

## **TechTronic Spins-off Floor Care Appliance Division**

### ***New Structure for Aggressive Growth***

### ***Further Enhance Shareholders' Value***

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(HONG KONG, 11 April 2001) – A leading global supplier of power tools, TechTronic Industries Company Limited (“TTI”) (stock code: 669) announced that the Group has submitted a formal application to the Stock Exchange of Hong Kong Limited for a separate listing of the share of Techtronic Appliances Holdings Company Limited (“TA Holdings”), its wholly-owned subsidiary, on the Main Board by way of introduction. TA Holdings is mainly engaged in the floor care appliance business.

“The floor care division has rapidly expanded over the last three years. In particular, we have added strong consumer brand business to the floor care division through the acquisition of the reputable brandname Vax and its global operations in the fourth quarter of 1999. This investment further strengthens and extends the floor care business beyond North America, making strides in the United Kingdom and Australian markets. We believe that the floor care division has grown to a size that is justified and eligible for a separate listing,” said Mr. Horst Julius Pudwill, Chairman and Chief Executive Officer of TTI.

TTI is undergoing a corporate reorganization in preparation for the spin-off. Its Board of Director proposes that TTI would distribute part of the existing issued shares of TA Holdings to its existing shareholders by way of a special dividend in specie.

Depending on the number of shares of TA Holdings to be distributed to TTI’s shareholders, the Board’s current intention is to distribute about 20% of the issued share capital of TA Holdings to shareholders of TTI and to place about 16.83% of the issued share capital of TA Holdings to independent investors and if so, TTI will hold about 63.17% of the issued share capital of TA Holdings upon completion of the spin-off.

TA Holdings is principally engaged in the design, manufacture and marketing of a variety of floor care appliances and related products. Its products cover nearly the full range of floor care categories, such as portable hand vacuums, stick vacuums, extractor vacuums, wet/dry vacuums and upright and canister vacuums. Most of its products are sold to the North America, Europe and Australia.

For the year ended 31 December 2000, the turnover and the contribution to results from ordinary activities before taxation of the floor care appliance division accounted for about 23.8% and 16.1% of the total audited turnover and net profit before taxation of TTI, which amounted to HK\$1.1 billion and HK\$35.6 million respectively.

The key to the success of the floor care appliance division rests with the close and long-term relationships with the major floor care brands around the world, which provides the Group with extensive distribution channels for its products.

Additionally, the technical expertise and creativity of the management engaged in the product design and development enhance the development, manufacturing process and quality of the Group's products. Its commitment and investments in new product development have also been very successful in meeting the innovation demands of the floor care appliance market, based on end user needs.

“Benefits of the spin-off are in two folds. It will rationalize the corporate structure and businesses of TTI, enabling the investment community to focus on the underlying earnings fundamentals of the floor care appliance division and allowing TTI to concentrate its efforts in the continued development of its core business – the power tool business. At the same time, TA Holdings will be able to establish its own shareholder base, who will place a value on the Company according to its predictable earnings and of a relatively stable nature,” Mr. Pudwill concluded.

The spin-off proposal is subject to approval from the Listing Committee of the Stock Exchange. Further announcement will be made should there be any material development relating to the proposal.

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**About TechTronic Industries Company Limited**

Founded in 1980, TTI was listed on the Hong Kong Stock Exchange in 1990 and is a world leader in customer-focused design, engineering, manufacturing and marketing of power tools, floor care appliance, solar and electronic products. The Group owns the powerful Ryobi brand of power tools in North America and is the provider of many of the Sears, Roebuck and Company's Craftsman line of power tools. The Group operates manufacturing plants throughout the world totaling over 2.3 million square feet and has a total work-force of nearly 8,000, with offices and operation bases in Asia-Pacific, Europe and North America. Since the listing in 1990, the Group enjoys double-digit growth of the turnover, from HK\$490 million to HK\$4.55 billion in 2000.

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