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, 2006

HIGHLIGHTS

	2006 HK$'million	2005 HK$'million	Changes
Turnover	**10,737**	10,217	+5.1%
EBITDA	**1,010**	939	+7.6%
Profit attributable to equity holders of the parent	**504**	456	+10.4%
Earnings per share – basic (HK cents)	**34.33**	33.65	+2.0%
Interim dividend per share (HK cents)	**6.50**	6.00	+8.3%

- **Record first half turnover and profits**
- **Power Equipment brands delivered double digit growth**
- **Efficiency gains from ongoing integration of operations**

The board of directors of the Company (the "Directors" or the "Board") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months period ended 30th June, 2006 together with the comparative figures in 2005.

Interim Dividend

The Directors have resolved to declare an interim dividend of HK6.50 cents (2005 interim dividend: HK6.00 cents) per share for the six months ended 30th June, 2006. The interim dividend will be paid to shareholders listed on the register of members of the Company on 15th September, 2006. It is expected that the interim dividend will be paid on or about 28th September, 2006.

Management's Discussion and Analysis

The Group's leading brands continued to drive growth, expand global reach and penetrate new markets, which contributed to the solid performance in the first six months of 2006. Profit attributable to equity holders of the parent was HK$504 million, representing a year-on-year growth of 10.4% accomplished through innovative new products and aggressive cost reduction programs. Basic earnings per share rose 2.0% to HK34.33 cents. The Directors declare an interim dividend of HK6.50 cents, as compared with HK6.00 cents at the interim of 2005.

Total Group turnover was HK$10,737 million, representing an increase of 5.1% over the same period of 2005, led by the robust performance of the Power Equipment Products. Innovation continued to play an important role in our growth, performance and profitability. By leveraging our R&D investments through efficient centers of competencies, we produced new innovative products that fueled the growth of our businesses during the period.

The period under review saw the continued integration of the Milwaukee/AEG operations, consolidating the growth platform for long-term business opportunities. We have successfully transferred some products to our facilities in China ensuring a smooth relocation while maintaining best product quality. Our key strategy of matching a passion for innovation with efficiency improvements offset material price pressures during the period and provided the operational agility to meet the challenges of a tightening supply chain. Positively, the Group reduced June ending inventories by HK$176 million versus prior year June.

Business Review

Power Equipment Products

The Power Equipment Products division achieved strong growth of 11.0% over the same period of 2005 to HK$8,756 million, accounting for 81.6% of Group turnover. Our leading brands achieved double digit turnover growth in aggregate with margin improvement through numerous new product introductions, marketing programs, and maintaining strong interactive relationships with our customers. We continued to work closely with our major customers to focus on delivering efficiency gains in the supply chain and inventory management, improving speed to market and eliminating non-value added activities.

In power tools, Milwaukee® contributed excellent growth in the United States and in Europe with the expanded V28™ lithium ion battery line of power tools, capturing additional cordless market share. Milwaukee® also expanded its range of heavy duty power tools with a new line of quality pneumatic tools introduced in the first quarter of 2006. AEG delivered positive gains in turnover growth and profitability through operational improvements and a new range of cordless tools.

As for the consumer line, the Ryobi® branded One+ System™ expanded its 18V cordless platform in both North America and Europe. In the United States, we established a new kiosk merchandiser, designed to tell the One+™ story to end users by creating a permanent end cap display which also ensures a constant flow of products on display and readily available inventory to boost retail sell through.

RIDGID® has steadfastly broadened its line for professionals and the RIDGID® Lifetime Service Agreement (LSA) is one example of a market solution that is gaining trade industry recognition and appreciation. The Group also extended its strategic alliance with Sears Holdings to develop and manufacture Craftsman® line of products to 2010.

Floor Care Appliances

The Floor Care Appliances division experienced 8.0% decrease in turnover to HK$1,822 million, accounting for 17.0% of Group turnover. As discussed in our 2005 annual report, we anticipated the transition of the OEM business would continue through 2006, which is a result of our strategy to increase our branded business. On top of the lower sales volume, margins were also affected by material cost pressures and manufacturing consolidations, which have been restructured to provide the platform for future cost efficient growth.

The Vax® line of floor care products consolidated its number two position in the UK delivering robust top line and market share growth in a contracting market. The growth was driven by new listings and product launches with existing customers plus business expansion with new customers. During the period under review, over fifteen new products, including several carpet washers with pre-treatment functionality and hand vacs were introduced to the market aided by strong marketing and promotions.

Laser and Electronic Products

The Laser and Electronic Products division saw a decline of 54.4% in turnover to HK$159 million, accounting for 1.5% of Group turnover. We were still seeing a slowdown in the laser measurement and solar light markets due to increased market saturation. The introduction of new ODM products in infant care and relentless operational initiatives helped partially offset the negative impact of the laser products segment. Margin for the division was negatively affected due to lower operating leverage despite gains from our continuous efforts to improve operational efficiency.

Financial Review

Result Analysis

Turnover for the period under review amounted to HK$10.74 billion, an increase of 5.1% as compared to same period last year. Profit attributable to equity holders of the parent increased by 10.4% to HK$504 million, with margin slightly improved to 4.7% from 4.5% reported last year. Basic earnings per share were at HK34.33 cents as compared to HK33.65 cents reported last year, after having accounted for the placement of 96 million new shares on the 8th September, 2005.

Gross margin continued to improve to 31.3% from 31.0% same period last year despite continuous pricing pressure on raw material and components. The improvement mainly was the result of the continuous flow of new products and the Group's capability to leverage the expanded volume of business and cost containment programs.

During the period under review, total operating expenses accounted for 24.7% of Group turnover compared to 24.3% same period last year, due to additional expenditures in selling and advertising in preparation for various new product programs to be launched in the second half of the year. Investment in product design and development amounted to HK$223 million, representing 2.1% of Group turnover compared to 2.5% last year. Administrative expenses were well contained compared to same period last year as we continued to drive cost efficiencies, representing an improvement to 11.5% of Group turnover from 12.0% reported in the first half of 2005. The Group will remain focused on improving the cost efficiencies of various operations. Together with the higher volume leverage and savings expected from the integration programs beginning to materialize in the second half of the year, SG&A as a percentage of turnover is expected to improve for the full year.

Interest expenses for the period increased compared to the same period last year as only three months of interest on loans arranged for the acquisition was charged in 2005 since the loans were only drawn in the beginning of the second quarter of last year. EBITDA for the period increased by 7.6% to HK$1,010 million.

The Group remains focused on its long-term strategy to develop its own brand business. This has proven, once again, a successful strategy as the Group's leading brands continued to fuel the growth during the period. The Group's own and licensed brands' business represented 84.4% of Group turnover, as compared to 81.5% reported last year.

North America remained as the major market of the Group, accounting for 73.2% (2005: 74.5%) of Group turnover while Europe and other countries expanded its share of Group turnover to 26.8% (2005: 25.5%), which is in line with the Group's strategy to focus expansion beyond the North American market.

Effective tax rate was 13.1% compared to 16.4% same period last year and 13.0% for the full year in 2005. The Group will continue to leverage its global operation to improve tax efficiencies where feasible.

Liquidity and Financial Resources

The Group's working capital continued to improve. Net current assets were at HK$5.25 billion as compared to HK$2.43 billion same period last year and HK$4.89 billion as at 31st December, 2005. Current ratio was at 1.80 as compared to 1.31 same period last year.

Average inventory days were at 69 days as compared to 71 days same period last year or 62 days at last year end. Inventory days were anticipated to be higher at the interim period in preparation for the peak shipment period in the second half year.

Trade receivable days decreased by 2 days to 51 days as compared to last year end but reduced by 7 days as compared to same period last year.

Average trade and other payables were at 56 days, comparable to 55 days reported last year end.

The Group's net gearing, expressed as a percentage of total net borrowings to equity attributable to equity holders of the parent was 76.2%, very much improved from 184.5% same period last year. Gearing was at 68.3% at end 2005, reflecting the cyclical nature of the business. The gearing ratio is expected to improve when the Group enters the peak shipment period in the second half of the year which will generate strong cash flow.

Interest coverage, expressed as a multiple of EBIT to total net interest continued to be at a healthy level of 5.14 times, compared to 5.33 times reported same period last year.

The Group continues to maintain a well-balanced and carefully structured loan portfolio. Under the rising interest rate environment during the period, the Group managed to benefit from its fixed interest rate exposure which accounted for 67.4% of the total long-term borrowings. The Group is in a comfortable financial position to support its long-term growth.

The Group's major borrowings are in US Dollars and HK Dollars. Other than the fixed rate debts, borrowings are either LIBOR or Hong Kong best lending rate based. As a majority of the Group's revenues are in US Dollars, there is a natural hedge mechanism in place which minimizes the Group's currency exposures. The Group's Treasury department will continue to closely monitor and manage its currency and interest rate exposures.

Capital expenditure for the period totalled HK$240 million while depreciation charges amounted to HK$253 million, in line with the Group's guidelines.

Capital Commitment and Contingent Liabilities
As at 30th June, 2006, total capital commitment amounted to HK$158 million compared to HK$269 million as at 31st December, 2005. In addition, the Company has authorized but not contracted for the construction costs in regard to the new factory in Dongguan amounted to RMB527 million (approximately HK$513 million).

There were no material contingent liabilities or off balance sheet obligations at 30th June, 2006.

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

Human Resources
The Group employed a total of 23,468 employees (2005: 24,825 employees) in Hong Kong and overseas. Total staff cost for the period under review amounted to HK$1,271 million as compared to HK$1,244 million same period last year.

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

The Group is excited about the potential for growth going forward. We are, once again, poised to introduce an array of innovative new products in all product categories. The aggressive expansion in lithium-ion power tools is one example of the powerful combination that innovation and execution play in creating market leadership opportunities. The expected strength and expanded reach of the AEG and Milwaukee distribution network will continue to add valuable new avenues for our product lines. In addition, our vigorous efforts in maximizing operational efficiencies across all company functions should deliver margin growth and competitive advantages.

The Power Equipment Products division will continue to lead the growth with key product launches in the lithium-ion power tools. We believe our lithium-ion chemistry represents the superior lithium-ion solution for power tools. In addition to the Milwaukee®V28™ success, we are expanding the lithium-ion platform to deliver the most comprehensive range of lithium-ion power tools in the industry. These expansions include: 1) the Milwaukee® V18™ line of heavy duty 18-volt lithium-ion power tools, 2) the RIDGID® XLi™ 24-volt line of lithium-ion power tools and 3) the RIDGID® Max Select™ system of dual-voltage (can use either the 18-volt NiCad or the 24-volt lithium-ion) cordless power tools. We are bringing more 'firsts' to the power tool industry, setting the industry standard for cordless performance and providing TTI a powerful growth platform going forward.

In the Floor Care Appliances division, our major brands, Dirt Devil® and Vax® will continue to deliver a steady flow of innovative products that meet consumer needs. Dirt Devil® in North America will strengthen their position in the portable hand vacuum category by launching a high performance cordless hand vac, KONE™, that is a creative collaboration with designer Karim Rashid. Thanks to the simplicity of design, we expect KONE® to have wide appeal. We are also excited about an innovative Dirt Devil® product launching in Germany, the first hygienic vacuum cleaner with an "anti-infective filter system", which stops and reduces bacterial growth and unpleasant odors. This break-through product range will benefit from the simultaneous marketing introduction of the Melitta Swirl® antiinfective vacuum bags. On the OEM side, we expect to reverse the decline in sales as we have established several new OEM partnerships and also expanded our partnership with Sears to produce the Kenmore® line of upright vacuum cleaners, that will positively impact 2007 and beyond.

The Laser and Electronic Products division expects a challenging second half due to the keen competitive environment as discussed earlier. Ongoing new development projects for our ODM customers and the Group's brands should begin to positively impact 2007. We expect the laser level business will begin to return to a more normal ordering pattern after 2006.

We are confident of being able to deliver a strong performance in the second half of 2006. Our product platforms in power tools have the potential for truly significant growth. The synergies across all product lines are producing valuable cost efficiencies that enable our brands to sustain competitive advantages in our important markets. We remain committed to being first in innovation; to delivering the unique products that end users need today; and building strong partnerships with our customers. In addition, as we expand our global distribution and reach, we positively shift our business base, reducing reliance on any one market for sustainability and growth, while ensuring enhanced performance to all served customers and markets. There are tremendous opportunities going forward and, most importantly, we are ready to perform.

Audit Committee

An Audit Committee of the Board was established in 1999 and on 11th April, 2006, the Board adopted written terms of reference for the role and function of the Audit Committee and 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 Listing Rules and other applicable laws and regulations is in place, and to oversee the integrity of the financial statements of the Company.

The Audit Committee is comprised of three independent non-executive directors of the Company, 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 Listing Rules

The Company confirms that it has complied with all material code provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules throughout the six months period ended 30th June, 2006, save that:

1. The roles of Chairman and the Chief Executive Officer are both performed by Mr. Horst Julius Pudwill. The Group does not currently propose to separate the functions of 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. The Board formally adopted written procedures on 11th April, 2006 to govern the delegation of daily management responsibilities to the senior management of the Group and the reservation to the Board of specifically identified matters. This supplemented and enhanced the prior practice of the Board of delegating signing authority on a case-by-case basis for each significant agreement entered into by the Group. The work of the Audit Committee will include reviewing on an ongoing basis the Group's internal controls and the delegation and reporting procedures between the Board and senior management.

3. None of the directors is 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 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 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 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, 2006. 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 has been 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 has reviewed with senior management of the Group the unaudited interim financial statements for the six months period ended 30th June, 2006. 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 Wednesday, 13th September, 2006 to Friday, 15th September, 2006, 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, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 12th September, 2006.

Board of Directors

As at the date of this announcement, the Board comprises five group executive directors, namely Mr. Horst Julius Pudwill (Chairman and Chief Executive Officer), Mr. Roy Chi Ping Chung (Managing Director), JP, 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.

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

Hong Kong, 22nd August, 2006

This results announcement is published on the websites of the Company (www.ttigroup.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The interim report will be dispatched to the shareholders of the Company and available on the same websites on or about 19th September, 2006.

RIDGID® is a registered trademark of Ridgid, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE: EMR). The orange color used on this product and the combination of orange and grey are trademarks for RIDGID® brand power tools.

The use of the trademark Ryobi® is pursuant to a license granted by Ryobi Limited.

Sears®, Craftsman® and Kenmore® brands are registered trademarks of Sears Brands, LLC.

RESULTS SUMMARY

Condensed Consolidated Income Statement (Unaudited)

for the six months period ended 30th June, 2006

	Notes	**2006 HK$'000**	2005 HK$'000	**2006 US$'000 (Note 12)**	2005 US$'000 (Note 12)
Turnover	2	**10,736,950**	10,217,328	**1,376,532**	1,309,914
Cost of sales		**(7,376,562)**	(7,045,245)	**(945,713)**	(903,235)
Gross profit		**3,360,388**	3,172,083	**430,819**	406,679
Other income		**17,253**	15,092	**2,212**	1,935
Interest income		**42,310**	22,692	**5,424**	2,909
Selling, distribution, advertising and warranty expenses		**(1,195,151)**	(1,008,271)	**(153,224)**	(129,265)
Administrative expenses		**(1,234,575)**	(1,226,291)	**(158,279)**	(157,220)
Research and development costs		**(223,086)**	(251,880)	**(28,601)**	(32,292)
Finance costs		**(182,491)**	(149,734)	**(23,396)**	(19,197)
Profit before share of results of associates and taxation		**584,648**	573,691	**74,955**	73,549
Share of results of associates		**(1,149)**	(2,999)	**(147)**	(384)
Profit before taxation		**583,499**	570,692	**74,808**	73,165
Taxation	3	**(76,591)**	(93,741)	**(9,819)**	(12,018)
Profit for the period	4	**506,908**	476,951	**64,989**	61,147
Attributable to:					
Equity holders of the parent		**503,630**	456,362	**64,569**	58,507
Minority interests		**3,278**	20,589	**420**	2,640
		506,908	476,951	**64,989**	61,147
Dividends paid		**(184,609)**	(169,651)	**(23,668)**	(21,750)
Earnings per share (HK/US cents)	5				
Basic		**34.33**	33.65	**4.40**	4.31
Diluted		**32.88**	31.89	**4.22**	4.09

Condensed Consolidated Balance Sheet

as at 30th June, 2006

	Notes	**30th June, 2006 HK$'000 (Unaudited)**	31st December, 2005 HK$'000 (Audited)	**30th June, 2006 US$'000 (Note 12)**	31st December, 2005 US$'000 (Note 12)
ASSETS					
Non-current assets					
Property, plant and equipment	6 &10	**1,767,867**	1,755,025	**226,650**	225,003
Lease prepayment		**65,790**	65,829	**8,435**	8,440
Goodwill		**4,016,648**	3,943,935	**514,955**	505,633
Intangible assets		**1,527,710**	1,461,453	**195,860**	187,366
Interests in associates		**219,972**	189,453	**28,202**	24,289
Available-for-sale investments		**13,363**	13,363	**1,713**	1,713
Deferred tax assets		**696,382**	646,758	**89,280**	82,918
Other assets		**2,195**	2,195	**281**	281
		8,309,927	8,078,011	**1,065,376**	1,035,643
Current assets					
Inventories		**4,196,112**	3,971,216	**537,963**	509,130
Trade and other receivables	7	**3,303,328**	3,265,355	**423,504**	418,635
Deposits and prepayments		**609,461**	513,062	**78,136**	65,777
Bills receivable		**318,558**	431,121	**40,841**	55,272
Tax recoverable		**92,035**	68,544	**11,799**	8,788
Trade receivables from associates		**34,609**	1,310	**4,437**	168
Bank balances, deposits and cash		**3,268,036**	4,046,122	**418,979**	518,734
		11,822,139	12,296,730	**1,515,659**	1,576,504
Current liabilities					
Trade, bills and other payables	8	**3,365,014**	4,141,663	**431,412**	530,982
Warranty provision		**298,083**	338,211	**38,216**	43,360
Trade payable to an associate		**7,416**	21,946	**951**	2,814
Tax payable		**165,883**	116,624	**21,267**	14,952
Dividend payable		**184,609**	–	**23,668**	–
Obligations under finance leases – due within one year		**16,301**	18,107	**2,090**	2,321
Discounted bills with recourse		**1,925,481**	2,101,171	**246,857**	269,381
Unsecured borrowings – due within one year		**611,133**	673,277	**78,350**	86,317
		6,573,920	7,410,999	**842,811**	950,127
Net current assets		**5,248,219**	4,885,731	**672,848**	626,377
Total assets less current liabilities		**13,558,146**	12,963,742	**1,738,224**	1,662,020

	Notes	30th June, 2006 HK$'000 (Unaudited)	31st December, 2005 HK$'000 (Audited)	30th June, 2006 US$'000 (Note 12)	31st December, 2005 US$'000 (Note 12)
CAPITAL AND RESERVES					
Share capital	9	**146,515**	146,172	**18,784**	18,740
Reserves		**6,356,620**	5,966,167	**814,951**	764,895
Equity attributable to equity holders of the parent		**6,503,135**	6,112,339	**833,735**	783,635
Minority interests		**77,446**	120,670	**9,929**	15,471
Total equity		**6,580,581**	6,233,009	**843,664**	799,106
NON-CURRENT LIABILITIES					
Obligations under finance leases – due after one year		**128,374**	125,467	**16,458**	16,086
Convertible bonds		**1,091,950**	1,078,307	**139,994**	138,244
Unsecured borrowings – due after one year		**4,453,003**	4,225,411	**570,898**	541,719
Retirement benefit obligations		**793,434**	786,337	**101,722**	100,812
Deferred tax liabilities		**510,804**	515,211	**65,488**	66,053
		6,977,565	6,730,733	**894,560**	862,914
		13,558,146	12,963,742	**1,738,224**	1,662,020

Notes to the Financial Statements (Unaudited)

1. Basis of Preparation and accounting policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31st December, 2005 except in relation to the following new/revised Hong Kong Financial Reporting Standards ("HKFRS"), HKAS and Interpretations (hereinafter collectively referred to as the "new HKFRSs") which have become effective for accounting periods beginning on or after 1st January, 2006, that are adopted the first time for the current period's financial statements:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above new/revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements.

2. Segment Information

	Six months period ended 30th June, Turnover		Segment results	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
By principal activity:				
Manufacturing and trading of:				
Power equipment products	**8,756,458**	7,889,483	**677,714**	549,588
Floor care appliances	**1,821,803**	1,979,827	**67,608**	103,514
Laser and electronic products	**158,689**	348,018	**21,817**	70,323
	10,736,950	10,217,328	**767,139**	723,425
By geographical market location:				
North America	**7,855,786**	7,615,796	**588,058**	562,793
Europe and other countries	**2,881,164**	2,601,532	**179,081**	160,632
	10,736,950	10,217,328	**767,139**	723,425

3. Taxation

	Six months period ended 30th June,	
	2006 HK$'000	2005 HK$'000
The total tax charge (credit) comprises:		
Hong Kong Profits Tax calculated at 17.5% of the estimated assessable profit for the period	**21,624**	22,305
Overseas Tax	**102,585**	44,770
Deferred Tax	**(47,618)**	26,666
	76,591	93,741

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,	
	2006 HK$'000	2005 HK$'000
Profit for the period has been arrived at after charging:		
Depreciation and amortization of property, plant and equipment	**251,880**	244,969
Amortization of lease prepayment	**691**	425
Amortization of intangible assets	**37,252**	16,755
Staff costs	**1,271,128**	1,243,816

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, 2006 HK$'000	2005 HK$'000
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to equity holders of the parent	**503,630**	456,362
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**11,255**	11,061
Earnings for the purpose of diluted earnings per share	**514,885**	467,423
Weighted average number of ordinary shares for the purpose of basic earnings per share:	**1,467,109,781**	1,356,152,770
Effect of dilutive potential ordinary shares:		
Share options	**33,052,278**	43,505,459
Convertible bonds	**65,922,585**	65,922,585
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,566,084,644**	1,465,580,814

6. Additions of property, plant and equipment

During the period, the Group spent approximately HK$240 million (2005: HK$288 million) on the acquisition of property, plant and equipment.

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, 2006 HK$'000	31st December, 2005 HK$'000
0 to 60 days	**2,707,386**	2,622,904
61 to 120 days	**228,458**	255,728
121 days or above	**62,674**	115,733
Total trade receivables	**2,998,518**	2,994,365
Other receivables	**304,810**	270,990
	3,303,328	3,265,355

8. Trade, bills and other payables

The aging analysis of trade payables is as follows:

	30th June, 2006 HK$'000	31st December, 2005 HK$'000
0 to 60 days	**1,442,593**	1,552,235
61 to 120 days	**100,324**	278,482
121 days or above	**42,053**	70,475
Total trade payables	**1,584,970**	1,901,192
Bills payables	**267,421**	550,964
Other payables	**1,512,623**	1,689,507
	3,365,014	4,141,663

9. Share capital

	Number of shares		Share capital	
	30th June, 2006	31st December, 2005	30th June, 2006 HK$'000	31st December, 2005 HK$'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:				
At 1st January,	**1,461,720,652**	1,352,304,652	**146,172**	135,230
Issued on exercise of share options	**3,431,000**	13,416,000	**343**	1,342
Issued on share placement	**–**	96,000,000	**–**	9,600
	1,465,151,652	1,461,720,652	**146,515**	146,172

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

10. Capital commitments

	30th June, 2006 HK$'000	31st December, 2005 HK$'000
Capital expenditure contracted for but not provided in the financial statements in respect of the purchase of property, plant and equipment and licence	**133,291**	199,554
Capital expenditure authorized but not contracted for in the financial statements in respect of the purchase of property, plant and equipment	**24,616**	68,957

During the period, the Company has authorized but not contracted for the construction costs in regard to the new factory in Dongguan amounted to RMB527 million (approximately HK$513 million).

11. Contingent liabilities

	30th June, 2006 HK$'000	31st December, 2005 HK$'000
Guarantees given to banks in respect of credit facilities utilized by associates	**32,562**	30,654

12. US Dollar equivalents

These are shown for reference only and have been arrived at based on the fixed exchange rate of HK$7.8 to US$1.0.

13. Comparative figures

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

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