Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 669)

Announcement of results for the six months period ended 30th June, 2007

HIGHLIGHTS

	2007 **HK$' million**	2006 HK$' million	Changes
Turnover	**11,928.3**	10,737.0	+11.1%
EBITDA	**1,092.6**	1,010.2	+8.2%
Profit attributable to equity holders of the parent	**509.3**	503.6	+1.1%
Earnings per share – basic (HK cents)	**34.50**	34.40	+0.3%
Interim dividend per share (HK cents)	**6.50**	6.50	–

- **Record turnover and profit for the first half**
- **Acquisition of Hoover completed and integration on target**
- **Power Tool and Floor Care brands delivered turnover growth**
- **Expansion in Europe**
- **Announcement of strategic repositioning plan**

The board of directors of the Company (the "Directors" or the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months period ended 30th June, 2007 together with the comparative figures in 2006.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK6.50 cents (2006: HK6.50 cents) per share for the six months period ended 30th June, 2007. The interim dividend will be paid to shareholders listed on the register of members of the Company on 19th September, 2007. It is expected that the interim dividend will be paid on or about 28th September, 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

At TTI, we have the vision to be number one in the industries we serve. Our performance in the first half of 2007 reflects the depth and dedication of our employees throughout the world who take pride in the brands, products, and services they deliver to end users. They were the driving force behind the record turnover and profit results of TTI in the first half of 2007 when compared with the same period last year. Our Power Tool and Floor Care brands, expansion in Europe, and the acquisition of Hoover fueled the turnover growth. The Group increased gross profit margins to 31.8% from 31.3% in the prior year, primarily because of favorable currency gains and cost containment programs. Profit attributable to equity holders of the parent for the period was HK$509 million representing a year-on-year growth of 1.1%. Basic earnings per share improved to HK34.50 cents.

Total Group turnover was HK$11,928 million, an increase of 11.1% over the same period of 2006. Excluding contributions from the Hoover acquisition, the Floor Care business continued its turnaround with double-digit growth. The Power Equipment business declined primarily due to Outdoor Products. This decline was partially offset by the growth generated from our Power Tool brands. The Group's commitment to new products and our brands can be seen in the increased R&D and marketing spending during the period that will deliver benefits to our business going forward.

Strategic Repositioning Plan
Over the past five years, the Group has grown substantially and aggressively, both organically and through acquisitions. In order to fully exploit the synergies and growth opportunities offered by our acquisitions and business scale, the Board of Directors has approved a series of strategic repositioning initiatives designed to significantly boost our future performance. These will include: a re-deployment of our global manufacturing and product development capabilities; expanding our highly recognized brands and our product categories in markets where they are under-represented; and a reorganization of our structures and resources around newly created business units for an even more efficient management of brands, products, and investments.

BUSINESS REVIEW

Power Equipment

The Power Equipment business, comprised of our leading brands Milwaukee®, AEG®, Ryobi® and Homelite®, favorably reported improved EBIT margins to 8.3% in the first half compared to 7.7% in the prior year period despite an environment of increasing commodity costs. The combined turnover in our core power tool markets of North America and Europe was up over last year, with both Consumer and Professional Power Tools delivering growth. Profit margins improved with business mix, productivity, and foreign currency gains. The rising material costs and other input costs were partially offset by new products, cost containment from our Continuous Improvement Programs (CIP), and the transfer program of Milwaukee. Outdoor Products enhanced profitability through manufacturing efficiencies and exiting lower margin products, paving the way for a new generation of products to roll out in 2008, but the product range adjustment and weather related slowdowns in parts of Europe and North America resulted in a turnover contraction compared to prior year. The overall Power Equipment business declined 5.8% over the same period in 2006 to HK$8,249 million accounting for 69.2% of TTI turnover.

In North America Power Tools, the Ryobi® brand continued to excite consumers and value conscious professionals with the unique One+™ System. The successful One+™ cordless program is built around a single battery platform that can be used in one of the widest and most diverse affordable power tool product lines encouraging brand loyalty, thus leading to long term, end user dedication to the program. New product innovations and category expansions are regularly added to the system. The product range breadth and end user reach across consumers and professionals of the Ryobi® brand creates opportunities for growth and profitability in all market conditions.

Milwaukee has built a powerful leadership team that is driving forward the initiatives for proactively servicing the professional power tool distribution channels, strengthening the product portfolio to focus on core customer groups and product categories, reducing costs, and directing the savings into innovation and increased marketing. Commitment to the lithium ion battery power tools, exceptionally heavy duty V28™ and V18™ tools, has generated growth in the first half and new product introductions are slated for the second half and beyond. The implementation of Jobsite Solutions, the conversion program for creating Milwaukee® product and brand loyalties, was fully underway in the first half and winning favorable results.

In Europe, the Power Equipment business continued to build momentum, gaining traction in all the brands. The One +™ System and other product lines branded under Ryobi® produced significant growth in important regions. The professional tool brands of Milwaukee® and AEG® expanded in most markets across Europe. The Homelite® Outdoor Products business introduced the new MightyLite™ portable petrol trimmers, edgers, and blowers as an element of the global launch of this innovative product range. The Power Tool Accessory business continued its expansion during the first half. In all, over 40 new products were introduced to the European market, which helped capture new business and strengthen our position with our customer base. Geographic, brand, and product opportunities exist for the Group, so a plan to centralize leadership into a European headquarters that will drive our strategy and engage more deeply with our customers is being implemented.

The Power Equipment business continued the operational improvement momentum from the second half of 2006, with progress on the transfer program of Milwauekee and implementation of global sourcing and CIP initiatives, but faced ongoing pressure from materials. The Strategic Repositioning Plan will further drive these initiatives to encompass the business on a global level. We are moving to global product planning and product development. Concept development centers are being linked and focused by end user and product category segments. Operational centralization and financial measurements are being aligned across the Group, as are global purchasing initiatives that leverage the Company's scale and reach. These key drivers will bring new levels of best costs and service to our customer base.

Floor Care

The Floor Care business, including the Hoover contribution, reported an 85.7% increase in turnover to HK$3,679 million, accounting for 30.8% of total TTI turnover. Building on the sales turnaround reported in the second half of 2006, the core business turned in double-digit growth even excluding contributions from the Hoover acquisition. Profit rose by 36.3% reflecting the impact of the robust turnover growth from our core Floor Care business.

These integration of Hoover was the primary focus in the first half of 2007. We are pleased to report that the Hoover integration is on track from both a timing and savings perspective. Adding the Hoover® brand to our already strong portfolio provides a name with iconic recognition that commands a premium positioning in the marketplace. This positioning is central to our product development strategy of delivering best in class performance with consumer driven innovation. In addition to the integration and in alignment with the strategic repositioning of the Company, the Floor Care business is moving to a global business unit structure to better focus and leverage product development, supply-chain, and manufacturing. A global R&D center was established in North America to focus and drive innovation across all the brands and product development globally.

In North America the core business grew during the first half as Dirt Devil® hand held Kone™ and upright Reaction™ vacuums continued to perform well at major retailers. The consumer demand for these innovative products was boosted through advertising support during the period. New products, the designer series Kruz™ and Kurv™ stick and hand held vacuums, will be launched in the third quarter further strengthening the Dirt Devil® positioning in these categories. Hoover will launch a new WindTunnel® upright vacuum which adds cyclonic dirt separation to its line up. Hoover plans to benefit from expansive TV advertising in the back half where we are marketing the WindTunnel®, FloorMate®, and SteamVac® cleaners, a powerful combination of cleaners which allow the consumer to clean nearly every surface in their home. Additionally, the first of a series of Sears® Kenmore® upright vacuums were introduced, a private label program that was awarded to us in 2006. The newly formed TTI Floor Care North America team is already benefiting from the scale created by the combination and rationalization of the Hoover® and Dirt Devil® sales and account teams, customer service, and service centers.

In Europe, the Vax® and Dirt Devil® businesses delivered strong double-digit growth. Vax®, a leader in the UK, its largest geographic market, expanded in a competitive economic environment, driven by an increase in the turnover of cylinder vacuums, the introduction of several new upright vacuums, ongoing marketing support of the new products, and the expansion into new retail channels. During the period, Vax® moved into the commercial segment with the introduction of a new commercial line of heavy duty vacuums. Dirt Devil®, a leading brand in Germany, its largest geographic market, grew through the launch and end user marketing support of several new, innovative canisters. In alignment with the strategic repositioning, business development programs and new sales offices have been initiated during the first half to expand the brands into new geographic markets across greater Europe.

FINANCIAL REVIEW

Financial Results

Result Analysis

Turnover for the period under review amounted to HK$11.9 billion, an increase of 11.1% as compared to the same period last year. Profit attributable to equity holders of the parent amounted to HK$509.3 million, an increase of 1.1% over the HK$503.6 million reported last year. Basic earnings per share was at HK34.50 cents, a slight improvement over HK34.40 cents last year.

The Group's results included the 5 months results of the Hoover operation. Excluding the Hoover contribution, turnover of the current business remained comparable to that of last year. EBITDA and EBIT however, increased by 3.8% and 4.7% respectively. Margins also improved at all levels. EBITDA margin at 9.8% (2006: 9.4%), EBIT margin at 7.1% (2006: 6.7%) and net profit margin at 4.8% (2006: 4.7%).

Gross Margin

Gross margin improved from 31.3% to 31.8%. The improvement was the result of favorable currency gains in the Euro zone. Raw material costs increases and RMB appreciation were partially offset by new products, cost containment programs and Group synergies.

Operating Expenses

Total operating expenses increased by 26.6% to HK$3.4 billion, representing 28.2% (2006: 24.7%) of turnover. The increase was mainly due to the consolidation of Hoover's less efficient operation. Excluding Hoover, total expenses increased by 4.5%, representing 26.0% (2006: 24.7%) of revenue. The increase was mainly because of the 20.1% increase in R&D spending during the period. R&D expenses account for 2.5% of total revenue (2006: 2.1%).

Included in other income are settlement for disputed legal matters. The settlement agreement contains non-disclosure terms concerning the nature of the dispute, the parties to the dispute and other terms of the agreement.

Net interest expenses for the year amounted to HK$167.6 million as compared to HK$140.2 million last year. The increase was due to higher cost of funds during the year and the additional working capital required for the Hoover operation and factory expansion. Interest coverage, expressed as a multiple of earnings before interest and tax to total net interest was at 4.5 times (2006: 5.1 times).

The effective tax rate for the period was at 13.3% (2006: 13.1%). The consolidation of Hoover's operation will offer the Group additional opportunities for more efficient and effective tax planning.

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to HK$7.5 billion, as compared to HK$7.0 billion at 31st December, 2006, an increase of 7.1%.

Financial Position

The Group's net gearing, expressed as a percentage of total net borrowing to equity attributable to equity holders, was at 79.3%, compared to 74.1% at the end 2006 or 76.2% at the same period last year. The Group's gearing was up as a result of the Hoover acquisition, with part of the proceeds being funded from internal resources and additional working capital required. The Group is confident the gearing will improve following the successful integration of various operations together with stringent working capital management.

Bank Borrowings

Bank borrowings remained structured and balanced. The fixed interest notes arranged in 2003 and 2005 continued to contribute to the cost of borrowings in the rising interest rate environment.

On 12th June, 2007, the Group received notice that of the US$140 million Zero Coupon Convertible Bonds in issue, US$127.9 million, representing approximately 91.4% of the total bond outstanding, exercised their Put Option that the bonds be redeemed on 8th July, 2007. The Put amount had been fully settled on the due date.

The Group's major borrowings continued to be in US Dollars and HK Dollars. Other than the fixed rate notes and the unredeemed portion of the Zero Coupon Convertible Bonds, all borrowings are either 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 together with cash management functions are all being closely monitored and managed by the Group's treasury team.

Working Capital

Total inventory increased from HK$4.0 billion to HK$5.2 billion with the consolidation of Hoover's operation as compared to 31st December, 2006. The number of days inventory increased by 4 days from 67 days to 71 days. The increase was mainly due to the finished goods shipment arrangements at the period end and inventory level are normally higher during first half of the year.

Trade receivable turnover days were at 60 days as compared to 54 days at the end of 2006, mainly due to a difference in credit terms by Hoover. The Group exercised due care in managing credit exposures and is comfortable with the quality of our customers' portfolio and the trade receivables carried.

Average trade payable days remained comparable to that of last year at 57 days (2006: 56 days).

Capital Expenditure
Total capital expenditure for the period amounted to HK$309.3 million, including the factory expansion. This spending was in line with the Group's capital appropriation guideline.

Capital Commitment and Contingent Liability
As at 30th June, 2007, total capital commitments amount to HK$629.8 million, as compared to HK$620.1 million at 31st December, 2006.

There were no material contingent liabilities or off balance sheet obligations.

Charges
None of the Group's assets are charged or subject to encumbrance.

Acquisition
On 7th December, 2006, the Directors announced that the Company on, 6th December, 2006, (US Eastern Standard Time) entered into the conditional Purchase and Sale Agreement ("PSA") to purchase the Hoover® Floor Care business from certain subsidiaries of Whirlpool Corporation. The total consideration for the purchase of the Hoover® assets and two operating subsidiaries consists of the payment of US$107 million (approximately HK$831 million) in cash to Maytag Corporation (on behalf of itself and the other sellers).

All of the conditions set out in the PSA have been fulfilled as per our announcement dated 30th January, 2007 and the transaction was completed on 31st January, 2007, and was fully settled at the closing of the transaction by internal resources.

We are in the process of finalizing the evaluation of the acquired assets and liabilities accordingly to HKFRS 3, Accounting for Business Combinations. For that purpose, we have retained appraisers and actuaries who have been working on the valuation of the acquired property, plant and equipment, intangibles, and long-term post retirement benefits. We expect this valuation to be completed and audited by the 4th quarter of this year.

Strategic Repositioning Plan
Over the past five years, the Group has grown substantially and aggressively, both organically and through acquisitions. In order to fully exploit the synergies and growth opportunities offered by our acquisitions and business scale, the Board of Directors has approved a series of strategic repositioning initiatives designed to significantly boost our future performance. These will include: a re-deployment of our global manufacturing and product development capabilities; expanding our highly recognized brands and our product categories in markets where they are under-represented; and a reorganization of our structures and resources around newly created business units for even more efficient management of brands, products, and investments.

We started to implement this plan during the 1st half of the year which generated a pre-tax restructuring charge of HK$64.7 million (US$8.3 million). In addition to the restructuring charge, we incurred related pre-tax expenses of HK$23 million (US$3 million) that do not qualify as exit costs under HKFRS and that were charged to our operation costs during the first half. As the plan continues to develop, we estimate the future pre-tax cost of the program to be approximately HK$1,105 million (US$142 million), HK$795 million (US$102 million) to be recognized in the second half of 2007 and the balance to be recognized in 2008. We estimate that the non-cash portion of this charge is approximately HK$429 million (US$55 million). We estimate that 35% of the cash portion, approximately HK$238 million (US$31 million), will be paid out in 2007, that 54%, approximately HK$367 million (US$47 million) will be paid out in 2008, and the balance to be paid in 2009. In addition to these restructuring charges, we expect to incur related pre-tax expenses of HK$172 million (US$22 million) that do not qualify as exit costs under HKFRS and that will be charged to our operation costs over the next three years.

Upon completion of the Strategic Repositioning Plan, the anticipated annualized pre-tax savings should be over HK$550 Million (US$70 million).

Human Resources

The Group employed a total of 23,674 employees (2006: 23,468 employees) in Hong Kong and overseas. Total staff cost for the period under review including Hoover amounted to HK$1,532.0 million as compared to HK$1,271.1 million in the same period last year without Hoover.

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improve 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.

OUTLOOK

Our vision of powerful brands, innovative products, exceptional people and best costs continues to be our compass for success going forward. We believe in the power of the brands in our portfolio. Each has a strong heritage of delivering innovative, quality products to the market over a sustained period of time. Our goal is to add to this heritage by maximizing the talent within those organizations and building on the foundations that made them so successful in the first place. Our strategies and Group synergies will create a winning combination to compete effectively with expanded product lines in multiple markets on a global basis. We are excited about the future of this Company because we are building and investing in the programs that will take us to the next level of performance.

Our Power Equipment business has exhibited strength during a challenging North American economic climate. The second half will benefit from the robust European businesses, strength in Consumer Tools, new product introductions, and improved marketing initiatives to introduce customers to our brands and new products. Major new product launches in lithium ion cordless technology are planned for the second half. Geographic expansion programs, such as the new Middle East office and the Ryobi® brand launch into Mexico, will bring benefits in the second half. Outdoor Products should rebound late in the year when the major new product development programs of Homelite® electric trimmers and blowers, Homelite® petrol chainsaws, Ryobi® petrol trimmers, and petrol pressure washers are launched in North America and globally later in 2008. In addition, most of the advertising and marketing supports are scheduled for the second half of the year. We expect a robust response to this focused marketing push.

The efforts underway on the integration project of Hoover remained on track during the first half, creating the expected synergies with our existing Floor Care business. Operationally, this is beginning to bring benefits to the Hoover® business by leveraging the TTI manufacturing and supply-chain. Creation of the global management team and R&D center, coupled with the integration of product development, sales management, marketing, and back office functions with the existing Dirt Devil® business will bring second half benefits. Both Hoover® and Dirt Devil® will have several high potential new product launches during the second half, which are the initial steps of the global new product programs being undertaken to drive the business growth to new levels. We expect Europe will bring positive gains as expansion into new markets begins to roll out. Additionally, the private label Sears® Kenmore® line of vacuums will contribute to the growth of our floor care business.

The management of the Group is committed to executing the Strategic Repositioning Plan over the next three years in alignment with our strategies and goals. The changing global landscape for low cost manufacturing, material and logistic costs, and tax management requires a reassessment of our global manufacturing plans, making this initiative an important aspect to our future profitability. This wide-ranging program when executed will offer a renewed business platform for our powerful brands, making sure we capitalize on their history of success with expanded product categories and entrance into new geographic markets. This program also focuses intently on the broad management strength throughout our organization as our internal leadership development programs and acquisitions have built a diverse and highly experienced management team that penetrates every division. The results should improve the best cost position of our products and services, bring best-in-class practices across our global operations and supply-chain, maximize the R&D resources for product development, and expand our on-the-ground sales and marketing reach and expertise.

AUDIT COMMITTEE

An Audit Committee of the Board has been established since 1999. Its written terms of reference for the role and function of the Audit Committee has been published on the Company's website (www.ttigroup.com). The role and function of the Audit Committee is to assist the Board to ensure that an effective system of internal control and compliance with the Group's obligations under the Main Board Listing Rules and other applicable laws and regulations is in place, and to oversee the integrity of the financial statements of the Group.

The Audit Committee is comprised of three independent non-executive directors, namely Mr. Joel Arthur Schleicher (Chairman), Mr. Christopher Patrick Langley OBE and Mr. Manfred Kuhlmann. All members of the Audit Committee have professional, financial or accounting qualifications.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE MAIN BOARD LISTING RULES

The Company confirms that it has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Main Board Listing Rules throughout the six months period ended 30th June, 2007, save that:

1. The roles of Chairman and the Chief Executive Officer of the Company are both performed by Mr. Horst Julius Pudwill. The Company does not currently propose to separate the functions of its Chairman and Chief Executive Officer, as both the Board and senior management of the group has significantly benefited from the leadership, support and experience of Mr. Horst Julius Pudwill.

2. None of the directors is appointed for a specific term since they are subject to retirement by rotation and reelection in accordance with the Articles of Association of the Company. Under Article 103 of the Articles of Association of the Company, one third of the Board must retire by rotation at each annual general meeting of the Company and, if eligible, offer themselves for re-election.

COMPLIANCE WITH THE MODEL CODE OF THE MAIN BOARD 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 to the Main Board Listing Rules (the "Model Code"). The Company confirms that, after specific enquiry with each Director, all Directors have confirmed compliance with the Model Code during the six months period ended 30th June, 2007. The Board has also adopted a code of conduct, on terms no less onerous than the Model Code, that applies to securities transactions of all relevant employees who may be in possession of unpublished price-sensitive information in relation to the Company's shares, and which is now published on the Company's website (www.ttigroup.com).

REVIEW OF ACCOUNTS

Disclosure of financial information in this announcement complies with Appendix 16 of the Main Board Listing Rules. The Audit Committee, in conjunction with the senior management of the Group, has reviewed this announcement. Together with the Company's external auditors, Deloitte Touche Tohmatsu, it has reviewed the unaudited financial statements of the Company for the six months period ended 30th June, 2007. It has also reviewed with senior management of the Group the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

PURCHASE, SALES OR REDEMPTION OF SHARES

There has been no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17th September, 2007 to Wednesday, 19th September, 2007, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00p.m. on Friday, 14th September, 2007.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.ttigroup.com) and the website of Hong Kong Exchanges and Clearing Limited. The 2007 interim report will be dispatched to the shareholders of the Company on or about Tuesday, 4th September, 2007 and will be available at the above websites at the same time.

By order of the Board
Horst Julius Pudwill
Chairman and Chief Executive Officer

Hong Kong, 21st August, 2007

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

RESULTS SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months period ended 30th June, 2007

	Notes	**2007 HK$'000**	2006 HK$'000	**2007 US$'000 (Note 12)**	2006 US$'000 (Note 12)
Turnover	2	**11,928,328**	10,736,950	**1,529,273**	1,376,532
Cost of sales		**(8,138,094)**	(7,376,562)	**(1,043,345)**	(945,713)
Gross profit		**3,790,234**	3,360,388	**485,928**	430,819
Other income		**327,133**	17,253	**41,940**	2,212
Interest income		**47,914**	42,310	**6,143**	5,424
Selling, distribution, advertising and warranty expenses		**(1,503,172)**	(1,195,151)	**(192,714)**	(153,224)
Administrative expenses		**(1,581,014)**	(1,234,575)	**(202,694)**	(158,279)
Research and development costs		**(273,253)**	(223,086)	**(35,032)**	(28,601)
Finance costs		**(215,519)**	(182,491)	**(27,631)**	(23,396)
Profit before share of results of associates and taxation		**592,323**	584,648	**75,940**	74,955
Share of results of associates		**(1,097)**	(1,149)	**(141)**	(147)
Profit before taxation		**591,226**	583,499	**75,799**	74,808
Taxation	3	**(78,402)**	(76,591)	**(10,052)**	(9,819)
Profit for the period	4	**512,824**	506,908	**65,747**	64,989
Attributable to:					
Equity holders of the parent		**509,270**	503,630	**65,291**	64,569
Minority interests		**3,554**	3,278	**456**	420
		512,824	506,908	**65,747**	64,989
Dividends		**(189,636)**	(184,609)	**(24,312)**	(23,668)
Earnings per share (HK/US cents)	5				
Basic		**34.50**	34.40	**4.42**	4.41
Diluted		**33.17**	32.94	**4.25**	4.22

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2007

	Notes	30th June 2007 HK$'000 (Unaudited)	31st December 2006 HK$'000 (Audited)	30th June 2007 US$'000 (Note 12)	31st December 2006 US$'000 (Note 12)
ASSETS					
Non-current assets					
Property, plant and equipment	6 &10	**2,381,758**	1,791,746	**305,354**	229,711
Lease prepayments		**67,793**	66,659	**8,691**	8,546
Goodwill		**4,062,218**	4,042,996	**520,797**	518,333
Intangible assets		**1,686,551**	1,620,181	**216,224**	207,716
Interests in associates		**193,308**	192,989	**24,783**	24,742
Available-for-sale investments		**43,449**	43,315	**5,570**	5,553
Deferred tax assets		**759,840**	706,493	**97,415**	90,576
		9,194,917	8,464,379	**1,178,834**	1,085,177
Current assets					
Inventories		**5,207,677**	4,019,883	**667,651**	515,370
Trade and other receivables	7	**4,865,455**	3,827,038	**623,776**	490,646
Deposits and prepayments		**773,237**	544,977	**99,133**	69,869
Bills receivables	7	**320,678**	578,560	**41,113**	74,174
Tax recoverable		**245,978**	150,312	**31,536**	19,271
Trade receivables from associates		**8,556**	8,554	**1,097**	1,097
Held-for-trading investments in Hong Kong		**7,800**	7,800	**1,000**	1,000
Bank balances, deposits and cash		**3,677,219**	3,718,798	**471,438**	476,769
		15,106,600	12,855,922	**1,936,744**	1,648,196
Current liabilities					
Trade and other payables	8	**4,341,451**	3,118,120	**556,597**	399,759
Bills payables	8	**348,948**	335,455	**44,737**	43,007
Warranty provision		**395,609**	369,638	**50,719**	47,389
Trade payable to an associate		**1,293**	11,811	**166**	1,514
Dividend payable		**189,636**	–	**24,312**	–
Tax payable		**307,910**	168,769	**39,476**	21,637
Obligations under finance leases – due within one year		**15,947**	18,535	**2,044**	2,376
Discounted bills with recourse		**2,278,262**	2,501,155	**292,085**	320,661
Unsecured borrowings – due within one year	14	**1,428,865**	421,849	**183,187**	54,083
Bank overdrafts		**419,994**	268,725	**53,845**	34,452
		9,727,915	7,214,057	**1,247,168**	924,878
Net current assets		**5,378,685**	5,641,865	**689,576**	723,318
Total assets less current liabilities		**14,573,602**	14,106,244	**1,868,410**	1,808,495

	Notes	30th June 2007 HK$'000 (Unaudited)	31st December 2006 HK$'000 (Audited)	30th June 2007 US$'000 (Note 12)	31st December 2006 US$'000 (Note 12)
CAPITAL AND RESERVES					
Share capital	9	**150,505**	146,522	**19,296**	18,785
Reserves		**7,346,029**	6,850,008	**941,798**	878,208
Equity attributable to equity holders of the parent		**7,496,534**	6,996,530	**961,094**	896,993
Minority interests		**85,000**	81,445	**10,897**	10,442
Total equity		**7,581,534**	7,077,975	**971,991**	907,435
NON-CURRENT LIABILITIES					
Obligations under finance leases – due after one year		**124,272**	125,529	**15,932**	16,093
Convertible bonds		**1,119,718**	1,105,834	**143,554**	141,774
Unsecured borrowings – due after one year	14	**4,235,176**	4,464,353	**542,971**	572,353
Retirement benefit obligations		**980,956**	834,087	**125,764**	106,934
Deferred tax liabilities		**531,946**	498,466	**68,198**	63,906
		6,992,068	7,028,269	**896,419**	901,060
Total equity and non-current liabilities		**14,573,602**	14,106,244	**1,868,410**	1,808,495

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of preparation and accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the listing of securities on the Stock Exchange of Hong Kong Limited.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2006.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC) – Int 8	Scope of HKFRS 2[3]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[5]

[1] Effective for annual periods beginning on or after 1st January, 2007
[2] Effective for annual periods beginning on or after 1st March, 2006
[3] Effective for annual periods beginning on or after 1st May, 2006
[4] Effective for annual periods beginning on or after 1st June, 2006
[5] Effective for annual periods beginning on or after 1st November, 2006

The adoption of these new HKFRSs had no material effect on the results of financial position of the Group for the current or prior accounting period. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]

[1] Effective for annual periods beginning on or after 1st January, 2009
[2] Effective for annual periods beginning on or after 1st March, 2007
[3] Effective for annual periods beginning on or after 1st January, 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

2. Segment information

	Turnover (Six months period ended 30th June)		Segment results (Six months period ended 30th June)	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
By principal activity:				
Manufacturing and trading of:				
Power Equipment	**8,248,963**	8,756,458	**685,964**	677,714
Floor Care	**3,679,365**	1,980,492	**121,878**	89,425
	11,928,328	10,736,950	**807,842**	767,139
By geographical market location:				
North America	**8,742,494**	7,855,786	**616,600**	588,058
Europe and other countries	**3,185,834**	2,881,164	**191,242**	179,081
	11,928,328	10,736,950	**807,842**	767,139

3. Taxation

	Six months period ended 30th June	
	2007 HK$'000	2006 HK$'000
The total tax charge (credit) comprises:		
Hong Kong Profits Tax calculated at 17.5% of the estimated assessable profit for the period	**23,536**	21,624
Overseas Tax	**66,059**	102,585
Deferred Tax	**(11,193)**	(47,618)
	78,402	76,591

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. Profit for the period

	Six months period ended 30th June	
	2007 HK$'000	2006 HK$'000
Profit for the period has been arrived at after charging:		
Depreciation and amortization of property, plant and equipment	**275,633**	251,880
Amortization of lease prepayment	**722**	691
Amortization of intangible assets	**60,992**	37,252
Staff costs	**1,531,983**	1,271,128

Included in other income are settlement for disputed legal matters. The settlement agreement contains non-disclosure terms concerning the nature of the dispute, the parties to the dispute and other terms of the agreement.

5. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Six months period ended 30th June	
	2007	2006
	HK$'000	HK$'000
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to equity holders of the parent	**509,270**	503,630
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds	**11,454**	11,255
Earnings for the purpose of diluted earnings per share	**520,724**	514,885
Weighted average number of ordinary shares for the purpose of basic earnings per share:	**1,476,088,480**	1,463,993,084
Effect of dilutive potential ordinary shares:		
Share options	**27,805,574**	33,052,278
Convertible bonds	**65,922,585**	65,922,585
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,569,816,639**	1,562,967,947

6. Additions of property, plant and equipment

During the period, the Group spent approximately HK$309 million (for the six months ended 30th June, 2006: HK$240 million) on the acquisition of property, plant and equipment, and approximately HK$441 million (nil for the six months ended 30th June, 2006) on the acquisition of property, plant and equipment through acquisition of subsidiaries.

7. Trade and other receivables

The Group has a policy of allowing credit periods ranging from 60 days to 120 days. The aging analysis of trade receivables is as follows:

	30th June 2007 HK$'000	31st December 2006 HK$'000
0 to 60 days	**3,849,172**	3,143,989
61 to 120 days	**336,300**	230,131
121 days or above	**129,499**	103,977
Total trade receivables	**4,314,971**	3,478,097
Other receivables	**550,484**	348,941
	4,865,455	3,827,038

All the Group's bills receivable at 30th June, 2007 is due within 120 days.

8. Trade and other payables

The aging analysis of trade payables is as follows:

	30th June 2007 HK$'000	31st December 2006 HK$'000
0 to 60 days	**1,941,444**	1,345,473
61 to 120 days	**53,939**	91,696
121 days or above	**16,702**	30,547
Total trade payables	**2,012,085**	1,467,716
Other payables	**2,329,366**	1,650,404
	4,341,451	3,118,120

All the Group's bills payable at 30th June, 2007 is due within 120 days.

9. Share capital

	Number of shares		Share capital	
	30th June 2007	31st December 2006	30th June 2007 HK$'000	31st December 2006 HK$'000
Ordinary shares of HK$0.1 each				
Authorized	**2,400,000,000**	2,400,000,000	**240,000**	240,000
Issued and fully paid:				
Shares of HK$0.10 each at 1st January	**1,465,223,652**	1,461,720,652	**146,522**	146,172
Issued on exercise of share options	**39,827,000**	3,503,000	**3,983**	350
Shares of HK$0.10 each at 31st December	**1,505,050,652**	1,465,223,652	**150,505**	146,522

The shares issued during the period rank pari passu in all respects with the existing shares.

10. Capital commitments

	30th June 2007 HK$'000	31st December 2006 HK$'000
Capital expenditure contracted for but not provided in the financial statements in respect of the purchase of property, plant and equipment and licence	**468,180**	516,648
Capital expenditure authorized but not contracted for in the financial statements in respect of the purchase of property, plant and equipment	**161,652**	103,443

11. Contingent liabilities

	30th June 2007 HK$'000	31st December 2006 HK$'000
Guarantees given to banks in respect of credit facilities utilized by associates	**33,352**	36,026

12. Presentation and functional currencies

The functional currency of the Company is United States dollars. The presentation currency of the Group is Hong Kong dollars as the Company is a public limited company incorporated in Hong Kong and the principal place of business of the Company is situated in Hong Kong. The interim financial information includes the condensed consolidated income statement, condensed consolidated balance sheet and condensed consolidated cashflow statement which are also presented in the functional currency of the Company for reference only.

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation of the financial statements.

14. Bank borrowings

During the period, the Group obtained new bank loans amounting to HK$1,077 million. The loans carry interest at market rates of ranges from 4.41 – 6.41% per annum and are repayable in installments over a period of 5 years. The proceeds were used for working capital purposes.

15. Acquisition of subsidiaries

On 7th December, 2006, the Directors announced that the Company on 6th December, 2006. (US Eastern Standard Time) entered into the conditional Purchase and Sale Agreement ("PSA") to purchase all of Hoover® floor care business from certain subsidiaries of Whirlpool Corporation. The total consideration for the purchase of Hoover® assets and two operating subsidiaries consists of the payment of US$107.1 million in cash to Maytag Corporation (on behalf of itself and the other sellers). The direct transaction costs were approximately US$7.4 million. Total costs of acquisition therefore amounted to US$114.5 million.

All of the conditions set out in the PSA have been fulfilled as per our announcement dated 30th January, 2007 and the transaction was completed on 31st January, 2007 and was fully settled at the closing of the transaction by internal resources.

The provisional amount of excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is resulted.

16. Interim dividend

Interim dividend declared being HK6.50 cents (2006: HK6.50 cents).

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