Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 669)

Announcement of results for the six months period ended June 30, 2008

HIGHLIGHTS

	2008	2007	**2008**	2007	Changes
	HK$' million	HK$' million	**US$' million**	US$' million	%
Turnover	**13,135.0**	11,928.3	**1,684.0**	1,529.3	10.1
EBIT (*Before other income, restructuring and transition costs)*	**769.6**	428.1	**98.7**	54.9	79.8
Other Income	**39.2**	327.1	**5.0**	41.9	(88.0)
EBIT **(*After other income, before restructuring and transition costs)***	**808.8**	755.2	**103.7**	96.8	7.1
Restructuring and Transition Costs	**166.3**	0	**21.3**	0	N/A
Profit attributable to equity holders of the parent ***(Before other income, restructuring and transition costs)***	**481.7**	182.2	**61.8**	23.4	164.4
Profit attributable to equity holders of the parent ***(After other income, restructuring and transition costs)***	**354.6**	509.3	**45.5**	65.3	(30.4)
EPS (HK/US cents) ***(Before other income, restructuring and transition costs)***	**32.09**	12.34	**4.1**	1.6	160.0
EPS (HK/US cents) **(*After other income, restructuring and transition costs)***	**23.62**	34.50	**3.0**	4.4	(31.5)
Interim dividend per share (HK/US cents)	**3.00**	6.50	**0.38**	0.83	(53.8)

- Record sales and 10.1% growth last year
- EBIT increase 7.1% before restructuring
- Hoover® turnaround generates profits
- Strong gains from Outdoor Products
- Strategic Repositioning Plan savings ahead of target

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 June 30, 2008 together with the comparative figures in 2007.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK3.00 cents (2007: HK6.50 cents) per share for the six months period ended June 30, 2008. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 19, 2008. It is expected that the interim dividend will be paid on or about September 29, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

TTI achieved record sales in the first half driven by growth across all major business segments overcoming challenging macroeconomic conditions in key markets. Total Group sales in the first half were a record HK$13.1 billion, an increase of 10.1% over the same period of 2007. The Power Equipment business had strong sales growth of 11.6% led primarily by penetration of new product categories from the Outdoor Products business and the expansion of cordless lithium ion technology across our power tool brands. The Floor Care business experienced sales growth of 6.8% aided by the profitable turnaround of Hoover and growth in Europe and Rest of World. The Company's commitment to new product development resulted in the launching of over 300 new products during the past 12 months. The geographic expansion efforts in Canada, Middle East, Eastern Europe, Latin America and Australia contributed to the sales growth in the first half.

The Hoover turnaround and the Milwaukee transfer program, both part of our Strategic Repositioning Plan, generated better than planned savings for the period. These savings, the ongoing Cost Improvement Programs, selective price increases and new product launches partially offset the inflationary pressures in China, a stronger China Yuan and increasing commodity prices. During the period, gross margins were 31.5% compared with 31.8% in the previous period. The Company's cost rationalization and volume leverage lowered. Operating Expenses to 25.5% of sales when compared to 28.2% during the first half last year. Profit Attributable to Equity Holders of the Parent (before other income, restructuring costs and other restructuring and transition costs) is HK$481.7 million representing a year-on-year growth of 164.4%. Basic earnings per share (before other income, restructuring costs and other restructuring and transition costs) improved to HK$32.09 cents, an increase of 160.0% as compared to the same period last year.

Strategic Repositioning Plan

The Strategic Repositioning Plan delivered sustainable savings from the Hoover turnaround and Milwaukee transfer program in the first half. As part of the Plan the first phase of the new China Manufacturing and Innovation Campus opened its doors at the end of the first half. The spending in the first half was on track at HK$166 million (US$21.3 million) and savings were ahead of plan at HK$246 million (US$31.5 million). The total planned spend for the Strategic Repositioning Plan remains at HK$1.3 billion (US$172 million) and projected annual savings remains at HK$550 million (US$70 million) in the year 2010 and beyond.

BUSINESS REVIEW

Power Equipment

The Power Equipment business which includes Power Tools & Accessories and Outdoor Products, comprised of our leading brands Milwaukee®, AEG®, Ryobi® and Homelite® delivered 11.6% growth in the first half of 2008. The business accounted for 70.1% of sales. Sales of professional tools and accessories expanded at a mid-single digit rate, as did sales of consumer tools and accessories. Outdoor Products, with the expansion into new categories, had solid double digit sales growth. Profit margins attributable to operations declined to 7.3% from 8.3% for the same period last year impacted by inflationary pressures not yet offset by planned new product introductions, price increases, Cost Improvement Programs, and the reduction of inventory in preparation for the second half new product introductions.

The Company's relentless focus on the development and marketing of cordless power tools continues as a key growth driver as sales recorded double digit growth and the Ryobi® branded One+™ program has sold over 37 million tools. The lightweight and high performance cordless lithium ion technology which the Company developed for heavy duty applications was expanded from Milwaukee® into the AEG® and hyper-green Ryobi® cordless tools in late 2007. Across all brands the new platforms of 12V and 18V lithium tools accounted for nearly the entire cordless product growth in the first half. The business is well positioned to build on this success with the European and Rest of World launches set for later in 2008 and early 2009, as well as the continuing development of innovations around these two cordless platforms.

Significant gains were made by the Outdoor Products business in North America with double digit sales growth also coming from Europe and the Rest of World. In North America, incremental sales were generated from product category expansion with the full range of Homelite® handheld electric tools and the launch of five high performance, best in class gas pressure washers. Globally sales improvements were fueled by the introduction of about 108 new products. Late in the first half, the innovative first-of-its-kind Ryobi® gas trimmers with electric Touch Start were introduced in North America and will be launched in Europe and Rest of World during the second half of 2008.

Floor Care

The Floor Care business, including the Hoover contribution, reported a 6.8% increase in turnover to HK$3.9 billion, accounting for 29.9% of total TTI sales. Profit from operations improved significantly with the Hoover turnaround. Profit margin attributable to operations is at 4.4% up from 3.3% for the same period last year.

In North America the core business grew during the first half as new Hoover® products were successfully launched including the Hoover® "100 Year Anniversary Series™" celebrating the brand's centenary year, including four differentiated uprights and one canister utilizing two technologies unique to Hoover®. In addition, the new "Platinum Collection™" will be introduced offering new models across Bagged Upright, Bagless Upright, Shampooer, Canister Cordless Stick and Cordless Hand held. The LiNX™ Cordless Stick and Hand Vacs will be powered by lithium ion battery Technology. The Platinum Series™ will also feature Hoover®'s new Visual Brand Language.

Dirt Devil® launched AccuCharge™ cordless hand and stick vacuums in the first half, the first Energy Star rated vacuum that reduce energy costs without sacrificing performance. The Dirt Devil® Designer Series continues to gain popularity for Dirt Devil®. The Designer Series' three new products will be added throughout 2008; Kruz®, a cordless stick vac, Brum™, a cordless broom vac and Kwik™, a detailer for fine electronic components and other delicate surfaces.

In Europe, the Vax® and Dirt Devil® businesses delivered strong double-digit growth. Growth in Vax came mainly from the UK and Russia, driven by sales of the Mach™ series Uprights that was successfully adapted and launched from the Hoover® USA product platform. Dirt Devil®'s double-digit sales growth in the period was driven by its principal German market and strong expansion in France and Spain.

FINANCIAL REVIEW

FINANCIAL RESULTS

Result Analysis

Turnover for the period under review amounted to HK$13.1 billion, an increase of 10.1% as compared to the same period last year. Profit after other income, restructuring and transition costs attributable to equity holders of the parent amounted to HK$354.6 million, as compared to

HK$509.3 million reported last year. Profit attributable to equity holders of the parent before other income, restructuring and transition costs amounted to HK$481.7 million, an increase of 164.4 % as compared to last year.

Basic earnings per share was at HK23.62 cents (2007: HK34.50 cents). Excluding other income, restructuring and transition costs, earnings per share amounted to HK32.09 cents, improved as compared to HK 12.34 cents per share as reported same period of last year.

EBIT, before other income, restructuring and transition costs, amounted to HK$769.6 million, an increase of 79.8% compared to the HK$428.1 million reported last year.

Gross Margin

Gross profit margin remained stable at 31.5% as compared to 31.8% in the same period last year. New products launched during the period and cost containment programs and Group synergies partially offset the commodity, raw material costs increase, higher manufacturing costs and the China Yuan appreciation.

Operating Expenses

Total operating expenses remained the same as that of last period, amounting to HK$3.4 billion, representing 25.5% (2007: 28.1%) of turnover. The Group managed to control the non-strategic SG&A expenses and reinvested into the strategic SG&A as planned.

Interest expenses for the period amounted to HK$262.3 million, as compared to HK$215.5 million reported last year. The increase was due to higher cost of funds during the period and the additional working capital required for the restructuring and factory expansion. Interest cover, expressed as a multiple of EBITDA to total interest was at 4.5 times (2007: 5.3 times).

Effective tax rate for the period was at 12.6% (2007: 13.3%). The restructuring of the Group's operations will offer additional opportunities for more efficient and effective tax planning.

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to HK$7,295.8 million, as compared to HK$6,920.1 million at December 31, 2007, an increase of 5.4%.

Financial Position

The Group's net gearing, expressed as a percentage of total net borrowing to equity attributable to equity holders, was at 95.3%, as compared to 104.3% as at December 31, 2007. The Group remains confident that gearing will further improve after the completion of the Strategic Repositioning Plan and initiatives to deliver very focused and stringent working capital management.

Bank Borrowings

Long term borrowing accounted for 42.6% of total debts (41.3% at December 31, 2007).

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. Currency, interest rate exposure together with cash management functions are all closely managed and monitored.

Working Capital

Total inventory was at HK$6.0 billion, comparable to the HK$6.0 billion as at December 31, 2007. The number of days inventory improved from 88 days as at December 31, 2007 to 84 days for period under review.

Trade receivable turnover days improved to 57 days as compared to 62 days as at December 31, 2007. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payable days declined from 66 days reported as at December 31, 2007 to 63 days.

Working capital as a percentage of sales was at 21.4% as compared to 22.9% at December 31, 2007.

Capital Expenditure

Total capital expenditure for the period amounted to HK$411.1 million (2007: HK$309.3 million), of which HK$180.7 million was for the new China Manufacturing and Innovation Campus. The Group's total capital expenditure was in line with the Group's capital appropriation guideline.

Capital Commitment and Contingent Liability

As at June 30, 2008, total capital commitments amount to HK$288.9 million (2007: HK$391.3 million) and there were no material contingent liabilities or off balance sheet obligations.

Charges

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

Human Resources

The Group employed a total of 21,619 employees, down 8.7% compared to 23,674 employees in 2007. Total staff cost for the period under review amounted to HK$1,631.8 million as compared to HK$1,532.0 million in the same period last year. This increase in staff cost reflects the Company's on-going investment in R&D, geographic expansion and other strategic areas.

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 growth of TTI is underpinned by our Strategic Roadmap that focuses on four elements of Powerful Brands, Innovative Products, Exceptional People, and Operational Excellence. Our powerful brand portfolio last year added the Hoover® and Stiletto® brands which are now primed for growth with new product line-ups. We believe in the power of the brands in our portfolio. Our focus on brand value and new innovative products by leveraging our leadership in cordless products and lithium ion battery technologies are creating higher vitality rates across the group and this will continue in the second half of 2008. Our goal is to add to the heritage of our brands by delivering products that excite end users and retail partners with improved convenience and greater performance.

The Power Equipment business has performed well during a challenging North American economic climate making market gains in the growing cordless power tool category with our innovative lithium ion tools. The second half will benefit from major new launches of 12V and 18V lithium ion cordless tools under the Milwaukee®, Ridgid®, AEG®, and Ryobi® brands. Milwaukee will continue to focus on serving the fast growing global infrastructure industry and the tools being developed are targeted at these demanding users. A clear new product winner is the cutting edge Milwaukee® M-Spector™ digital inspection camera that exploits the Milwaukee® M12™ lithium ion platform and introduces a breakthrough digital imaging inspection technology that enhances everyday productivity of the professional trades. Outdoor Products should continue the strong first half expansion driven by the Homelite® electric handheld tools and gas pressure washers as well as the launch of new Homelite® gas chainsaws. A growth program of gas generators will positively impact the second half and is targeted to be an ongoing growth category.

The outlook for Floor Care is exciting with the new product launch plans for Hoover® and growth plans for key geographic markets like Canada and Russia. The Hoover® Platinum™ collection will be introduced in the second half of the year which includes the Hoover® LiNX™ Cordless Stick and Hand Vacs powered by 18V lithium ion battery technology. Through LiNX™ TTI will further extend lithium ion into the cordless vacuum cleaner market, delivering consumers cordless convenience with the power and run time that they desire. An exciting new partnership with the leading office supply retailer Staples to produce a complete range of paper shredders begins in the second half. The full product range consists of world class design and performance with several patents pending.

The management of the Group is committed to executing the Strategic Repositioning Plan and is confident this will deliver sustainable long term profitability as TTI emerges stronger, more efficient and market focused. As the integration and transitioning program is completed, resources are increasingly focusing on accelerated Cost Improvement Programs to offset cost pressures. This program will expand gross margins, improve working capital management and help to achieve the goal of growing free cash flow. The company has proven ability to grow sales and expand profitably during challenging economic conditions. The sales momentum generated in the first half is expected to continue throughout the second half.

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 (the "**CG Code**") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months period ended June 30, 2008, save that:

1. The roles of Chairman and the Chief Executive Officer of the Company were performed by Mr Horst Julius Pudwill until February 1, 2008. Mr Joseph Galli Jr was appointed Chief Executive Officer and Executive Director of the Company effective February 1, 2008. Mr Pudwill continues in his role as Chairman and Executive Director. This is to allow Mr Pudwill to focus on the strategic planning and development of the Group. These changes are made in response to the ongoing expansion and development of the Group and to comply with the requirement of the recommended code provision A.2.1 of the CG Code that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual.

2. None of the directors are 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 of the Listing Rules (the "Model Code"). The Company has made specific enquiry of the Directors regarding any non-compliance with the Model Code during the six months period ended June 30, 2008 and all of them confirmed that they have fully complied with the required standards as set out in the Model Code. The Board has also adopted another 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 (the "Code for Securities Transactions by Relevant Employees"). Both the Model Code and the Code for Securities Transactions by Relevant Employees have been published on the Company's website (www.ttigroup.com).

REVIEW OF ACCOUNTS

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules. The Audit Committee, in conjunction with the senior management of the Group, has reviewed this report. 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 June 30, 2008. 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 September 17, 2008 to September 19, 2008, 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 September 16, 2008.

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 2008 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

By order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, August 21, 2008

As at the date of this announcement, the Board comprises six group Executive Directors, namely Mr Horst Julius Pudwill (Chairman), Dr Roy Chi Ping Chung JP (Vice Chairman), Mr Joseph Galli Jr (Chief Executive Officer), 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 four Independent Non-executive Directors, namely Mr Joel Arthur Schleicher, Mr Christopher Patrick Langley OBE, Mr Manfred Kuhlmann and Mr Peter David Sullivan.

This results announcement is published on the websites of the Company (www.ttigroup.com) and the HKExnews website (www.hkexnews.com.hk).

RESULTS SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months period ended June 30, 2008

	Notes	**2008 HK$'000 (Unaudited)**	2007 HK$'000 (Unaudited)	**2008 US$'000 (Note 13)**	2007 US$'000 (Note 13)
Turnover	2	13,135,041	11,928,328	1,683,980	1,529,273
Cost of sales		(9,003,836)	(8,138,094)	(1,154,337)	(1,043,345)
Gross profit		4,131,205	3,790,234	529,643	485,928
Other income		39,236	327,133	5,030	41,940
Interest income		26,522	47,914	3,400	6,143
Selling, distribution, advertising and warranty expenses		(1,818,118)	(1,503,172)	(233,092)	(192,714)
Administrative expenses		(1,324,883)	(1,581,014)	(169,857)	(202,694)
Research and development costs		(211,873)	(273,253)	(27,163)	(35,032)
Finance costs		(262,316)	(215,519)	(33,630)	(27,631)
Profit before restructuring costs, other restructuring and transition costs share of results of associates and taxation		579,773	592,323	74,331	75,940
Restructuring costs	3	(129,602)	-	(16,616)	-
Other restructuring and transition costs	3	(36,684)	-	(4,703)	-
Share of results of associates		(1,315)	(1,097)	(169)	(141)
Profit before taxation		412,172	591,226	52,843	75,799
Taxation	4	(52,062)	(78,402)	(6,675)	(10,052)
Profit for the period	5	360,110	512,824	46,168	65,747
Attributable to:					
Equity holders of the parent		354,669	509,270	45,470	65,291
Minority interests		5,441	3,554	698	456
		360,110	512,824	46,168	65,747
Dividends		(22,519)	(189,636)	(2,887)	(24,312)
Earnings per share (HK/US cents)	6				
Basic		23.62	34.50	3.03	4.42
Diluted		23.60	33.17	3.03	4.25

CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2008

	Notes	**June 30 2008 HK$' 000 (Unaudited)**	December 31 2007 HK$' 000 (Audited)	**June 30 2008 US$' 000 (Note 13)**	December 31 2007 US$' 000 (Note 13)
ASSETS					
Non-current assets					
Property, plant and equipment	7 &11	2,714,388	2,612,534	347,998	334,940
Lease prepayments		85,080	78,799	10,908	10,102
Goodwill		4,176,400	4,164,129	535,436	533,863
Intangible assets		2,284,811	2,176,077	292,924	278,984
Interests in associates		213,788	203,637	27,409	26,107
Available-for-sale investments		17,058	17,058	2,187	2,187
Deferred tax assets		728,376	762,907	93,382	97,809
		10,219,901	10,015,141	1,310,244	1,283,992
Current assets					
Inventories		5,988,839	5,951,606	767,800	763,026
Trade and other receivables	8	4,357,087	4,471,844	558,601	573,313
Deposits and prepayments		461,382	470,147	59,152	60,275
Bills receivable	8	171,933	469,002	22,043	60,128
Tax recoverable		333,859	271,134	42,802	34,761
Trade receivables from associates		3,500	10,053	449	1,289
Held-for-trading investments		3,692	17,192	473	2,204
Bank balances, deposits and cash		2,678,392	3,293,327	343,384	422,221
		13,998,684	14,954,305	1,794,704	1,917,217
Current liabilities					
Trade and other payables	9	4,470,264	4,466,407	573,111	572,617
Bills payable	9	280,832	299,223	36,004	38,362
Warranty provision		465,193	474,386	59,640	60,819
Tax Payable		366,558	286,069	46,995	36,676
Restructuring provision		203,973	418,380	26,150	53,638
Dividend payable		22,519	-	2,887	-
Obligations under finance leases - due within one year		18,045	17,635	2,313	2,261
Discounted bills with recourse		1,806,674	3,036,449	231,625	389,288
Unsecured borrowings - due within one year		3,094,675	2,566,503	396,754	329,038
Bank overdrafts		466,872	418,369	59,855	53,637
		11,195,605	11,983,421	1,435,334	1,536,336
Net current assets		2,803,079	2,970,884	359,370	380,881
Total assets less current liabilities		13,022,980	12,986,025	1,669,614	1,664,873

	Notes	**June 30 2008 HK$' 000 (Unaudited)**	December 31 2007 HK$' 000 (Audited)	**June 30 2008 US$' 000 (Note 13)**	December 31 2007 US$' 000 (Note 13)
CAPITAL AND RESERVES					
Share capital	10	150,125	150,125	19,247	19,247
Reserves		7,145,634	6,770,000	916,109	867,947
Equity attributable to equity holders of the parent		7,295,759	6,920,125	935,356	887,194
Minority interests		96,780	91,303	12,408	11,706
Total equity		7,392,539	7,011,428	947,764	898,900
NON-CURRENT LIABILITIES					
Obligations under finance leases - due after one year		137,978	134,693	17,689	17,268
Convertible bonds		99,537	98,299	12,761	12,602
Unsecured borrowings - due after one year		4,005,069	4,240,475	513,470	543,650
Retirement benefit obligations		874,485	980,528	112,113	125,709
Deferred tax liabilities		513,372	520,602	65,817	66,744
		5,630,441	5,974,597	721,850	765,973
Total equity and non-current liabilities		13,022,980	12,986,025	1,669,614	1,664,873

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 condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

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 December 31, 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new interpretations") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on January 1, 2008.

HK(IFRIC)－Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)－Int 12	Service Concession Arrangements
HK(IFRIC)－Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their interaction

The adoption of the new interpretations had no material effect on how the results or financial position of the Group for the current or prior accounting periods have been prepared. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 32&1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidations [1]
HKFRS 2 (Am endment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)－Int 13	Customer Loyalty Programmes[3]

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

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in loss of control, which will be accounted for as equity transactions.

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

2. Segment information

	Six months period ended June 30			
	Turnover		Segment results	
	2008	2007	**2008**	2007
	HK$' 000	HK$' 000	**HK$' 000**	HK$' 000
By principal activity:				
Manufacturing and trading of:				
Power Equipment	9,205,570	8,248,963	667,979	685,964
Floor Care	3,929,471	3,679,365	174,110	121,878
	13,135,041	11,928,328	842,089	807,842
By geographical market location:				
North America	9,441,390	8,742,494	701,580	616,600
Europe	3,172,937	2,770,858	107,549	165,349
Other countries	520,714	414,976	32,960	25,893
	13,135,041	11,928,328	842,089	807,842

3. Restructuring and transition costs

The Group continues the strategic repositioning plans during the period. The relevant restructuring provisions were charged as restructuring costs. Other restructuring and transition costs mainly represents relocation and related expenses for property, plant and equipment of relevant plants were charged to profit or loss as incurred.

4. Taxation

	Six months period ended June 30	
	2008	2007
	HK$' 000	HK$' 000
Current tax:		
Hong Kong	43,318	23,536
Overseas Tax	(27,076)	66,059
Deferred Tax	35,820	(11,193)
	52,062	78,402

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

5. Profit for the period

	Six months period ended June 30	
	2008	2007
	HK$' 000	HK$' 000
Profit for the period has been arrived at after charging:		
Depreciation and amortisation of property, plant and equipment	264,757	275,633
Amortisation of lease prepayment	859	722
Amortisation of intangible assets	86,490	60,992
Total depreciation and amortisation	352,106	337,347
Exchange gain	(85,994)	(66,621)
Staff costs	1,631,822	1,531,983

6. **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 June 30	
	2008	2007
	HK$' 000	HK$' 000
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to equity holders of the parent	354,669	509,270
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds	1,033	11,454
Earnings for the purpose of diluted earnings per share	355,702	520,724
Weighted average number of ordinary shares for the purpose of basic earnings per share:	1,501,252,152	1,476,088,480
Effect of dilutive potential ordinary shares:		
Share options	124,230	27,805,574
Convertible bonds	5,722,679	65,922,585
Weighted average number of ordinary shares for the purpose of diluted eamings per share	1,507,099,061	1,569,816,639

7. **Additions of property, plant and equipment**

During the period, the Group spent approximately HK$411 million (for the six months ended June 30, 2007: HK$309 million) on the acquisition of property, plant and equipment.

8. **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:

	June 30	December 31
	2008	2007
	HK$' 000	HK$' 000
0 to 60 days	3,321,522	3,711,634
61 to 120 days	463,162	300,597
121 days or above	252,911	175,953
Total trade receivables	4,037,595	4,188,184
Other receivables	319,492	283,660
	4,357,087	4,471,844

All the Group' s bills receivable at June 30, 2008 are due within 120 days.

9. Trade and other payables

The aging analysis of trade payables is as follows:

	June 30 2008 HK$' 000	December 31 2007 HK$' 000
0 to 60 days	2,451,501	1,947,377
61 to 120 days	277,159	370,703
121 days or above	18,584	43,254
Total trade payables	2,747,244	2,361,334
Other payables	1,723,020	2,105,073
	4,470,264	4,466,407

All the Group' s bills payable at June 30, 2008 are due within 120 days.

10. Share capital

	Number of shares		Share capital	
	June 30 2008	December 31 2007	**June 30 2008 HK$' 000**	December 31 2007 HK$' 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 beginning of the period	1,501,252,152	1,465,223,652	150,125	146,522
Repurchase of shares	-	(4,358,500)	-	(436)
Issued on exercise of share options	-	40,387,000	-	4,039
Shares of HK$0.10 each at end of the period	1,501,252,152	1,501,252,152	150,125	150,125

The shares issued during the period ended June 30, 2007 rank pari passu in all respects with the existing shares.

11. Capital commitments

	June 30 2008 HK$' 000	December 31 2007 HK$' 000
Capital expenditure contracted for but not provided in the financial statements in respect of the purchase of property, plant and equipment and licence	266,175	320,180
Capital expenditure authorized but not contracted for in the financial statements in respect of the purchase of property, plant and equipment	22,713	71,165

12. Contingent liabilities

	June 30 2008 HK$' 000	December 31 2007 HK$' 000
Guarantees given to banks in respect of credit facilities utilised by associates	33,422	30,865

13. 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. The financial statements include the condensed consolidated income statement and condensed consolidated balance sheet which are presented in the functional currency of the Company for reference only which have been arrived at based on the fixed exchange rate of HK$7.8 to US$1.0.

14. Dividends

The interim dividend in respect of current financial year is HK3.00 cents per share (2007: HK6.50 cents per share).