

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code : 669)

CLARIFICATION ANNOUNCEMENT

This announcement is made pursuant to the requirements under Rule 13.09 of the Listing Rules. The Company clarifies certain information in the Articles published in the newspapers recently in relation to the Transaction.

This announcement is made pursuant to the requirements under Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 30th August, 2004 (the “Announcement”) in relation to the proposed acquisition of companies comprising the Milwaukee[®], AEG[®] and DreBo[®] electric power tools and accessories businesses of Atlas Copco AB. Unless the context otherwise requires, terms used in this announcement shall bear the same meanings as defined in the Announcement.

The Board has noted certain articles (the “Articles”) published in the newspapers recently reporting, among other things, that the Transaction would deliver earnings before interest, tax, depreciation and amortisation of at least US\$110 million in 2005 and the earnings of the Group would increase by a minimum of 30% in 2005 due to the Transaction. It was also reported in the Articles that the Company intended to issue US\$300 million (being approximately HK\$2,340 million) convertible bonds by the end of 2004 or in early 2005 to finance the Transaction. The Company would like to clarify as follows.

Mr. Horst Julius Pudwill, the Chairman and Chief Executive Officer of the Company, was contacted by the press around or shortly after the close of the market on 1st September, 2004. In response to queries from the press as to how the Transaction might improve the future earnings of the Company, Mr. Pudwill mentioned that based on the revenue of the Business reported under Swedish GAAP of approximately US\$707.8 million (being approximately HK\$5,520.6 million) for the year ended 31st December, 2003, the Transaction would be highly accretive to the Company and the earnings and growth prospects of the Business would be in line with the Company’s expectations. The Board has noted that certain financial forecasts were made available by ATCO to potential investors during the bidding process for the Business and such information might be sourced directly from ATCO or from sources closed to ATCO. Neither Mr. Pudwill nor the Board had provided any profit forecast on the Business to the press on which the above statements in the Articles were based. In response to queries from the press as to whether the Company would finance the Transaction by way of a placement

of shares, Mr. Pudwill mentioned that the Company had no such intention to do so in the foreseeable future. Mr. Pudwill also mentioned that the Company would finance the Transaction by external resources available to it such as bank borrowings and possible fundraising in the bond market. There was, however, no specific mention of an intention to issue convertible bonds. Moreover, any such financing would depend on prevailing market conditions and the Transaction would be financed by whichever means and upon such terms that would be in the Company's best interests. Save as disclosed above, the Board is unable to identify the source of information on which the above statements in the Articles were based.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

GENERAL

The Company acts as an investment holding company and also manufactures and trades electrical and electronic products. The principal activities of the subsidiaries and associates of the Company are manufacturing of electric power tools products, household electronic and electrical products and floor care products.

As at the date of this announcement, the Board comprises five Group executive Directors, namely Mr. Horst Julius Pudwill (Chairman and Chief Executive Officer), Mr. Roy Chi Ping Chung (Managing Director), Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Dr. Akio Urakami and three independent non-executive Directors, namely Mr. Vincent Ting Kau Cheung, Mr. Joel Arthur Schleicher and Mr. Christopher Patrick Langley .

By Order of the Board
Techtronic Industries Company Limited
Chi Chung Chan
Company Secretary

Hong Kong, 3rd September, 2004

In this announcement, figures in US\$ are translated into HK\$ at the exchange rate of US\$1 = HK\$7.8.

Please also refer to the publish version of this announcement in the China Daily.