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, 2019

Highlights

	2019 US$' million	2018 US$' million	**Changes**
Revenue	**7,667**	7,021	**+9.2%**
Gross profit margin	**37.7%**	37.2%	**+50 bps**
EBIT	**673**	607	**+10.9%**
Profit attributable to Owners of the Company	**615**	552	**+11.3%**
Basic earnings per share (US cents)	**33.67**	30.16	**+11.6%**
Dividend per share (approx. US cents)	**13.26**	11.33	**+17.0%**

- Net profit grew 11.3% and sales expanded 9.2%
- Gross margin improved for the eleventh consecutive year
- Flagship Milwaukee Tool business continues to grow 20%+ in local currency
- RYOBI cordless sales delivered double-digit sales growth

The board of directors (the "Directors" or the "Board") of Techtronic Industries Company Limited ("TTI" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended December 31, 2019 together with the comparative figures in 2018.

TTI is pleased to announce our 2019 performance achieved record profits marking a decade of revenue growth. We built on our strong first half performance by delivering record second half results, driven by the development of new products and expansion across all categories, verticals and geographies.

Gross margin, EBIT, and net profit outpaced our impressive topline growth. TTI enters 2020 with a formidable record of industry leading performance, focused on our strategic drivers of powerful brands, innovative products, leading edge technology, exceptional people, and operational excellence.

BUSINESS HIGHLIGHTS

Solid Corporate Performance

TTI reported sales of US$7.7 billion, an increase of 9.2% over 2018 and 10.7% growth in local currency. The defining force behind our sustained success is our cordless leadership strategy. We continue to expand our cordless product families by further investing in our core lithium battery platforms, driving cutting-edge brushless motor technology and developing state-of-the art electronics and power management systems. The result is a flow of new products with demonstrable end-user benefits. Our flagship Power Equipment business, representing 88.6% of total sales, grew 13.0% to US$6.8 billion. Driving this stellar performance is our Milwaukee Tool business with another year of impressive performance of 21.7% growth in local currency while the RYOBI ONE+ business generated a high single digit sales increase. We continued to make progress in the Floor Care and Appliance business with the strategic cordless and carpet washing categories up 18.9% over 2018. The overall Floor Care business declined 13.5%, however EBIT improved 12.8% as we strengthened the division by exiting certain European markets and discontinuing non-strategic legacy categories. Despite the sales decline, we are very encouraged with the performance of our cordless and carpet washing categories, which have both been well received by the market and have delivered significant growth.

TTI continued to consolidate and strengthen its position in North America delivering industry leading growth of over 10.2% while EMEA grew an outstanding 13.5% in local currency. Our selective geographic expansion into targeted under-represented markets is progressing with successes in key markets in the Nordic and Eastern European arena. In rest of world, Australia and our Asia businesses again produced another excellent year with above market growth at 10.0% in local currency.

Continuing Operational Excellence

Our flow of high margin new products, mix management, productivity gains and volume leverage helped drive the gross margin up for the 11th successive year. Gross margin expanded from 37.2% in 2018 to 37.7% in 2019. We maintained a relentless focus on operational excellence through the TTI OPEX system, generating efficiencies throughout our operations and expanding the supply chain beyond the traditional base. To support our rapid growth, we have made investments to expand our global manufacturing footprint in Asia, Mexico and the USA. Our manufacturing operation in Vietnam which has expanded rapidly over the last year has now become a strategically important part of our global manufacturing operations. These initiatives are delivering world-class service levels, high quality products, while helping us mitigate headwinds, including tariffs, and positioning TTI for future growth.

Delivering Financial Performance

EBIT increased 10.9% to US$673 million, with the EBIT margin improving by 10 basis points to 8.8%. Shareholders’ profits rose 11.3% to US$615 million, with earnings per share increasing 11.6% over 2018 to US33.67 cents. Through our disciplined working capital management, we delivered a gearing of 0.5% and working capital as 14.3% of sales.

The Board is recommending a final dividend of HK58.00 cents (approximately US7.46 cents) per share. Together, with the interim dividend of HK45.00 cents (approximately US5.79 cents) per share, this will result in a full-year dividend of HK103.00 cents (approximately US13.26 cents) per share, against HK88.00 cents (approximately US11.33 cents) per share in 2018, an increase of 17.0%.

High-Performance Strategy

A core foundation for our continued success has been an uninterrupted strategic focus on cordless technology over the years. We have remained dedicated to the four strategic pillars of Powerful Brands, Innovative Products, Exceptional People and Operational Excellence that have allowed us to concentrate on building an organization that delivers sustained performance, growth and profitability. TTI has followed its cordless leadership strategy in prioritizing the development of the cordless technologies necessary to bring revolutionary and ergonomic products to our end-users. We are leveraging our global product development resources and enhancing our well established power tool battery platforms for MILWAUKEE and RYOBI that are the most extensive in the industry as well as our newly launched battery platform for our floor care business. We see a bright future as we pursue the expansion of our cordless technology into new product categories.

We have identified new targets which are in line with our product development. An exciting and revolutionary development is the launch of the industrial MILWAUKEE MX FUEL Equipment system. The system is the result of extensive research and development into the industrial construction and maintenance equipment industries. This new groundbreaking cordless system is the platform that provides the technology and capability for Milwaukee Tool to step into the light equipment space.

REVIEW OF OPERATIONS

Power Equipment, Accessories, Storage, and Hand Tools

TTI's Power Equipment business, featuring MILWAUKEE industrial tools, RYOBI DIY power tools and RYOBI outdoor products delivered outstanding organic growth in all key markets with revenue increasing 13.0% to US$6.8 billion. The relentless development of new innovative products, targeted sales and marketing investments and strategic geographic expansion all drove the stellar 2019 performance. Operating profit was up 10.8% to US$663 million. The Power Equipment business represented 88.6% of total sales.

Industrial

Our flagship MILWAUKEE Industrial Tool business delivered exceptional worldwide sales growth of over 21.7% in local currency. The ongoing introduction of disruptive technology and innovative new products resulted in significant expansion across new and existing product categories and geographies. Milwaukee Tool is capturing new users in targeted core trades of electrical, mechanical, plumbing, remodeling, transportation maintenance and power utility. Driven by technological advancements, MILWAUKEE products deliver improved safety, performance and productivity solutions for professional and industrial users throughout the world.

Power Tools

Our MILWAUKEE Power Tool business is leveraging on its disruptive cordless technology, converting users to our clean lithium battery energy from legacy power systems such as corded, pneumatic, hydraulic and gas. Leading the way is the MILWAUKEE M18 platform with over 195 tools on a single platform and the M12 platform with over 115 compatible products.

MILWAUKEE remains focused on introducing new technology to support existing system users in addition to attracting new users to the extensive MILWAUKEE M12 and M18 cordless systems. The introduction of the M18 REDLITHIUM HIGH OUTPUT CP 3.0 and XC 8.0 battery packs offer 50% more power while running 50% cooler and delivering up to 60% more runtime. In addition, Milwaukee Tool continues investing and expanding the solutions in the FUEL brushless system enabling the conversion of alternate power sources while increasing safety and productivity on the jobsite. As an example, the M18 FUEL 9" Cutoff Saw eliminates the inconveniences in dealing with gas-powered cutoff saws while the M18 FUEL 7-1/4" Rear Handle Circular Saw delivers more power and faster cuts than an AC corded saw. The M18 FUEL 1" High Torque Impact Wrench is the world's first and most powerful impact wrench on the market enabling users to eliminate pneumatic hoses and cords on the worksite. The relentless dedication to the professional trades is evident throughout Milwaukee Tool's targeted industry verticals.

We recently announced the revolutionary cordless MX FUEL Equipment System. The MX FUEL cordless platform will redefine the professional light equipment sector with breakthrough levels of power delivery and one completely compatible battery system. Set to replace legacy powered technologies of corded electric, pneumatic, hydraulic and gas powered equipment, this system transforms the light equipment market by delivering the performance, run-time and durability demanded by the trades without the hazards associated with emissions, noise, vibration and the frustrations of gas maintenance. Launching with 10 products, the new MX FUEL Equipment System is the platform that provides the technology and capability for MILWAUKEE to take a giant step into the light equipment space.

Accessories

Our MILWAUKEE high-performance cordless tools are increasingly powerful and technologically advanced. The MILWAUKEE Accessory business is focused on developing accessories engineered to optimize the performance on cordless tools. Double-digit growth in the accessories business was fueled by the launch of the third generation of SHOCKWAVE driving accessories which are engineered to be the most durable, best fitting driver bits on the market. Investments in the Imperial Blades operations coupled with the introduction of product innovations drove the expansion of the high-growth oscillating category. The MILWAUKEE Carbide Cutting technology advancements are delivering user demand and resulting in exciting category growth.

Hand Tools

In 2019 the MILWAUKEE Hand Tools delivered exceptional growth propelled by innovative new products. A range of innovative mechanics hand tools with best in class features rolled out in 2019. In addition, we have launched a breakthrough range of tape measures that feature industry leading performance.

Storage

The number of tools owned by users continues to grow, creating a massive opportunity for modular and portable jobsite storage solutions. Milwaukee Tool's versatile PACKOUT system exceeds all expectations. With an astonishing growth rate in 2019, PACKOUT is now the largest assortment of professional modular storage in North America with over 20 unique products across the system. Exciting additions to the system include the PACKOUT crates, dolly, and mounting plates and most notably, the M18 PACKOUT Radio + Charger. This radio combines the powerful M18 technology with the innovative PACKOUT system resulting in the ultimate jobsite sound system. Built from the ground-up to be fully compatible with all PACKOUT modular storage products and the ability to charge all M18 Batteries, it is the ultimate connected charging solution for the jobsite.

Personal Protective Equipment

Milwaukee Tool's commitment to productivity and safety inspired the expansion into the personal protective equipment market with the introduction of over 180 new solutions thoughtfully designed to keep users safe, while improving productivity on the jobsite. These include new hard hats, safety glasses, high-visibility safety vests, respirators, hearing protection and impact resistant gloves that offer breakthrough versatility, flexibility, and durability in a market space that has seen stagnant innovation for years.

Consumer Power Tools & Outdoor Products

The RYOBI cordless business delivered double digit sales growth in 2019. After years of focused investment, RYOBI is now the global leader in DIY cordless power tools and outdoor cordless products with the 18V ONE+ and 40V Systems. The RYOBI brand is at the forefront of the cordless revolution disrupting the DIY industry with an impressive flow of new products targeting the remodeler, hobbyist, automotive and value oriented professional users to name a few. The RYOBI commitment to platform compatibility has inspired a loyal following of users and has driven significant household penetration.

The RYOBI brushless range is gaining traction worldwide. The RYOBI power tool product development focus on the DIY user is set to expand the ONE+ System beyond today's 130 tools with continued innovation breakthroughs.

The RYOBI Outdoor business generated strong mid-teen sales growth in key markets in 2019. Our RYOBI ONE+ and 40V cordless platforms are flourishing as consumers convert from gas to our environmentally friendly high-performing cordless solutions. Our cordless technology is driving a once in a generation revolution. RYOBI is now the number one cordless DIY outdoor product brand globally.

We are aggressively investing in a myriad of new ONE+ and 40V outdoor products. The new product pipeline in the 40V platform is the growth engine driving the expansion of the system. The entire 40V hand-held product range was updated for 2019, with the most significant launches including the attachment capable string trimmer, jet fan blower, hedge trimmer and a brushless chainsaw. Additionally, we launched two powerful new brushless self-propelled mowers on the 40V platform in 2019.

Floor Care and Appliances

In 2019, the Floor Care and Appliance business made outstanding progress developing the categories of Cordless cleaning and Carpet Washers. The transition has resulted in 18.9% growth in these categories year-over-year making a significant contribution to the overall business. We have been disciplined in transitioning our floor care business from dated legacy corded floor care products to high-performance cordless and newly engineered state-of-the-art carpet washers. The floor care and appliance sales decline of 13.5% from prior year was a result of our successful strategic exit of the German floor care business while improving our profitability in the segment. The disciplined expansion of in-house manufacturing for our strategic categories in cordless cleaning and carpet washing products to the US and Vietnam has been a great success. The Floorcare and Appliances business accounted for 11.4% of TTI total sales and generated US$10 million of operating profit, up 12.8% from 2018.

The HOOVER and VAX cordless ONEPWR floor care family has great potential. We launched with seven ONEPWR products including the JET Multi-floor Cleaner and the BLADE Stick Vac. Our HOOVER and VAX Carpet Washers impressively delivered strong double-digit growth, fueled by the expansion of our SMARTWASH, POWERDASH and PLATNIUM platforms, the leading carpet washers in North America and the UK.

We are excited about the potential of our Floor Care business with our key strategic focus on cordless, carpet washing and solutions. We made significant progress in 2019 in our product and manufacturing strategy, positioning the business to deliver consistently improving financial results in the years ahead.

DIVIDEND

The Directors have recommended a final dividend of HK58.00 cents (approximately US7.46 cents) per share with a total of approximately US$136,603,000 for the year ended December 31, 2019 (2018: HK50.00 cents (approximately US6.44 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 22, 2020. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about June 19, 2020. This payment, together with the interim dividend of HK45.00 cents (approximately US5.79 cents) per share (2018: HK38.00 cents (approximately US4.89 cents)) paid on September 20, 2019, makes a total payment of HK103.00 cents (approximately US13.26 cents) per share for 2019 (2018: HK88.00 cents (approximately US11.33 cents)).

FINANCIAL REVIEW

FINANCIAL RESULTS

Result Analysis

The Group's revenue for the year amounted to US$7.7 billion, an increase of 9.2% as compared to US$7.0 billion in 2018. Profit attributable to Owners of the Company amounted to US$615 million as compared to US$552 million in 2018, an increase of 11.3%. Basic earnings per share for the year improved to US33.67 cents as compared to US30.16 cents in 2018.

EBIT amounted to US$673 million, an increase of 10.9% as compared to US$607 million in 2018.

Gross Margin

Gross margin improved to 37.7% as compared to 37.2% last year. The margin improvement was the result of new product introduction, mix management, category expansion, highly disciplined and efficient operation systems and volume leverage together with very effective action plans mitigating tariffs impact.

Operating Expenses

Total operating expenses for the year amounted to US$2,230 million as compared to US$2,014 million in 2018, representing 29.1% of turnover (2018: 28.7%). The increase was mainly due to the strategic investments in new products and promotional activities to maintain the sales growth momentum and continual margin improvements.

Investments in product design and development amounted to US$230 million, representing 3.0% of turnover (2018: 2.9%) reflecting our continuous strive for innovation. We will continue to invest in breakthrough technology and deliver broad base end-user products and categories as these are most critical not only to maintain sales growth momentum but also margin expansions.

Net interest expenses for the year amounted to US$12 million as compared to US$13 million in 2018, a reduction of US$1 million or 5.7% despite the increase in business volume and higher interest rate environment as compared to previous year. Interest coverage, expressed as a multiple of EBITDA to total interest was 19.8 times (2018: 22.9 times).

The effective tax rate, being tax charged for the year to before tax profits was at 7.0% (2018: 7.1%). The Group will continue to leverage its global operations and align its strategy to cope with various tax policies change globally to further improve overall tax efficiencies.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' Funds

Total shareholders' funds amounted to US$3.4 billion as compared to US$3.1 billion in 2018. Book value per share was at US$1.85 as compared to US$1.67 last year, an increase of 10.8%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2019, the Group's cash and cash equivalents amounted to US$1,412 million (2018: US$1,104 million), of which 44.6%, 28.6%, 9.4% and 17.4% were denominated in US$, 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, was at 0.5% as compared to net cash in 2018. The Group remains confident that gearing will remain low going forward.

Bank Borrowings

Long term borrowings accounted for 52.9% of total debts (2018: 56.0%).

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

Amongst the bank borrowings, fixed rate debts account for 12.6% of the total bank borrowings, the balance being floating rate debts.

Working Capital

Total inventory was at US$2,113 million as compared to US$1,767 million in 2018. Days inventory increased by 9 days from 92 days to 101 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 and to mitigate tariffs impact. The Group will continue to focus in managing the inventory level and improve inventory turns.

Trade receivable turnover days were at 55 days as compared to 57 days last year. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 52 days as compared to 53 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 104 days as compared to 100 days in 2018 as the Group managed to leverage the volume and order visibility for better trade terms from suppliers.

Working capital as a percentage of sales was at 14.3% as compared to 13.3% in 2018.

Capital Expenditure

Total capital expenditures for the year amounted to US$375 million and additional US$82 million for headquarters located in the USA (2018: US$259 million).

Capital Commitments and Contingent Liabilities

As at December 31, 2019, total capital commitments for the acquisition of property, plant and equipment contracted for but not provided amounted to US$58 million (2018: US$119 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, 2019

(i) the Group's largest customer and five largest customers accounted for approximately 46.8% and 55.7% respectively of the Group's total revenue; and

(ii) the Group's largest supplier and five largest suppliers accounted for approximately 7.0% and 19.1% 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 33,177 employees as at December 31, 2019 (2018: 28,972) in Hong Kong and overseas. Total staff cost for the year under review amounted to US$1,337 million (2018: US$1,117 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 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, 2019. 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, 2019, 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, 2019.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

A total of 2,350,000 ordinary shares were cancelled by the Company during the year, among which (i) 850,000 shares were bought back and settled during the year at prices ranging from HK$40.45 to HK$41.50; and (ii) 1,500,000 shares were bought back in December 2018 and cancelled in January 2019 at prices ranging from HK$41.25 to HK$43.00. The aggregate amount paid by the Company for such buy-backs cancelled during the year amounting to US$12,644,000 was charged to the retained earnings.

The shares bought back were cancelled immediately and accordingly the issued share capital of the Company was reduced correspondingly. The buy-backs of the Company's shares during the year were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CLOSURE OF REGISTER OF MEMBERS

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

To ascertain members' eligibility to attend and vote at the 2020 Annual General Meeting, the register of members of the Company will be closed from May 13, 2020 to May 15, 2020, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2020 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on May 12, 2020.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 22, 2020 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on May 21, 2020.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on May 15, 2020 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.

Strong Outlook

TTI has an enviable track record of organically growing the top and bottom lines faster than our competitors. Looking forward, we have outlined strategic targets for expanding the product families around our leading MILWAUKEE and RYOBI battery platforms, entering new vertical markets and selective geographic expansion which create exciting opportunities for continued, above-market, sustained growth. These targets are aligned with our investments in R&D, strategic SG&A and new product development teams to continue delivering a flow of technically advanced innovative products that are fundamentally changing the way our users work at home and on the jobsite.

The Coronavirus is a global concern and with the situation as it currently stands today, we believe that we are well positioned given our diversified manufacturing base and supply chain to deal with the challenges that may present themselves and we are confident we will be able to deliver a solid 2020.

TTI remains committed to our strategic initiative of expanding our cordless leadership. One of the key factors is TTI OPEX which supports our world class product development system, drives deep management discipline and financial rigor. TTI is highly focused on further developing our world-class organization and has a pool of talent progressing through our Leadership Development Program. We are dedicated to stringent governance practices, sustainability and to increasing our positive impact on the environment.

We would like to thank our loyal customers, suppliers, shareholders, Board and entire TTI organization for another outstanding year. Our dedicated, skilled and passionate teams across the globe are enabling us to continuously achieve outstanding results. It is our unrelenting bold vision, customer focus and business momentum that will make 2020 another successful year and position TTI with exciting opportunities in the decade to come.

By Order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, March 4, 2020

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

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

RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2019

	Notes	**2019 US$'000**	2018 US$'000
Revenue	*2*	**7,666,721**	7,021,182
Cost of sales		**(4,774,065)**	(4,406,605)
Gross profit		**2,892,656**	2,614,577
Other income	*3*	**10,542**	7,013
Interest income		**40,215**	25,204
Selling, distribution and advertising expenses		**(1,195,138)**	(1,103,437)
Administrative expenses		**(804,989)**	(708,135)
Research and development costs		**(229,796)**	(202,563)
Finance costs	*4*	**(52,323)**	(38,049)
Profit before share of results of associates and taxation		**661,167**	594,610
Share of results of associates		**119**	-
Profit before taxation		**661,286**	594,610
Taxation charge	*5*	**(46,290)**	(42,070)
Profit for the year	*6*	**614,996**	552,540
Other comprehensive (loss) income:			
Items that will not be reclassified subsequently to profit or loss, net of related income tax:			
Remeasurement of defined benefit obligations		**(8,361)**	(111)
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss) gain on foreign currency forward contracts and cross-currency interest rate swap in hedge accounting		**(10,856)**	50,232
Exchange differences on translation of foreign operations		**(8,071)**	(49,173)
Other comprehensive (loss) income for the year		**(27,288)**	948
Total comprehensive income for the year		**587,708**	553,488

	Note	**2019** **US$'000**	2018 US$'000
Profit for the year attributable to:			
Owners of the Company		**614,900**	552,463
Non-controlling interests		**96**	77
		614,996	552,540
Total comprehensive income attributable to:			
Owners of the Company		**587,612**	553,411
Non-controlling interests		**96**	77
		587,708	553,488
Earnings per share (US cents)	*7*		
Basic		**33.67**	30.16
Diluted		**33.55**	30.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Notes	**2019** **US$'000**	2018 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*8 & 12*	**1,086,559**	790,936
Lease prepayments		**-**	28,475
Right of use assets		**247,144**	-
Goodwill		**580,866**	581,215
Intangible assets		**666,705**	620,801
Interests in associates		**3,243**	3,664
Financial assets at fair value through profit of loss		**5,796**	5,361
Derivative financial instruments		**8,929**	9,441
Deferred tax assets		**74,947**	83,945
		2,674,189	2,123,838
Current assets			
Inventories		**2,112,931**	1,766,722
Right to returned goods asset		**15,342**	14,005
Trade and other receivables	*9*	**1,228,573**	1,126,798
Deposits and prepayments		**169,076**	126,841
Bills receivable		**6,076**	5,057
Tax recoverable		**23,887**	12,852
Trade receivables from associates		**6,494**	2,253
Derivative financial instruments		**25,065**	33,788
Financial assets at fair value through profit of loss		**24,597**	32,828
Bank balances, deposits and cash		**1,411,821**	1,103,880
		5,023,862	4,225,024
Current liabilities			
Trade and other payables	*10*	**2,177,417**	1,921,452
Bills payable		**46,170**	41,164
Warranty provision		**115,210**	105,215
Tax payable		**19,596**	15,300
Derivative financial instruments		**17,493**	712
Lease liabilities		**63,878**	-
Obligations under finance leases - due within one year		**-**	288
Discounted bills with recourse		**9,089**	243,360
Unsecured borrowings - due within one year		**732,380**	255,228
Refund liabilities from right of return		**36,474**	33,267
		3,217,707	2,615,986
Net current assets		**1,806,155**	1,609,038
Total assets less current liabilities		**4,480,344**	3,732,876

	Note	**2019** **US$'000**	2018 US$'000
Capital and Reserves			
Share capital	*11*	**662,379**	654,991
Reserves		**2,732,266**	2,402,780
Equity attributable to Owners of the Company		**3,394,645**	3,057,771
Non-controlling interests		**(334)**	(430)
Total equity		**3,394,311**	3,057,341
Non-current Liabilities			
Lease liabilities		**174,490**	-
Obligations under finance leases - due after one year		**-**	725
Unsecured borrowings - due after one year		**754,628**	540,214
Retirement benefit obligations		**143,461**	119,974
Deferred tax liabilities		**13,454**	14,622
		1,086,033	675,535
Total equity and non-current liabilities		**4,480,344**	3,732,876

NOTES TO THE CONSOLIDATED 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 value, as appropriate.

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

The financial information relating to the years ended December 31, 2019 and 2018 included in this preliminary announcement of annual results 2019 do not constitute the Company's statutory annual consolidated financial statements for those years but are derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended December 31, 2018 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, 2019 in due course.

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

Application of New and Revised Hong Kong Financial Reporting Standards
New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and the interpretation 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 financial statements.

1.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, January 1, 2019. As at January 1, 2019, the Group recognized additional lease liabilities and measured right of use assets ("ROU assets") at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16. C8(b)(i) transition. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognize ROU assets and lease liabilities for leases with lease term ending within 12 months from the date of initial application;

iii. excluded initial direct costs from measuring the ROU assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is approximately 2.8%.

	At January 1, 2019 US$'000
Operating lease commitments disclosed as at December 31, 2018	**316,373**
Lease liabilities discounted at relevant incremental borrowing rates	**287,180**
Add: Extension options reasonably certain to be exercised	**1,863**
Less: Recognition exemption – short-term leases	**(585)**
Recognition exemption – low value assets	**(4,580)**
Leases not yet commenced to which the entity is committed	**(5,301)**
Non-lease components to be excluded from the lease liability	**(880)**
Lease liabilities relating to operating leases recognized upon application of HKFRS 16	**277,697**
Add: Obligations under finance leases recognized at December 31, 2018 (note b)	**1,013**
Lease liabilities as at January 1, 2019	**278,710**
Analyzed as	
Current	**55,559**
Non-current	**223,151**
	278,710

The carrying amount of ROU assets as at January 1, 2019 comprises the following:

	Right of use assets US$'000
Right of use assets relating to operating leases recognized upon application of HKFRS 16	**255,558**
Reclassification from lease prepayments (note a)	**28,475**
Amounts included in property, plant and equipment under HKAS 17	
- Assets previously under finance leases (note b)	**715**
	284,748
By class:	
Leasehold land (lease prepayments)	**28,475**
Land and buildings	**210,715**
Office equipment, furniture and fixtures	**2,528**
Plant and machinery	**2,930**
Motor vehicles	**34,963**
Aircraft	**5,137**
	284,748

Note a: Upfront payments for leasehold lands were classified as lease prepayments as at December 31, 2018. Upon application of HKFRS 16, the lease prepayments amounting to US$ 28,475,000 were reclassified to ROU assets.

Note b: In relation to assets previously under finance leases, the Group recategorized the carrying amounts of the relevant assets which were still under lease as at January 1, 2019 amounting to US$715,000 as ROU assets. In addition, the Group reclassified the obligations under finance leases of US$288,000 and US$725,000 to lease liabilities as current and non-current liabilities respectively at January 1, 2019.

The following table summarizes the impact of transition to HKFRS 16 on retained profits at January 1, 2019.

	Impact of adopting HKFRS 16 at January 1, 2019
	US$'000
Retained profits	
Recognition of the differences between right of use assets and lease liabilities	**18,753**

The following adjustments were made to the amounts recognized in the consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2018	**Reclassifications**	**Adjustments**	**Carrying amounts under HKFRS 16 at January 1, 2019**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current Assets				
Property, plant and equipment	**790,936**	**(715)**	**-**	**790,221**
Lease prepayments	**28,475**	**(28,475)**	**-**	**-**
Right of use assets	**-**	**29,190**	**255,558**	**284,748**
Deferred tax assets	**83,945**	**-**	**3,386**	**87,331**
Current Liabilities				
Lease liabilities	**-**	**288**	**55,271**	**55,559**
Obligations under finance leases	**288**	**(288)**	**-**	**-**
Non-current Liabilities				
Lease liabilities	**-**	**725**	**222,426**	**223,151**
Obligations under finance leases	**725**	**(725)**	**-**	**-**
Capital and Reserves				
Retained profits	**2,559,178**	**-**	**(18,753)**	**2,540,425**

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended December 31, 2019, movements in working capital have been computed based on opening statement of financial position as at January 1, 2019 as disclosed above.

New and revised HKFRSs in issue 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:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after January 1, 2021.
2 Effective for annual periods beginning on or a date to be determined.
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020.
4 Effective for annual periods beginning on or after January 1, 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after January 1, 2020.

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.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in HKFRS 9 Financial Instruments ("HKFRS 9") and HKAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments also require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments. There are also amendments to HKFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

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, 2019

	Power Equipment US$'000	**Floor Care and Appliances US$'000**	**Eliminations US$'000**	**Consolidated US$'000**
Segment revenue				
External sales	**6,791,514**	**875,207**	**-**	**7,666,721**
Inter-segment sales	**-**	**205**	**(205)**	-
Total segment revenue	**6,791,514**	**875,412**	**(205)**	**7,666,721**

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	**662,931**	**10,344**	**-**	**673,275**
Interest income				**40,215**
Finance costs				**(52,323)**
Share of results of associates				**119**
Profit before taxation				**661,286**
Taxation charge				**(46,290)**
Profit for the year				**614,996**

For the year ended December 31, 2018

	Power Equipment US$'000	Floor Care and Appliances US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	6,009,495	1,011,687	-	7,021,182
Inter-segment sales	-	1,442	(1,442)	-
Total segment revenue	6,009,495	1,013,129	(1,442)	7,021,182

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	598,283	9,172	-	607,455
Interest income				25,204
Finance costs				(38,049)
Profit before taxation				594,610
Taxation charge				(42,070)
Profit for the year				552,540

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.

Revenue from major products

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

	2019 US$'000	2018 US$'000
Power Equipment	**6,791,514**	6,009,495
Floor Care and Appliances	**875,207**	1,011,687
Total	**7,666,721**	7,021,182

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

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:

	2019	2018
	US$'000	US$'000
North America	**5,909,781**	5,371,768
Europe	**1,160,614**	1,071,056
Other countries	**596,326**	578,358
Total	**7,666,721**	7,021,182

Information about major customer

During the years ended December 31, 2019 and 2018, the Group's largest customer contributed total revenue of US$3,586,339,000 (2018: US$3,194,744,000), of which US$3,530,735,000 (2018: US$3,143,450,000) was under the Power Equipment segment and US$55,604,000 (2018: US$51,294,000) 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 2019 and 2018 mainly comprises of the sale of scrap materials and claims and reimbursements from customers and vendors.

4. Finance Costs

	2019	2018
	US$'000	US$'000
Interests on:		
Bank borrowings	**45,620**	37,407
Interest on lease liabilities	**6,703**	-
Obligations under finance leases	**-**	642
	52,323	38,049

5. Taxation Charge

	2019	2018
	US$'000	US$'000
The total tax charge comprises:		
Hong Kong Profits Tax	**(713)**	(3,145)
Overseas tax	**(32,603)**	(30,171)
Deferred tax	**(12,974)**	(8,754)
	(46,290)	(42,070)

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

	2019	2018
	US$'000	US$'000
Profit for the year has been arrived at after charging:		
Amortization of intangible assets	**109,037**	108,758
Amortization of lease prepayments	**-**	747
Depreciation on property, plant and equipment	**144,663**	129,229
Staff costs	**1,162,702**	967,536

Staff costs disclosed above do not include an amount of US$174,477,000 (2018: US$149,073,000) 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:

	2019	2018
	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	**614,900**	552,463
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,826,362,982**	1,831,782,645
Effect of dilutive potential ordinary shares:		
Share options	**5,004,102**	5,678,803
Share award	**1,155,989**	505,165
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,832,523,073**	1,837,966,613

The computation of diluted earnings per share does not assume the exercise of certain Company's share options because the exercise prices of those options were higher than the average market price of the Company's shares for the year ended December 31, 2019.

8. Additions of Property, Plant and Equipment

During the year, the Group spent approximately US$457 million (2018: US$259 million) on the acquisition of property, plant and equipment.

9. Trade and Other Receivables

The Group had a policy of allowing credit periods ranging mainly from 30 days to 120 days. The ageing analysis of trade receivables, net of allowances for credit losses, presented on the basis of the revenue recognition date, which is usually the invoice date, at the end of the reporting period is as follows:

	2019	2018
	US$'000	US$'000
0 to 60 days	**966,306**	680,424
61 to 120 days	**137,389**	346,055
121 days or above	**57,406**	62,684
Total trade receivables	**1,161,101**	1,089,163
Other receivables	**67,472**	37,635
	1,228,573	1,126,798

10. Trade and Other Payables

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

	2019	2018
	US$'000	US$'000
0 to 60 days	**908,313**	822,557
61 to 120 days	**217,144**	248,261
121 days or above	**5,829**	15,006
Total trade payables	**1,131,286**	1,085,824
Other payables	**1,046,131**	835,628
	2,177,417	1,921,452

The credit period on the purchase of goods ranges from 30 days to 120 days (2018: 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

	2019 Number of shares	2018 Number of shares	2019 US$'000	2018 US$'000
Ordinary shares				
Authorized shares	**2,400,000,000**	2,400,000,000	**N/A**	N/A
Issued and fully paid:				
At the beginning of the year	**1,828,521,941**	1,835,021,941	**654,991**	653,918
Issue of shares upon exercise of share options	**3,835,000**	600,000	**7,388**	1,073
Buy-back of shares	**(2,350,000)**	(7,100,000)	**-**	-
At the end of the year	**1,830,006,941**	1,828,521,941	**662,379**	654,991

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

Month of cancellation	No. of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid US$'000
January 2019	**2,350,000**	**43.00**	**40.45**	**12,644**

The shares bought back were settled and cancelled during the year. The consideration paid on the buy-back of the shares of approximately US$12,644,000 was charged to retained profits.

12. Capital Commitments

	2019 US$'000	2018 US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**58,380**	119,350

13. Contingent Liabilities

	2019 US$'000	2018 US$'000
Guarantees given to banks in respect of credit facilities utilized by associates	**8,877**	8,877

14. Subsequent Event

The outbreak of the 2019 Novel Coronavirus ("COVID-19") in PRC and the subsequent quarantine measures imposed by the PRC government has had an impact on the Group's operation in China. The Group had to suspend its manufacturing activities since late January 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic. The Group has resumed its manufacturing activities since early February 2020 and is already at approximately 70% capacity as at the date hereof.

The directors of the Company are monitoring the financial impact that the COVID-19 will have on the Group's consolidated financial statements as at the date that these financial statements are authorized for issue.