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Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code : 669)

CLARIFICATION ANNOUNCEMENT

This announcement is made by the Company pursuant to Rule 13.10 of the Listing Rules.

Reference is made to the Clarification Announcement of the Company dated 26th January, 2006 in relation to the Research Reports with respect to the performance of the Company and the Articles published recently on various newspapers in relation to the Research Reports and the Conference Call during which the management of the Company responded to questions raised by the analysts regarding the Research Reports.

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

Trading in the shares, convertible bonds and derivative warrants of the Company was suspended with effect from 10:00 a.m. on 27th January, 2006 at the request of the Company pending release of this announcement. Application has been made to the Stock Exchange of Hong Kong Limited for resumption of trading in the shares, convertible bonds and derivative warrants of the Company with effect from 9:30 a.m. on 1st February, 2006.

This announcement is made by Techtronic Industries Company Limited (the "Company") pursuant to Rule 13.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Reference is made to the Clarification Announcement of the Company dated 26th January, 2006 in relation to certain recent analyst research reports (the "Research Reports") with respect to the performance of the Company and certain press articles (the "Articles") published recently in various newspapers in relation to the Research Reports and an analyst conference call held on 26th January, 2006 (the "Conference Call") during which the management of the Company responded to questions raised by the analysts regarding the Research Reports.

The board of directors of the Company (the "Board") acknowledges that the following aspects in the Research Reports are meritorious.

1. Unexpected inventory reduction by major customers of the Company

In the final weeks of the year 2005, there was an unexpected industry wide inventory reduction by major retailers in North America. This included major customers of the Company and such inventory reduction temporarily affected the Company's sales during the corresponding period.

2. Lower OEM sales

The Company experienced an accelerated reduction in its OEM sales and this is in line with the Company's strategy to invest in its own brand business.

The Board estimates that there is a reduction in OEM sales of approximately 11% in the second half of 2005 as compared to the first half of 2005.

3. Supply constraint in lithium-ion batteries

The Company launched the new V28™ lithium-ion battery power tools in April 2005 and demand for the products has been strong. However, supply constraint in lithium-ion batteries prevented the Company from meeting the projected sales demand. The supply issues have been resolved and the Company does not anticipate a shortfall in supply to meet the growing demand.

4. Currency effect on European operations

As there had been a gradual depreciation of Euro during the year 2005, the Company's sales to the European markets, which are recorded in Euro, has inevitably been affected upon translation of Euro into Hong Kong Dollars, the latter being the reporting currency of the Company.

The Board estimates that there is a reduction of approximately US\$30 million in revenues in the second half of 2005.

The foregoing factors may result in a shortfall in the Company's performance with respect to the market forecasts.

The Research Reports also include certain forecasts on the Company's performance for the year ended 31st December, 2005 and in the years ahead. Such forecasts were based on the independent assessment of the analysts concerned. No quantitative financial information had been disseminated by the Company for the purpose of compiling the Research Reports, nor such information has been disseminated during the Conference Call during which the management of the Company responded to the questions raised by the analysts regarding the Research Reports. The Board considers that the Research Reports contain various projections and forecasts based on assumptions made by the analysts concerned which by their nature are speculative and may not fairly reflect the Company's actual performance in future.

Apart from the above, the Company expresses no views on the accuracy of the information as disclosed in the Articles and confirms that there are no other information which is potentially price-sensitive in nature that was previously given to analysts or in the Conference Call.

The Stock Exchange of Hong Kong Limited is looking into the matter relating to selective disclosure of potentially price-sensitive information by the Company and will take appropriate actions against the Company, if necessary.

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As at the date of this announcement, the Board comprises four 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 and Mr. Frank Chi Chung Chan, one Non-Executive Director, namely, Mr. Vincent Ting Kau Cheung and three Independent Non-Executive Directors, namely, Mr. Christopher Patrick Langley, Mr. Joel Arthur Schleicher and Mr. Manfred Kuhlmann.

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

Hong Kong, 27th January, 2006