
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Techtronic Industries Company Limited (the "Company"), you should at once hand this document to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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PROPOSALS INVOLVING
THE GRANT OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

The notice convening the annual general meeting of the Company to be held at Salon 5 (Level 3) JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on 28th May 2002 at 9:30 a.m. (the "Annual General Meeting"), at which, among other things, the above proposals will be considered is set out on pages 105 to 107 of the annual report for the year ended 31st December 2001 sent together with this document.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the form of proxy enclosed with the annual report for the year ended 31st December 2001 sent together with this document in accordance with the instructions printed thereon as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned meeting. Completion and delivery of the proxy form will not prevent you from attending, and voting at, the meeting if you so wish.

30th April 2002

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|---------------------------|--|
| “Annual General Meeting” | the annual general meeting of the Company to be held at Salon 5 (Level 3) JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on 28th May 2002 at 9:30 a.m. |
| “Board” | the board of Directors |
| “Company” | Techtronic Industries Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange |
| “Directors” | directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | 25th April 2002, being the latest practicable date prior to the printing of this document |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Repurchase Resolution” | the proposed ordinary resolution as referred to in resolution no. 6 of the notice of Annual General Meeting |
| “Share(s)” | share(s) of HK\$0.20 each in the capital of the Company |
| “Share Buy Back Rules” | the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeover Code” | the Hong Kong Code on Takeovers and Mergers |
| “HK\$” | the lawful currency of Hong Kong |

LETTER FROM THE BOARD



Executive Directors:

Mr. Horst Julius Pudwill
(Chairman and Chief Executive Officer)
Mr. Roy Chi Ping Chung
(Managing Director)
Mr. Kin Wah Chan
Mr. Chi Chung Chan
Dr. Akio Urakami

Registered Office:

24th Floor
CDW Building
388 Castle Peak Road
Tsuen Wan
New Territories

Non-executive Director:

Mr. Susumu Yoshikawa

Independent Non-executive Directors:

Mr. Vincent Ting Kau Cheung
Mr. Joel Arthur Schleicher
Mr. Christopher Patrick Langley

30th April 2002

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
THE GRANT OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES**

INTRODUCTION

It was announced on 23rd April 2002 together with the announcement of the final results of the Company for the year ended 31st December 2001 that the Directors proposed to grant of general mandates to repurchase Shares and issue new Shares.

The purpose of this document is to give you further information on the general mandates to repurchase Shares and issue new Shares.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 25th May 2001, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Buy Back Rules to provide the requisite information of the Repurchase Resolution is set out in the Appendix hereto.

GENERAL MANDATE TO ISSUE NEW SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of passing the Repurchase Resolution.

ANNUAL GENERAL MEETING

On pages 105 to 107 of the annual report for the year ended 31st December 2001 sent together with this document, you will find a notice convening the Annual General Meeting at which, inter alia,

- an ordinary resolution will be proposed to grant to the Directors a general mandate to exercise all the powers of the Company to purchase on the Stock Exchange Shares representing up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution;
- an ordinary resolution will be proposed to grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution; and
- an ordinary resolution will be proposed to extend the general mandate to issue Shares which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares purchased under the Repurchase Resolution after the granting of the above general mandates.

A form of proxy is enclosed with the annual report for the year ended 31st December 2001 sent together with this document. You are requested to complete and return the form of proxy to the registered office of the Company at 24th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned meeting. Completion and delivery of the proxy form will not prevent you from attending, and voting at, the meeting if you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that the adoption of the grant of general mandates to repurchase the Shares and to issue new Shares are in the best interests of the Company and recommend that the Shareholders vote in favour of the ordinary resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
By order of the board of
Techtronic Industries Company Limited
Chi Chung Chan
Company Secretary

This appendix serves as an explanatory statement, as required by the Share Buy Back Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution. For this purpose, “shares” is defined in the Hong Kong Code on Share Repurchases to mean shares of all classes and securities which carry a right to subscribe or purchase shares. This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

(1) REPURCHASE PROPOSAL

Resolution No. 6 to be proposed at the Annual General Meeting relates to the granting of a general mandate to the Directors to repurchase Shares representing up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

The Shares to be purchased by the Company are fully paid up. As at the Latest Practicable Date, the number of Shares in issue is 582,716,826. Subject to the passing of the Repurchase Resolution and on the assumption that no additional Shares will be issued and/or repurchased between the Latest Practicable Date and the Annual General Meeting, the Company would be allowed under the mandate to repurchase a maximum of 58,271,682 Shares.

The Directors believe that the Repurchase Resolution is in the interest of the Company and its Shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and there have been occasions when Shares were trading at a substantial discount to their underlying net asset value. Repurchases of Shares may enhance the Company's net asset value per Share and earnings per Share. In these circumstances, the ability of the Company to repurchase Shares can be beneficial to those Shareholders who retain their investment in the Company since their possible percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company.

(2) FUNDING OF REPURCHASES

Repurchases of Shares will be funded entirely from the Company's available cashflow or working capital facilities and will, in any event, be made out of funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of Hong Kong.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts for the year ended 31st December 2001 in the event that the Repurchase Resolution was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Resolution to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(3) UNDERTAKING OF DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

(4) DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell Shares to the Company under the Repurchase Resolution in the event that the Repurchase Resolution is approved by the Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Resolution is approved by the Shareholders.

(5) EFFECT OF TAKEOVER CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Resolution, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Mr. Horst Julius Pudwill together with his associates were beneficially interested in 144,863,897 Shares representing 24.86% of the issued share capital of the Company and Mr. Roy Chi Ping Chung together with his associates were beneficially interested in 73,356,489 Shares representing 12.59% of the issued share capital of the Company. Save as disclosed above, no other person is recorded in the register required to be kept by the Company under section 16(1) of the Securities (Disclosure of Interests) Ordinance as having an interest of 10% or more of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase Shares under the Repurchase Resolution, the shareholdings of Mr. Horst Julius Pudwill and Mr. Roy Chi Ping Chung, together with their respective associates, in the Company would be increased to approximately 27.62% and 13.99% of the issued share capital of the Company respectively. The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any purchases made under the Repurchase Resolution.

(6) MARKET PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months are as follows:

| | Shares | |
|-------------|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2001 | | |
| April | 2.000 | 1.650 |
| May | 2.675 | 1.910 |
| June | 3.050 | 2.550 |
| July | 2.875 | 2.400 |
| August | 2.850 | 2.600 |
| September | 2.850 | 2.150 |
| October | 2.600 | 2.400 |
| November | 2.800 | 2.400 |
| December | 3.200 | 2.625 |
| 2002 | | |
| January | 4.750 | 3.100 |
| February | 5.150 | 4.025 |
| March | 5.800 | 4.825 |

(7) PURCHASES OF SHARES MADE BY THE COMPANY

No purchase of Shares has been made by the Company during the last six months prior to the date of this document, whether on the Stock Exchange or otherwise.