
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular 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 Co. Ltd. (the "Company"), you should at once hand this circular with the accompanying form of proxy 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 Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code : 669)

**PROPOSALS INVOLVING
INCREASE IN AUTHORISED SHARE CAPITAL,
GRANT OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
GRANT OF SHARE OPTIONS
AND
SHARE SUBDIVISION**

The letter of advice from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular.

A notice of the extraordinary general meeting of the Company (the "Extraordinary General Meeting") to be held at Taishan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on 28th May, 2004 at 10:30 a.m. (or as soon thereafter as the annual general meeting of the Company convened for the same place and date shall have been concluded or adjourned) is set out on pages 19 and 20 of this circular.

Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same 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 possible and in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjourned meeting if you so wish.

28th April, 2004

CONTENTS

Definitions	<i>i</i>
Responsibility statement	<i>iv</i>
Expected timetable	<i>v</i>
Letter from the Board	
Introduction	1
Increase in authorised share capital	2
General Mandate to repurchase Shares	2
General Mandate to issue new Shares	2
Amendments to the articles of association	3
Grant of Share Options	4
Share Subdivision	9
Annual General Meeting and Extraordinary General Meeting	12
Procedure for demanding a poll	13
Recommendations	14
Documents available for inspection	14
Letter from the Independent Board Committee	15
Appendix – Explanatory Statement	16
Notice of Extraordinary General Meeting	19

DEFINITIONS

In this circular, 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 Taishan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on 28th May, 2004 at 9:30 a.m.
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Board Meeting”	the Board meeting held on 19th April, 2004 at which a resolution was passed by the Directors (including the Independent Non-executive Directors) to approve the proposed grant of Share Options to the Grantees
“business day”	a day (excluding Saturday) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chung’s Existing Options”	an aggregate of 6,912,000 share options (excluding those that had lapsed) granted and yet to be exercised by Mr Chung as at the Latest Practicable Date granted under the Terminated Scheme and the Share Option Scheme
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Techtronic Industries Co. Ltd., a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Existing Options”	the Chung’s Existing Options and the Pudwill’s Existing Options
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Taishan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on 28th May, 2004 at 10:30 a.m. (or as soon thereafter as the Annual General Meeting shall have been concluded or adjourned)

DEFINITIONS

“Grantees”	Mr Pudwill and Mr Chung
“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
“Independent Board Committee”	an independent board committee of the Company comprising Mr Vincent Ting Kau Cheung, Mr Joel Arthur Schleicher and Mr Christopher Patrick Langley duly appointed by the Board to advise the Independent Shareholders in relation to the proposed grant of Share Options to the Grantees
“Independent Shareholders”	Shareholders other than the Grantees, the other Directors and their respective associates (as defined in the Listing Rules)
“Latest Practicable Date”	26th April, 2004, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Mr Chung”	Mr Roy Chi Ping Chung, the Group Managing Director of the Company
“Mr Pudwill”	Mr Horst Julius Pudwill, the Chairman and Chief Executive Officer of the Company
“Pudwill’s Existing Options”	an aggregate of 15,544,000 share options (excluding those that had lapsed) granted and yet to be exercised by Mr Pudwill as at the Latest Practicable Date granted under the Terminated Scheme and the Share Option Scheme
“Registrar”	the share registrar of the Company, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“Repurchase Resolution”	the proposed ordinary resolution as referred to in Resolution no.7 as set out in the notice of the Annual General Meeting
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	share(s) of HK\$0.20 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 28th March, 2002
“Share Options”	the options proposed to be granted to the Grantees under the Share Option Scheme, a summary of the principal terms of which is set out in the paragraph headed “Terms of the Share Options” in the Letter from the Board
“Share Subdivision”	the proposal that each of the existing issues and unissued Shares be subdivided into two Subdivided Shares
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company to be created by the Share Subdivision
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“Terminated Scheme”	the share option scheme adopted by the Company on 25th May, 2001 which was terminated on 28th March, 2002 pursuant to a resolution of the Shareholders passed on 28th March, 2002
“HK\$”	Hong Kong dollars
“%”	per cent.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made reasonable enquiries, that to the best of their knowledge and belief, the opinions expressed by them herein are fair and reasonable and have been arrived at after due and careful consideration and there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Subdivision and the associated trading arrangements are set out as follows:

2004

Latest time for lodging form of proxy	10:30 a.m. on Wednesday, 26th May,
Extraordinary General Meeting to approve, inter alia, the Share Subdivision	10:30 a.m. (or as soon thereafter as the Annual General Meeting shall have been concluded or adjourned) on Friday, 28th May,
Effective date of the Share Subdivision	Monday, 31st May,
Dealings in Subdivided Shares commence	9:30 a.m. on Monday, 31st May,
Original counter for trading in existing Shares in board lots of 500 Shares temporarily closes	9:30 a.m. on Monday, 31st May,
Temporary counter for trading in Subdivided Shares in board lots of 1,000 Subdivided Shares (in the form of certificates for existing Shares) opens	9:30 a.m. on Monday, 31st May,
First day for free exchange of certificates for existing Shares for new certificates for Subdivided Shares	Monday, 31st May,
Original counter for trading in Subdivided Shares in board lots of 500 Subdivided Shares (in the form of new certificates for Subdivided Shares) re-opens	9:30 a.m. on Monday, 14th June,
Parallel trading in Subdivided Shares (in the form of (a) new certificates for Subdivided Shares and (b) certificates for existing Shares) commences	9:30 a.m. on Monday, 14th June,
Temporary counter for trading in Subdivided Shares in board lots of 1,000 Subdivided Shares (in the form of certificates for existing Shares) closes	4:00 p.m. on Wednesday, 7th July,
Parallel trading in Subdivided Shares (in the form of (a) new certificates for Subdivided Shares and (b) certificates for existing Shares) ends	4:00 p.m. on Wednesday, 7th July,
Last day for free exchange of certificates for existing Shares for new certificates for Subdivided Shares	Monday, 12th July,

LETTER FROM THE BOARD



Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

Group Executive Directors:

Mr Horst Julius Pudwill
(Chairman and Chief Executive Officer)
Mr Roy Chi Ping Chung
(Group 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
Hong Kong

Independent Non-executive Directors:

Mr Vincent Ting Kau Cheung
Mr Joel Arthur Schleicher
Mr Christopher Patrick Langley

28th April, 2004

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
INCREASE IN AUTHORISED SHARE CAPITAL,
GRANT OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
GRANT OF SHARE OPTIONS
AND
SHARE SUBDIVISION**

INTRODUCTION

The purpose of this circular is (i) to provide you with information regarding the proposals involving the increase in authorised share capital of the Company, the grant of general mandates to repurchase and issue new Shares, the amendments to the articles of association of the Company, the grant of Share Options to the Grantees and the Share Subdivision as announced by the Board on 19th April, 2004; (ii) to set out the recommendation of the Independent Board Committee in relation to the proposed grant of Share Options to the Grantees; and (iii) to give you notice of the Extraordinary General Meeting at which necessary resolutions approving the proposed grant of Share Options to the Grantees and the Share Subdivision will be sought.

LETTER FROM THE BOARD

INCREASE IN AUTHORISED SHARE CAPITAL

The Company currently has an authorised share capital of HK\$160,000,000 divided into 800,000,000 Shares, of which 664,681,826 Shares were issued and credited as fully paid as at the Latest Practicable Date. It will be proposed at the Annual General Meeting an ordinary resolution to approve an increase of the authorised share capital of the Company from HK\$160,000,000 to HK\$240,000,000 by the creation of 400,000,000 Shares and subject to and upon the Share Subdivision becoming effective, 800,000,000 Subdivided Shares. The Directors wish to state that they have no present intention to issue any part of the increased share capital of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 28th May, 2003, 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, therefore, 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.

GENERAL MANDATE TO ISSUE NEW SHARES

At the annual general meeting of the Company held on 28th May, 2003, 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 10% of the issued share capital of the Company as 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.

LETTER FROM THE BOARD

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.

Following the amendments to the Companies Ordinance and the Listing Rules, the Company is permitted, subject to the provisions of its articles of association, (i) to distribute to Shareholders and other entitled persons summary financial reports in lieu of the relevant financial documents from which the summary financial reports are derived, and (ii) to send or otherwise make available corporate communications, including annual and interim reports, circulars and notices of meetings, to shareholders and other entitled persons using electronic means in lieu of printed copies of those corporate communications, in each case, provided that the Company has ascertained the wishes of the Shareholders and other entitled persons in accordance with the Companies Ordinance and the Listing Rules.

In addition to the above, Shareholders' approval will also be sought to amend the articles of association of the Company:

- (i) to reflect the amendments to the Companies Ordinance which permit a listed company to issue corporate communications to its members and other securities holders in either the English language only, the Chinese language only or both the English language and the Chinese language in accordance with the wishes of its members and other securities holders provided that the listed company has made adequate arrangements to ascertain the wishes of its members and other securities holders;
- (ii) to reflect the amendments to the Companies Ordinance with respect to the purchase of insurance to cover liability of Directors and officers of the Company;
- (iii) to cater for a new provision of the Companies Ordinance regarding the vicarious liability of Directors for torts committed by their alternate directors;
- (iv) to reflect the amendments to Appendix 3 to the Listing Rules which sets out the requirements to be met by the listed companies in relation to their articles of association;
- (v) to enable Directors to hold meetings by telephone or any communication equipment or electronic means and to postpone general meetings; and
- (vi) to incorporate minor drafting improvements.

Your attention is drawn to Resolution no.9 as set out in the notice of the Annual General Meeting for the full text of the relevant amendments.

LETTER FROM THE BOARD

GRANT OF SHARE OPTIONS

At the extraordinary general meeting of the Company held on 28th March, 2002, the Shareholders approved the adoption of the Share Option Scheme whereby the Directors were authorised to grant options to full-time and part-time employees (including executive Directors) of the Company or any of its subsidiaries and other specified participants. Based on 582,716,826 Shares in issue as at the date of adoption of the Share Option Scheme, options to subscribe for 58,271,682 Shares (representing approximately 10% of the issued share capital of the Company as at that date) may be granted by the Company under the Share Option Scheme.

At the Board Meeting held on 19th April, 2004, a resolution was passed by the Directors (including the independent non-executive Directors) to approve the proposed grant of Share Options to the Grantees.

The Independent Board Committee has been established for the purpose of advising the Independent Shareholders on the proposed grant of Share Options to the Grantees.

The Grantees

Set out below are the brief particulars of the Grantees:

Mr Pudwill, aged 58, a founding partner of the Group, has been the Chairman and Chief Executive Officer of the Company since 1985. He is responsible for the formulation of the strategic vision of the Group, focusing on the continual growth and profitable development of the Group organization, products and services. He is active in aligning the activities of the Group with customer needs. His background includes a Master's Degree in Engineering and a General Commercial Degree, together with extensive experience in international business.

Mr Chung, aged 52, a co-founder of the Group, has been the Group Managing Director of the Company since 1985. He is responsible for corporate and business management of the Group. He holds a Master of Science degree in Engineering Business Management from the University of Warwick. Mr Chung won the 1997 Young Industrialists Award of Hong Kong and is currently a Deputy Council Chairman of Hong Kong Polytechnic University, a Deputy Chairman of Federation of Hong Kong Industries, a Member of the Advisory Board for Lingnan University, a Director of the HK Safety Institute Ltd. & the HK Standards & Testing Centre Ltd., a Director of HK Applied Science and Technology Research Institute Co. Ltd. and the Vice-Chairman of Governing Board of Dongguan City Association of Enterprises with Foreign Investment. He is also an independent non-executive director of Kin Yat Holdings Limited, a company listed on the main board of the Stock Exchange.

LETTER FROM THE BOARD

Information on options granted to the Grantees under the Terminated Scheme and the Share Option Scheme

As at the Latest Practicable Date, there were 664,681,826 Shares in issue. The particulars of the options granted to the Grantees under the Terminated Scheme and the Share Option Scheme are set out below:

	Number of options granted	Approximate percentage in the issued share capital of the Company as at the Latest Practicable Date	Number of options exercised	Approximate percentage in the issued share capital of the Company as at the Latest Practicable Date	Number of options lapsed	Approximate percentage in the issued share capital of the Company as at the Latest Practicable Date	Number of options outstanding as at the Latest Practicable Date	Approximate percentage in the issued share capital of the Company as at the Latest Practicable Date
(i)								
Terminated Scheme	21,850,000	3.29%	18,600,000	2.80%	500,000	0.08%	2,750,000	0.41%
Mr Pudwill	5,000,000	0.75%	2,800,000	0.42%	Nil	Nil	2,200,000	0.33%
Mr Chung	3,000,000	0.45%	3,000,000	0.45%	Nil	Nil	Nil	Nil
Others	13,850,000	2.08%	12,800,000	1.93%	500,000	0.08%	550,000	0.08%
(ii)								
Share Option Scheme	47,060,000	7.08%	6,170,000	0.93%	361,000	0.05%	40,529,000	6.10%
Mr Pudwill (<i>Note 1</i>)	13,344,000	2.01%	Nil	Nil	Nil	Nil	13,344,000	2.01%
Mr Chung (<i>Note 2</i>)	6,912,000	1.04%	Nil	Nil	Nil	Nil	6,912,000	1.04%
Others	26,804,000	4.03%	6,170,000	0.93%	361,000	0.05%	20,273,000	3.05%

Notes:

- Of the 13,334,000 options granted to Mr Pudwill under the Share Option Scheme, (i) 12,864,000 options were approved by the Independent Board Committee on 28th May, 2002 and the Independent Shareholders on 28th June, 2002; (ii) 280,000 options were approved by the Independent Board Committee on 19th September, 2003; and (iii) 200,000 options were approved by the Independent Board Committee on 25th February, 2004. All the options granted to Mr Pudwill under the Share Option Scheme were granted in accordance with the terms thereof and the requirements of Chapter 17 of the Listing Rules.
- Of the 6,912,000 options granted to Mr Chung under the Share Option Scheme, (i) 6,432,000 options were approved by the Independent Board Committee on 28th May, 2002 and the Independent Shareholders on 28th June, 2002; (ii) 280,000 options were approved by the Independent Board Committee on 19th September, 2003; and (iii) 200,000 options were approved by the Independent Board Committee on 25th February, 2004. All the options granted to Mr Chung under the Share Option Scheme were granted in accordance with the terms thereof and the requirements of Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

Terms of the Share Options

The following are the principal terms of the Share Options:

Number of Shares subject to the Share Options

The total number of Shares which may be issued upon exercise in full of the Share Options to Mr Pudwill and Mr Chung will be 13,293,000 Shares and 6,646,000 Shares respectively (and upon the Share Subdivision becoming effective, 26,586,000 Subdivided Shares and 13,292,000 Subdivided Shares respectively), representing approximately 2.00% and 1.00% of the issued share capital of the Company as at the Latest Practicable Date respectively, and approximately 1.94% and 0.97% of the issued share capital of the Company as enlarged by the issue of Shares pursuant to the exercise of the Share Options respectively.

There is no minimum period for which the Share Options must be held nor any performance target which must be achieved before the Share Options can be exercised. However, each Grantee is required to pay HK\$1 upon acceptance of the offer. Shares to be allotted upon the exercise of the Share Options will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue as at the date on which the names of the Grantees are registered in the register of members of the Company as the holders of such Shares.

Exercise period of the Share Options

The Share Options may be exercised during the period of 5 years commencing on the date of approval by the Independent Shareholders of the proposed grant of Share Options to the Grantees and expiring on the last day of the said 5 year period or the date on which the Share Options lapse in accordance with the terms of the Share Option Scheme, whichever is the earlier.

The exercise of the Share Options by the Grantees is not subject to any condition.

Subscription price of the Share Options

The subscription price per Share under the Share Options is HK\$25.55 (and upon the Share Subdivision becoming effective, HK\$12.775 per Subdivided Share), representing the highest of (i) the average closing price of the Shares of HK\$25.26 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding 19th April, 2004, being the date of the Board Meeting; (ii) the closing price of the Shares of HK\$25.55 per Share on 19th April, 2004; and (iii) the nominal value of the Shares.

LETTER FROM THE BOARD

Changes of shareholdings of the Grantees upon exercise in full of the Existing Options and the Share Options

The following table illustrates the changes in the shareholdings of the Grantees and their respective associates in the issued share capital of the Company upon the exercise in full of the Existing Options and the Share Options:

	Number of Shares held as at the Latest Practicable Date	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date	Number of Shares to be issued upon exercise in full of the relevant Existing Options	Approximate percentage of Shares to be issued upon exercise in full of the relevant Existing Options in the issued share capital of the Company as at the Latest Practicable Date	Number of Shares to be issued upon exercise in full of the relevant Share Options	Approximate percentage of Shares to be issued upon exercise in full of the relevant Share Options in the issued share capital of the Company as at the Latest Practicable Date	Approximate percentage of Shares to be issued upon exercise in full of the relevant Existing Options and the enlarged issued share capital of the Company	Approximate percentage shareholding upon exercise in full of the relevant Existing Options and the enlarged issued share capital of the Company
Mr Pudwill	147,605,897 <i>(Note 1)</i>	22.21%	15,544,000	2.34%	13,293,000	2.00%	4.08%	24.95%
Mr Chung	75,356,489 <i>(Note 2)</i>	11.34%	6,912,000	1.04%	6,646,000	1.00%	1.92%	12.57%

Notes:

1. As at the Latest Practicable Date, Mr Pudwill and his associates were interested in a total of 147,605,897 Shares as follows:
 - (i) 35,896,000 Shares were held by him personally;
 - (ii) 380,000 Shares were held by his spouse;
 - (iii) 92,792,382 Shares were held by Sunning Inc., a company wholly owned by Mr Pudwill; and
 - (iv) 18,537,515 Shares were held by Cordless Industries Company Limited, a company owned as to 70% by Mr Pudwill and 30% by Mr Chung.
2. As at the Latest Practicable Date, Mr Chung and his associates were interested in a total of 75,356,489 Shares as follows:
 - (i) 56,750,974 Shares were held by him personally;
 - (ii) 68,000 Shares were held by his spouse; and
 - (iii) 18,537,515 Shares were held by Cordless Industries Company Limited, a company owned as to 70% by Mr Pudwill and 30% by Mr Chung.

LETTER FROM THE BOARD

Reasons and benefits of the grant of Share Options

The Company is engaged in the design, manufacturing, engineering and marketing of power tools, outdoor products, floor care appliances, solar powered lighting and electronic measuring products.

The Company has experienced a phenomenal growth in its business since it was listed on the main board of the Stock Exchange on 17th December, 1990. From 1990 to 2003, the turnover of the Group has grown from HK\$490 million to HK\$13.2 billion at a compound annual growth rate of approximately 28.83%. For the year ended 31st December, 2003, net profit attributable to Shareholders was approximately HK\$674 million and Shareholders' funds stood at approximately HK\$2,513 million. The Board considers that the Group has been capitalising on the invaluable expertise and management skills of the Grantees.

In order to acknowledge the distinguished and huge contribution of the Grantees to the Group during their respective terms of service, it is proposed that the Share Options be granted to the Grantees under the Share Option Scheme.

The Board also considers that the proposed grant of Share Options represents a bonus incentive scheme not only to the Grantees but also to other employees of the Group for the purpose of motivating them to continue to work for the benefit of the Group by offering to them an opportunity to subscribe for Shares.

None of the Directors have been appointed as trustee of the Share Option Scheme.

Implications under the Listing Rules

Pursuant to Rule 17.04 of the Listing Rules, the proposed grant of Share Options to the Grantees, must be approved by the independent non-executive Directors. At the Board Meeting held on 19th April, 2004, a resolution was passed by the Directors (including the independent non-executive Directors) to approve the proposed grant of Share Options to the Grantees.

In addition, since the total number of Shares which may be issued upon exercise in full of the Share Options proposed to be granted to each of the Grantees will represent, in aggregate, over 0.1% of the issued share capital of the Company and will have an aggregate value in excess of HK\$5 million stipulated under Rule 17.04 of the Listing Rules, the proposed grant of Share Options to the Grantees will be subject to the approval of the Independent Shareholders at the Extraordinary General Meeting by way of poll.

LETTER FROM THE BOARD

SHARE SUBDIVISION

The Board announced on 19th April, 2004 that it proposed that each of the existing issued and unissued Share be undivided into two Subdivided Shares.

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$160,000,000 divided into 800,000,000 Shares of which 664,681,826 Shares are in issue. Subject to the approval of the increase in authorised share capital and the Share Subdivision by the Shareholders at the Annual General Meeting and the Extraordinary General Meeting respectively, the authorised share capital of the Company will be HK\$240,000,000 divided into 2,400,000,000 Subdivided Shares. Immediately upon completion of the Share Subdivision and on the basis that 664,681,826 Shares are in issue, 1,329,363,652 Subdivided Shares will be in issue pursuant to the Share Subdivision. The Subdivided Shares will rank pari passu in all respects with each other and the Share Subdivision will not result in any change in the relevant rights of the Shareholders.

Conditions

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subdivided Shares in issue and any new Subdivided Shares which may fall to be issued pursuant to the exercise of options granted under the Company's share option scheme.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares in issue and any new Subdivided Shares which may fall to be issued pursuant to the exercise of options granted under the Company's share option schemes (including the Share Options).

Reasons for the Share Subdivision

Upon the Share Subdivision becoming effective, the monetary value of each board lot of the Subdivided Shares will be lower than the monetary value of each existing board lot of the Shares and the transaction cost for each board lot of the Subdivided Shares will likewise be reduced. The Board believes that the Share Subdivision may improve the liquidity of the Subdivided Shares and enable the Company to attract more investors and broaden its shareholder base.

LETTER FROM THE BOARD

Effects of the Share Subdivision

Save for the expenses to be incurred in relation to the Share Subdivision, the Board believes that the Share Subdivision will not, by itself, alter the net asset value, business operations, management or financial position of the Group or the proportionate interest of Shareholders in the Company.

Adjustment in relation to Options

The Share Subdivision may lead to adjustments to the subscription price and/or the number of Shares to be issued pursuant to the exercise of the options granted under the Schemes in accordance with their respective terms. The Company will consult its auditors for the required adjustments and the holders of such options will be informed by way of further announcement of the required adjustments (if any) as soon as practicable.

Arrangements for trading and exchange of share certificates

Subject to the Share Subdivision becoming effective, Shareholders may, during business hours from 31st May, 2004 to 12th July, 2004 (both dates inclusive), submit their certificates for the Shares to the Registrar in exchange for certificates for the Subdivided Shares (on the basis of every one Share for two Subdivided Shares) free of charge. Thereafter, share certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Subdivided Shares or each old share certificate submitted, whichever number of share certificate involved is higher.

No part of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is currently proposed to be sought from any other stock exchange.

Dealings in the Subdivided Shares on the Registrar will be subject to Hong Kong stamp duty.

The board lot size of the Subdivided Shares for trading on the Stock Exchange will remain unchanged in board lots of 500 Subdivided Shares upon the Share Subdivision becoming effective. The Share Subdivision will not give rise to any odd lot.

LETTER FROM THE BOARD

The trading arrangements proposed for dealings in the Subdivided Shares, subject to the fulfillment of the conditions of the Share Subdivision referred to above, are as follows:

- (i) with effect from 31st May, 2004, the original counter for trading in Shares in board lots of 500 Shares will be closed temporarily. A temporary counter for trading in Subdivided Shares in board lots of 1,000 Subdivided Shares (in the form of certificates for existing Shares in beige colour) will be established. Every certificate for existing Shares for whatever number of Shares will be deemed to be a certificate, and will be effective as a document of title valid for settlement and delivery for trading transacted from 31st May, 2004 to 7th July, 2004, for Subdivided Shares in the amount equal to two times that number of existing Shares. The share certificates for the existing Shares in beige colour can only be traded at this temporary counter;
- (ii) with effect from 14th June, 2004, the original counter will be reopened for trading in Subdivided Shares in board lots of 500 Subdivided Shares. Only new share certificates for the Subdivided Shares in light blue colour can be traded at this counter;
- (iii) with effect from 14th June, 2004 to 7th July, 2004 inclusive, there will be parallel trading at the counters mentioned in (i) and (ii) above; and
- (iv) the temporary counter for trading in Subdivided Shares in board lots of 1,000 Subdivided Shares (in the form of certificates for existing Shares in beige colour) will be closed after the close of trading on 7th July, 2004. Thereafter, trading will only be in Subdivided Shares (in the form of new certificates for Subdivided Shares in light blue colour) and the certificates for the existing Shares in beige colour will cease to be marketable and will not be acceptable for settlement purposes. However, such certificates will continue to be good evidence of legal title on the basis of one Share to two Subdivided Shares and may be lodged with the Registrar for exchange at any time on payment of a fee.

Subject to the granting of the listing of and permission to deal in the Subdivided Shares on the Stock Exchange, the Subdivided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Amendments to the articles of association of the Company

Subject to the passing of the ordinary resolution in respect of the Share Subdivision, a special resolution will also be proposed at the Extraordinary General Meeting to amend Article 3 of the articles of association of the Company to reflect the nominal value of the Subdivided Shares. Your attention is drawn to Resolution no.3 as set out in the notice of the Extraordinary General Meeting for the full text of the relevant amendment.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING

Annual General Meeting

Notice of the Annual General Meeting to be held on 28th May, 2004 has been set out on pages 85 to 94 of the annual report for the year ended 31st December, 2003 sent together with this circular, 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 10% of the issued share capital of the Company as at the date of passing the resolution;
- 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, 2003 sent together with this circular. Whether or not you intend to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same 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 possible 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 return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

Extraordinary General Meeting

Notice of the Extraordinary General Meeting is set out on pages 19 and 20 of this circular. At the Extraordinary General Meeting, two ordinary resolutions and a special resolution will be proposed to approve the Share Subdivision, the grant of Share Options to the Grantees and the amendment to the articles of association of the Company respectively.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same 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 possible and in any event not later than 48 hours before the time appointed for the holding of the Extraordinary General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish.

PROCEDURE FOR DEMANDING A POLL

Pursuant to article 74 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Board considers that the increase in authorised share capital of the Company, 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 beneficial to the Company and the Shareholders as a whole and recommend that the Shareholders vote in favour of the ordinary resolutions and the special resolution to be proposed at the Annual General Meeting.

The Board also considers that the Share Subdivision is beneficial to the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution and the special resolution to be proposed at the Extraordinary General Meeting to approve the Share Subdivision and the amendment to the articles of association of the Company.

The Independent Board Committee considers the grant of Share Options to the Grantees is beneficial to the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the grant of Share Options to the Grantees. Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular which contains its recommendation to the Independent Shareholders as to voting at the Extraordinary General Meeting regarding the grant of the Share Options to the Grantees.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 24th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong during normal business hours on any weekday, except public holidays, up to and including the date of the Extraordinary General Meeting:

- (a) the memorandum and articles of association of the Company; and
- (b) the Share Option Scheme.

Yours faithfully,
By order of the board of
Techtronic Industries Co. Ltd.
Chi Chung Chan
Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

*To the Independent Shareholders and,
for information only, the optionholders*

28th April, 2004

Dear Sirs,

GRANT OF SHARE OPTIONS

We refer to the circular to the Shareholders dated 28th April, 2004 (the “Circular”), in which this letter is contained. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings given to them in the section headed “Definitions” of the Circular.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders on whether the grant of Share Options to the Grantees is fair and reasonable so far as the Independent Shareholders are concerned.

Having considered the distinguished and huge contribution of the Grantees to the development of the business of the Group, we consider that the grant of Share Options to the Grantees is beneficial to the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the grant of the Share Options to the Grantees as set out in the notice convening the Extraordinary General Meeting set out on pages 19 and 20 of the Circular.

Yours faithfully,
Independent Board Committee of
Techtronic Industries Co. Ltd.
Vincent Ting Kau Cheung
Joel Arthur Schleicher
Christopher Patrick Langley

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. 7 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 664,681,826. 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 66,468,182 Shares, representing approximately 10% of the issued share capital of the Company.

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, 2003 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 TAKEOVERS 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 Takeovers 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 Takeovers Code.

As at the Latest Practicable Date, Mr Horst Julius Pudwill together with his associates were beneficially interested in 147,605,897 Shares representing approximately 22.21% 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 56,818,974 Shares representing approximately 8.55% 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 24.67% and 9.50% 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 Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers 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>
2003		
April	9.85	8.05
May	12.60	9.90
June	13.75	11.90
July	16.10	13.05
August	18.95	12.95
September	19.20	16.50
October	22.45	19.15
November	24.20	20.90
December	22.40	18.30
2004		
January	24.40	20.95
February	26.20	21.00
March	27.75	24.10
April (up to the Latest Practicable Date)	27.20	22.25

(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 circular, whether on the Stock Exchange or otherwise.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at Taishan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Friday, 28th May, 2004 at 10:30 a.m. (or so soon thereafter as the annual general meeting of the Company convened for the same place and date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, pass, with or without amendments, the following resolutions to the intent that Resolution no.1 and Resolution no.2 will be proposed as Ordinary Resolutions and Resolution no.3 will be proposed as a Special Resolution:

ORDINARY RESOLUTIONS

(1) **“THAT:**

- (i) the directors of the Company be and are hereby authorised to grant to Mr Horst Julius Pudwill and Mr Roy Chi Ping Chung (together, the “Grantees”) options (the “Share Options”) to subscribe for 13,293,000 and 6,646,000 ordinary shares of HK\$0.20 each in the capital of the Company (the “Shares”) respectively (and upon the Share Subdivision (as defined in Resolution no.2 set out in the notice convening this extraordinary general meeting at which this resolution is proposed) becoming effective, 26,586,000 and 13,292,000 Subdivided Shares (as defined in Resolution no.2 set out in the notice convening this extraordinary general meeting at which this resolution is proposed) respectively), in each case, at the subscription price of HK\$25.55 per Share (and, upon the Share Subdivision becoming effective, HK\$12.775 per Subdivided Share) subject to such conditions (if any) on the exercise of the Share Options as stipulated in the offer letters to be issued pursuant to paragraph 4.2 of the share option scheme of the Company adopted on 28th March, 2002; and
- (ii) the directors of the Company or a duly authorised committee thereof be and are hereby authorised to do any act or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in connection with the grant of Share Options to the Grantees.”

- (2) **“THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in, the shares of the Company in their subdivided form, every share of HK\$0.20 in the issued and unissued share capital of the Company be and is hereby subdivided (the “Share Subdivision”) into two shares of HK\$0.10 each (the “Subdivided Shares”) with effect from 9:30 a.m. on the business day (not being a Saturday) immediately following the date on which this resolution is passed and the directors of the Company be and are hereby authorised to execute or authorise such things and such documents as they may consider necessary or desirable in connection therewith.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

- (3) “**THAT**, subject to the passing of Resolution no. 5 set out in the notice of the Annual General Meeting and the passing of Resolution no.2 above, the articles of association of the Company be hereby amended by deleting the existing Article 3 thereof and replacing with the following new Article 3:

“3. The authorised share capital of the Company is HK\$240,000,000 divided into 2,400,000,000 shares of HK\$0.10 each.”

By order of the board of
Techtronic Industries Co. Ltd.
Chi Chung Chan
Company Secretary

28th April, 2004

Registered Office:

24th Floor
CDW Building
388 Castle Peak Road
Tsuen Wan, New Territories
Hong Kong

Notes:

- (1) A shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a shareholder of the Company.
- (2) In the case of joint registered holders of any shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the senior shall alone be entitled to vote and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's registered office at 24th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person should they so desire.
- (4) A form of proxy for use at the meeting is enclosed herewith.
- (5) Mr Horst Julius Pudwill, Mr Roy Chi Ping Chung, the other directors of the Company and their respective associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) would abstain from voting on Resolution no. 1 above.



Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

Form of Proxy

Form of proxy for use at the Annual General Meeting of the Company on 28th May, 2004 and at any adjournment thereof

I/We⁽¹⁾ _____
of _____,
being the registered holder(s) of⁽²⁾ _____ shares of HK\$0.20 each in the capital of Techtronic Industries Co. Ltd. (the "Company"), HEREBY APPOINT⁽³⁾ the Chairman of the meeting or⁽³⁾ _____
of _____,
as my/our proxy to act for me/us and on my/our behalf at the Annual General Meeting (or at any adjournment thereof) of the Company to be held at Taishan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, on 28th May, 2004 at 9:30 a.m., for the purpose of considering and, if thought fit, passing, with or without amendments, the resolutions as set out in the notice convening the said meeting and at such meeting (or at any adjournment thereof) to vote for me/us in my/our name(s) in respect of the said resolutions as hereunder indicated, and, if no such indication is given, as my/our proxy thinks fit.

Ordinary Resolutions	For ⁽⁴⁾	Against ⁽⁴⁾
1. To receive and consider the audited Statement of Accounts and the reports of the Directors and the Auditors of the Company for the year ended 31st December, 2003.		
2. To declare a final dividend of HK17.75 cents per share for the year ended 31st December, 2003.		
3. (a) To re-elect Mr Roy Chi Ping Chung as Group Executive Director.		
(b) To re-elect Mr Kin Wah Chan as Group Executive Director.		
(c) To re-elect Mr Joel Arthur Schleicher as Independent Non-executive Director.		
(d) To authorise the Directors to fix their remuneration for the year ending 31st December, 2004.		
4. To re-appoint Deloitte Touche Tohmatsu as Auditors of the Company and authorise the Directors to fix their remuneration.		
5. Special business: To increase the authorised share capital of the Company. *		
6. Special business: To grant a general mandate to the Directors to allot, issue and deal with additional shares not exceeding (i) in the case of an allotment and issue of shares for cash, 10% of the share capital of the Company in issue at the date of the resolution and (ii) in the case of an allotment and issue of shares for a consideration other than cash, 20% of the share capital of the Company in issue at the date of the resolution. *		
7. Special business: To grant a general mandate to the Directors to repurchase shares not exceeding 10% of the share capital of the Company in issue at the date of the resolution. *		
8. Special business: Conditional on the passing of Resolution nos. 6 and 7, to grant a general mandate to the Directors to add the shares repurchased pursuant to Resolution no.7 to the amount of issued share capital of the Company which may be allotted pursuant to Resolution no.6. *		
Special Resolution	For ⁽⁴⁾	Against ⁽⁴⁾
9. Special business: To amend the articles of association of the Company. *		

* The full text of the Resolutions is set out in the notice of Annual General Meeting which is included in the Annual Report of the Company for the year ended 31st December, 2003 despatched to the members of the Company.

Date: _____

Signature⁽⁵⁾: _____

Notes:

- Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
- Please insert the number of shares in which the proxy relates registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
- If any proxy other than the Chairman of the meeting is preferred, strike out the words "the Chairman of the meeting or" and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON WHO SIGNS IT.**
- IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK IN THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK IN THE BOX MARKED "AGAINST".** Failure to tick either box will entitle your proxy to cast your vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
- You are requested to lodge this form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, at the registered office of the Company at 24th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (or any adjournment thereof).
- In the case of joint holders of any share, any one of such persons may vote at the said meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the said meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- A proxy need not be a member of the Company but must attend the meeting in person to represent you. Completion and return of the form of proxy will not preclude you from attending and voting at the said meeting if you so wish.



Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

Form of Proxy

Form of proxy for use at the Extraordinary General Meeting of the Company on 28th May, 2004 and at any adjournment thereof

I/We⁽¹⁾ _____
of _____,
being the registered holder(s) of⁽²⁾ _____ shares of HK\$0.20 each in the capital of Techtronic Industries Co. Ltd. (the "Company"), HEREBY APPOINT⁽³⁾ the Chairman of the meeting or⁽³⁾ _____
of _____,
as my/our proxy to act for me/us and on my/our behalf at the Extraordinary General Meeting (or at any adjournment thereof) of the Company to be held at Taishan Room, 5th Floor, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, on 28th May, 2004 at 10:30 a.m. (or as soon thereafter as the annual general meeting of the Company convened for the same place and date shall have been concluded or adjourned), for the purpose of considering and, if thought fit, passing, with or without amendments, the resolutions as set out in the notice convening the said meeting and at such meeting (or at any adjournment thereof) to vote for me/us in my/our name(s) in respect of the said resolutions as hereunder indicated, and, if no such indication is given, as my/our proxy thinks fit.

Ordinary Resolutions	For ⁽⁴⁾	Against ⁽⁴⁾
1. To authorise the Directors to grant the Share Options to the Grantees. *		
2. To approve the Share Subdivision. *		
Special Resolution	For ⁽⁴⁾	Against ⁽⁴⁾
3. Conditional on the passing of Resolution no.5 set out in the notice of the Annual General Meeting and Resolution no.2 above, to amend article 3 of the articles of association of the Company. *		

* The full text of the Resolutions is set out in the notice of Extraordinary General Meeting which is included in the Circular despatched to the members of the Company.

Date: _____

Signature⁽⁵⁾: _____

Notes:

1. Full name(s) and address(es) to be inserted in BLOCK CAPITALS.
2. Please insert the number of shares in which the proxy relates registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
3. If any proxy other than the Chairman of the meeting is preferred, strike out the words "the Chairman of the meeting or" and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK IN THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK IN THE BOX MARKED "AGAINST".** Failure to tick either box will entitle your proxy to cast your vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the meeting other than those referred to in the notice convening the meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
6. You are requested to lodge this form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, at the registered office of the Company at 24th Floor, CDW Building, 388 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (or any adjournment thereof).
7. In the case of joint holders of any share, any one of such persons may vote at the said meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the said meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
8. A proxy need not be a member of the Company but must attend the meeting in person to represent you. Completion and return of the form of proxy will not preclude you from attending and voting at the said meeting if you so wish.