



Techtronic Industries

TECHTRONIC INDUSTRIES CO. LTD.

TERMS OF REFERENCE

BOARD OF DIRECTORS

(Update on 1 October 2016)

TECHTRONIC INDUSTRIES CO. LTD.

**The Stock Exchange of Hong Kong Limited
Ordinary Shares (code: 669)**

ADR Level 1 Programme (code: TTNDY)

Techtronic Industries Co. Ltd.
(the “Company”)
Terms of Reference for the board of directors (the “Board”)

Members

Executive Directors

Mr Horst Julius Pudwill (Chairman)
Mr Stephan Horst Pudwill (Vice Chairman)
Mr Joseph Galli Jr (Chief Executive Officer)
Mr Patrick Kin Wah Chan
Mr Frank Chi Chung Chan

Non-executive Directors

Prof Roy Chi Ping Chung *BBS JP*
Mr Camille Jojo

Independent Non-executive Directors

Mr Christopher Patrick Langley *OBE*
Mr Manfred Kuhlmann
Mr Peter David Sullivan
Mr Vincent Ting Kau Cheung
Mr Johannes-Gerhard Hesse

Membership

The Board consists of executive directors and non-executive directors (including independent non-executive directors) (Collectively, “Directors”). The Board shall include at least three independent non-executive directors, representing at least one-third of the Board, and at least one independent non-executive director who possesses appropriate professional qualifications, accounting or related financial management expertise in accordance with relevant regulatory requirements.

Directors are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company, that is, each Director is required to retire by rotation once every three years and that one-third of the Board must retire from office by rotation at each annual general meeting of the Company. Retiring directors are eligible to offer themselves for re-election at annual general meeting of the Company.

The Chairman of the Board shall be elected or appointed by the Board from time to time and shall be responsible for providing leadership for the Board and to ensure the Board works effectively to discharge its responsibilities.

The roles of the Chairman and the Chief Executive Officer shall be segregated and shall not be performed by the same individual.

The company secretary of the Company (the “Company Secretary”) shall be the secretary of the Board.

Authority

The authority of the Board is governed by the Company’s Articles of Association.

The Board shall establish various committees as it considers necessary or appropriate to assist it in carrying out its responsibilities. As a minimum, the Board shall establish the Audit Committee, the Nomination Committee and the Remuneration Committee.

The Board has the authority to conduct any investigations required to fulfil its responsibilities and has the ability to consult professional advisers from time to time in the performance of its duties. Upon reasonable request, the Board shall resolve to provide independent professional advice to Directors to assist them to discharge their duties.

Board Meetings

Frequency The Board should meet at least four times in a year and will meet more frequently as and when required. The Chairman may convene additional meetings at his discretion.

Notice Notice of at least 14 days should be given of a regular board meeting to give all Directors an opportunity to attend. For all other board meetings, reasonable notice should be given.

Quorum Pursuant to the Articles of Association of the Company, the quorum for meetings of the Board is two Directors. Meetings can be held in person, by telephone or by video conference.

Proceedings The Board proceedings shall be governed by the Company's Articles of Association.

Attendance Only Directors are entitled to attend the Board meetings. However, the Board may invite the following persons to attend the Board meetings, without the authority to vote, if it considers appropriate:

- Company Secretary; and
- any other officers of the Company.

Resolutions

Resolutions of the Board shall be passed by a majority of votes and the Chairman shall have a second or casting vote in the case of an equality of votes, and this power shall be exercised at the Chairman's own discretion. Resolutions shall also be passed by way of unanimous resolutions in writing.

Minutes

The secretary of the Board should keep full minutes of all Board meetings. Draft and final versions of minutes of the Board meetings should be sent to all Directors for their comment and records respectively, in both cases within a reasonable time after the meeting.

Duties and Responsibilities

The duties of the Board shall include, but not limited to, the following:

- to manage the business of the Company and its subsidiaries (the "Group") in accordance with the Company's Articles of Association;
- to develop and review the Company's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of directors and senior management;

- to review and monitor the Company’s policies and practices on compliance with the Company’s Articles of Association and the laws, rules and regulatory requirements governing the Group;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- to review the Company’s compliance with the code and disclosure set out in the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in the Corporate Governance Report;
- to prepare and approve, with due regard to the recommendations of the Audit Committee, the accounts and other public reports of the Group, including annual and interim reports, price-sensitive announcements and financial disclosures required under the Listing Rules or other regulatory requirements. Such reports shall present a balanced, clear and comprehensible assessment of the Company’s performance, position and prospects;
- to ensure accountability towards and sufficient communication with the Group’s stakeholders, in particular its shareholders; and
- to do any such things to enable the Board to discharge its obligations and responsibilities.

Review

The Board shall periodically review the adequacy of the Terms of Reference and make appropriate amendments, as and when required, to ensure that they remain relevant to the Group’s objectives.

Publication of the Terms of Reference

These Terms of Reference will be posted on the website the Company.