2005

Annual Results Announcement

12th April 2006

Agenda

- **Financial review** — Mr. Frank Chan (Group Executive Director)
- **Business review** — Mr. David Butts (Senior Vice President)
- **Outlook** — Mr. Horst Pudwill (Chairman & CEO)

Financial Review

Mr. Frank Chan

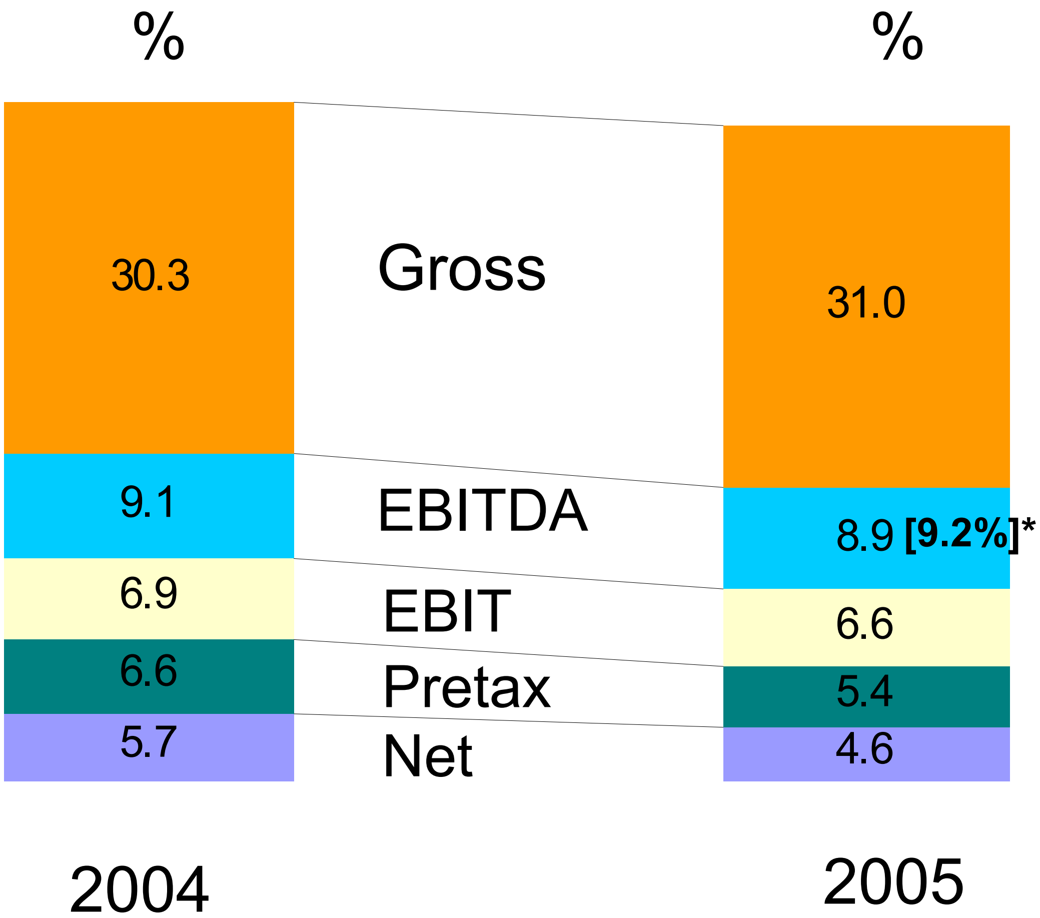
(Group Executive Director)

Financial highlights

For the 12 months period ended 31st December, 2005

	2005 HK$m	2004 HK$m	Changes %
Turnover	22,358	16,304	↑ 37.1
Gross profit	6,942	4,941	↑ 40.5
EBITDA	1,989	1,489	↑ 33.6
Operating profits	1,576	1,226	↑ 28.5
Profits attributable to shareholders of the Company	1,019	926	↑ 10.0
Basic EPS (HK cents)	73.53	69.28	↑ 6.1
DPS (HK cents)	18.60	17.00	↑ 9.4
BVPS (HK$)	4.18	2.55	↑ 63.9

Margin analysis



- Gross margin improved despite raw material pricing pressure
- Helped by favorable product portfolio, new products and cost improvement programs

- Full year consolidation of acquisition increased admin expenses, offsetting gains in gross margins
- *EBITDA margin improved to 9.2% excluding US$8m non-recurring restructuring charges
- Sales shortfall in 4Q affected operating leverage

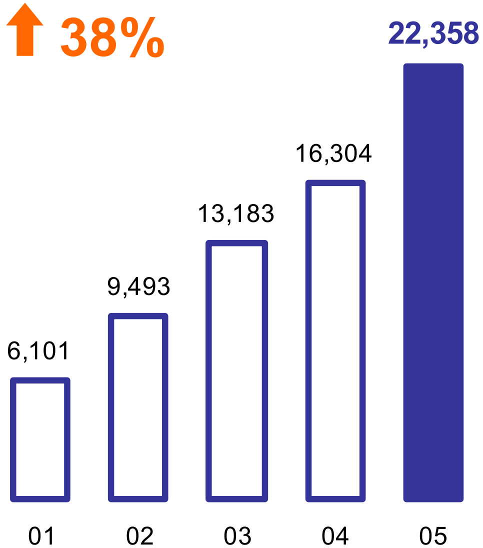
- Higher finance costs as a result of additional borrowings for acquisition

- Effective tax rate increased to 13.0% from 10.1% in 2004 as a result of acquisition

Five year summary

5-Year CAGR

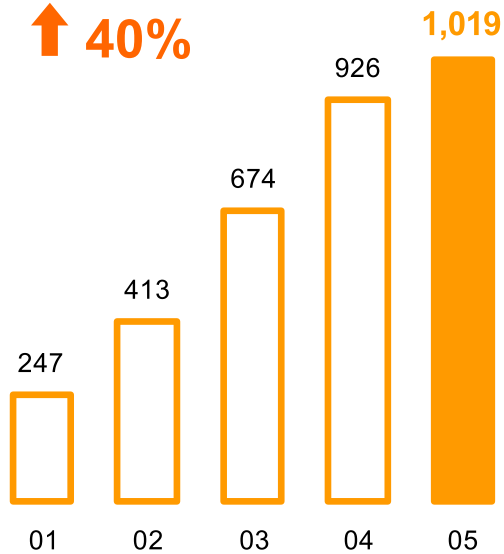
↑ 38%



Turnover (HK$m)

5-Year CAGR

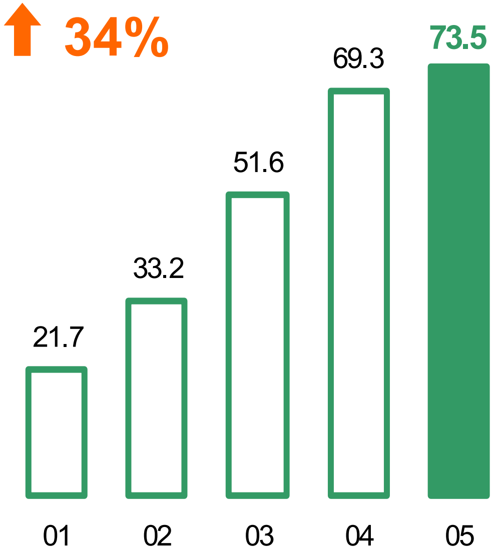
↑ 40%



Net profit (HK$m)

5-Year CAGR

↑ 34%

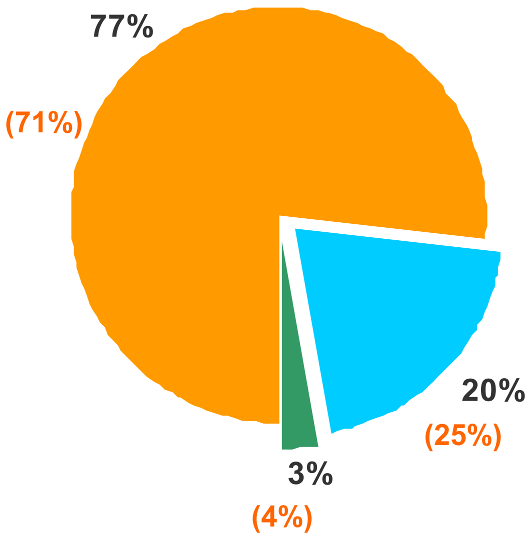


Earnings per share (HK cents)

Analysis by product

For the 12 months period ended 31st December, 2005

Sales contributions by product



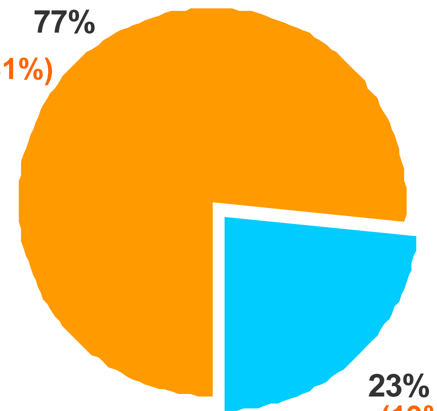
(%) – 2004 figures

	Power equipment products	Floor care appliances	Laser & electronic products
Revenue (HK$m)	17,177	4,526	655
Change (% YoY)	49.1	11.0	-6.5
Result (HK$m)	1,237	200	139
Change (% YoY)	35.9	-0.7	-4.6
Margin (%) - 2005	7.2	4.4	21.2
Margin (%) - 2004	7.9	4.9	20.8

Analysis by market location

For the 12 months period ended 31st December, 2005

Sales contributions by market location



(%) – 2004 figures

	North America	Europe & other countries
Revenue (HK$m)	17,122	5,236
Change (% YoY)	29.7	69.0
Result (HK$m)	1,385	191
Change (% YoY)	28.0	9.4
Margin (%) - 2005	8.1	3.7
Margin (%) - 2004	8.2	5.6

Financial position

YR2004*	(HK$m)	2005
2,261	**Non-current assets**	**8,078**
11,642	Current assets	12,297
7,819	Current liabilities	7,411
3,823	**Net current assets**	**4,886**
2,548	**Long-term liabilities**	**6,731**
3,454	**Shareholders' funds**	**6,112**
1.49	***Current ratio***	***1.66***
32.1%	***Gearing***	***68.3%***
11.6	***Interest coverage(x)***	***5.0***

**restated following new HKFRSs and HKASs*

Healthy working capital position

Turnover days	2005	2004
Inventory (1)	55	59
Trade receivables (2)	46	53
Trade & other payables (3)	53	56

- Flexible and efficient procurement and manufacturing operation
- Raw material and work in progress inventory days stayed at 17 days
- Finished goods inventory days improved by 4 days to 38 days

(1) Average inventory / sales x 365
(2) Average trade receivables / sales x 365
(3) Average trade & other payables / sales x 365

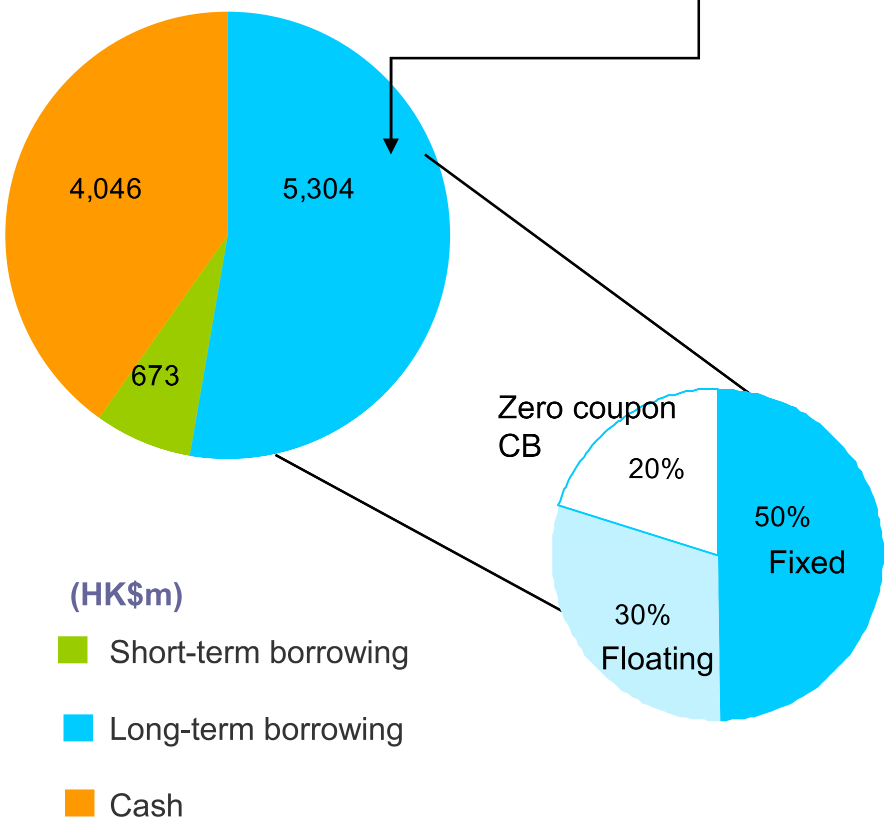
Cash and borrowing profile

Well-balanced loan portfolio for long-term growth

<u>LT borrowings added in 2005:</u>

-US$200m fixed interest rate Notes

-US$200m syndicated loan



- The Group's balance sheet remained solid and healthy
- Financed the Milwaukee / AEG acquisition (HK$4.89bn) by internal resources and borrowings
- Net proceeds of HK$1.8bn from share placement in September – to repay existing debts, for general working capital

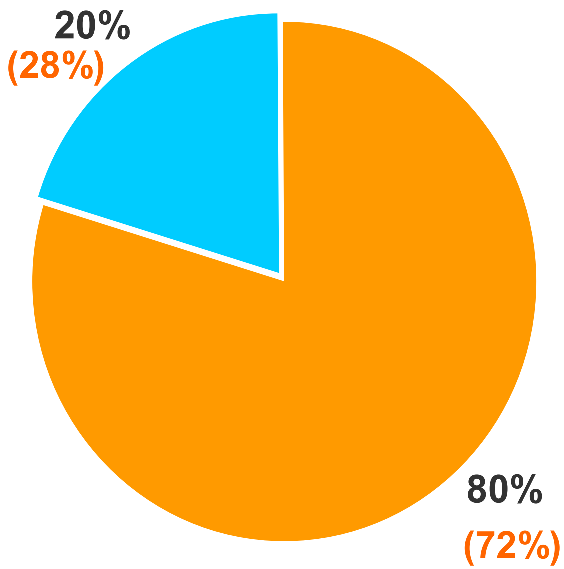
Business Review

Mr. David Butts

(Senior Vice President)

Sales contributions by type

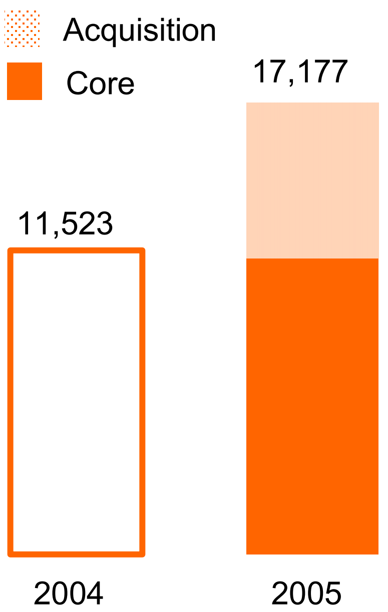
OEM & private label



Own & licensed brands

(%) – 2004 figures

Power equipment products

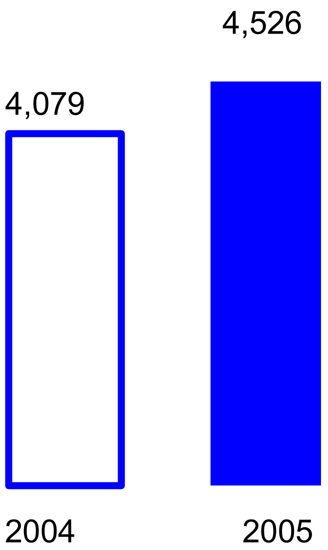


Divisional turnover (HK$m)

77% of Group sales

- Strong growth of the power tool business attributed to double
  - ✓ Double-digit organic growth of our primary brands
  - ✓ Double-digit growth by Milwaukee® and AEG®
- Core organic growth driven by the strong demand for our brands but offset by the lower OEM and private label businesses
- Innovative products were the key growth drivers for the division e.g. Milwaukee® V28™ lithium-ion power tools, RIDGID®'s new line of professional pneumatic fastening tools, Ryobi® branded gasoline high pressure washer
- Acquisition integration related synergies and cost benefits are expected over the next few years

Floor care appliances

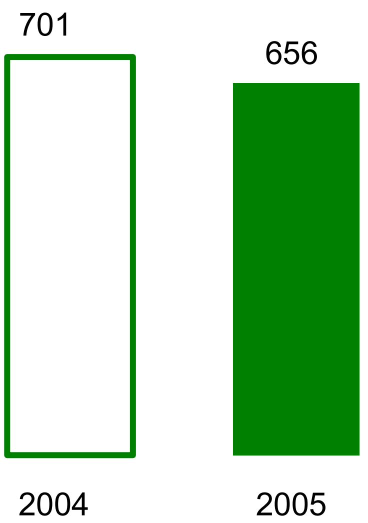


Divisional turnover (HK$m)

20% of Group sales

- Solid own brand performance despite extreme price sensitivity in North American market
- Our own branded business continued to improve market position
  - ✓ Dirt Devil - Leading brand in Germany
  - ✓ vax - Moved up to No. 2 position in the UK
- Continuing flow of new products accounted for 30% of turnover e.g. Dynamite® upright, cordless Broom Vac®, VISION bagless upright vacuum
- Lower logistic costs with 22% reduction in inventory
- Accelerated reduction in OEM sales in 2H05. Transition will continue through 2006 and a rebound in 2007 with new projects

Laser and electronic products



Divisional turnover (HK$m)

3% of Group sales

- Turnover declined for the full year despite a strong first half but margins improved thanks to operational efficiency and new products
- Investments in manufacturing delivered significant gains in our cost position, offsetting rising input costs
- Difficult second half due to keen competition in both laser measurement and solar light markets
- Focused on creating growth opportunities with new product development efforts e.g. MultiTASKit™set building on the revolutionary AIRgrip™technology

Outlook

Mr. Horst Pudwill

(Chairman & CEO)

Outlook

- Solid foundation and scale advantages provide us competitive flexibility to meet market challenges
- Positive outlook for 2006
  - ✓ Powerful brand portfolio
  - ✓ Innovative products capture market share and enhance status of our brands
  - ✓ Leading lithium Ion battery technology platform
  - ✓ Expanded distribution channels
  - ✓ Synergies and cost benefits from integration
- Well positioned to handle market expansions in targeted distribution channels across our businesses

Thank you

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