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Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 669)

DISCLOSEABLE TRANSACTION

ACQUISITION OF ASSETS COMPRISING THE HOOVER® FLOOR-CARE BUSINESS FROM SUBSIDIARIES OF WHIRLPOOL CORPORATION

Financial Adviser to the Company



Merrill Lynch
Merrill Lynch (Asia Pacific) Limited

The Board is pleased to announce that the Company has on 6 December 2006 (US Eastern Standard Time) entered into the PSA to purchase the Hoover Floor-Care Business from the following subsidiaries of Whirlpool:

- (A) from Hoover, to purchase and take assignment and delivery from it of, substantially all of its assets, including all of the outstanding equity interests in each of the Hoover Direct Subsidiaries;
- (B) from Hoover Holdings and Maytag Holdings, respectively, to purchase and take assignment and delivery from them of, all of the issued and outstanding shares of capital stock of Juver; and
- (C) from Maytag Holdings, to purchase and take assignment and delivery from it of, all of the issued and outstanding equity interests of Maytag China.

The total consideration for the purchase of the Hoover Assets, the Juver Stock and the Maytag China Stock consists of the payment of US\$107 million (approximately HK\$831.4 million) in cash to Maytag (on behalf of itself and the other Sellers).

To effect the purchase of the Hoover Floor-Care Business, the Company will assume certain Assumed Obligations as they exist at the Closing Date. Based on unaudited financial information provided by Whirlpool as at 30 September 2006, the Assumed Obligations were approximately US\$127.9 million (approximately HK\$993.8 million) (consisting of approximately US\$74.3 million (approximately HK\$577.3 million) of accounts payable and other accrued liabilities, and approximately US\$53.6 million (approximately HK\$416.5 million) of long-term post-retirement medical and life insurance benefits for the Transferred Employees which shall be payable over the lifetimes of such employees). For the purpose of calculating the consideration amount under the Listing Rules, this results in an aggregate consideration of US\$234.9 million (approximately HK\$1,825.2 million).

The total unaudited asset value of the Hoover Floor-Care Business as at 30 September 2006 was approximately US\$353.5 million (approximately HK\$2,746.7 million).

Principal terms of the PSA are set out below in this announcement.

BACKGROUND TO THE PSA

The Board is pleased to announce that the Company has on 6 December 2006 (US Eastern Standard Time) entered into the conditional Purchase and Sale Agreement (“PSA”) with certain subsidiaries of Whirlpool Corporation (“Whirlpool”) to purchase from Whirlpool its Hoover Floor-Care Business, which comprises:

- (A) substantially all the assets of The Hoover Company (“Hoover” and collectively the “Hoover Assets”), including all of the outstanding equity interests in each of the direct subsidiaries of Hoover comprising Hoover General, LLC and Hoover Limited, LLC (the “Hoover Direct Subsidiaries”), which together own all of the outstanding partnership interests of The Hoover Company I L.P., to be purchased from Hoover;
- (B) all of the issued and outstanding shares of capital stock of Juver Industrial S.A. de C.V. (the “Juver Stock”), a corporation organised under the laws of Mexico, to be purchased from Hoover Holdings Inc. (“Hoover Holdings”) and Maytag Holdings, Inc. (“Maytag Holdings”), respectively; and
- (C) all of the issued and outstanding equity interests of Maytag China, LLC (the “Maytag China Stock”) to be purchased from Maytag Holdings.

The Transaction contemplated under the PSA constitutes a discloseable transaction of the Company under the Listing Rules and is required to be disclosed by way of this announcement, and a circular with further details of the Transaction will be issued to Shareholders shortly.

THE PSA

The principal terms and conditions of the PSA are described below:

Date : 6 December 2006 (US Eastern Standard Time)

Parties : 1. the Company as the Purchaser; and
2. Hoover, Hoover Holdings, Maytag Holdings and Maytag as Sellers. Hoover, Hoover Holdings and Maytag Holdings are the indirect wholly-owned subsidiaries of Maytag, and the ultimate beneficial owner of each of these companies is Whirlpool. Each of the Sellers, to the best of the Directors’ knowledge, information and belief, having made all

reasonable enquiry, together with their ultimate beneficial owner, which is Whirlpool, are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company. As far as the Directors are aware, having made all reasonable enquiry, the principal business activities of the Sellers are the Hoover Floor-Care Business and the principal business activities of Whirlpool, the ultimate beneficial owner of the Sellers, are the manufacturing and marketing of major home appliances such as washing machines, dryers and refrigerators.

- Assets to be acquired by the Company : (A) *Hoover Assets*: from Hoover, all of Hoover's right, title and interest in and to all of its assets, properties and rights of every kind and description, real, personal and mixed, tangible and intangible, wherever located, including all of Hoover's equipment, machinery and other items of personal property, intellectual property, real property, inventory, fixed assets, receivables, permits and books and records, contracts or contractual rights, save for all claims for and rights to receive tax refunds, rebates and returns, all contracts under which at least one other business unit of Maytag or any of its affiliates purchase or sell goods or services on a joint basis and all assets being disposed of in the ordinary course of business during the period from the date of the PSA until the closing of the Transaction;
- (B) *Juver Stock*: from Hoover Holdings and Maytag Holdings, respectively, all of the issued and outstanding shares of capital stock of Juver, free and clear of any and all liens and encumbrances; and
- (C) *Maytag China Stock*: from Maytag Holdings, all of the issued and outstanding equity interests of Maytag China.

The Hoover Floor-Care Business to be acquired in the Transaction have historically not been accounted for, or audited as, a single, standalone economic entity for the years ended 31 December 2004 and 2005. Accounts for the Hoover Direct Subsidiaries, Juver and Maytag China for the years ended 31 December 2004 and 2005 were not supplied by the Sellers to the Company as the Sellers considered that such accounts were not representative of the underlying financial performance of these companies as a result of the distorting impact of charges for overhead and shared services related to such companies being included in the Maytag group of companies. Furthermore, the value attributable to the equity interests of such companies amounted to less than US\$4 million, which the Company does not consider material in the context of the figure for the total consideration in respect of the Transaction.

As a result, the Company did not request for the accounts of the Hoover Direct Subsidiaries, Juver and Maytag China and instead, and as part of the auction process leading up to the sale of the Hoover Floor-Care Business, Whirlpool prepared and provided, and the Company relied on, the unaudited standalone financial accounts for the year ended 31 December 2005, prepared on the basis that the Hoover Floor-Care Business was carved out from the Maytag group. On a carved-out basis, profit before taxation for the Hoover Floor-Care Business for the year ended 31 December 2005 amounts to a loss of US\$22.1 million (approximately HK\$171.7 million).

Relevant historical consolidated financial accounts for the Hoover Floor-Care Business are not available for any year prior to the year ended 31 December 2005. Moreover, the unaudited financial accounts for the year ended 31 December 2005 provided by the Sellers to the Company do not include any financial items below the line showing profits before taxation.

- Conditions : The PSA is subject to the satisfaction or waiver of the following conditions (among others):
- The representations and warranties of the Sellers being true and correct in all material respects as of the date they were made, and the Sellers having complied in all material respects with the covenants contained in the PSA;
 - No injunction or other legal restraint or prohibition, and expiration of the waiting period under the United States and anti-trust law known as the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”); and
 - no material on-going, threatened and pending litigation, injunctions or other legal restraints against the Company or the Sellers having occurred.

Consideration : The total consideration for the purchase of the Hoover Assets, the Juver Stock and the Maytag China Stock consists of the payment of US\$107 million (approximately HK\$831.4 million) in cash to Maytag (on behalf of itself and the other Sellers).

To effect the purchase of the Hoover Floor-Care Business, the Company will assume certain Assumed Obligations as they exist at the Closing Date. Based on unaudited financial information provided by Whirlpool as at 30 September 2006, the Assumed Obligations were approximately US\$127.9 million (approximately HK\$993.8 million) (consisting of approximately US\$74.3 million (approximately HK\$577.3 million) of accounts payable and other accrued liabilities, and approximately US\$53.6 million (approximately HK\$416.5 million) of long-term post-retirement medical and life insurance benefits for the Transferred Employees which shall be payable over the lifetimes of such employees). For the purpose of calculating the consideration amount under the Listing Rules, this results in an aggregate consideration of US\$234.9 million (approximately HK\$1,825.2 million).

If the applicable waiting period under the HSR Act has not expired within 35 days after the date of the PSA, being 10 January 2007 (the "Antitrust Trigger Date"), the Consideration shall be increased by 75% of the Cash Flow Amount. As defined in the PSA, the "Cash Flow Amount" means the absolute value of the negative cash flow of the Hoover Floor-Care Business for the period from the first business day after the Antitrust Trigger Date through and including the Closing Date.

If any material changes to the amount of Consideration become payable by the Company to the Sellers, the Company shall make a further announcement and comply with all relevant Listing Rules as the case may be.

The Consideration has been determined after arm's length negotiations during an auction process conducted by Whirlpool and takes into account the market presence of the Hoover Floor-Care Business in the Americas and Asia, its well established and widely recognised brands and its earnings growth potential. The Directors believe that the terms of the Transaction are fair and reasonable and in the interest of the Shareholders as a whole. No third party valuation has been performed on the Hoover Floor-Care Business. However, based on the carved out and unaudited financial information in respect of the Hoover Floor-Care Business provided to the Company by Whirlpool, the total unaudited asset value of the Hoover Floor-Care Business was approximately US\$353.5 million (approximately HK\$2,746.7 million) as at 30 September 2006.

It is intended that payment of the Consideration will be satisfied entirely from internal resources and lines of credit available to the Company.

- Payment terms : Under the PSA, the Consideration shall be payable in the following manner:
- US\$15 million (approximately HK\$116.6 million) (being the deposit) shall be paid to Maytag (on behalf of itself and the other Sellers) at the time of signing the PSA; and
 - US\$92 million (approximately HK\$714.8 million) shall be paid to Maytag (on behalf of itself and the other Sellers) at the time of the closing of the Transaction.
- Break Fee : In light of the costs and expenses incurred by the Sellers in negotiating the Transaction and the potential damage to their business if the Transaction does not proceed, the Company has agreed that it shall pay to the Sellers a break fee of US\$30 million (approximately HK\$233.1 million) less the amount of the deposit of US\$15 million (approximately HK\$116.6 million) within two business days of the termination by Maytag (on behalf of itself and the other Sellers) if (a) the parties mutually agree to terminate the Transaction; (b) the closing of the Transaction shall fail to take place on or before 6 October 2007 (unless the failure by the Sellers to fulfil their obligations caused such failure) or (c) there

shall have been a material breach of any covenant, obligation, representation or warranty of the Company under the PSA and such breach has not been remedied within 25 days after receipt by the Company of a notice in writing from the Sellers specifying the breach and requesting such breach be remedied. The Company shall make an appropriate announcement accordingly if such a break fee becomes payable.

- Termination : The PSA may be terminated at any time on or prior to the closing of the Transaction:
- (a) with the mutual written consent of the Sellers and the Company;
 - (b) by Maytag (on behalf of itself and the other Sellers) or the Company, if the closing of the Transaction shall fail to take place on or before 6 October 2007, provided that a party may not terminate the PSA if the failure of closing of the Transaction on or before such a date is due to the failure of the party wishing to terminate to fulfill its obligations under the PSA;
 - (c) by the Company, if there shall have been a material breach of any covenant, obligation, representation or warranty of the Sellers under the PSA and such breach shall not have been remedied within 25 days after receipt by the Sellers of a notice in writing from the Purchaser specifying the breach and requesting such breach be remedied; or
 - (d) by Maytag, if there shall have been a material breach of any covenant, obligation, representation or warranty of the Company under the PSA and such breach shall not have been remedied within 25 days after receipt by the Company of a notice in writing from the Sellers specifying the breach and requesting such breach be remedied.

- Other Material Terms : The Company shall offer employment, effective as of the closing of the Transaction, to all individuals employed by Hoover, Juver and Maytag China, respectively, immediately prior to the closing of the Transaction (the "Transferred Employees"), which offers of employment shall be at substantially the same level of cash compensation as applied to such employees immediately prior to the closing of the Transaction and maintain existing employee benefits.

In addition, the Company will be taking over operations of the Hoover facilities at its North Canton facilities and has agreed to hire the Hoover employees, to recognise the Hoover unions as the exclusive bargaining representative for all of the employees, and to assume the current union collective bargaining agreements applicable to those facilities.

- Guarantee : The Company will cooperate with and use its commercially reasonable efforts to obtain a full and unconditional release of any outstanding Maytag surety and performance bonds that have been issued in respect of the ordinary course of business to customers of the Hoover Floor-Care Business.
- Closing and Closing Date : Closing of the Transaction is expected to take place at 10:00 a.m. (US Eastern Standard Time) on the second business day following the date on which the conditions to the PSA are satisfied or waived in accordance with their respective terms unless the parties otherwise agree (the "Closing Date") and shall take place in Chicago, the United States. The Directors currently expect that the closing of the Transaction will take place during the first quarter of 2007, although review under the HSR Act could delay the Closing Date into the third quarter of 2007. The Company will make a further announcement if the closing of the Transaction does not take place by 31 March 2007.

DESCRIPTION OF THE HOOVER FLOOR-CARE BUSINESS ACTIVITIES

The Hoover name is synonymous with floor care and is one of the most recognisable brands in the world.

Hoover offers a comprehensive line of products for general and special-purpose vacuuming, including full-size uprights and canisters, deep cleaners, and hard-floor cleaners. Its business includes designing, developing, manufacturing, marketing, sourcing and selling floor care appliances, servicing such appliances, re-manufacturing, repairing and refurbishing such appliances and providing replacement parts and accessories for such appliances. Hoover was founded in 1908 and became a publicly owned company in 1943. It was acquired by Chicago Pacific Corp. in 1985, which was in turn acquired by Maytag in 1989. Hoover joined the Whirlpool group of companies in early 2006 after Maytag was acquired by Whirlpool. Hoover has manufacturing operations in North Canton, Ohio, in El Paso, Texas, and in Juarez, Mexico and own exclusive rights to the Hoover trademark in all of North America and South America, most of the Middle East, Africa and most of Asia.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Founded in 1985, the Company is a leading and fast-growing supplier of home improvement products and, in particular, is a market and innovation leader in power equipment products, floor care appliances, laser and electronic products, employing approximately 23,000 people worldwide. The Company's portfolio of global brands includes Milwaukee®, AEG® and Ryobi® power tools and accessories, Ryobi® and Homelite® outdoor power equipment products and Royal®, Dirt Devil®, Regina® and Vax® floor care appliances. The Company has enjoyed continuous growth since its listing on the Stock Exchange in 1990, achieving double-digit growth for the past nine years. The Company is also one of the constituent stocks on the Hang Seng HK MidCap Index under the Hang Seng Composite Index, the MSCI Hong Kong Index, the FTSE All-World Hong Kong Index, the FTSE/Hang Seng Asian Cyclical Index and the Dow Jones Hong Kong Titans 30.

The Directors believe that the acquisition of Hoover will enable the Company to enhance its leadership position in the floor-care industry on a world-wide basis. Through the acquisition of Hoover, the Company will acquire Hoover's strong brand name, as well as its comprehensive line of products for general and special purpose vacuuming, including full-size uprights and canisters, deep cleaners and hard-floor cleaners. The Directors believe that Hoover's engineering and design capability can be leveraged across the Company's existing product portfolio. The Company expects to benefit from many operational synergies and efficiencies through the combination of Hoover with its Royal® or Dirt Devil® business and technological synergies through the combination of their

strong patent portfolios and able engineering staffs. This, in conjunction with the Company's efficient manufacturing platform, is expected to strengthen and expand the Hoover brand throughout the international markets in which it competes. In particular, the Transaction will allow the Company to:

- diversify its customer base and increase sales of products by leveraging Hoover's distribution network in those geographies where the Company did not historically have a strong footprint;
- expand the distribution of its products beyond its existing channels by utilising the Hoover Floor-Care Business' network;
- strengthen its market presence in the floor-care business industry internationally which will position the Company to compete more effectively with other major global floor-care manufacturers who offer extensive ranges of higher-price-point products globally;
- become a leading supplier of floor-care accessories which will further complement and strengthen the Company's sourcing activity;
- gain access to the Hoover Floor-Care Business' design, engineering and manufacturing operations, which will provide critical expertise in certain key product categories in North America, South America, parts of the Middle East, Africa, Australia and most of Asia;
- enjoy economies of scale in its facilities as a result of higher product volumes and stronger bargaining power with its raw material suppliers; and
- build on its established track record of expanding the Company's product portfolio through selected brand acquisitions in conjunction with successful operational integration practices.

Merrill Lynch (Asia Pacific) Limited is acting as the exclusive financial adviser to the Company in respect of the Transaction.

The Transaction contemplated under the PSA constitutes a discloseable transaction of the Company under the Listing Rules and are required to be disclosed by way of this announcement, and a circular with further details of the transactions will be issued to Shareholders shortly.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Assumed Obligations" means the obligations and all of the liabilities of Hoover, that the Company shall assume and shall agree to pay, perform and discharge when due. Based on unaudited financial information provided by Whirlpool as at 30 September 2006, the Assumed Obligations were approximately US\$127.9 million (approximately HK\$993.8 million) (consisting of approximately US\$74.3 million (approximately HK\$577.3 million) of accounts payable and other accrued liabilities, and approximately US\$53.6 million (approximately HK\$416.5 million) of long-term post-retirement medical and life insurance benefits for the Transferred Employees which shall be payable over the lifetimes of such employees);

"Board" means the board of directors of the Company;

“Closing Date”	means the date which is the second business day following the date on which the conditions to the PSA are satisfied or waived in accordance with their respective terms unless the parties otherwise agree;
“Company”	means Techtronic Industries Company Limited, a public company limited by shares incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“Consideration”	means the total consideration for the purchase of the Hoover Assets, the Juver Stock and the Maytag China Stock consists of the payment of US\$107 million (approximately HK\$831.4 million) in cash to Maytag (on behalf of itself and the other Sellers);
“Directors”	means the directors of the Company;
“Hong Kong” or “HK”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hoover”	means The Hoover Company, a corporation incorporated under the laws of Delaware;
“Hoover Assets”	means substantially all the assets of Hoover, including all of the outstanding equity interests in each of the Hoover Direct Subsidiaries, to be purchased from Hoover by the Company;
“Hoover Direct Subsidiaries”	means each of Hoover General, LLC and Hoover Limited, LLC;
“Hoover Floor-Care Business”	means the business, as conducted by Hoover, Juver and Maytag China, of designing, developing, manufacturing, marketing, sourcing and selling floor care appliances, servicing such appliances, re-manufacturing, repairing and refurbishing such appliances and providing replacement parts and accessories for such appliances;
“Hoover Holdings”	means Hoover Holdings Inc., a corporation incorporated under the laws of Delaware;
“Juver”	means Juver Industrial S.A. de C.V., a corporation organised under the laws of Mexico;
“Juver Stock”	means all of the issued and outstanding shares of capital stock of Juver to be purchased from Hoover Holdings and Maytag Holdings, respectively, by the Company;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“Maytag”	means Maytag Corporation, a corporation incorporated under the laws of Delaware;
“Maytag China”	means Maytag China, LLC, a limited liability company organised under the laws of Delaware;

“Maytag China Stock”	means all of the issued and outstanding equity interests of Maytag China, to be purchased from Maytag Holdings by the Company;
“Maytag Holdings”	means Maytag Holdings Inc., a corporation incorporated under the laws of Delaware;
“PSA”	means the conditional Purchase and Sale Agreement dated 6 December 2006 (US Eastern Standard Time) made between the Sellers and the Company relating to the Transaction;
“Sellers”	means Hoover, Maytag, Hoover Holdings and Maytag Holdings;
“Shareholders”	means the shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Transaction”	means the acquisition by the Company of (i) substantially all of the assets of Hoover, including all of the outstanding equity interests in the Hoover Direct Subsidiaries, (ii) all of the issued and outstanding shares of capital stock of Juver, and (iii) all of the issued and outstanding equity interests of Maytag China;
“Transferred Employees”	means all individuals employed by Hoover, Juver and Maytag China, respectively, immediately prior to the closing of the Transaction, whom the Company shall offer employment, effective as of the closing of the Transaction, at substantially the same level of cash compensation as applied to such employees immediately prior to the closing of the Transaction;
“Whirlpool”	means Whirlpool Corporation, a Delaware corporation, whose shares are listed on the New York Stock Exchange;
“United States” or “US”	means the United States of America;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong; and
“US\$”	means United States dollars, the lawful currency of the United States.

By order of the Board
Techtronic Industries Company Limited
Chi Chung Chan
Company Secretary

Hong Kong, 7 December 2006

Notes:

An exchange rate of US\$1.00 to HK\$7.77 has been used for the conversion of US dollars into HK dollars for the purpose of this announcement.

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

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 JP (Managing Director), 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. Christopher Patrick Langley OBE, Mr. Joel Arthur Schleicher and Mr. Manfred Kuhlmann.

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“Please also refer to the published version of this announcement in The Standard and South China Morning Post”