



Interim Report 2010

Leadership through
Innovation

Stock Code: 669

Powerful Brands

Innovative Products

Exceptional People

Operational Excellence





POWERFUL BRANDS



Front cover: The MILWAUKEE® M12™ Cordless 3/8" Hammer Drill Driver is the lightest and most compact Hammer Drill Driver on the market.



Inner Back cover: With over 200 pounds of torque, the 18V ONE + System® Impact Wrench is perfect for tackling large fasteners.



Back cover: The HOOVER® MAX EXTRACT® 77 features pressurized edge-to-edge cleaning, the MAX EXTRACT® DUAL V® Nozzle, and SPINSCRUB® technology, providing the ultimate carpet and hard floor cleaning solution.

Corporate Profile

TTI is a world-class leader in Power Tools, Outdoor Power Equipment, and Floor Care for consumers, professionals, and industrial users in the home improvement, repair and construction industries.

Our powerful brands are recognized worldwide for their heritage, quality and performance. Through our commitment to innovation and strong customer partnerships, we consistently deliver new products which enhance customer satisfaction and productivity. This provides TTI with a platform for sustainable leadership and strong growth.

Founded in 1985 in Hong Kong, TTI has worldwide staff spreading across 6 continents. TTI is listed on the Stock Exchange of Hong Kong and in 2009 had worldwide sales of HK\$24 billion.

Strategic Roadmap

Our drivers of Powerful Brands, Innovative Products, Exceptional People and Operational Excellence are the core strengths of TTI. They enable us to achieve our strategic goals, maximizing returns.



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Financial Highlights

For the six months period ended June 30, 2010	2010 HK\$ m	2009 HK\$ m	2010 US\$ m	2009 US\$ m	Changes %
Turnover	12,535	11,342	1,607	1,454	10.5
EBITDA (before restructuring costs)	1,250	905	160	116	38.1
EBITDA	1,106	905	142	116	22.2
EBIT (before restructuring costs)	808	509	104	65	58.9
EBIT	664	509	85	65	30.6
Profit attributable to Owners of the Company (before restructuring costs)	506	258	65	33	96.3
Profit attributable to Owners of the Company	362	258	46	33	40.5
EPS (HK/US cents)	22.74	17.18	2.92	2.20	32.4
Interim dividend per share (HK/US cents)	3.75	3.00	0.48	0.38	25.0

Profit attributable to
Owners of the Company
grew **40.5%**

Gross profit margin improved

New products driving growth

Geographic expansion
continues

10.5% sales increase

Management's Discussion and Analysis

We believe that growth is a continuous process of re-invention. This allows us to better respond to evolving trends and to capture opportunities resulting in **Leadership through Innovation.**

Double-Digit Sales and Profit Growth

TTI grew sales and profits in the first half of 2010. New product introductions fueled growth in all key business units and major geographic regions. Total Group sales in the first half were HK\$12.5 billion, an increase of 10.5% over the same period in 2009. Demand improvement coupled with continued focus on our cost base saw profit attributable to Owners of the Company rise 40.5% to HK\$362 million compared to the same period in 2009. Basic earnings per share improved to HK22.74 cents, an increase of 32.4% compared to the same period last year.

The core Power Equipment business had strong 11.3% sales growth led by RYOBI®, AEG®, and MILWAUKEE® new products and accessories. The Floor Care and Appliances business also had an excellent first half, reflecting better margins and 8.6% higher sales as HOOVER®, DIRT DEVIL®, and VAX® launched new generation product lines.

Our geographic expansion program delivered 20.4% sales growth in the first half of the year driven by sales gains in Europe, the Middle East, Australia, Latin America and Asia. Our North America business had high single-digit growth led by new products. New product flow is the key to TTI's ability to off-set a soft economic environment.

Cost Controls Underline Profit Gains

During the period, gross profit increased by 13.8% to HK\$4.1 billion and the gross margin to 32.6% of sales, up from 31.7% in the first half of 2009. Gross profit margin was supported by an improving mix of new products, aggressive cost control, and greater volume leveraging fixed overheads.

Our focus on cost improvement programs, value engineering and lean manufacturing practices helped offset increases in raw material prices. Ongoing productivity improvement programs allowed us to contain rising input costs. By following our core strategy of Operational Excellence, we have improved operating performance, lowered our cost base and delivered gross margin improvement.

SG&A decreased from 27.5% of sales in the first half last year to 26.8% in the first half this year. During the first half, we achieved positive results from our investment in media promotion for key products such as the MILWAUKEE® M12™ Impact Driver and the HOOVER® FloorMate® hard-floor cleaner. Our R&D spend was maintained to support TTI's high level of new product innovation.

On-going improvements include integrating our European power tool operations into our China facility. The investment will be a non-recurring restructuring provision of HK\$144 million.

Earnings before interest, taxes, and non-recurring restructuring provision increased 58.9% to HK\$808 million with an operating margin improvement to 6.4% from 4.5% during the first half of 2009. Inventory ended the period at HK\$5.7 billion.

The increase compared to the same period last year reflects a higher forecasted demand for the second half and strategic stocking of key components. We are prudently managing receivables and are targeting continued working capital improvements by year end. Our gearing position in the first half of 2010 showed an improvement to 78.6% from 82.1% in the same period last year.

BUSINESS REVIEW

Power Equipment Business Review

Power Tools, Outdoor Products, and Accessories delivered HK\$9.1 billion in sales, 11.3% higher than the first half of 2009. The business accounted for 72.4% of sales.

Industrial

Market gains in cordless tools led a double-digit sales increase in the first half. MILWAUKEE® M12™ and M18™ lithium-ion platforms continue to drive strong gains throughout all regions. Our plan is to continue expanding the M12™ and M18™ systems to perpetuate further growth. We are executing our well defined roadmap to broaden and upgrade these platforms to next generation products with improved functionality and performance.

Accessories performed strongly, benefiting from the expansion of the MILWAUKEE® offering and the highly successful RED RACK display merchandising. The accessories program further expanded into new categories such as the recent hole saw program, SHOCKWAVE™ screw driver bits and SAWZALL® blades. Our plan is to continue expanding our accessories product ranges with value-driven innovation. Additionally, we have successfully introduced a range of innovative hand tools targeted for the industrial user.

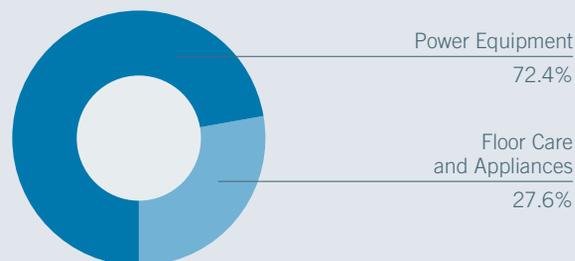
Consumer, Trade and Professional

Sales growth was achieved across all regions and brands. Over the past year, RYOBI® leveraged its position as the leading consumer power tool brand, successfully entering new categories such as painting systems and tile cutting tools. We are benefiting from these strategic launches and are continuing to bring to market new products delivering end-user innovation.

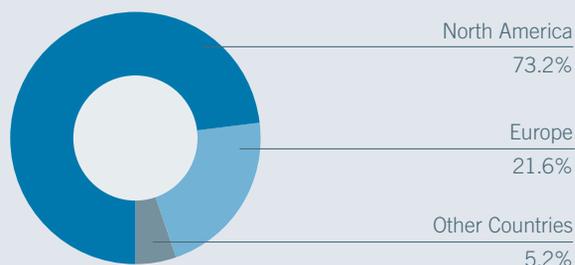
The RYOBI® ONE + System® was aggressively marketed to convert new customers to the best selling battery platform that supports more than 40 tools.

In Europe and Australia, RYOBI® new lithium-ion cordless product launches drove sales growth. AEG® sales continued to expand with the introduction of new lithium-ion cordless tools across 12V, 14.4V and 18V platforms.

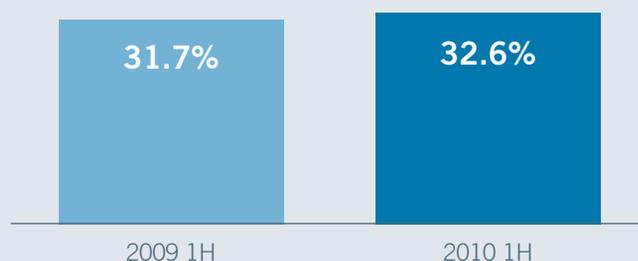
Sales by Product



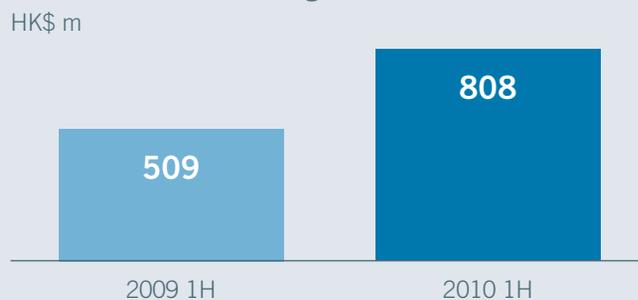
Sales by Geographic Location



Gross Margin



EBIT (before restructuring costs)



Management's Discussion and Analysis

Outdoor Product & Accessories

In North America, Outdoor Products again delivered double-digit growth as innovation in both core and new categories led to market gains. Strong end-user adoption of the RYOBI® 18V lithium-ion outdoor tools using the ONE + System® cordless battery drove sales ahead of plan. We continued to enter new categories with the launch of the RYOBI® branded cordless mower.

There was traction in RYOBI® trimmers and wheeled products that use our innovative lightweight 4-cycle engine that delivers greener and more energy-efficient performance. HOMELITE® electric handheld products and new accessories helped further build sales. In Europe we extended our RYOBI® outdoor power equipment portfolio with the launch of a full range of electric and petrol pressure washers, a range of petrol lawn mowers and expansion of our corded electric portable garden tools range.

Floor Care and Appliances Business Review

Sales increased 8.6% over the prior year first half to HK\$3.5 billion, accounting for 27.6% of total TTI sales. In North America, Floor Care achieved solid single-digit sales growth led by strong market acceptance of new HOOVER® products.

HOOVER®'s T-Series™, featuring Windtunnel® technology, continued to make gains in the first half of 2010. Aggressive marketing of the HOOVER® FloorMate® hard-floor cleaner, along with a range of best-in-class detergents, also drove sales.

The DIRT DEVIL® products range was successfully repositioned in the North American market. The new generation of DIRT DEVIL®, in addition to an outstanding line of upright, stick and hand-held vacuums, now includes a range of innovative steam cleaning products.

In Europe we delivered double-digit sales growth with both VAX® and DIRT DEVIL® achieving excellent results. New multi-cyclones, cyclones, steam mops and bagged vacuums were introduced in the first half.

OUTLOOK

With a highly diversified product, channel and geographic platform, we are positioned to off-set macroeconomic swings. Our 10.5% sales growth in the first half demonstrates the strength of our diversified platform and ability to deliver exceptional results. TTI will perform even better in a strengthening economy. It is through our dedication to our customers and the focused implementation of our strategic drivers of Powerful Brands, Innovative Products, Exceptional People and Operational Excellence that we have a clear path for continued growth.

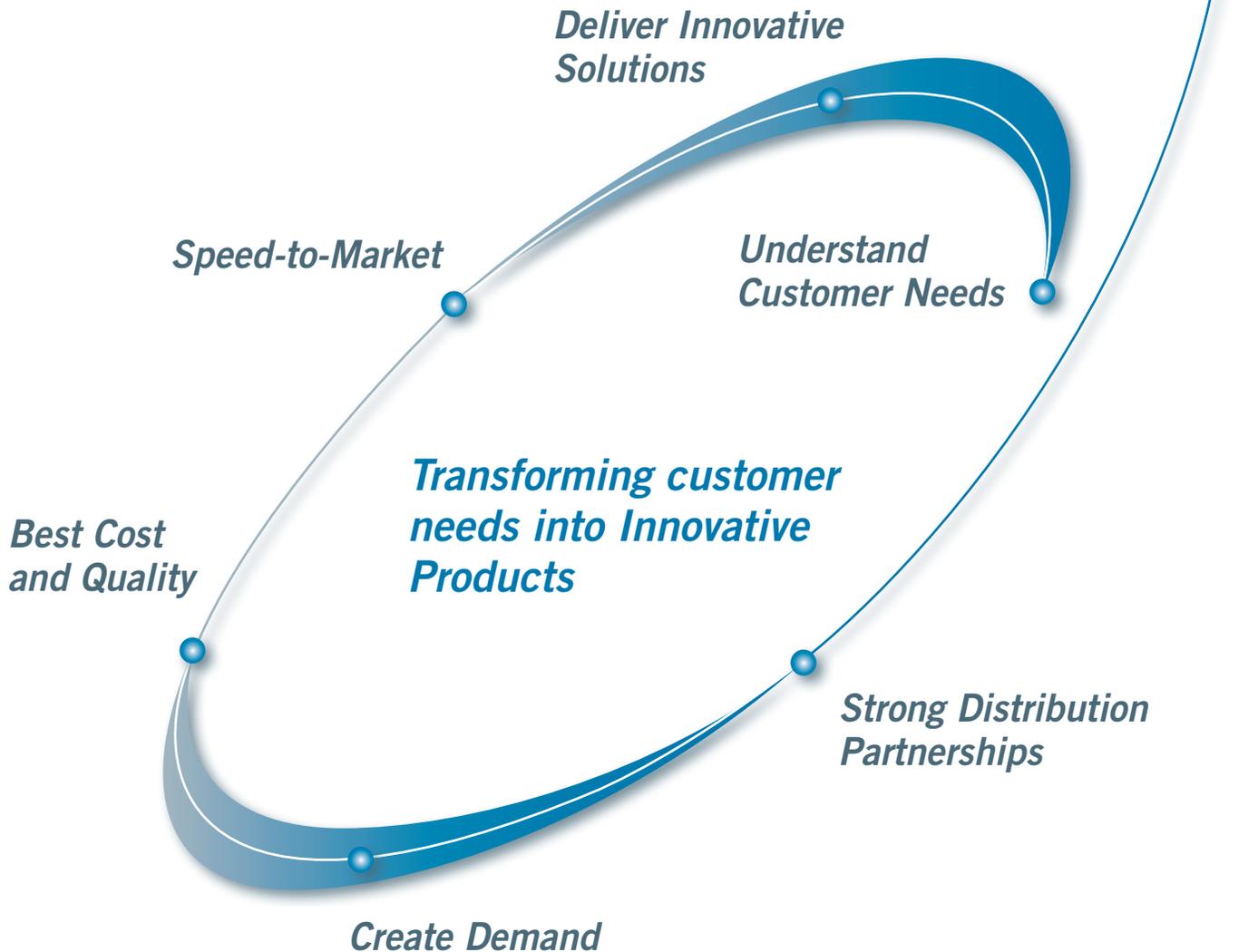
The next stage of development of our China manufacturing facility is the integration of Outdoor Products manufacturing during the second half. We are also completing the Global Innovation Centre in China which will allow R&D to be consolidated into one facility, improving efficiency and alignment with the manufacturing and engineering processes. This will enhance our ability to accelerate our new product development capabilities, strengthening our competitive advantage. TTI has a high-speed product development process which is generating a continuous stream of value-added new products.

In summary, we are pleased with the progress of the Company in the first half of 2010. Recognition of world-class brands, creating new market segments and next generation products continue to drive real expansion of the global customer base. The European restructuring will generate substantial savings in the years to come. We remain optimistic for the second half and believe TTI will continue to outperform the market in 2010 and beyond.



Combining deep understanding of customers and end-users with our technology platforms, high-speed product development process, and best cost supply chain, we are able to transform customer needs into Innovative Products.

Innovative Products



Management's Discussion and Analysis

FINANCIAL REVIEW

Financial Results

Result Analysis

Turnover for the period under review amounted to HK\$12.5 billion, 10.5% higher than the HK\$11.3 billion reported for the same period last year. Profit attributable to Owners of the Company amounted to HK\$362 million as compared to HK\$258 million reported last year. Basic earnings per share was at HK22.74 cents (2009: HK17.18 cents).

EBITDA amounted to HK\$1.1 billion, an increase of 22.2% as compared to the HK\$905 million reported in the same period last year.

EBIT amounted to HK\$664 million, an increase of 30.6% as compared to the HK\$509 million reported in the same period last year.

Gross Margin

Gross margin improved to 32.6% as compared to 31.7% in the same period last year. The margin gain was the result of new products, category expansion, effective cost containment programs, efficiency enhancements in the New Industrial Park, and savings from the Strategic Repositioning Plan implemented over the past two years.

Operating Expenses

Total operating expenses for the period amounted to HK\$3.4 billion as compared to HK\$3.1 billion reported for the same period last year. The Group managed to control non-strategic SG&A expenses and reinvested in strategic SG&A as planned.

Net interest expenses for the period amounted to HK\$291 million as compared to HK\$232 million reported for the same period last year. Interest cover, expressed as a multiple of EBITDA to total interest was at 3.7 times (2009: 3.8 times).

Effective tax rate for the period was at 3.0% (2009: 6.8%). The Group will continue to leverage its global operations to further improve overall tax efficiencies.

Liquidity and Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to HK\$8.2 billion, as compared to HK\$8.1 billion at December 31, 2009, an increase of 1.5%. Book value per share was HK\$5.11 as compared to HK\$5.08 at December 31, 2009, an increase of 0.6%.

Financial Position

The Group's net gearing, expressed as a percentage of total net borrowing (excluding bank advance from factored trade receivable which is without recourse in nature) to equity attributable to Owners of the Company, was at 78.6% as compared to 82.1% as at June 30, 2009. The Group remains confident that gearing will improve further after the successful implementation of the Strategic Repositioning Plan and initiatives to deliver focused and stringent working capital management.

During the period, holders of unlisted warrants previously issued by the Company, entitling the holder to subscribe for new shares of the Company at an exercise price of HK\$5.10 per share between April 30, 2010 and April 30, 2012 (the "Warrants"), exercised 14,903,600 Warrants at the exercise price resulting in the issuance of 14,903,600 new shares of the Company.

During the period, the Group bought back 39,396,050 Warrants from certain Warrants' holders for a consideration of HK\$98 million.

Bank Borrowings

Long term borrowing accounted for 48.9% of total debts (40.0% at December 31, 2009).

The Group's major borrowings continued to be in US Dollars and HK Dollars. Other than the fixed rate notes and the 5-year 8.5% Coupon Convertible Bonds, all borrowings are either LIBOR or Hong Kong best lending rates based. There is a natural hedge mechanism in place as the Group's major revenues are in US Dollars and currency exposure therefore is low. Currency, interest rate exposure, and cash management functions are all being closely monitored and managed by the Group's treasury team.

During the period, the Group repaid HK\$774 million of fixed interest rate notes, refinanced by a new syndicated loan obtained in February 2010. Additional fixed interest rate notes at higher cost will be further repaid in the second half of the year. This refinancing arrangement will lower our interest cost in future periods.

Working Capital

Total inventory was at HK\$5.7 billion as compared to HK\$5.1 billion for the same period last year. The number of days of inventory was at 83 days as compared to 74 days as at June 30, 2009. When compared to the year end level, inventory at the first half of the year is normally higher in preparation for the peak shipment period in the second half of the year.

Trade receivables turnover days were at 73 days as compared to 55 days as at June 30, 2009. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 65 days as compared to 52 days as at June 30, 2009. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days increased to 71 days (65 days as at June 30, 2009).

Working capital as a percentage of sales was at 21.2% as compared to 16.9% for the same period last year.

Capital Expenditure

Total capital expenditure for the period amounted to HK\$363 million (2009: HK\$281 million), of which HK\$7 million related to the new China Industrial Manufacturing and Innovation Campus.

Capital Commitment and Contingent Liability

As at June 30, 2010, total capital commitments amounted to HK\$70 million (2009: HK\$143 million).

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 20,154 employees (2009: 18,628 employees) in Hong Kong and overseas. Total staff cost for the period under review amounted to HK\$1.6 billion as compared to HK\$1.6 billion in the 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, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK3.75 cents (2009: HK3.00 cents) per share for the six months period ended June 30, 2010. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 17, 2010. It is expected that the interim dividend will be paid on or about September 29, 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from September 16, 2010 to September 17, 2010, 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 4:00 p.m. on September 15, 2010.

Report on Review of Interim Financial Information



To the Board of Directors of
Techtronic Industries Company Limited

Introduction

We have reviewed the interim financial information set out on pages 9 to 20 which comprise the condensed consolidated statement of financial position of Techtronic Industries Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2010 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 19, 2010

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months period ended June 30, 2010

	Notes	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 US\$'000 (Note 17)	2009 US\$'000 (Note 17)
Turnover	3	12,534,821	11,341,885	1,607,028	1,454,088
Cost of sales		(8,444,781)	(7,748,843)	(1,082,664)	(993,441)
Gross profit		4,090,040	3,593,042	524,364	460,647
Other income		85,874	33,340	11,009	4,274
Interest income		7,569	6,378	970	818
Selling, distribution, advertising and warranty expenses		(1,652,921)	(1,688,524)	(211,913)	(216,477)
Administrative expenses		(1,423,093)	(1,300,441)	(182,448)	(166,723)
Research and development costs		(287,919)	(131,005)	(36,913)	(16,796)
Finance costs		(298,140)	(238,552)	(38,223)	(30,584)
Profit before restructuring costs, share of results of associates and taxation		521,410	274,238	66,846	35,159
Restructuring costs	4	(143,676)	—	(18,420)	—
Share of results of associates		(417)	(1,281)	(53)	(164)
Profit before taxation		377,317	272,957	48,373	34,995
Taxation charge	5	(11,370)	(18,486)	(1,458)	(2,370)
Profit for the period	6	365,947	254,471	46,915	32,625
Other comprehensive income					
Exchange differences on translation of foreign operations		(154,503)	29,350	(19,808)	3,763
Other comprehensive (loss) income for the period		(154,503)	29,350	(19,808)	3,763
Total comprehensive income for the period		211,444	283,821	27,107	36,388
Profit for the period attributable to:					
Owners of the Company		362,349	257,845	46,454	33,058
Non-controlling interests		3,598	(3,374)	461	(433)
		365,947	254,471	46,915	32,625
Total comprehensive income attributable to:					
Owners of the Company		207,873	287,188	26,650	36,819
Non-controlling interests		3,571	(3,367)	457	(431)
		211,444	283,821	27,107	36,388
Earnings per share (HK / US cents)	8				
Basic		22.74	17.18	2.92	2.20
Diluted		22.63	16.66	2.90	2.14

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position (Unaudited)

As at June 30, 2010

	Notes	June 30 2010 HK\$'000 (Unaudited)	December 31 2009 HK\$'000 (Audited)	June 30 2010 US\$'000 (Note 17)	December 31 2009 US\$'000 (Note 17)
ASSETS					
Non-current assets					
Property, plant and equipment	9 & 16	2,535,856	2,480,579	325,110	318,023
Lease prepayments		274,674	275,578	35,215	35,331
Goodwill		4,050,668	4,064,484	519,316	521,088
Intangible assets		2,653,125	2,607,035	340,144	334,235
Interests in associates		185,614	195,649	23,797	25,083
Available-for-sale investments		22,719	22,701	2,913	2,911
Deferred tax assets		606,816	575,524	77,797	73,785
		10,329,472	10,221,550	1,324,292	1,310,456
Current assets					
Inventories		5,728,790	4,766,222	734,460	611,054
Trade and other receivables	10	5,411,086	4,449,644	693,729	570,467
Deposits and prepayments		571,353	517,382	73,250	66,331
Bills receivable	10	210,953	267,752	27,045	34,327
Tax recoverable		106,499	141,446	13,654	18,134
Trade receivables from an associate		91	13	12	2
Foreign currency forward contracts		39,520	18,485	5,067	2,370
Interest rate swap		13,324	3,428	1,708	439
Warrant		7,931	—	1,017	—
Held-for-trading investments		131,215	75,677	16,822	9,702
Bank balances, deposits and cash		4,484,154	3,322,753	574,892	425,994
		16,704,916	13,562,802	2,141,656	1,738,820
Current liabilities					
Trade and other payables	11	4,882,159	3,856,835	625,918	494,466
Bills payable	11	625,657	720,550	80,212	92,378
Warranty provision		372,882	385,903	47,805	49,475
Trade payables to an associate		19,363	5,307	2,482	680
Tax payable		74,142	75,793	9,505	9,717
Restructuring provision		133,941	9,020	17,172	1,156
Foreign currency forward contracts		35,702	7,158	4,577	918
Interest rate swap		20,061	—	2,572	—
Dividend payable		72,277	—	9,266	—
Obligations under finance leases					
- due within one year		21,231	21,119	2,722	2,708
Discounted bills with recourse		3,831,044	2,566,158	491,159	328,995
Unsecured borrowings - due within one year	12	2,091,806	3,004,346	268,180	385,172
Bank overdrafts		149,832	214,756	19,209	27,533
		12,330,097	10,866,945	1,580,779	1,393,198
Net current assets		4,374,819	2,695,857	560,877	345,622
Total assets less current liabilities		14,704,291	12,917,407	1,885,169	1,656,078

	Notes	June 30 2010 HK\$'000 (Unaudited)	December 31 2009 HK\$'000 (Audited)	June 30 2010 US\$'000 (Note 17)	December 31 2009 US\$'000 (Note 17)
CAPITAL AND RESERVES					
Share capital	13	160,616	159,125	20,592	20,401
Reserves		8,040,001	7,922,837	1,030,772	1,015,748
Equity attributable to Owners of the Company		8,200,617	8,081,962	1,051,364	1,036,149
Non-controlling interests		113,379	109,808	14,536	14,078
Total equity		8,313,996	8,191,770	1,065,900	1,050,227
NON-CURRENT LIABILITIES					
Obligations under finance leases - due after one year		52,896	69,826	6,782	8,952
Convertible bonds		969,935	950,202	124,351	121,821
Unsecured borrowings - due after one year	12	4,371,763	2,596,144	560,482	332,839
Retirement benefit obligations		657,260	737,267	84,264	94,521
Deferred tax liabilities		338,441	372,198	43,390	47,718
		6,390,295	4,725,637	819,269	605,851
Total equity and non-current liabilities		14,704,291	12,917,407	1,885,169	1,656,078

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months period ended June 30, 2010

	Attributable to Owners of the Company									Attributable to non-controlling interests	
	Share capital	Share premium	Capital redemption reserve	Convertible bonds equity reserve	Warrant reserve	Translation reserve	Employee share-based compensation reserve	Retained profits	Total	Share of net assets of subsidiaries	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At January 1, 2009 (audited)	150,125	2,898,646	436	2,285	—	(151,373)	42,389	3,896,627	6,839,135	108,303	6,947,438
Profit for the period	—	—	—	—	—	—	—	257,845	257,845	(3,374)	254,471
Exchange differences on translation of foreign operations	—	—	—	—	—	29,343	—	—	29,343	7	29,350
Total comprehensive income for the period	—	—	—	—	—	29,343	—	257,845	287,188	(3,367)	283,821
Recognition of equity component of convertible bonds/warrants	—	—	—	186,980	112,494	—	—	—	299,474	—	299,474
Transaction costs attributable to issue of warrants	—	—	—	—	(3,750)	—	—	—	(3,750)	—	(3,750)
Deferred tax liability on recognition of equity components of convertible bonds/warrant reserve	—	—	—	(36,310)	—	—	—	—	(36,310)	—	(36,310)
Recognition of equity-settled share based payments	—	—	—	—	—	—	5,434	—	5,434	—	5,434
Share options lapsed	—	—	—	—	—	—	(4,257)	4,257	—	—	—
Final dividend - 2008	—	—	—	—	—	—	—	(45,038)	(45,038)	—	(45,038)
At June 30, 2009 (unaudited)	150,125	2,898,646	436	152,955	108,744	(122,030)	43,566	4,113,691	7,346,133	104,936	7,451,069
Profit for the period	—	—	—	—	—	—	—	232,813	232,813	4,869	237,682
Exchange difference on translation of foreign operations	—	—	—	—	—	39,416	—	—	39,416	3	39,419
Reclassification adjustment for the cumulative exchange differences included in profit or loss on disposal of a subsidiary	—	—	—	—	—	85	—	—	85	—	85
Other comprehensive income for the period	—	—	—	—	—	39,501	—	—	39,501	3	39,504
Total comprehensive income for the period	—	—	—	—	—	39,501	—	232,813	272,314	4,872	277,186
Shares issued at premium	9,000	596,700	—	—	—	—	—	—	605,700	—	605,700
Transaction costs attributable to issue of shares	—	(15,933)	—	—	—	—	—	—	(15,933)	—	(15,933)
Release of deferred tax liabilities on redemption of convertible bonds	—	—	—	485	—	—	—	—	485	—	485
Transfer to retained profits upon redemption of convertible bonds	—	—	—	(2,770)	—	—	—	2,770	—	—	—
Recognition of equity component of convertible bonds/warrants	—	—	—	(71,417)	—	—	—	—	(71,417)	—	(71,417)
Transaction costs attributable to issue of convertible bonds/warrants	—	—	—	(3,852)	—	—	—	—	(3,852)	—	(3,852)
Deferred tax liability on recognition of equity components of convertible bonds	—	—	—	(6,500)	—	—	—	—	(6,500)	—	(6,500)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	5,366	—	5,366	—	5,366
Lapse of share options	—	—	—	—	—	—	(776)	776	—	—	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(2,597)	(2,597)	—	(2,597)
Interim dividend - 2009	—	—	—	—	—	—	—	(47,737)	(47,737)	—	(47,737)
At December 31, 2009 and January 1, 2010 (audited)	159,125	3,479,413	436	68,901	108,744	(82,529)	48,156	4,299,716	8,081,962	109,808	8,191,770
Profit for the period	—	—	—	—	—	—	—	362,349	362,349	3,598	365,947
Exchange differences on translation of foreign operations	—	—	—	—	—	(154,476)	—	—	(154,476)	(27)	(154,503)
Total comprehensive income for the period	—	—	—	—	—	(154,476)	—	362,349	207,873	3,571	211,444
Shares issued at a premium on warrants exercised	1,491	103,517	—	—	(28,999)	—	—	—	76,009	—	76,009
Repurchase of warrants	—	—	—	—	(76,655)	—	—	(21,613)	(98,268)	—	(98,268)
Recognition of equity-settled share based payments	—	—	—	—	—	—	9,193	—	9,193	—	9,193
Share options lapsed	—	—	—	—	—	—	(5,481)	5,481	—	—	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(3,875)	(3,875)	—	(3,875)
Final dividend - 2009	—	—	—	—	—	—	—	(72,277)	(72,277)	—	(72,277)
At June 30, 2010 (unaudited)	160,616	3,582,930	436	68,901	3,090	(237,005)	51,868	4,569,781	8,200,617	113,379	8,313,996

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows (Unaudited)

For the six months period ended June 30, 2010

	June 30 2010 HK\$'000 (Unaudited)	June 30 2009 HK\$'000 (Unaudited)	June 30 2010 US\$'000 (Note 17)	June 30 2009 US\$'000 (Note 17)
Net cash (used in) from operating activities	(217,042)	534,745	(27,826)	68,557
Net cash used in investing activities	(546,400)	(461,254)	(70,053)	(59,134)
Net cash from financing activities	2,079,686	377,371	266,627	48,381
Net increase in cash and cash equivalents	1,316,244	450,862	168,748	57,804
Cash and cash equivalents at January 1	3,107,997	2,129,199	398,461	272,974
Effect of foreign exchange rate changes	(89,919)	10,451	(11,526)	1,339
Cash and cash equivalents at June 30	4,334,322	2,590,512	555,683	332,117
Analysis of the balances of cash and cash equivalents Represented by:				
Bank balances, deposits and cash	4,484,154	2,931,944	574,892	375,890
Bank overdrafts	(149,832)	(341,432)	(19,209)	(43,773)
	4,334,322	2,590,512	555,683	332,117

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.

2. Significant accounting policies

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, 2009, except as described below.

In the current interim period, the Group has applied for the first time, a number of new standards, amendments and interpretations (“new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after January 1, 2010.

The application of HKFRS 3 (Revised) to the acquisition of Coldfire Technology, LLC (“Coldfire”) during the current interim period, as set out in note 14, has had no material impact on the condensed consolidated financial statements for the current period. The application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

3. Segment information

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the period ended June 30, 2010

	Power Equipment HK\$'000	Floor Care and Appliances HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover				
External sales	9,075,770	3,459,051	—	12,534,821
Inter-segment sales	70,630	16,217	(86,847)	—
	9,146,400	3,475,268	(86,847)	12,534,821

For the period ended June 30, 2009

	Power Equipment HK\$'000	Floor Care and Appliances HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Turnover				
External sales	8,156,104	3,185,781	—	11,341,885
Inter-segment sales	7,141	123,050	(130,191)	—
	8,163,245	3,308,831	(130,191)	11,341,885

Inter-segment sales are charged at prevailing market rates.

Six months period ended June 30

	Power Equipment HK\$'000	2010 Floor Care and Appliances HK\$'000	Consolidated HK\$'000	Power Equipment HK\$'000	2009 Floor Care and Appliances HK\$'000	Consolidated HK\$'000
Segment results before restructuring costs	623,114	196,436	819,550	414,338	98,452	512,790
Restructuring costs	(143,676)	—	(143,676)	—	—	—
Segment results	479,438	196,436	675,874	414,338	98,452	512,790
Finance costs			(298,140)			(238,552)
Share of results of associates			(417)			(1,281)
Profit before taxation			377,317			272,957
Taxation charge			(11,370)			(18,486)
Profit for the period			365,947			254,471

Segment profit represents the profit earned by each segment without allocation of share of results of associates and finance costs. This is the measure reported to the Group's Chief Executive Officer, the chief operating decision maker ("CODM") of the Group, for the purpose of resource allocation and performance assessment.

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Segment information (continued)

The following is an analysis of the Group's assets by operating segment reported to the CODM of the Group:

	June 30 2010 HK\$'000	December 31 2009 HK\$'000
Power Equipment	16,286,625	14,735,817
Floor Care and Appliances	5,303,905	4,791,250
	21,590,530	19,527,067

4. Restructuring costs

Restructuring costs represent the Group's accrued labor and staff costs related to the relocation of production from Germany to lower cost locations.

5. Taxation charge

	Six months period ended June 30	
	2010 HK\$'000	2009 HK\$'000
Current tax:		
Hong Kong	65,438	44,047
Overseas Tax	9,462	(54,768)
Deferred Tax	(63,530)	29,207
	11,370	18,486

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the period.

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

6. Profit for the period

	Six months period ended June 30	
	2010 HK\$'000	2009 HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortization of property, plant and equipment	262,580	261,436
Amortization of lease prepayment	1,203	4,855
Amortization of intangible assets	178,352	130,613
Total depreciation and amortization	442,135	396,904
Exchange loss	46,083	25,528
Staff costs	1,561,282	1,604,602
Fair value gain on held-for-trading investments	(50,633)	—

7. Dividends

A dividend of HK4.50 cents per share (2008: HK3.00 cents per share) was paid to shareholders as the final dividend for 2009 on July 30, 2010.

The Directors have determined that an interim dividend of HK3.75 cents per share (2009: HK3.00 cents per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on September 17, 2010.

8. 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	
	2010 HK\$'000	2009 HK\$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to Owners of the Company	362,349	257,845
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds (net of tax)	—	4,744
Earnings for the purpose of diluted earnings per share	362,349	262,589
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,593,457,068	1,501,252,152
Effect of dilutive potential ordinary shares:		
Share options	337,629	36,685
Convertible bonds	—	61,388,372
Warrants	7,218,116	13,916,237
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,601,012,813	1,576,593,446

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

9. Additions to property, plant and equipment

During the period, the Group spent approximately HK\$363 million (for the six months ended June 30, 2009: HK\$281 million) on the acquisition of property, plant and equipment.

10. Trade and other receivables/Bills receivable

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 2010 HK\$'000	December 31 2009 HK\$'000
0 to 60 days	4,721,078	3,791,142
61 to 120 days	199,325	176,348
121 days or above	136,251	138,383
Total trade receivables	5,056,654	4,105,873
Other receivables	354,432	343,771
	5,411,086	4,449,644

All the Group's bills receivable at June 30, 2010 are due within 120 days.

11. Trade and other payables/Bills payable

The aging analysis of trade payables is as follows:

	June 30 2010 HK\$'000	December 31 2009 HK\$'000
0 to 60 days	2,441,577	1,769,545
61 to 120 days	736,117	554,294
121 days or above	49,326	148,124
Total trade payables	3,227,020	2,471,963
Other payables	1,655,139	1,384,872
	4,882,159	3,856,835

All the Group's bills payable at June 30, 2010 are due within 120 days.

12. Unsecured bank borrowings

During the period, the Group obtained new bank borrowings in the amount of HK\$3,055 million (2009: HK\$986 million) which are either London Interbank Offered Rate (“LIBOR”) or Hong Kong best lending rates based. The Group had repaid the existing bank borrowings in the amount of HK\$2,016 million (2009: HK\$2,047 million).

13. Share capital

	Number of shares		Share capital	
	June 30 2010	December 31 2009	June 30 2010 HK\$'000	December 31 2009 HK\$'000
Ordinary shares of HK\$0.10 each				
Authorized	2,400,000,000	2,400,000,000	240,000	240,000
Issued and fully paid:				
At the beginning of the period	1,591,252,152	1,501,252,152	159,125	150,125
Issue of shares upon exercise of warrants	14,903,600	—	1,491	—
Issue of shares by private placement	—	90,000,000	—	9,000
	1,606,155,752	1,591,252,152	160,616	159,125

During the period, holders of unlisted warrants previously issued by the Company, entitling the holder to subscribe for new shares of the Company at an exercise price of HK\$5.10 per share between April 30, 2010 and April 30, 2012 (the “Warrants”), exercised 14,903,600 Warrants at the exercise price resulting in the issuance of 14,903,600 new shares of the Company.

During the period, the Group bought back 39,396,050 Warrants from certain Warrants' holders for a consideration of HK\$98 million.

14. Acquisition of a subsidiary

In January 2010, the Group acquired 100% interest in Coldfire, for a consideration of approximately HK\$31 million. Coldfire is engaged in commercial cryogenic processing.

15. Contingent liabilities

	June 30 2010 HK\$'000	December 31 2009 HK\$'000
Guarantees given to banks in respect of credit facilities utilized by associates	59,562	61,137

Condensed Consolidated Financial Statements

Notes to the Condensed Consolidated Financial Statements (Unaudited)

16. Capital commitments

	June 30 2010 HK\$'000	December 31 2009 HK\$'000
Capital expenditure in respect of the purchase of property, plant and equipment and licence:		
Contracted for but not provided	55,546	68,744
Authorized but not contracted for	14,512	13,773

17. Presentation and functional currencies

The functional currency of the Company is the United States dollar. The presentation currency of the Group is Hong Kong dollar as the Company is a public limited company incorporated in Hong Kong. The financial statements include the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position and condensed consolidated statement of cash flows which are presented in United States dollars for reference only which have been arrived at based on the fixed exchange rate of HK\$7.8 to US\$1.0.

Corporate Governance and Other Information

Directors' and Chief Executive's Interests

As at June 30, 2010, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and as adopted by the Company, were as follows:

Name of directors	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives) ⁽¹⁾	Interests in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	140,361,000	600,000	394,880,794	24.59%
	Interests of spouse	760,000	—		
	Interests of controlled corporation	253,159,794 ⁽²⁾	—		
Dr Roy Chi Ping Chung JP	Beneficial owner	61,405,948	600,000	99,216,978	6.18%
	Interests of spouse	136,000	—		
	Interests of controlled corporation	37,075,030 ⁽³⁾	—		
Mr Joseph Galli Jr	Beneficial owner	814,500	3,500,000	4,314,500	0.27%
Mr Kin Wah Chan	Beneficial owner	—	1,000,000	1,000,000	0.06%
Mr Chi Chung Chan	Beneficial owner	—	1,000,000	1,000,000	0.06%
Mr Stephan Horst Pudwill	Beneficial owner	4,509,500	1,000,000	5,509,500	0.34%
Mr Vincent Ting Kau Cheung	Beneficial owner	1,920,000	400,000	2,320,000	0.14%
Mr Joel Arthur Schleicher	Beneficial owner	100,000	400,000	560,000	0.03%
	Interests of spouse	—	60,000 ⁽¹⁾		
Mr Christopher Patrick Langley OBE	Beneficial owner	500,000	400,000	900,000	0.06%
Mr Manfred Kuhlmann	Beneficial owner	—	400,000	400,000	0.02%
Mr Peter David Sullivan	Beneficial owner	—	400,000	400,000	0.02%

Corporate Governance and Other Information

Notes:

- (1) Interests in shares and underlying shares stated above represent long positions of the Company.

The interests of the directors of the Company in the underlying shares pursuant to equity derivatives, which were held as beneficial owner, represent share options granted to them respectively pursuant to the share option schemes adopted by the Company, details of which are separately disclosed in the section headed "Share Options" below. These share options are physically settled and unlisted.

The interests of the spouse of Mr Joel Arthur Schleicher in the underlying shares pursuant to listed equity derivatives represent an interest in 60,000 underlying shares held in the form of 12,000 American Depositary Receipts, each representing 5 shares of the Company.

- (2) These shares were held by the following companies in which Mr Horst Julius Pudwill has a beneficial interest:

	No. of shares
Sunning Inc.	216,084,764
Cordless Industries Company Limited *	37,075,030
	253,159,794

- (3) These shares were held by Cordless Industries Company Limited* in which Dr Roy Chi Ping Chung JP has a beneficial interest.

* Cordless Industries Company Limited is owned as to 70% by Mr Horst Julius Pudwill and as to 30% by Dr Roy Chi Ping Chung JP.

Save as disclosed above, none of the directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at June 30, 2010.

Share Options

The following table discloses movements in the Company's share options during the six months period ended June 30, 2010:

Share option holders	Date of share options granted	Share option scheme category ⁽¹⁾	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Directors									
Mr Horst Julius Pudwill	16.11.2009	D	600,000	—	—	—	600,000	6.770	16.11.2009 - 15.11.2019
Dr Roy Chi Ping Chung JP	16.11.2009	D	600,000	—	—	—	600,000	6.770	16.11.2009 - 15.11.2019
Mr Joseph Galli Jr	1.11.2006	C	1,500,000	—	—	—	1,500,000	11.252	1.11.2006 - 31.10.2011
	6.3.2007	C	1,000,000	—	—	—	1,000,000	10.572	6.3.2007 - 5.3.2012
	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Kin Wah Chan	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Chi Chung Chan	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Stephan Horst Pudwill	16.11.2009	D	1,000,000	—	—	—	1,000,000	6.770	16.11.2009 - 15.11.2019
Mr Vincent Ting Kau Cheung	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
Mr Joel Arthur Schleicher	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
Mr Christopher Patrick Langley OBE	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
Mr Manfred Kuhlmann	7.2.2005	C	100,000	—	—	(100,000)	—	17.750	7.2.2005 - 6.2.2010
	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
Mr Peter David Sullivan	16.11.2009	D	400,000	—	—	—	400,000	6.770	16.11.2009 - 15.11.2019
Total for directors			9,800,000	—	—	(100,000)	9,700,000		

Corporate Governance and Other Information

Share option holders	Date of share options granted	Share option scheme category ⁽¹⁾	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at end of the period	Subscription price HK\$	Exercise period
Employees	7.4.2005	C	200,000	—	—	(200,000)	—	17.210	7.4.2005 - 6.4.2010
	17.6.2005	C	250,000	—	—	(250,000)	—	17.950	17.6.2005 - 16.6.2010
	1.1.2006	C	50,000	—	—	—	50,000	18.690	1.1.2006 - 31.12.2010
	1.3.2006	C	2,315,000	—	—	(399,000)	1,916,000	13.970	1.3.2006 - 28.2.2011
	15.6.2006	C	200,000	—	—	—	200,000	10.270	15.6.2006 - 14.6.2011
	17.6.2006	C	350,000	—	—	—	350,000	10.550	17.6.2006 - 16.6.2011
	4.10.2006	C	75,000	—	—	—	75,000	11.628	4.10.2006 - 3.10.2011
	8.11.2006	C	30,000	—	—	—	30,000	12.200	8.11.2006 - 7.11.2011
	4.12.2006	C	150,000	—	—	—	150,000	10.952	4.12.2006 - 3.12.2011
	13.12.2006	C	20,000	—	—	—	20,000	10.560	13.12.2006 - 12.12.2011
	1.1.2007	C	150,000	—	—	—	150,000	10.080	1.1.2007 - 31.12.2011
	6.3.2007	C	4,835,000	—	—	(235,000)	4,600,000	10.572	6.3.2007 - 5.3.2012
	20.7.2007	D	200,000	—	—	—	200,000	10.060	20.7.2007 - 19.7.2017
	24.8.2007	D	2,310,000	—	—	(250,000)	2,060,000	8.390	24.8.2007 - 23.8.2017
	16.10.2007	D	75,000	—	—	—	75,000	8.810	16.10.2007 - 15.10.2017
	7.11.2007	D	40,000	—	—	—	40,000	8.088	7.11.2007 - 6.11.2017
	23.11.2007	D	500,000	—	—	—	500,000	7.578	23.11.2007 - 22.11.2017
	14.1.2008	D	1,320,000	—	—	(170,000)	1,150,000	7.566	14.1.2008 - 13.1.2018
	17.4.2008	D	1,925,000	—	—	(100,000)	1,825,000	7.780	17.4.2008 - 16.4.2018
	14.5.2008	D	240,000	—	—	—	240,000	7.500	14.5.2008 - 13.5.2018
	30.5.2008	D	640,000	—	—	—	640,000	7.546	30.5.2008 - 29.5.2018
	1.9.2008	D	150,000	—	—	—	150,000	7.450	1.9.2008 - 31.8.2018
	2.9.2008	D	300,000	—	—	—	300,000	7.388	2.9.2008 - 1.9.2018
	11.9.2008	D	50,000	—	—	—	50,000	7.430	11.9.2008 - 10.9.2018
	2.10.2008	D	75,000	—	—	—	75,000	7.068	2.10.2008 - 1.10.2018
	1.12.2008	D	100,000	—	—	—	100,000	2.340	1.12.2008 - 30.11.2018
	16.11.2009	D	7,570,000	—	—	(90,000)	7,480,000	6.770	16.11.2009 - 15.11.2019
	7.12.2009	D	100,000	—	—	—	100,000	6.790	7.12.2009 - 6.12.2019
	21.12.2009	D	300,000	—	—	—	300,000	6.350	21.12.2009 - 20.12.2019
	28.12.2009	D	30,000	—	—	—	30,000	6.390	28.12.2009 - 27.12.2019
Total for employees			24,550,000	—	—	(1,694,000)	22,856,000		
Total for all categories			34,350,000	—	—	(1,794,000)	32,556,000		

Notes:

- (1) Scheme C is the share option scheme adopted by the Company on March 28, 2002 and has expired on March 27, 2007. The Company adopted Scheme D on May 29, 2007.
- (2) No option was cancelled during the period.
- (3) The Group recognized total expense of HK\$9,193,000 for the six months period ended June 30, 2010 in relation to share options granted by the Company.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above, at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Substantial Shareholders' Interests

As at June 30, 2010, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the shares, underlying shares and debentures of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Total interests in shares (L/S/LP)*	Approximate aggregate percentage of interests
Capital Research and Management Company ⁽¹⁾	145,857,000 (L)	9.08% (L)
FMR LLC ⁽²⁾	162,186,500 (L)	10.10% (L)
JPMorgan Chase & Co. ⁽³⁾	178,873,534 (L) 7,400,000 (S) 162,986,534 (LP)	11.14% (L) 0.46% (S) 10.15% (LP)

* (L/S/LP) represents (Long position/Short position/ Lending pool)

Notes:

- (1) The following is a breakdown of the interests in shares of Capital Research and Management Company:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests	(L/S)	
Capital Research and Management Company	(1a)	—	—	145,857,000	(L)	9.08%

Remarks:

- (1a) The capacity of Capital Research and Management Company in holding the 145,857,000 shares of long position was as investment manager. Its 100% controlling shareholder is The Capital Group Companies, Inc.

- (2) The following is a breakdown of the interests in shares of FMR LLC:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests	(L/S)	
FMR LLC	(2a)	—	—	162,186,500	(L)	10.10%
Fidelity Management & Research Company	(2b)	—	—	139,343,000	(L)	8.68%
Fidelity Management Trust Company, Pyramis Global Advisors LLC	(2b)	—	—	22,843,500	(L)	1.42%

Corporate Governance and Other Information

Remarks:

- (2a) The capacity of FMR LLC in holding the 162,186,500 shares of long position was as investment manager.
- (2b) Fidelity Management & Research Company and Fidelity Management Trust Company, Pyramis Global Advisors LLC were all indirect owned by FMR LLC and by virtue of the SFO, FMR LLC was deemed to be interested in the shares held by these subsidiaries.

- (3) The following is a breakdown of the interests in shares of JPMorgan Chase & Co.:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct Interests	(L/S)	Deemed interests	(L/S/LP)	
JPMorgan Chase & Co.	(3a)	—	—	178,873,534	(L)	11.14%
		—	—	7,400,000	(S)	0.46%
		—	—	162,986,534	(LP)	10.15%
JPMorgan Chase Bank, N.A.	(3b)	162,986,534	(L)	7,400,000	(L)	10.61%
		—	—	7,400,000	(S)	0.46%
J.P. Morgan Securities Ltd.	(3b)	7,400,000	(L)	—	—	0.46%
		7,400,000	(S)	—	—	0.46%
J.P. Morgan Chase International Holdings	(3b)	—	—	7,400,000	(L)	0.46%
		—	—	7,400,000	(S)	0.46%
J.P. Morgan Chase (UK) Holdings Limited	(3b)	—	—	7,400,000	(L)	0.46%
		—	—	7,400,000	(S)	0.46%
J.P. Morgan Capital Holdings Limited	(3b)	—	—	7,400,000	(L)	0.46%
		—	—	7,400,000	(S)	0.46%
J.P. Morgan International Finance Limited	(3b)	—	—	7,400,000	(L)	0.46%
		—	—	7,400,000	(S)	0.46%
Bank One International Holdings Corporation	(3b)	—	—	7,400,000	(L)	0.46%
		—	—	7,400,000	(S)	0.46%
J.P. Morgan International Inc.	(3b)	—	—	7,400,000	(L)	0.46%
		—	—	7,400,000	(S)	0.46%
JF Asset Management Limited	(3b)	8,487,000	(L)	—	—	0.53%
JPMorgan Asset Management (Asia) Inc.	(3b)	—	—	8,487,000	(L)	0.53%
JPMorgan Asset Management Holdings Inc.	(3b)	—	—	8,487,000	(L)	0.53%

Remarks:

- (3a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 178,873,534 shares of long position, 7,400,000 shares of short position and 162,986,534 shares of lending pool respectively was as controlled corporation.
- (3b) JPMorgan Chase Bank, N.A., J.P. Morgan Securities Ltd., J.P. Morgan Chase International Holdings, J.P. Morgan Chase (UK) Holdings Limited, J.P. Morgan Capital Holdings Limited, J.P. Morgan International Finance Limited, Bank One International Holdings Corporation, J.P. Morgan International Inc., JF Asset Management Limited, JPMorgan Asset Management (Asia) Inc. and JPMorgan Asset Management Holdings Inc. were all direct or indirect owned by JPMorgan Chase & Co. and by virtue of the SFO, JPMorgan Chase & Co. was deemed to be interested in the shares held by these subsidiaries.

Save as disclosed, no other person was interested in or had a short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of the Part XV of the SFO as at June 30, 2010.

Compliance with Code on Governance Practices of the Listing Rules

The Company confirms that it has complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules throughout the six months period ended June 30, 2010, except that none of the directors were appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association of the Company.

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, 2010 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 has reviewed with the Company's external auditors, Deloitte Touche Tohmatsu, and the senior management of the Group this report, the accounting principles and practices adopted by the Group and the internal controls and financial reporting matters. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company, or any of its subsidiaries, was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Purchase, Sales or Redemption of Securities

Neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any listed securities of the Company.

By order of the Board

Horst Julius Pudwill

Chairman

Hong Kong

August 19, 2010

Corporate Information

Board of Directors

Group Executive Directors

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
Mr Stephan Horst Pudwill

Non-executive Director

Mr Vincent Ting Kau Cheung

Independent Non-executive Directors

Mr Joel Arthur Schleicher
Mr Christopher Patrick Langley OBE
Mr Manfred Kuhlmann
Mr Peter David Sullivan

Financial Calendar 2010

June 30:	Six months interim period end
July 30:	Final dividend payment for 2009
August 19:	Announcement of 2010 interim results
September 15:	Last day to register for 2010 interim dividend
September 16 to 17:	Book closure period for interim dividend
September 29:	Interim dividend payment for 2010
December 31:	Financial year end

Investor Relations Contact

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388 Castle Peak Road
Tsuen Wan, N.T.
Hong Kong
email: ir@tti.com.hk

Website

www.ttigroup.com
Earnings results, annual/interim reports are available online.

List Information

The Stock Exchange of Hong Kong Limited
Ordinary Shares (stock code: 669)
ADR Level 1 Programme (symbol: TTNDY)

Share Registrar and Transfer Office

Tricor Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong
Tel: (852) 2980 1888

ADR Depositary

The Bank of New York

Principal Bankers

Bank of America, N.A.
Bank of China
Hang Seng Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank

Solicitors

Vincent T K Cheung Yap & Co

Auditors

Deloitte Touche Tohmatsu

Company Secretary

Mr Frank Chi Chung Chan

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