

Chairman's Statement

- High double-digit increases in revenues and profits
- Integration of Homelite operations
- Royal acquisition will add new growth platform

I am extremely pleased to present our very strong results for the year, which were achieved in a difficult economic environment.

Business conditions worldwide, including the key United States market, were far from favourable during 2002, as consumers digested the shocks of further equity market declines and the implications of heightened geopolitical tensions. This gloomy context makes TTI's performance especially impressive, with high double-digit growth in revenues and profits supported by the rapid integration of recently acquired businesses and continued strong organic growth from our brands.

Our announcement in December of the acquisition of Royal Appliances Manufacturing Co. ("Royal") in the United States capped a three-year period in which we have successfully transformed the business, acquiring the brands and creating the economies of scale to compete in global markets.

Financial Results

Revenues increased by 55.6% to HK\$9.5 billion. This strong growth reflects equally the addition of the Ryobi operations we acquired over the past 18 months in Europe and Australasia and of Homelite in January 2002, as well as growth from our existing operations. Profits rose strongly, by 71.1% to HK\$408.8 million. Earnings per share increased 56.4% to HK65.73 cents.

I am pleased to announce that the Board is recommending a final dividend of HK10 cents per share, which together with the interim dividend of HK6 cents per share will bring the full dividend payment for the year to HK16 cents, an increase of 39.1% over that declared in 2001.



“ TTI has moved from being a supplier on an OEM basis to an integrated Group that owns leading brands in each of its core businesses ”

Horst Julius Pudwill

Chairman and Chief Executive Officer

Our finances are strong, despite several acquisitions, with the net debt-to-net tangible worth ratio improving from 54.9% in 2001 to net cash, well within our desired level.

Operations

Our impressive financial achievements were the result of outstanding performances across all our operations.

Ryobi brand power tools produced very strong results that exceeded our expectations, with sales doubling from 2001. We brought new products to the consumer, supported by well-designed and executed marketing and pricing strategies. In particular, very strong demand for our combo kits in the United States enabled us to outperform the market by a wide margin. The newly acquired European and Australasian operations were quickly integrated and the introduction of our core product lines in the second half of the year have begun yielding positive results.

Of particular importance was our success in integrating within a very short time frame the Homelite operations that we had acquired in November 2001, in order to create a new, more cost-effective product line for the approaching sales season. As a result, the business contributed to TTI's bottom-line as well as top-line growth. At the same time, we succeeded in modifying our engines for these products to meet the new standards required by the US Environmental Protection Agency, which opens future opportunities for us. The Group has also benefited from the complementary nature of the Homelite and Ryobi selling

seasons, which brings common production and aftermarket service synergies.

The floor care appliance business continued along its stable growth path. Expansion of the customer base in both North America and Europe enabled us to achieve strong sales increases, which included record shipments of ground-breaking new products to one of our OEM contract customers. While market conditions remained challenging, our solar powered lighting and electronic measuring products business delivered very strong growth in sales and profits, making a marked contribution to the Company's bottom line.

Management

The exceptionally rapid growth in our operations, not just in scale but also in geographical reach, has brought with it challenges of new dimensions. We have met these challenges at the operating level with our acquisition strategy, in identifying companies to acquire that have the most suitable, strong management to run the businesses, with supportive guidance at the corporate level. Equally, I have been acutely conscious to enhance our management team at the head office by bringing on board the kind of people required to take TTI forward to the next stages of development. Indeed, our growth rate forces us to focus on consolidation and control and during the year we expanded our management at head office with a new team under the direction of a highly experienced Corporate Controller. Our strategy will always be to combine business growth with optimal management size and know how.

Outlook

Our first half order status is as planned and our position going into the full year 2003 is robust. Comparing our business currently with the first half of 2002, we are confident that the Group's strong momentum will continue.

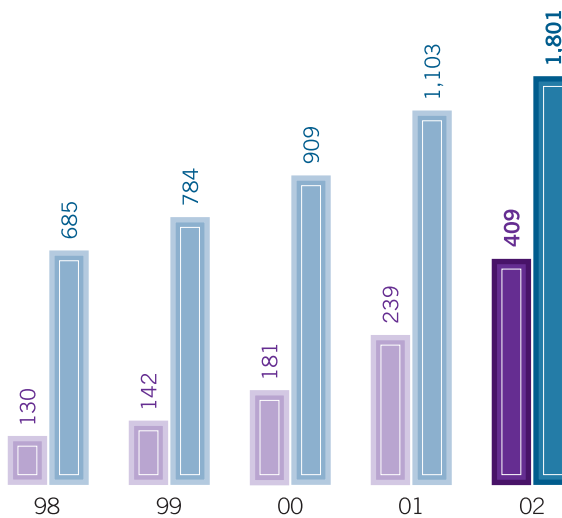
Our vision is to double our business within the next three years while bringing sales volumes at our three core business categories of power tools, outdoor power equipment and floor care appliances to similar levels. This will give us the purchasing power, the economies of scale in manufacturing and the brand impact to propel TTI to market leadership, not only in the United States, but also in other world markets.

This may seem an ambitious target, given the uncertainties prevailing in the world economy today. I am nonetheless convinced that we can achieve these targets. Over the past few years, TTI has moved from being a supplier of power tools on an OEM basis to an integrated Group that owns leading brands in each of its core businesses. Our development and manufacturing base in Asia gives us tremendous advantages in speed-to-market and production. We combine these with an in-depth knowledge of global markets that enables us to develop and sell our products effectively. The economies of scale we now enjoy make us powerfully competitive.

The year 2003 will be one of consolidation within our three core businesses in order to lay the foundation for significant future expansion. The product range of our Ryobi brand power tools will continue to expand, and sales increase will be enhanced by our reputation for quality, reliability and service.

The opportunities for Homelite are tremendous. Homelite is an 80-year old brand that occupies a position in the large North American outdoor power equipment market similar to that of Ryobi in the power tools market. We see enormous scope to widen the product range beyond the current area of hand-held petrol-driven tools and fully intend to launch Homelite along the same path to success earlier achieved by Ryobi.

We also look forward to integrating the Royal operations, allowing us to bring to our floor care business the same scale and growth path as in power tools and outdoor power equipment.



Shareholder value creation HK\$ million

- Profit for the year
- Shareholders' funds

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We have worked with Royal for over eight years as a contract supplier and have developed a close understanding with its excellent management team. As such, we expect the integration process to be quick and straightforward.

Through the acquisition, TTI will become a major player in the global floor care market. Royal’s main Dirt Devil brand occupies a positioning in the mid-consumer range and is, through its patented technology, a leader in the fastest growing product segment of bagless uprights. TTI has aggressive plans to grow the brand through expanding the product range and launching wider marketing campaigns. We will rapidly aggregate a much greater share of Royal’s production to our facilities.

We expect further strong profit contribution from our solar powered lighting and electronic measuring products business as it builds on its recent successes and expands the customer base. In all our power tool and outdoor power equipment product ranges, we will bring greater emphasis to the area of accessories. These offer TTI the opportunity to drive incremental sales to existing customers that offer attractive margins.

At the wholesale level, we will continue to work with our retailers on product development, supply chain management and sales and marketing. The partnerships we have developed with these customers are exceptional and our ability to consistently achieve sales above their store category averages is making us a supplier of choice during a period of aggressive supply consolidation. The Royal acquisition will expand our customer portfolio, and we will work to leverage these new relationships across our businesses.

We will also continue to invest resources in our important OEM/ODM customer base, providing these companies and their brands with the product innovation and well-priced, efficient, flexible manufacturing that enable them to compete in today’s highly competitive marketplace.

Finally, I would like to thank all shareholders, customers, business partners and employees for their support during the year. Our goal as a Group remains to deliver value and quality to our customers, and create value for our shareholders. Our strong earnings per share growth and return on equity in 2002 demonstrates our ability to achieve these ambitions, even in difficult markets, and I am confident we will build on this success in 2003 and beyond.



Horst Julius Pudwill
Chairman and Chief Executive Officer