



Techtronic Industries

TECHTRONIC INDUSTRIES CO. LTD.

**CODE FOR SECURITIES TRANSACTIONS BY
RELEVANT EMPLOYEES**

(Update on 22 April 2009)

TECHTRONIC INDUSTRIES CO. LTD.

The Stock Exchange of Hong Kong Limited
Ordinary Shares (code:669)
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TECHTRONIC INDUSTRIES CO. LTD.
AND ITS SUBSIDIARIES
(“TTI”)

CODE FOR SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES

INTRODUCTION

As a principle, TTI encourages the holding of the securities of Techtronic Industries Co. Ltd. (the “Company”) by employees as long-term investments, although discourages short-term speculative dealings. However, in order to protect both individual members of staff and TTI from any potential breaches of the varied and complex legislation which now exists in Hong Kong when dealing in the Company’s securities, the rules set out below (the “Rules”) have been adopted. The Rules are based on the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Rules reflect the Board’s commitment to the highest standards of corporate governance and transparency throughout TTI.

To whom do the Rules apply?

The laws regarding insider dealing and market misconduct set out in Parts XIII and XIV (sections 245-307) of the Securities and Futures Ordinance (the “SFO”) apply to all staff and it is your obligation to familiarise yourself with these provisions. The relevant provisions can be found at <http://www.hkii.org.hk/hk/legis/ord/571/index.html - s245>.

In particular, if you are in possession of unpublished price-sensitive information on other “relevant information” (as defined in the SFO) regarding the Group you should not (i) deal in the Company’s securities or derivatives; (ii) counsel or procure another person to deal in the Company’s securities or derivatives; or (iii) disclose such information to another person. Breach of these laws can be a criminal and/or civil offence punishable with up to 10 years imprisonment and a fine of HK\$10 million.

The Rules apply to senior managers of TTI as well as their staff who are more likely to be in possession of unpublished price-sensitive information or other relevant information in relation to the Group (the “Relevant Employees”). Relevant Employees will be individually notified and provided with a copy of the Rules. However, if any member of staff who has not been individually notified but considers that he/she might fall within the definition of Relevant Employee, he/she should immediately contact the Group Chief Financial Officer or the Company Secretary of the Company for a determination as to whether the Rules are applicable to such member of staff.

The Directors of the Company have already adopted the Model Code which governs their dealing in the Company’s securities.

Application of the Rules

Under the Rules, Relevant Employee will have to receive written consent that they are free to deal in the Company’s securities prior to any transaction. This serves two purposes. It avoids the Relevant Employee dealing at a time when he may well be considered to be in possession of unpublished price-sensitive information or other relevant information and potentially be exposed to investigation and the imposition of penalties. Secondly, under the Takeovers Code, the Relevant Employee shareholdings may be grouped with other shareholdings as a ‘concert party’ and if the combined holdings breach permitted levels it may force a takeover bid to be mounted. The procedure to obtain prior consent allows this position to be reviewed quickly.

When can dealings take place?

There are certain periods of the year when there is an absolute prohibition on Relevant Employee dealing in the Company’s securities. In addition, by the nature of their positions, Relevant Employee will be considered

to be in possession of unpublished price-sensitive information or other relevant information, for example, prior to the announcement of results or dividends, or other announcements required to be issued pursuant to Listing Rules and accordingly there must be restrictions on when they are able to deal in the Company's securities. These restrictions are set out in the Rules.

If a Relevant Employee is aware of a matter of an exceptional nature that may affect the price or trading volume of the Company's securities, he must not deal. It must always be remembered that if there is an investigation into share dealings, for example, as a result of a price movement prior to the announcement of an acquisition, it may be difficult for the individual who had dealt to prove that he had no prior knowledge of the event.

Reasons for the need for dealing clearance

By requesting prior clearance, the Relevant Employees then able to demonstrate that he took reasonable steps to ensure that he was not dealing at a time when he may have possessed unpublished price-sensitive information or other relevant information. We would like to make it clear that the Rules do not imply a lack of trust but are intended to protect the individual against inadvertent breaches of complex regulations and to comply with legal obligations imposed by law to ensure proper safeguards exist to prevent market misconduct occurring within the Group.

RULES

Definitions

For the purpose of the Rules:

- (a) "associates" in relation to an individual means:
- (i) his spouse;
 - (ii) any child or step-child, natural or adopted, under the age of 18 years of such individual or of his spouse (together with (a)(i) above, the "family interests");
 - (iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object and any company ("trustee-controlled company") in the equity capital of which the trustees, acting in their capacity as such trustees, are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary (together, the "trustee interests");
 - (iv) a holding company of a trustee-controlled company or a subsidiary of any such holding company; and
 - (v) any company in the equity capital of which he, his family interests, any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, and/or any trustee interests taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company; and

in relation to a company means:-

- (i) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity capital of which it and/or such other company or companies taken together are directly or indirectly interested so as to exercise

or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors;

- (ii) the trustees, acting in their capacity as such trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company's knowledge) a discretionary object and any company ("trustee-controlled company") in the equity capital of which the trustees, acting in their capacity as such trustees, are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary (together, the "trustee interests");
 - (iii) a holding company of a trustee-controlled company or a subsidiary of any such holding company; and
 - (iv) any other company in the equity capital of which the company, such other companies referred to in (b)(i) above, any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, and/or any trustee interests taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company
- (b) "**dealing**" includes, subject to paragraph 1(l) below, any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the listed issuer or any entity whose assets solely or substantially comprise securities of the listed issuer, and the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of the listed issuer or any such entity, in each case whether or not for consideration and any agreements to do any of the foregoing, and "**deal**" shall be construed accordingly;
- (c) "**beneficiary**" includes any discretionary object of a discretionary trust (where the director is aware of the arrangement) and any beneficiary of a non-discretionary trust;
- (d) "**Company**" means Techtronic Industries Co. Ltd.;
- (e) "**Designated Director**" means Mr Horst Pudwill or failing whom Mr Frank Chan;
- (f) "**Director**" means a director of the Company;
- (g) "**Listing Rules**" means Rules Governing the Listing of Securities on the Stock Exchange;
- (h) "**Relevant Person**" means any employee of TTI (other than a Director of the Company) who, because of his office or employment, is likely to be in possession of unpublished price-sensitive information or other relevant information in relation to the TTI and who has received notification that he has been identified as such by, or in accordance with the procedures approved by, the Company Secretary;
- (i) "**securities**" means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants), such as those described in Chapter 15A of the Listing Rules, issued in respect of the listed securities of the Company;
- (j) "**Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

- (k) “**Takeovers Code**” means The Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission;
- (l) Notwithstanding the above definition of “dealing”, the following dealings are not subject to the provisions of the Rules:
- (i) taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a “dealing”;
 - (ii) allowing entitlements to lapse under a rights issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend);
 - (iii) undertakings to accept, or the acceptance of, a general offer for shares in the Company made to shareholders other than those that are concert parties (as defined under the Takeovers Code) of the offeror;
 - (iv) exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into with the Company before a period during which dealing is prohibited under the Rules at the pre-determined exercise price, being a fixed monetary amount determined at the time of grant of the share option or warrant or acceptance of an offer for shares;
 - (v) an acquisition of qualification shares where, under the Company’s constitutional documents, the final date for acquiring such shares falls within a period when dealing is prohibited under the Rules and such shares cannot be acquired at another time;
 - (vi) dealing where the beneficial interest or interests in the relevant security of the Company do not change;
 - (vii) dealing where a shareholder places out his existing shares in a “top-up” placing where the number of new shares subscribed by him pursuant to an irrevocable, binding obligation equals the number of existing shares placed out and the subscription price (after expenses) is the same as the price at which the existing shares were placed out; and
 - (viii) dealing where the beneficial ownership is transferred from another party by operation of law.
- (m) For the purpose of the Rules, the grant to a Relevant Employee of an option to subscribe or purchase the Company’s securities shall be regarded as a dealing by him, if the price at which such option may be exercised is fixed at the time of such grant. If, however, an option is granted to a Relevant Employee on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.

Basic Principles

1. The Rules set a required standard against which Relevant Employees must measure their conduct regarding transactions in securities of the Company. Any breach of such required standard may have serious consequences under the law and the Listing Rules and will be treated as a serious disciplinary offence by the Company. A Relevant Employee must seek to secure that all dealings in which he is or is deemed to be interested be conducted in accordance with the Rules.
2. Relevant Employees wishing to deal in any securities in the Company must first have regard to the provisions of Parts XIII and XIV of the Securities and Futures Ordinance with respect to insider dealing and market misconduct. However, there are occasions where Relevant Employees will not be free to deal in the Company’s securities even though the statutory requirements will not be contravened.

3. The single most important thrust of the Rules is that Relevant Employees who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are modifiable transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules or any price-sensitive information must refrain from dealing in the Company's securities as soon as they become aware of them or privy to them until the Company has properly disclosed the information in accordance with the Listing Rules. Relevant Employees who are privy to relevant negotiations or agreements or any price-sensitive information should not disclose such information to any members of staff who are not so privy to such unpublished price-sensitive information. In addition, if a Relevant Employee is aware of a matter of an exceptional nature that may affect the price or trading volume of the Company's securities, he must not deal.
4. In addition, a Relevant Employee must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he owes a fiduciary duty) or make any use of such information for the advantage of himself or others.

A. Absolute prohibitions

1. A Relevant Employee must not deal in any of the securities of the Company at any time when he is in possession of unpublished price-sensitive information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under Rule B.8.

Note: "Price sensitive information" means information described in rule 13.09(1) of the Listing Rules and the notes thereunder. In the context of the Rules, rule 13.09(1)(c) of the Listing Rules and its notes 9, 10 and 11 are of particular relevance.

2. A Relevant Employee must not deal in the securities of the Company when by virtue of his position as a director of another listed issuer, he is in possession of unpublished price-sensitive information in relation to the Company's securities.
3. (a) A Relevant Employee must not deal in any securities of the listed issuer on any day on which its financial results are published and:
 - (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in section C below. In any event, he must comply with the procedure in Rules B.8 and B.9 of this code.

Note: Relevant Employees should note that the period during which they are not allowed to deal under Rule A.3 will cover any period of delay in the publication of a results announcement.

4. Where a Relevant Employee is a sole trustee, the provisions of the Rules will apply to all dealings of the trust as if he were dealing on his own account (unless the Relevant Employee is a bare trustee and neither he nor any of his associates is a beneficiary of the trust, in which case the provisions of the Rules will not apply).
5. Where a Relevant Employee deals in the securities of the Company in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.
6. The restrictions on dealings by a Relevant Employee contained in the Rules will be regarded as equally applicable to any dealings by the Relevant Employee's spouse or by or on behalf of any

minor child (natural or adopted) only in the situation where the Relevant Employee has actually encouraged such persons to undertake such dealings) and any other dealings in which for the purposes of Part XV of the Securities and Futures Ordinance he is or is to be treated as interested. It is the duty of the Relevant Employee, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.

7. When a Relevant Employee places investment funds comprising securities of the Company under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the Relevant Employee himself in respect of any proposed dealings in the Company's securities.

B. Notification

8. A Relevant Employee must not deal in any securities of the Company without first notifying in writing the Designated Director for the specific purpose and receiving a dated written acknowledgement. In each case,
 - (a) a response to a request for clearance to deal must be given to the Relevant Employee within five business days of the request being made; and
 - (b) the clearance to deal in accordance with (a) above must be valid for no longer than five business days of clearance being received.

Note: For the avoidance of doubt, the restriction under Rule A.1 applies in the event that price sensitive information develops following the grant of clearance.

9. Dealing requests should be in writing in the specified form which can be obtained from Senior Vice President Corporate Affairs. No dealing should take place until the Relevant Employee receives written confirmation that the dealing is approved. The response will, whenever possible, be given on the same day. Any such confirmation will only apply to the then current circumstances and be valid for seven days. A new clearance will be required if there is any delay in the dealing taking place. Clearance is also required in respect of the exercise of options under an option scheme.
10. Any Relevant Employee who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of the Company so as to enable them to anticipate possible difficulties. A Relevant Employee having funds under management must likewise advise the investment manager.
11. Any Relevant Employee who is a beneficiary, but not a trustee, of a trust which deals in securities of the Company must endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that he in turn may notify the Company. For this purpose, the Relevant Employee must ensure that the trustees are aware that he is subject to the Rules.

C. Exceptional circumstances

12. If a Relevant Employee proposes to sell or otherwise dispose of securities of the Company under exceptional circumstances where the sale or disposal is otherwise prohibited under the Rules, the Relevant Employee must, in addition to complying with the other provisions of the Rules, comply with the provisions of Rule B.8 regarding prior written notice and acknowledgement. The Relevant Employee must satisfy the Designated Director that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the Relevant Employee before the Relevant Employee can sell or dispose of the securities. An example of the type of circumstances which may be considered exceptional for such purposes would be a pressing financial commitment on the part of the Relevant Employee that cannot otherwise be satisfied.

Annexure I

To the Chairman or Mr. Chan Chi Chung
Techtronic Industries Company Limited (the "Company")
24th Floor, CDW Building,
388 Castle Peak Road,
Tsuen Wan, New Territories,
Hong Kong

Notice

I hereby give notice of an intended dealing ¹ in TTI securities

(Note: A director must notify dealings also on behalf of his/her associates, namely, spouse, children under 18 and companies in which the director has voting power of 30% or more. Please tick appropriate box below)

1. I wish to acquire shares in TTI

Number to be acquired	
Name of registered holder	
Intended date	(within 5 business days from the day hereof)

2. I wish to sell shares in TTI

Number to be disposed	
Name of registered holder	
Intended date	(within 5 business days from the day hereof)

3. I wish to accept a grant of share options in TTI

Number of Options granted	
Fixed exercise price	
Date of grant offered	

I hereby declare that I am not aware of any unpublished price-sensitive information in relation to the above securities, neither as a director of TTI nor (if applicable) as a director of another listed issuer. (I wish to claim exceptional circumstances which are provided in detail as attachment hereto.)

Intended date of transaction/acceptance: _____ (within 5 business days from the day hereof)

I am aware that I must not deal in any securities without receiving the dated written acknowledgement below.

Name: _____ Date: _____
Title: _____

I hereby acknowledge receipt of this Notice and confirm the transaction and intended date ² is in order.

Mr. Horst Julius Pudwill Date: _____
Chairman
(failing the Chairman, Mr. Chan Chi Chung, Director)

¹ "Dealing" means acquisition, disposal, transfer, or such an offer of acquisition, disposal or transfer, creation of pledge, charge of securities, any put- or call option or any rights or obligations of similar kind whether present or in future, conditional or unconditional.

² No "Dealing" is permitted on any day on which company results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results ("Black-out period").

Chairman Office

File No.
