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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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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**Techtronic Industries Company Limited**  
**創 科 實 業 有 限 公 司**  
*(Incorporated in Hong Kong limited liability)*

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

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The notice convening the annual general meeting of the Company to be held at Tianshan & Lushan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, on 28th May 2003 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 80 to 82 of the annual report for the year ended 31st December 2002 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 2002 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 2003

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## DEFINITIONS

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*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 Tianshan & Lushan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on 28th May 2003 at 9:30 a.m.
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Latest Practicable Date”	28th April 2003, being the latest practicable date for ascertaining certain information included in this document 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Codes on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

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**LETTER FROM THE BOARD**

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**Techtronic Industries Company Limited**  
**創 科 實 業 有 限 公 司**  
*(Incorporated in Hong Kong limited liability)*

*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 2003

*To the Shareholders*

Dear Sir or Madam,

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

**GENERAL MANDATE TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 28th May 2002, 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 Listing Rules to provide the requisite information of the Repurchase Resolution is set out in the Appendix hereto.

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## LETTER FROM THE BOARD

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### GENERAL MANDATE TO ISSUE NEW SHARES

At the annual general meeting of the Company held on 28th May 2002, general mandates were granted by the Company to the Directors to exercise the powers of the Company to issue new Shares and repurchase Shares. Such mandates will lapse at the conclusion of the Annual General Meeting. The Directors, therefore, propose to seek your approval of 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. The Directors have no present intention to issue new Shares or repurchase Shares pursuant to the mandates proposed to be granted to them at the Annual General Meeting.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

It will also be proposed at the Annual General Meeting a special resolution to amend the existing articles of association of the Company. The amendments have been necessitated by the recent commencement of the SFO. The first amendment is to bring the existing definition of "clearing house" in the articles of association of the Company in line with the definition of "clearing house" under the SFO. The second amendment is to clarify and provide for the right of a clearing house that is a member of the Company to appoint multiple representatives to attend at general meetings of the Company so that the Company will continue to comply with the admission criteria of its securities into CCASS. Your attention is drawn to Resolution 8 as set out in the notice of the Annual General Meeting for the full text of the relevant amendments.

### ANNUAL GENERAL MEETING

On pages 80 to 82 of the annual report for the year ended 31st December 2002 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;

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## LETTER FROM THE BOARD

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- 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; and
- a special resolution will be proposed to amend the existing articles of association of the Company.

A form of proxy is enclosed with the annual report for the year ended 31st December 2002 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.

### 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 and the amendments to the existing articles of association of the Company are in the best interests of the Company and its Shareholders and recommend that the Shareholders vote in favour of the ordinary resolutions and the special resolution 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 under Rule 10.06(b) of the Listing 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. This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

### **(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 was 647,916,826. 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 64,791,682 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 would be financed entirely from the Company's available cashflow or working capital facilities. Any repurchases of Shares will be made out of funds of the Company legally available for such purpose in accordance with its memorandum and articles of association and the laws of Hong Kong, including profits otherwise available for distribution. Under the Companies Ordinance, a company's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made.

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 2002 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 146,705,897 Shares representing approximately 22.64% of the issued share capital of the Company and Mr. Roy Chi Ping Chung together with his associates (excluding the 18,537,515 Shares held by Cordless Industries Company Limited, which is a company beneficially owned by Mr. Horst Julius Pudwill and Mr. Roy Chi Ping Chung and which Shares were included in the shareholdings of Mr. Horst Julius Pudwill and his associates as aforesaid) were beneficially interested in 55,318,974 Shares representing approximately 8.54% 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 25.16% and 9.49% of the issued share capital of the Company respectively. In the absence of any special circumstances, no obligation to make a mandatory offer as referred to above as a result of a repurchase of Shares pursuant to the Repurchase Resolution would arise for so long as the aggregate shareholding of Mr. Horst Julius Pudwill, Mr. Roy Chi Ping Chung and their respective associates remain in the range of 30% to less than 35% of the issued share capital of the Company and until 10 years after 19th October 2001 on the basis of Rule 26.6 of the Takeover Code. Save as aforesaid, 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:

	Prices of Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2002</b>		
April	6.800	5.050
May	7.650	6.500
June	7.000	6.050
July	6.850	5.600
August	6.700	5.000
September	6.750	5.950
October	6.300	5.400
November	6.950	5.900
December	8.300	6.800
<b>2003</b>		
January	8.100	7.250
February	9.100	7.800
March	8.900	7.650
April (up to the Latest Practicable Date)	9.800	8.050

**(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.