11. Profit for the Year

	2012 USD'000	2011 USD'000
Profit for the year has been arrived at after charging (crediting):		
Amortisation of intangible assets	**55,188**	49,084
Auditors' remuneration	**3,027**	3,369
Amortisation of lease prepayments	**783**	765
Fair value loss on held-for-trading investments	**2,308**	2,444
Fair value loss on foreign currency forward contracts	**4,481**	3,314
Fair value (gain) loss on interest rate swap	**(101)**	2,425
Fair value loss on a warrant	**222**	330
Cost of inventories recognised as an expense	**2,563,176**	2,473,407
Depreciation and amortisation on property, plant and equipment		
Owned assets	**71,474**	66,977
Assets held under finance leases	**1,641**	2,920
Impairment loss on trade receivables	**3,428**	2,992
Gain on disposal of an associate	**(1,149)**	—
Loss (gain) on disposal of property, plant and equipment	**4,392**	(4,990)
Net exchange loss	**3,360**	672
Operating lease expenses recognised in respect of:		
Premises	**26,700**	24,959
Motor vehicles	**13,589**	12,343
Plant and machinery	**4,700**	4,191
Other assets	**2,516**	3,931
Unconditional government grants	**(43)**	(252)
Write down of intangible assets	**1,502**	11
Write down of inventories	**15,280**	8,259
Staff costs		
Directors' remuneration		
Fees	**216**	176
Other emoluments	**18,558**	18,786
	18,774	18,962
Other staff costs	**433,127**	398,418
Retirement benefits scheme contributions (other than those included in the Directors' emoluments)		
Defined contribution plans	**4,733**	3,282
Defined benefit plans (Note 45)	**4,142**	5,051
	460,776	425,713

Staff costs disclosed above do not include an amount of USD77,584,000 (2011: USD67,434,000) relating to research and development activities.

12. Director's Emoluments

The emoluments paid or payable to each of the eleven (2011: eleven) directors were as follows:

For the year ended December 31, 2012

		Other emoluments				
	Fees USD'000	Basic salaries and allowances USD'000	Contributions to retirement benefits schemes USD'000	Bonus paid USD'000	Share-based payments USD'000	Total USD'000
Mr Horst Julius Pudwill	—	1,557	2	2,941	108	4,608
Mr Joseph Galli Jr	—	1,200	2	9,298	—	10,500
Mr Kin Wah Chan	—	660	2	466	—	1,128
Mr Chi Chung Chan	—	660	2	500	—	1,162
Mr Stephan Horst Pudwill	—	316	2	245	125	688
Prof Roy Chi Ping Chung BBS JP	36	6	—	—	—	42
Mr Joel Arthur Schleicher	36	38	—	—	59	133
Mr Christopher Patrick Langley OBE	36	21	—	—	59	116
Mr Manfred Kuhlmann	36	45	—	—	54	135
Mr Peter David Sullivan	36	48	—	—	59	143
Mr Vincent Ting Kau Cheung	36	24	—	—	59	119
Total	216	4,575	10	13,450	523	18,774

12. Director's Emoluments *(continued)*

For the year ended December 31, 2011

		Other emoluments				
	Fees USD'000	Basic salaries and allowances USD'000	Contributions to retirement benefits schemes USD'000	Bonus paid USD'000	Share-based payments USD'000	Total USD'000
Mr Horst Julius Pudwill	—	1,557	2	2,051	141	3,751
Mr Joseph Galli Jr	—	1,200	2	7,900	42	9,144
Mr Kin Wah Chan	—	634	2	226	42	904
Mr Chi Chung Chan	—	633	2	235	42	912
Mr Stephan Horst Pudwill	—	296	2	88	42	428
Prof Roy Chi Ping Chung BBS JP	16	661	1	2,558 (Note)	25	3,261
Mr Vincent Ting Kau Cheung	32	22	—	—	46	100
Mr Joel Arthur Schleicher	32	38	—	—	46	116
Mr Christopher Patrick Langley OBE	32	25	—	—	46	103
Mr Manfred Kuhlmann	32	42	—	—	46	120
Mr Peter David Sullivan	32	45	—	—	46	123
Total	176	5,153	11	13,058	564	18,962

Note: Amount shown above included a retirement gratuity.

The bonuses paid were based on performance of the Group.

13. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, three (2011: three) were directors of the Company whose emoluments are included in Note 12 above. The emoluments of the remaining two (2011: two) individuals for the year ended December 31, 2012 were as follows:

	2012 USD'000	2011 USD'000
Basic salaries and allowances	**1,056**	982
Contributions to retirement benefits schemes	**80**	64
Bonus paid	**1,323**	909
Other benefit	**14**	842
Share-based payments	**11**	57
	2,484	2,854

13. Employees' Emoluments *(continued)*

The emoluments of these two (2011: two) highest paid individuals for the year ended December 31, 2012 were within the following band:

	No. of persons	
USD	**2012**	2011
1,000,001 to 1,500,000	**2**	1
1,500,001 to 2,000,000	**—**	1

During each of the two years ended December 31, 2012 and 2011, no emoluments have been paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived any emoluments during those years.

14. Dividends

	2012 USD'000	2011 USD'000
Dividends recognised as distributions during the year:		
Final dividend paid:		
2011: HK7.75 cents (approximately US1.00 cent)		
(2010: HK6.25 cents (approximately US0.80 cent)) per share	**18,185**	12,907
Interim dividend paid:		
2012: HK6.75 cents (approximately US0.87 cent)		
(2011: HK5.00 cents (approximately US0.64 cent)) per share	**15,838**	10,347
	34,023	23,254

The final dividend of HK10.75 cents (approximately US1.38 cents) per share in respect of the year ended December 31, 2012 (2011: final dividend of HK7.75 cents (approximately US1.00 cent) per share in respect of the year ended December 31, 2011) has been proposed by the directors and is subject to approval by the shareholders in the Annual General Meeting.

15. 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:

	2012	2011
	USD'000	USD'000
		(Restated)
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to Owners of the Company	**200,991**	152,009
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds	**5,128**	18,040
Earnings for the purpose of diluted earnings per share	**206,119**	170,049
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,760,169,540**	1,605,594,626
Effect of dilutive potential ordinary shares:		
Share options	**5,390,842**	3,391,650
Convertible bonds	**64,489,800**	223,557,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,830,050,182**	1,832,543,276

16. Property, Plant and Equipment

	Freehold land and buildings outside Hong Kong (Note) USD'000	Leasehold improvements USD'000	Office equipment, furniture and fixtures USD'000	Plant and machinery USD'000	Motor vehicles USD'000	Moulds and tooling USD'000	Vessels USD'000	Construction in progress USD'000	Total USD'000
The Group									
Cost									
At January 1, 2011	171,020	46,461	139,214	233,021	4,734	253,967	2,289	38,423	889,129
Currency realignment	(511)	907	16	1,325	(61)	396	9	362	2,443
Additions	—	1,630	12,279	15,709	709	16,879	—	48,235	95,441
Disposals	(28,320)	(1,394)	(10,335)	(58,088)	(797)	(70,078)	—	(508)	(169,520)
Reclassification	473	4,362	3,259	4,483	89	12,272	—	(24,938)	—
At December 31, 2011	142,662	51,966	144,433	196,450	4,674	213,436	2,298	61,574	817,493
Currency realignment	912	488	1,448	1,363	5	606	—	260	5,082
Additions	45	1,192	7,944	8,549	625	15,681	—	68,928	102,964
Disposals	(4,897)	(473)	(4,383)	(2,625)	(498)	(38,532)	—	(3,707)	(55,115)
Reclassification	8,723	11,117	5,313	4,247	162	39,265	—	(68,827)	—
At December 31, 2012	**147,445**	**64,290**	**154,755**	**207,984**	**4,968**	**230,456**	**2,298**	**58,228**	**870,424**
Depreciation									
At January 1, 2011	56,875	14,553	110,546	163,183	3,441	200,828	266	—	549,692
Currency realignment	(351)	132	(86)	(90)	(12)	(315)	1	—	(721)
Provided for the year	5,426	5,827	12,287	15,033	654	30,211	459	—	69,897
Eliminated on disposals	(22,174)	(1,351)	(9,157)	(57,999)	(708)	(70,068)	—	—	(161,457)
At December 31, 2011	39,776	19,161	113,590	120,127	3,375	160,656	726	—	457,411
Currency realignment	247	203	948	583	19	236	—	—	2,236
Provided for the year	5,815	4,022	12,109	16,006	423	34,280	460	—	73,115
Eliminated on disposals	(2,592)	(395)	(3,697)	(2,279)	(439)	(37,090)	—	—	(46,492)
At December 31, 2012	**43,246**	**22,991**	**122,950**	**134,437**	**3,378**	**158,082**	**1,186**	**—**	**486,270**
Carrying amounts									
At December 31, 2012	**104,199**	**41,299**	**31,805**	**73,547**	**1,590**	**72,374**	**1,112**	**58,228**	**384,154**
At December 31, 2011	102,886	32,805	30,843	76,323	1,299	52,780	1,572	61,574	360,082

Note: Buildings with a carrying amount of USD23,599,000 (2011: USD22,460,000) are erected on leasehold land that is presented as lease prepayments on the consolidated statement of financial position.

16. Property, Plant and Equipment *(continued)*

	Buildings outside Hong Kong USD'000	Leasehold improvements USD'000	Office equipment, furniture and fixtures USD'000	Plant and machinery USD'000	Motor vehicles USD'000	Moulds and tooling USD'000	Total USD'000
The Company							
Cost							
At January 1, 2011	3,998	3,153	12,429	6,027	647	10,644	36,898
Additions	—	—	533	—	—	—	533
Disposals	—	(245)	(342)	(1,512)	(83)	(1,050)	(3,232)
Transfer (to) from subsidiaries	—	—	(79)	(1,161)	83	(4,343)	(5,500)
At December 31, 2011	3,998	2,908	12,541	3,354	647	5,251	28,699
Additions	—	139	1,017	—	195	—	1,351
Disposals	(3,998)	(293)	(1,252)	(164)	(96)	(408)	(6,211)
At December 31, 2012	**—**	**2,754**	**12,306**	**3,190**	**746**	**4,843**	**23,839**
Depreciation							
At January 1, 2011	1,959	3,074	10,477	4,849	558	8,579	29,496
Provided for the year	152	33	946	490	89	—	1,710
Eliminated on disposals	—	(239)	(342)	(1,512)	(83)	(1,050)	(3,226)
Transfer (to) from subsidiaries	—	—	(37)	(823)	83	(2,278)	(3,055)
At December 31, 2011	2,111	2,868	11,044	3,004	647	5,251	24,925
Provided for the year	134	33	724	341	16	—	1,248
Eliminated on disposals	(2,245)	(293)	(1,250)	(164)	(96)	(408)	(4,456)
At December 31, 2012	**—**	**2,608**	**10,518**	**3,181**	**567**	**4,843**	**21,717**
Carrying amounts							
At December 31, 2012	**—**	**146**	**1,788**	**9**	**179**	**—**	**2,122**
At December 31, 2011	1,887	40	1,497	350	—	—	3,774

The above property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis, at the following rates per annum:

Freehold land	Nil
Buildings	$2^1/_5$% - $6^2/_3$%
Leasehold improvements	$6^2/_3$% - 25%
Office equipment, furniture and fixtures	10% - $33^1/_3$%
Plant and machinery	9% - 33%
Motor vehicles	10% - 33%
Moulds and tooling	18% - $33^1/_3$%
Vessels	20%

16. Property, Plant and Equipment *(continued)*

The net book values of properties shown above comprise:

	The Group		The Company	
	2012	2011	**2012**	2011
	USD'000	USD'000	**USD'000**	USD'000
Land and buildings are situated outside Hong Kong and are analysed as follows:				
Freehold	**80,600**	80,426	**—**	—
Medium-term lease	**23,599**	22,460	**—**	1,887
	104,199	102,886	**—**	1,887

The net book values of the Group's property, plant and equipment include amounts of approximately USD4,790,000 (2011: USD5,922,000) in respect of assets held under finance leases.

The gross carrying amount of the Group's and the Company's property, plant and equipment include amounts of approximately USD274,410,000 and USD20,269,000 (2011: USD233,721,000 and USD19,997,000) respectively in respect of fully depreciated property, plant and equipment that is still in use.

17. Lease Prepayments

	The Group
	USD'000
Cost	
At January 1, 2011	37,321
Currency realignment	1,827
At December 31, 2011	39,148
Currency realignment	530
At December 31, 2012	**39,678**
Amortisation	
At January 1, 2011	1,846
Currency realignment	105
Provided for the year	765
At December 31, 2011	2,716
Currency realignment	46
Provided for the year	783
At December 31, 2012	**3,545**
Carrying amounts	
At December 31, 2012	**36,133**
At December 31, 2011	36,432

All lease prepayments are medium-term leases outside Hong Kong.

18. Goodwill

	The Group USD'000
At January 1, 2011	529,884
Currency realignment	972
At December 31, 2011	530,856
Currency realignment	304
At December 31, 2012	**531,160**

Particulars regarding impairment testing of goodwill are disclosed in Note 20.

19. Intangible Assets

	Deferred development costs USD'000	Patents USD'000	Trademarks USD'000	Manufacturing know-how USD'000	Retailer and service relationships USD'000	Non compete agreement USD'000	Total USD'000
The Group							
Cost							
At January 1, 2011	252,913	38,927	191,997	452	6,484	—	490,773
Currency realignment	1,502	111	373	1	16	—	2,003
Additions	61,784	4,344	—	—	—	—	66,128
Written off in the year	(463)	(107)	—	—	—	—	(570)
At December 31, 2011	315,736	43,275	192,370	453	6,500	—	558,334
Currency realignment	15	(1)	1	—	—	—	15
Additions	69,631	4,214	3	—	—	10,634	84,482
Written off in the year	(4,175)	(25)	(10)	—	—	—	(4,210)
At December 31, 2012	**381,207**	**47,463**	**192,364**	**453**	**6,500**	**10,634**	**638,621**
Amortisation							
At January 1, 2011	109,036	20,035	6,846	452	973	—	137,342
Currency realignment	1,098	64	27	1	2	—	1,192
Provided for the year	43,722	3,913	1,124	—	325	—	49,084
Eliminated on write off	(452)	(107)	—	—	—	—	(559)
At December 31, 2011	153,404	23,905	7,997	453	1,300	—	187,059
Currency realignment	18	(1)	(2)	—	—	—	15
Provided for the year	47,887	4,611	1,124	—	325	1,241	55,188
Eliminated on write off	(2,673)	(25)	(10)	—	—	—	(2,708)
At December 31, 2012	**198,636**	**28,490**	**9,109**	**453**	**1,625**	**1,241**	**239,554**
Carrying amounts							
At December 31, 2012	**182,571**	**18,973**	**183,255**	**—**	**4,875**	**9,393**	**399,067**
At December 31, 2011	162,332	19,370	184,373	—	5,200	—	371,275

19. Intangible Assets *(continued)*

	Deferred development costs USD'000	Patents USD'000	Total USD'000
The Company			
Cost			
At January 1, 2011	70,808	6,700	77,508
At December 31, 2011 and December 31, 2012	**70,808**	**6,700**	**77,508**
Amortisation			
At January 1, 2011	44,624	6,696	51,320
Provided for the year	11,476	2	11,478
At December 31, 2011	56,100	6,698	62,798
Provided for the year	8,799	2	8,801
At December 31, 2012	**64,899**	**6,700**	**71,599**
Carrying amounts			
At December 31, 2012	**5,909**	**—**	**5,909**
At December 31, 2011	14,708	2	14,710

The retailer and service relationships were acquired through business combinations which related to the relationships with retailers and service centres.

Deferred development costs are internally generated.

Included in trademarks of the Group, USD177,555,000 (2011: USD177,555,000) are trademarks with an indefinite useful life, considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful life is determined to be finite. Instead they will be tested for impairment annually or whenever there is an indication that they may be impaired. Particulars of the impairment testing are disclosed in Note 20.

The above intangible assets, other than trademarks with indefinite useful lives, are amortised on a straight-line basis, at the following rates per annum:

Deferred development costs	20% - $33^1/_3$%
Patents	10% - 25%
Trademarks with finite useful lives	$6^2/_3$% - 10%
Retailer and service relationships	5%
Non compete agreement	20%

20. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives

As explained in Note 5, the Group uses the types of good sold for operating segment information. For the purpose of impairment testing, goodwill and trademarks with indefinite useful lives set out in Notes 18 and 19 have been allocated to five major individual cash generating units (CGUs), including four units in the Power Equipment segment and one unit in the Floor Care and Appliances segment. The carrying amounts of goodwill and trademarks as at December 31, 2012 allocated to these units are as follows:

	Goodwill		Trademarks	
	2012 USD'000	2011 USD'000	**2012 USD'000**	2011 USD'000
Power Equipment – MET	**402,424**	402,424	**115,907**	115,907
Power Equipment – HCP	**7,492**	7,492	**30,648**	30,648
Power Equipment – Drebo	**24,626**	24,267	**—**	—
Power Equipment – Baja	**9,017**	9,017	**3,200**	3,200
Floor Care and Appliances – RAM/Hoover/VAX	**75,748**	75,748	**27,800**	27,800
Others	**11,853**	11,908	**—**	—
	531,160	530,856	**177,555**	177,555

No goodwill and trademarks impairment have been recognised for the year ended December 31, 2012 and December 31, 2011.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Power Equipment – MET ("MET")

The recoverable amount of MET has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 11.5% (2011: 10.7%) per annum.

Cash flow projections during the budget period for MET are based on management's estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimation are based on MET's past performance, management's expectation for the market development, the success in reducing the working capital requirements and the success of the cost cutting strategy implemented by the Group. Cash flow projections beyond the 5-year period are extrapolated using a steady 3.0% (2011: 3.0%) growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of MET to exceed the aggregate recoverable amount of MET.

20. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives *(continued)*

Power Equipment – HCP ("HCP")

The recoverable amount of HCP has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 12.0% (2011: 11.0%) per annum.

Cash flow projections during the budget period for HCP are based on management's estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimation are based on HCP's past performance, management's expectation for the market development, the success in new products launched and the success of the cost cutting strategy implemented. Cash flow projections beyond the 5-year period are extrapolated without considering any growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of HCP to exceed the aggregate recoverable amount of HCP.

Power Equipment – Drebo ("Drebo")

The recoverable amount of Drebo has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 11.0% (2011: 11.0%) per annum.

Cash flow projections during the budget period for Drebo are based on management's estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimation are based on Drebo's past performance, management's expectation for the market development, the success in new products launched and the cost cutting strategies implemented. Cash flow projections beyond the 5-year period are extrapolated without considering any growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Drebo to exceed the aggregate recoverable amount of Drebo.

Power Equipment – Baja ("Baja")

The recoverable amount of Baja has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 13.0% (2011: 16.0%) per annum.

Cash flow projections during the budget period for Baja are based on management's estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimation are based on Baja's past performance, management's expectation for the market development and the success of the cost cutting strategy implemented. Cash flow projections beyond the 5-year period are extrapolated using a steady 2.0% (2011: 3.0%) growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Baja to exceed the aggregate recoverable amount of Baja.

20. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives *(continued)*

Floor Care and Appliances – RAM/Hoover/VAX ("RAM/Hoover/VAX")

The recoverable amount of RAM/Hoover/VAX has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 15.3% (2011: 13.8%) per annum.

Cash flow projections during the budget period for RAM/Hoover/VAX are based on management's estimation of cash inflows/outflows including sales, gross margin, operating expenses, capital expenditures and working capital requirements. The assumptions and estimation are based on RAM/Hoover/VAX's past performance, management's expectation for the market development, the success in reducing the working capital requirements and the success of the cost cutting strategies implemented. Cash flow projections beyond the 5-year period are extrapolated without considering any growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of RAM/Hoover/VAX to exceed the aggregate recoverable amount of RAM/Hoover/VAX.

With the change in management of the Floor Care and Appliances CGU, VAX was aggregated to this CGU as at December 31, 2012.

21. Investments in Subsidiaries/Loans to Subsidiaries

Particulars of the principal subsidiaries of the Company as at December 31, 2012 and December 31, 2011 are set out in Note 53.

Loans to subsidiaries are unsecured, bear interest at 5.275% to 10.150% per annum (2011: 5.275% to 10.150%) and are fully repayable by 2022.