17,613
Authorised but not contracted for	**2,851**	1,134

13. Contingent Liabilities

	2014 US$'000	2013 US$'000
Guarantees given to banks in respect of credit facilities utilised by associate	**8,877**	9,099