



TechTronic Places 60 Million Shares at HK\$6.275 per Share To raise HK\$367 Million

* * * *

Expanding the Fast-growing HOMELITE Lawn & Garden Business

(Hong Kong, April 28, 2002) – TechTronic Industries Co., Limited ("TTI") (HKSE: 669) today announced a placing of existing shares and subscription for new shares. Mr. Horst Julius Pudwill, Chairman and CEO, and Mr. Roy Chung, Managing Director of TTI, will place 60 million existing shares to independent professional and institutional investors; at the same time, Mr. Pudwill and Mr. Chung will subscribe for 60 million new shares at the same placing price of HK\$6.275. Net proceeds of a total of HK\$367 million (US\$47 million) will be raised.

60 million shares represent approximately 10.30% of TTI's existing issued share capital of 582,716,826 shares and approximately 9.34% of the enlarged issued share capital (642,716,826 shares).

Mr. Pudwill and Mr. Chung, before Placing, hold in total approximately 34.26% of TTI's issued share capital. After the Placing and Subscription, Mr. Pudwill and Mr. Chung hold approximately 31.07% of TTI's enlarged issued share capital.

"Based on our business expansion plan and sales projection, TTI will be growing exponentially in 2002 and the coming years. The Placing will provide TTI with sufficient funding and strong financial position to expand our global branding business aggressively," said Mr. Pudwill.

Approximately 75% of the placing proceeds will be used for investing into TTI's newly established lawn and garden power equipment business, and the balance will be used for the expansion of TTI's fast growing power tool business, especially for the recently acquired Ryobi power tool business in Europe, Australia and New Zealand.

In November 2001, TTI entered into an agreement with the Deere & Co Group to acquire its *Homelite* brand of consumer lawn and garden tools, including a manufacturing plant in Mexico (the "transaction"). The transaction was finalized in the first quarter of 2002 and the start-up working capital requirement is approximately US\$15 million (HK\$117 million).

To facilitate the supply of 'clean combustion engines' for the petrol lawn and garden products at competitive cost, in April 2002, TTI entered an agreement with a leading Japanese industrial company, under which TTI is licensed to manufacture two-cycle, clean air petrol engines. This powerful yet lightweight "clean air" engine meets the strict environmental regulations of both the United States and Europe. And TTI is planning to establish this engine plant in China during 2002, which will be the *first ever* manufacturing facility in China for the production of these special engines. The estimated set up cost of this production facility is approximately US\$20 million (HK\$156 million). Initial capacity will be approximately 1 million units a year.

These clean air engines will be used in TTI's lawn and garden equipment, construction machinery and industrial machinery, such as *Homelite*, *Green Machine* and *Ryobi*, and its private label brands, which are sold to mass retailers in the world's major markets in North America, Europe, Australia, etc.

"In the North American market alone, outdoor power equipment has a market size of US\$6 billion. *Homelite* is a globally recognized brand and a market leader in North America. Combining TTI's expertise in electric products with *Homelite*'s expertise in petrol powered outdoor products, we will be able to deliver a full range of petrol and electric lawn and garden outdoor products under our *Homelite*, *Ryobi* and other private label brands. This enormous potential is another untapped driver for TTI's growth." Mr. Pudwill added.

"It is projected the Homelite lawn and garden business will bring in TTI an immediate boost in revenues of approximately US\$180 million (HK\$1.4 billion) for the first year. The establishment of our own engine plant will further enhance our efficiency and competitiveness. Expanding into the outdoor lawn and garden market will help offset the seasonal downturns inherent in the power tool industry.

Taking into account the interest saving of approximately HK\$11 million [in 2002] from the cash proceeds of HK\$367 million injected in to TTI, the dilution of the EPS (Earnings Per Share) from the Placing is approximately 2% for 2002. With the Placing proceed, our gearing, which is higher during the peak season in the second and third quarter, will be substantially reduced and this will position TTI in a much stronger financial foundation for further expansions," Mr. Frank Chan, Executive Director commented.

The placing price of HK\$6.275 per share represents a discount of approximately 3.5% against the closing price of HK\$6.50 per share quoted on The Stock Exchange of Hong Kong Limited on 24 April, 2002, the day prior to the suspension of the trading of the shares and a premium of approximately 7.6% of the average closing price of the shares for the last ten trading days of HK\$5.83 per share from 11 April, 2002 to 24 April, 2002 (both dates inclusive).

The Placement was over-subscribed and will be completed on April 29, 2002. Mr. Horst Julius Pudwill, Chairman of TTI, said, "We are delighted to see the generous support of the institutional investors. The overwhelming response to the subscription of our shares demonstrates their confidence and full support of TTI's future expansion plans."

CLSA Limited and Cazenove Asia Limited are the Placing Agents and CLSA Limited has fully underwritten the Placing.

An application has been made to the Stock Exchange for the resumption of the trading of shares with effect from 9:30am April 29, 2002.

- end -

About TechTronic Industries Company Limited

Founded in the 1980s, TTI is a world leader in the design, engineering, manufacturing and marketing of home improvement products, including power tools, floor care appliances, solar and electronic products as well as lawn and gardening equipment. The Group operates manufacturing plants, totaling over 2.3 million sq. ft. of space throughout the world and has a total work-force of approximately 10,000 people with offices and operational bases in the Asia-Pacific, North America and Europe. TTI has enjoyed continuous growth since its listing on the Hong Kong Stock Exchange in 1990, achieving a CAGR of over 20% for the past five years in both turnover and profit. TTI's global achievements were recognized and honored with the "International Award" from the SCMP/DHL Hong Kong Business Awards in 2001. With the acquisition of the Ryobi businesses around the world, TTI became a major global leader in the home improvement industry.

For press enquiries:

TechTronic Industries Company Limited Strategic Financial Relations Limited

Judy Fung

Tel: 2402 6653

Fax 2413 5971

Email: judyfung@tti.com.hk

Veron Ng/ Carol Lau/ Ines Chin

Tel: 2864 4831/ 4815/ 4867

Fax: 2804 2789/ 2527 1196

Email: veron@strategic.com.hk

carol@strategic.com.hk

ines@strategic.com.hk