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, 2016

Highlights

	2016 US$' million	2015 US$' million	**Changes**
Revenue	**5,480**	5,038	**+8.8%**
Gross profit margin	**36.2%**	35.7%	**+50 bps**
EBIT	**450**	400	**+12.6%**
Profit attributable to Owners of the Company	**409**	354	**+15.4%**
Basic earnings per share (US cents)	**22.32**	19.37	**+15.2%**
Dividend per share (approx. US cents)	**6.44**	5.05	**+27.4%**

We are delighted to announce that 2016 was our seventh consecutive year of record revenue and ninth consecutive year of record profit. Techtronic Industries Company Limited (the "Company", the "Group" or "TTI") achieved this with a disciplined focus on our four key strategic drivers of powerful brands, innovative products, exceptional people, and operational excellence which enables us to further drive our financial performance and deliver on our Corporate milestones.

The financial highlights of 2016 include:

- Revenue increased 8.8% to a record US$5.5 billion
- Revenue adjusted for foreign currency grew 9.8%
- MILWAUKEE business continues to grow with strong momentum
- RYOBI business delivered double-digit revenue growth
- Gross margin expanded from 35.7% to 36.2%, an increase of 50 basis points
- Net profit increased 15.4% for the year, delivering double-digit growth for nine consecutive years
- Efficient working capital management at 16.4% of revenue

BUSINESS HIGHLIGHTS

Record Financial Performance

Revenue for the year ended December 31, 2016 increased 8.8% over 2015 to US$5.5 billion, through continued investment in new product development, R&D and marketing. Revenue before currency adjustment rose 9.8% with all geographic regions delivering solid growth. Our largest business, Power Equipment, had another exceptional year with sales growth of 12.6% to US$4.5 billion, accounting for 81.6% of total sales, and an increase in operating profit of 13.4% to US$430 million from US$379 million in 2015. Sales in our Floor Care and Appliance business were slightly below last year by 5.3% with a negative impact upon foreign currency translation, but delivered encouraging growth in the second half in North America. We are confident our strategy in driving innovation through product development with technology-driven solutions and a focus on cordless and professional cleaning will drive the turnaround in the coming years.

Our core strengths of innovation, execution, and speed to market are the prime competitive advantages driving TTI’s success. Gross profit margin improved from 35.7% to 36.2% driven by new product introductions, mix, operating leverage and productivity gains. Earnings before interest and taxes, increased by 12.6% to US$450 million, with the margin improving by 30 basis points to 8.2%. Shareholders’ profits rose 15.4% to US$409 million, with earnings per share increasing by 15.2% over 2015 to US22.32 cents. Working capital as a percent of sales remained low at 16.4% and our gearing at 5.2%.

Strategic Initiatives

TTI continues investing in R&D to deliver innovative new products with our portfolio of global brands. 2016 was another year of significant advancements in our market leading lithium technology with the introduction of the MILWAUKEE M18 REDLITHIUM HIGH DEMAND 9.0 battery pack, the most powerful in the industry. Unlike other industry solutions, the HIGH DEMAND 9.0 Battery Pack enables users to remain invested in one battery platform and is compatible with 125+ M18 tool solutions. Leveraging the new battery pack, the M18 FUEL 10" Dual Bevel Sliding Compound Miter saw was designed to meet the demanding needs of professional users by delivering corded cutting performance. RYOBI ONE+ system is the global leader in cordless do-it-yourself (DIY) tools, continuing to innovate and bring more tools onto the platform. The AEG brand, with its strategic importance in Europe and Rest of World markets, delivered growth as we continued to expand the cordless range product offering.

The investment in cordless technology is also a catalyst for growing our outdoor equipment business. We are expanding the outdoor product equipment business with RYOBI ONE+, RYOBI 40V and AEG 58V systems. We have entered the lawn and garden market using the MILWAUKEE M18 FUEL technology in developing an innovative string trimmer, blower, and hedge trimmer that meet the demands of landscape professionals and are fully compatible with the MILWAUKEE M18 system.

Our new Floor Care leadership team has established a clear strategy and is focused on revitalizing our brands HOOVER, DIRT DEVIL, ORECK and VAX. Future growth will be generated through execution of the TTI model of excellence in product design, advanced technology development and brand marketing. We will be launching significant first to market innovations like the HOOVER REACT vacuums featuring FLOORSENSE Technology using micro-sensors to identify floor surfaces, HOOVER App controls, and the ONEPWR lithium battery system. Further cordless developments are featured in the recently introduced VAX BLADE powered by DIRECT HELIX TECHNOLOGY for optimum runtime and cleaning performance in any orientation. We have a new headquarter in Charlotte, North Carolina, with state-of-the-art facilities for product development and consumer research. We are excited with the new innovative products planned in 2017 and beyond.

We have a deep commitment to operational excellence and continuous improvement. Our disciplined processes in lean manufacturing, automation, global purchasing, and value engineering continue to deliver efficiencies, reduced lead-times, and improved quality and service levels. We continue to build production and supply chain capacity to support our growth. In 2016 we expanded US production capacity, built a state-of-the-art logistics and manufacturing operation in South Carolina, and are expanding the Milwaukee global headquarter and R&D center. We have five manufacturing locations and four R&D centers in the US employing approximately five thousand people which globally supply our brands with innovative products.

We have expanded in scale and global reach since the early days of TTI, yet we have kept the importance of our entrepreneurial organizational culture. We have an exceptional DNA focused on the relentless drive for excellence, skills, creativity, and urgency necessary to produce the team of exceptional people required to lead TTI today and in the future. We believe that TTI owes its success to our employees who embrace the TTI culture and our focus. Their enthusiasm, energy, and dedication helps us deliver the goals we set every year.

REVIEW OF OPERATIONS

TTI delivered another year of record results in 2016. Total company revenue rose 8.8% and 9.8% before foreign currency adjustments. Sales in all geographic regions increased with North America contributing 10.3% growth, Europe growing 3.3%, and a 6.2% increase from the Rest of the World regions. The Power Equipment business had a strong year with 12.6% sales growth and the Floor Care and Appliance business, working through a revitalization, produced positive growth during the second half in North America, but saw full year sales decline slightly by 5.3%.

Power Equipment

The Power Equipment business increased by 12.6% growing to US$4.5 billion accounting for 81.6% of Group Turnover. The growth was 13.3% before foreign currency adjustments. Industry leading brands MILWAUKEE and RYOBI delivered double digit growth over the previous year. We are at the forefront of the fast growing cordless segment by delivering break-through technologies and expanding the broadest range of tools powered by our market leading battery platforms. The business generated earnings growth of US$430 million, a 13.4% increase year over year. Through strategic product development, technology advancement and brand portfolio management we feel highly confident that the Power Equipment business will continue to capture market share and expand margins.

Industrial Tools

MILWAUKEE delivered another year of strong results with 19.7% sales growth in the global industrial tool market. The introduction of innovative new products, execution of effective end user and distribution conversion initiatives, entry into large adjacent categories, and a focus on commercial and operations excellence resulted in growth which has consistently outpaced the market. The business is capturing growth opportunities through the execution of the MILWAUKEE strategy dedicated to delivering high performance products targeted at professional with a system-wide product range. The state of the art product development process is creating performance-driven solutions designed with the most advanced technology delivering unrivalled productivity to end users. A focused strategy in targeting trade users, such as electrical, mechanical and plumbing, is increasing the commercial opportunities as the MILWAUKEE cordless platform continues to expand.

Power Tools

The power tool business captured market share gains across the core cordless power tool business by converting corded end-users to cordless innovation and yielding further growth through adjacent category expansion into cordless hydraulic tools and high output lighting as examples. The subcompact M12 and M18 Cordless Systems continued to penetrate global markets at a rapid pace with disruptive cordless technology, putting these battery platforms at the forefront of the industry. The M18 is the fastest growing system for professionals, with over 125 fully compatible tool solutions on a single battery platform.

MILWAUKEE brand introduced the first generation FUEL cordless technology in 2012. M18 FUEL leverages a breakthrough high-performance brushless motor technology, system electronics and REDLITHIUM battery technology with performance capable of replacing the need for cords, hoses, and petrol cans from job sites. MILWAUKEE continues developing new innovative products integrating the next generation M18 FUEL technology and now offers over 45 M18 cordless power tools leveraging M18 FUEL technology. The new M18 REDLITHIUM HIGH DEMAND 9.0 Battery Pack is the most capable 18V battery in the industry. It is engineered for high power requirement applications and has full system compatibility, which means the HIGH DEMAND 9.0 Battery Pack will power the entire range of M18 tools. Leveraging the new HIGH DEMAND 9.0 Battery Pack are a number of break-through M18 FUEL tools. The M18 FUEL 10" Dual Bevel Sliding Compound Miter saw was designed to meet the demanding needs of professionals by delivering corded cutting performance. The M18 FUEL 1-9/16" SDS Max Rotary Hammer is the first-to-market 18V SDS Max cordless solution which drills as fast as a corded equivalent. The M18 FUEL SURGE 1/4" Hex Hydraulic Driver is the quietest cordless fastening solution on the market. Incorporating the new FLUID-DRIVE Hydraulic Powertrain, the tool delivers up to 50% quieter operation, 3X less vibration and faster driving speeds compared to standard impacts. MILWAUKEE brand will continue to leverage M18 FUEL technology with new introductions in 2017 including a new line of M18 FUEL Outdoor Power Equipment, M18 FUEL Fastening Tools and the M18 FUEL Metal Cutting Circular Saw.

The FORCELOGIC platform continues to exceed end user expectations with the recent introduction of the M18 FORCELOGIC Press Tool, the industry's first brushless press tool. FORCELOGIC's state-of-the-art technology enables the M18 Press Tool to be the smallest and lightest full-sized press tool on the market, delivering 20% more run time and 10% faster cycle time which maximizes user productivity. MILWAUKEE will expand the FORCELOGIC platform with the introduction of the M18 FORCELOGIC Overhead Cable Cutter, M18 FORCELOGIC 12T Crimper, and the innovative M18 FORCELOGIC Underground Cable Cutter.

The 2017 introduction of the MILWAUKEE TICK Tool and Equipment Tracker could become the most versatile BLUETOOTH tracker on the market. With multiple attachment options and a low-profile design, users can glue, screw, rivet or strap the MILWAUKEE TICK Tool to anything. Weather, water, and dust proof ratings ensure that the MILWAUKEE TICK Tool and Equipment Tracker will survive every environment. The MILWAUKEE TICK Tool will reliably provide tracking beacons anytime, anywhere. End users can now receive notifications on low battery, service reminders, missing tools, and location services, all powered by the ONE-KEY application.

The cordless High Output light-emitting diode ("LED") Lighting range, powered by the M12 and M18 Cordless Systems, continues to rapidly replace antiquated lighting solutions at job sites. The M18 ROCKET LED Tower Light/Charger, M18 RADIUS LED Compact Site Light with ONE-KEY technology, and the M18 Utility Bucket Light add to our stable of innovative lighting solutions for the trades. These new lights utilize the most advanced LED technology, versatile product designs, and REDLITHIUM Battery Packs to bring a new level of productivity to the jobsite.

Accessories

The introduction of the AX with Carbide Teeth helped our accessories business deliver double-digit growth in 2016. This market disruption was driven by combining proven SAWZALL blade attributes with tungsten carbide-tipping technology. These new SAWZALL blades last 30 times longer than traditional bi-metal blades, cut faster than any blade in the industry, and can cut through a large range of materials found in the most demanding demolition projects. As the range continues to expand with the continued new product introductions in the accessories category such as HOLE DOZER, SHOCKWAVE, RED HELIX, and now AX, we have significantly grown our distribution in our targeted geographies.

Hand Tools

The MILWAUKEE Hand Tool business delivered excellent growth across key categories. Tape Measures had significant growth driven by user-focused innovation and a continuous emphasis on quality. Investments in the operations have set the foundation for strategic growth in this large, global category. Advancements in FASTBACK knives and 6-in-1 Pliers, in addition to new category investment contributed to strong growth across the business. The MILWAUKEE brand Work Gloves, leveraging innovative SMARTSWIPE Technology, allow users to operate smart devices without removing their gloves. Successful Steel Storage expansion included an innovative 60" workbench and 30" combination unit, resulting in double-digit growth. The CHEATER Pipe Wrench delivered disruptive innovation into the large pipe wrench category leading to strong user adoption delivering significant growth in this segment. Leveraging the Empire Level technology, the new MILWAUKEE REDSTICK Box Levels provide industry-leading performance with best-in-class vial readability, frame durability, and magnet strength. The ALL-METAL BACKBONE feature provides the strongest, most durable frame ensuring long-life accuracy. SHARPSITE Vial Technology provides best-in-class readability with a magnified bubble and high-visibility vial spirit. A complete line of Compact Levels and Torpedo levels and new manufacturing operations set the stage for growth in the critical layout category. The EMPIRE brand continues to grow at double-digits with strong results across all channels of distribution and incremental growth globally. New product introductions included an innovative new line of compact levels and torpedo levels in addition to market-specific introductions to support global growth.

Consumer and Professional Tools

RYOBI Tools

The RYOBI brand continued its dominant global consumer DIY market share position with innovative new product introductions. The leading 18V RYOBI ONE+ cordless system of tools and batteries grew by well over one million new customers in 2016. The RYOBI brand, once again, provided the user with a wide array of new products applying cutting-edge technology that makes every DIY project easier. The vitality rate of new products continues at a fast pace. Important new additions to the expanding ONE+ platform include the new ONE+ QUIETSTRIKE Pulse Driver which produces more power and speed than a drill but with 50% less noise than an impact driver. The new ONE+ LED Workbench Light features a rotating 270° arm concentrating light in a given area and runs up to 9 hours on a single charge. The ONE+ Dual Power LED Spot Light delivers 2,500+ Lumens and runs on either RYOBI ONE+ batteries or a 12V automotive cord. In addition to creating ONE+ cordless tools with corded like performance, the RYOBI brand also introduced the new Brushless Hammer Drill and Brushless Belt Sander. The new ONE+ Belt Sander is first-to-market innovation providing extended runtime and performance while the new ONE+ Hammer Drill delivers up to 750 in. lbs. of torque and 50% more run time so you can power through the toughest drilling and driving applications.

AEG Professional Tools

Sales of AEG brand professional power tools in EMEA and ANZ regions continue to expand through cordless new product introductions utilizing the AEG 18V battery system. The recent additions to our AEG 18V Brushless range include the 5 Amp hour battery pack which gives up to 6 times more runtime compared to the previous generation, the AEG 18V Compact Brushless Hammer Drill Kit, and revolutionary Brushless Oil Pulse driver, all best-in-class tools for the professional user. We have an exciting pipeline of new AEG 18V kits and promotions to enhance the success of the AEG 18V range and introduced more high performance tools used in construction such as lighting, compressors, pneumatics, circular saws, miter saws, and tile saws. These innovative products aimed at the professional user are driving the expansion of the AEG brand in our targeted markets.

Outdoor Products

The Outdoor Product business produced strong sales results and delivered market gains in 2016. The performance was generated by the ongoing introduction of innovative new products into the growing cordless RYOBI ONE+ 18V and RYOBI 40V systems plus a new AEG 58V range of products. The continued expansion of our cordless outdoor product range is both taking share from traditional petrol products and growing the market demand with the improving benefits of cordless.

RYOBI Outdoor

The introduction of four new high performance RYOBI ONE+ 18V LITHIUM+ tools aimed at the more demanding lawn and garden users is successfully converting petrol users to cordless and solidifying the RYOBI brand as the leader in the cordless DIY segment. The RYOBI brand now has a full range of walk behind cordless lawnmowers powered by RYOBI ONE+ 18V and RYOBI 40V platforms that are quickly generating new demand and penetrating the category. These RYOBI brand new cordless outdoor products are fully compatible with either the RYOBI ONE+ 18V or RYOBI 40V battery systems. There is more opportunity to grow the cordless outdoor category with new products like the break-through RYOBI 40V pressure washer.

Sales of gas powered products and accessories are growing. The range of RYOBI brand gas trimmers with a powerful full crankshaft engine and a new family of RYOBI branded gas chain saws delivering professional features and improved performance at consumer price points drove sales growth. The EXPAND IT line of RYOBI trimmer attachments have been a tremendous success and have been delivering double digit growth driven by great merchandising and marketing.

AEG Professional

AEG introduced a new cordless range of outdoor products targeted at professional grade end-users. The powerful AEG 58V lithium battery platform adapts across the product line offering unbeatable end-user convenience, ease-of-use benefits for each product and enhanced productivity for the professional landscaping projects or home gardening jobs. The AEG 58V lawn mower, blower, chain saw, hedge trimmer and line trimmer deliver exceptional performance and are examples of the strong product roadmap to expand the range going forward.

Floor Care and Appliances

We are positioning the Floor Care and Appliances business for growth. Sales declined slightly for the full year, down 5.3% largely due to negative foreign exchange impact, particularly in our UK business, and a slight slowdown in the household appliance market. The largest segment, North America, returned to growth in the second half of 2016 with HOOVER, DIRT DEVIL, and ORECK brands all delivering sales increases. At US$1.0 billion in sales, the segment accounted for 18.4% of total Company revenue. The business improved profit margins by 10 basis points, offsetting the slight decline in sales. This was achieved though effective mix, the introduction of new products and the discontinuation of the lower margin products. Operational efficiencies were gained from global sourcing programs and the North America logistic center consolidation. The new North America headquarters in Charlotte, North Carolina is providing a world class environment for recruiting talent, new product innovation, cordless and technology development, and a creative marketing center.

North America

The HOOVER brand is undergoing a significant revitalization of its product portfolio. In 2016 the first phase of new vacuums targeting the fast growing cordless categories were launched, laying the foundation for future product innovations. The high performance cordless stick vacs, CRUISE and LINX SIGNATURE, first generation of QUEST series cordless robots and SPOTLESS, an innovative wet vac with self-cleaning function, all contributed to the positive sales growth in the second half. The next generation of new products like the HOOVER REACT vacuums series featuring FLOORSENSE Technology using micro-sensors to identify floor surfaces, HOOVER Application controls, and the ONEPWR lithium battery system are set for 2017 introductions.

The DIRT DEVIL brand product development and merchandising focuses on the younger consumer demographic. We successfully introduced a new line of high performance upright Power Max vacuums and Power Stick which helped drive sales in the second half. The next generation product launch in 2017 will be significant with easy-to-maneuver lightweight cordless and corded stick vacs and upright vacuums. ORECK consumer brand launched ELEVATE, a premium range of high-performance vacuums across its established ORECK independent store base in North America.

The HOOVER Commercial brand launched the cordless M-PWR backpack products with very positive market response with trials in large hospitality facilities and high volume end user applications. This launch success combined with the ORECK Commercial brand sales progress and an expanded commercial distribution contributed to double digit sales growth in this strategic segment. The new ORECK Commercial cordless M-PWR 20V line targeted at the hospitality and food service segments were launched at the end of 2016 and are breaking new ground for quick response, commercial cleaning demands with cordless technology solutions. We have expanded our investment in manufacturing technology at our Cookeville, Tennessee facility. We have already started assembly of our 40v and 20v commercial battery platforms and we will continue expanding our manufacturing output with the development of exciting new product under the Oreck brand.

Europe

The VAX brand had success with the early stages of launching a completely new cordless product range, but faced slow market demand in the UK and negative impact from foreign currency adjustments. The first product introduction was the new lightweight cordless SlimVac, weighing only 2.1kgs and boasting effortless cleaning performance for a variety of cleaning needs. This product delivered strong sales throughout the second half of the year. The new VAX BLADE cordless pole vac using our DIRECT HELIX TECHNOLOGY that optimizes runtime, a market leading 45 minutes, and cleaning performance in any orientation was successfully introduced in late 2016.

The new cordless DIRT DEVIL FUSION robot cleaner, offering four different cleaning modes, a 60-minute runtime, and an automatic return to docking station was recently introduced. The ranges of cordless stick vacs and existing robots continued strong sales momentum in France and key markets. The business in Central Europe exited low margin wholesaler markets and moved distribution focus to support the expansion into higher priced cordless categories. The DIRT DEVIL brand continues to grow its European distribution presence with recent launches in completely under-represented markets.

DIVIDEND

The Directors have recommended a final dividend of HK30.00 cents (approximately US3.86 cents) per share with a total of approximately US$70,807,000 for the year ended December 31, 2016 (2015: HK23.25 cents (approximately US2.99 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 26, 2017. 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 23, 2017. This payment, together with the interim dividend of HK20.00 cents (approximately US2.57 cents) per share (2015: HK16.00 cents (approximately US2.06 cents)) paid on September 23, 2016, makes a total payment of HK50.00 cents (approximately US6.44 cents) per share for 2016 (2015: HK39.25 cents (approximately US5.05 cents)).

FINANCIAL REVIEW

FINANCIAL RESULTS

Result Analysis

The Group's revenue for the year amounted to US$5.5 billion, an increase of 8.8% as compared to US$5.0 billion in 2015. Profit attributable to Owners of the Company amounted to US$409 million as compared to US$354 million in 2015, an increase of 15.4%. Basic earnings per share for the year improved to US22.32 cents as compared to US19.37 cents in 2015.

EBITDA amounted to US$641 million, an increase of 12.5% as compared to US$570 million in 2015.

EBIT amounted to US$450 million, an increase of 12.6% as compared to US$400 million in 2015.

Gross Margin

Gross margin improved to 36.2% as compared to 35.7% 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$1,540 million as compared to US$1,403 million in 2015, representing 28.1% of turnover (2015: 27.9%). The increase was mainly due to the strategic spent on advertising and promotion on new products.

Investments in product design and development amounted to US$147 million, representing 2.7% of turnover (2015: 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 amounted to US$10 million as compared to US$13 million in 2015, a reduction of US$3 million or 21.1%. Interest coverage, expressed as a multiple of EBITDA to total interest was 30.0 times (2015: 24.8 times).

The effective tax rate, being tax charged for the year to before tax profits was at 7.1% (2015: 8.5%). The Group will continue to leverage its global operations and fine-tone its tax plans to meet with tax rules changes in various jurisdictions to ensure the low effective tax rate is sustainable going forward.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' Funds

Total shareholders' funds amounted to US$2.4 billion as compared to US$2.2 billion in 2015. Book value per share was at US$1.31 as compared to US$1.18 last year, an increase of 11.0%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2016, the Group's cash and cash equivalents amounted to US$805 million (2015: US$775 million), of which 53.9%, 21.9%, 10.1% and 14.1% were denominated in US$, 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, was at 5.2% as compared to 13.4% last year. The gearing improvement is the result of very disciplined and focused management over working capital. The Group remains confident that gearing will remain low going forward.

Bank Borrowings

Long term borrowings accounted for 52.8% of total debts (2015: 42.9%).

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$1,296 million as compared to US$1,190 million in 2015. Days inventory maintained at 86 days. The higher inventory days as compared to past years 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 62 days as compared to 60 days last year. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 57 days as compared to 55 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 89 days as compared to 84 days in 2015.

Working capital as a percentage of sales was at 16.4% as compared to 17.0% in 2015.

Capital Expenditure

Total capital expenditures for the year amounted to US$190 million (2015: US$232 million).

Capital Commitments and Contingent Liabilities

As at December 31, 2016, total capital commitments for the acquisition of property, plant and equipment contracted for but not provided amounted to US$33 million (2015: US$21 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, 2016

(i) the Group's largest customer and five largest customers accounted for approximately 44.8% and 55.1% respectively of the Group's total revenue; and

(ii) the Group's largest supplier and five largest suppliers accounted for approximately 5.3% and 18.0% 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 20,642 employees as at December 31, 2016 (2015: 20,517) in Hong Kong and overseas. Total staff cost for the year under review amounted to US$807 million (2015: US$727 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 organisation. 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 both inside and outside North America and we have spent relentless efforts to expand and 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, 2016. 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, 2016, 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 of directors (the "Board") must retire by rotation at each general meeting of the Company, and if eligible, offer themselves for re-election.

The Company has also voluntarily complied with a number of the recommended best practices set out in the Corporate Governance Code, aimed at further enhancement of the Company's corporate governance standard as well as promotion of 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, 2016.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Other than 2,403,500 ordinary shares of the Company purchased on-market 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 2016 Annual Report), a total of 3,000,000 ordinary shares were bought back by the Company during the year at prices ranging from HK$27.50 to HK$28.60 per share. Among these bought back shares, 1,500,000 shares were settled and cancelled during 2016 and 1,500,000 shares were settled and cancelled in January 2017. The aggregate amount paid by the Company for such buy-backs cancelled during 2016 amounting to US$5,425,000 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-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, 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 2017 Annual General Meeting, the register of members of the Company will be closed from May 17, 2017 to May 19, 2017, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2017 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 16, 2017.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 26, 2017 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 25, 2017.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on May 19, 2017 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.

EXCITING FUTURE

Over the years, we have set the stage for a very exciting future. We have built an amazing brand portfolio, invested in world class talent, and driven innovation that is state of the art with speed to market that is second to none. We are approaching a decade of delivering year over year record performance and our dedication and commitment that got us to where we are has more momentum than ever. Our new product flow will continue and we are extremely excited about the innovation that we have coming which will feed into our product pipeline well into the future. We understand the importance of not becoming complacent and our relentless focus on our strategic drivers is what continues to keep our foundation strong. We will continue exploring new strategic initiatives while at the same time expanding our core business into new categories and geographies.

We are delighted with TTI's success in 2016 and even more excited about 2017. On behalf of the Board, we would like to express our gratitude to our customers and everyone at TTI for their commitment, support and creativity to make TTI what it is today. TTI is an outstanding, industry leading company with vast opportunity. We look forward to our continued success in achieving our goals and delivering strong performance.

By Order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, March 14, 2017

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

This results announcement is published on the websites 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, 2016

	Notes	**2016 US$'000**	2015 US$'000
Revenue	*2*	**5,480,413**	5,038,004
Cost of sales		**(3,495,234)**	(3,240,365)
Gross profit		**1,985,179**	1,797,639
Other income	*3*	**5,039**	5,297
Interest income		**11,653**	10,577
Selling, distribution and advertising expenses		**(794,280)**	(697,598)
Administrative expenses		**(598,492)**	(577,735)
Research and development costs		**(147,277)**	(127,788)
Finance costs	*4*	**(21,793)**	(23,435)
Profit before taxation		**440,029**	386,957
Taxation charge	*5*	**(31,242)**	(32,814)
Profit for the year	*6*	**408,787**	354,143
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss, net of related income tax:			
Remeasurement of defined benefit obligations		**(7,063)**	(2,804)
Items that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on foreign currency forward contracts in hedge accounting		**29,339**	(30,262)
Exchange differences on translation of foreign operations		**(82,000)**	(48,484)
Other comprehensive loss for the year		**(59,724)**	(81,550)
Total comprehensive income for the year		**349,063**	272,593

	Note	**2016**	2015
		US$'000	US$'000
Profit for the year attributable to:			
Owners of the Company		**408,982**	354,427
Non-controlling interests		**(195)**	(284)
		408,787	354,143
Total comprehensive income attributable to:			
Owners of the Company		**349,258**	272,877
Non-controlling interests		**(195)**	(284)
		349,063	272,593
Earnings per share (US cents)	*7*		
Basic		**22.32**	19.37
Diluted		**22.24**	19.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Notes	**2016 US$'000**	2015 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*8 & 12*	**601,230**	538,466
Lease prepayments		**29,581**	32,441
Goodwill		**553,194**	553,789
Intangible assets		**546,636**	520,935
Interests in associates		**3,667**	6,588
Available-for-sale investments		**613**	495
Derivative financial instruments		**9,986**	10,544
Deferred tax assets		**178,191**	146,064
		1,923,098	1,809,322
Current assets			
Inventories		**1,296,425**	1,190,331
Trade and other receivables	*9*	**950,882**	849,488
Deposits and prepayments		**98,638**	117,400
Bills receivable		**11,190**	27,277
Tax recoverable		**11,694**	8,080
Trade receivables from an associate		**3,540**	2,681
Derivative financial instruments		**20,199**	22,415
Held-for-trading investments		**-**	1,116
Bank balances, deposits and cash		**804,741**	774,608
		3,197,309	2,993,396
Current liabilities			
Trade and other payables	*10*	**1,330,807**	1,160,494
Bills payable		**54,137**	37,440
Warranty provision		**80,088**	75,193
Tax payable		**100,164**	110,353
Derivative financial instruments		**2,175**	14,028
Obligations under finance leases - due within one year		**2,982**	2,153
Discounted bills with recourse		**93,897**	77,629
Unsecured borrowings - due within one year		**403,825**	588,341
Bank overdrafts		**1,656**	3,837
		2,069,731	2,069,468
Net current assets		**1,127,578**	923,928
Total assets less current liabilities		**3,050,676**	2,733,250

	Note	**2016** **US$'000**	2015 US$'000
Capital and Reserves			
Share capital	*11*	**649,214**	647,109
Reserves		**1,750,324**	1,508,874
Equity attributable to Owners of the Company		**2,399,538**	2,155,983
Non-controlling interests		**(606)**	(411)
Total equity		**2,398,932**	2,155,572
Non-current Liabilities			
Obligations under finance leases - due after one year		**10,760**	10,402
Unsecured borrowings - due after one year		**490,452**	456,680
Retirement benefit obligations		**108,167**	99,896
Deferred tax liabilities		**42,365**	10,700
		651,744	577,678
Total equity and non-current liabilities		**3,050,676**	2,733,250

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").

The financial information relating to the years ended December 31, 2016 and 2015 included in this preliminary announcement of annual results 2016 do not constitute the Company's statutory annual consolidated financial statements for those years but is 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, 2015 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, 2016 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).

Amendments to HKFRSs that are mandatorily effective for the current year.

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRS 11	Accounting for Acquisition of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group'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 amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective as at January 1, 2016:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKAS 7	Disclosure Initiative[3]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after January 1, 2018.

2 Effective for annual periods beginning on or after January 1, 2019.

3 Effective for annual periods beginning on or after January 1, 2017.

4 Effective for annual periods beginning on or a date to be determined.

Other than described below, the directors of the Company consider the application of the new and amendments to HKFRSs would not have any material impact on the consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

The 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 amortised 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 recognised 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, such as the recognition of credit losses based on the expected loss model. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold land for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to a lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability where applicable, for a finance lease arrangement and prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by HKFRS 16.

As at December 31, 2016, the Group has certain non-cancellable operating lease commitments. A preliminary assessment indicates that these arrangements may meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Amendment to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures of the Group's financing activities, specifically a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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 revenue and results

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

For the year ended December 31, 2016

	Power Equipment US$'000	Floor Care and Appliances US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	**4,470,590**	**1,009,823**	-	**5,480,413**
Inter-segment sales	**-**	**1,038**	**(1,038)**	-
Total segment revenue	**4,470,590**	**1,010,861**	**(1,038)**	**5,480,413**

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	**430,307**	**19,862**	**-**	**450,169**
Interest income				**11,653**
Finance costs				**(21,793)**
Profit before taxation				**440,029**
Taxation charge				**(31,242)**
Profit for the year				**408,787**

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.

Segment revenue and results
For the year ended December 31, 2015

	Power Equipment US$'000	Floor Care and Appliances US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	3,972,081	1,065,923	-	5,038,004
Inter-segment sales	17	1,009	(1,026)	-
Total segment revenue	3,972,098	1,066,932	(1,026)	5,038,004

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	379,302	20,513	-	399,815
Interest income				10,577
Finance costs				(23,435)
Profit before taxation				386,957
Taxation charge				(32,814)
Profit for the year				354,143

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

	2016 US$'000	2015 US$'000
Power Equipment	**4,470,590**	3,972,081
Floor Care and Appliances	**1,009,823**	1,065,923
Total	**5,480,413**	5,038,004

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:

	2016 US$'000	2015 US$'000
North America	**4,160,886**	3,772,235
Europe	**889,587**	861,029
Other countries	**429,940**	404,740
Total	**5,480,413**	5,038,004

Information about major customer

During the years ended December 31, 2016 and 2015, the Group's largest customer contributed total revenue of US$2,453,525,000 (2015: US$2,148,906,000), of which US$2,373,928,000 (2015: US$2,067,735,000) was under the Power Equipment segment and US$79,597,000 (2015: US$81,171,000) was under the Floor Care and Appliances segment. There is no other customer contributing more than 10% of total revenue.

3. Other Income

Other income in both 2016 and 2015 mainly comprises of the sale of scrap materials and claims and reimbursement from customers and vendors.

4. Finance Costs

	2016	2015
	US$'000	US$'000
Interest on:		
Bank borrowings and overdrafts	**20,938**	20,843
Obligations under finance leases	**855**	845
Fixed interest rate notes	**-**	1,747
	21,793	23,435

5. Taxation Charge

	2016	2015
	US$'000	US$'000
The total tax charge comprises:		
Hong Kong Profits Tax	**(3,439)**	(2,089)
Overseas tax	**(25,906)**	(81,721)
Deferred tax	**(1,897)**	50,996
	(31,242)	(32,814)

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

	2016	2015
	US$'000	US$'000
Profit for the year has been arrived at after charging:		
Amortisation of intangible assets	**88,649**	78,422
Amortisation of lease prepayments	**744**	739
Depreciation and amortisation on property, plant and equipment	**101,342**	90,785
Staff costs	**680,206**	621,222

Staff costs disclosed above do not include an amount of US$126,298,000 (2015: US$105,709,000) incurred of staff costs 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:

	2016	2015
	US$'000	US$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to Owners of the Company	**408,982**	354,427
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,832,139,377**	1,830,134,915
Effect of dilutive potential ordinary shares:		
Share options	**6,024,374**	7,351,461
Share award	**713,467**	402,825
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,838,877,218**	1,837,889,201

8. Additions of Property, Plant and Equipment

During the year, the Group spent approximately US$190 million (2015: US$232 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 aging 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:

	2016	2015
	US$'000	US$'000
0 to 60 days	**759,702**	699,592
61 to 120 days	**141,223**	90,601
121 days or above	**33,925**	37,744
Total trade receivables	**934,850**	827,937
Other receivables	**16,032**	21,551
	950,882	849,488

10. Trade and Other Payables

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

	2016 US$'000	2015 US$'000
0 to 60 days	**561,148**	523,034
61 to 120 days	**142,404**	140,479
121 days or above	**7,878**	9,734
Total trade payables	**711,430**	673,247
Other payables	**619,377**	487,247
	1,330,807	1,160,494

The credit period on the purchase of goods ranges from 30 days to 120 days (2015: 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

	2016 Number of shares	2015 Number of shares	**2016 US$'000**	2015 US$'000
Ordinary shares				
Authorised shares	**2,400,000,000**	2,400,000,000	**N/A**	**N/A**
Issued and fully paid:				
At the beginning of the year	**1,833,736,941**	1,831,346,941	**647,109**	643,914
Issue of shares upon exercise of share options	**1,660,000**	2,390,000	**2,105**	3,195
Buy-back of shares	**(1,500,000)**	-	**-**	-
At the end of the year	**1,833,896,941**	1,833,736,941	**649,214**	647,109

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

Month of buy-back	No. of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid US$'000
November 2016	1,000,000	28.00	27.60	3,593
December 2016	500,000	28.60	28.00	1,832
	1,500,000			5,425

The shares bought back were settled and cancelled during the year. The consideration paid on the buy-back of the shares of approximately US$5,425,000 was charged to retained profits.

12. Capital Commitments

	2016 US$'000	2015 US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**32,828**	20,942

13. Contingent Liabilities

	2016 US$'000	2015 US$'000
Guarantees given to banks in respect of credit facilities utilised by associates	**9,545**	8,877