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**TECHTRONIC INDUSTRIES CO. LTD.**

**創科實業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 669)**

## **PROPOSED PLACING OF CONVERTIBLE BONDS AND WARRANTS**

### **Joint Placing Agents**



**Merrill Lynch**  
Merrill Lynch Far East  
Limited



  
**Citigroup Global Markets**  
Asia Limited

On 24 April 2009, the Company and the Joint Placing Agents entered into the Subscription Agreement pursuant to which the Joint Placing Agents have agreed to procure subscribers for, failing which to subscribe themselves for, the Tranche 1 Securities, the Tranche 2 Securities and, if Merrill Lynch Far East Limited, The Hongkong and Shanghai Banking Corporation Limited and the Company agree, the Optional Securities.

Upon completion of the Placing and assuming conversion in full of the Bonds and exercise in full of the Warrants, a total of 279,445,500 New Shares will fall to be issued, representing approximately 18.6% and 15.7% of the Company's existing issued share capital as at the date of this announcement and of the Company's issued share capital as enlarged by the issue of the New Shares, respectively.

The estimated net proceeds from the issue of the Bonds will be approximately HK\$1,138.3 million (converted from US dollars at the Fixed Exchange Rate). The Board intends to use the net proceeds from the issue of the Bonds for the repayment of existing debt and for general working capital purposes. Upon exercise in full of the Warrants, approximately HK\$285.0 million will be further raised for the Company and applied to the repayment of existing debt and the Company's general working capital.

The New Shares issuable on conversion of the Tranche 1 Bonds and upon the exercise of the Tranche 1 Warrants will be allotted and issued pursuant to the General Mandate. The New Shares issuable on conversion of the Tranche 2 Bonds and any Optional Bonds, and upon the exercise of the Tranche 2 Warrants and any Optional Warrants, will be allotted and issued pursuant to the Specific Mandate, if approved by the Shareholders at the EGM.

Completion of the Placing and the issue of the Securities is subject to certain conditions which are set out in the paragraph headed "Conditions Precedent and Closing" below.

Merrill Lynch Far East Limited, The Hongkong and Shanghai Banking Corporation Limited and Citigroup Global Markets Asia Limited acted as the Joint Placing Agents for the Placing.

No application will be made for listing of the Securities on the Stock Exchange or any other stock exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

**As the Placing may or may not be completed, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

24 April 2009.

### **Parties**

- (1) The Company;
- (2) Merrill Lynch Far East Limited;
- (3) The Hongkong and Shanghai Banking Corporation Limited; and
- (4) Citigroup Global Markets Asia Limited.

The Company has entered into the Subscription Agreement with the Joint Placing Agents pursuant to which the Company has agreed to issue and the Joint Placing Agents have agreed to procure subscribers for, failing which to subscribe themselves for, the Tranche 1 Securities, the Tranche 2 Securities and, if Merrill Lynch Far East Limited, The Hongkong and Shanghai Banking Corporation Limited and the Company agree, the Optional Securities. The Joint Placing Agents will receive a commission of 1.75% of the aggregate principal amount of Bonds subscribed or procured to be subscribed by them and the level of such commission was arrived at after arm's length negotiations between the Company and the Joint Placing Agents.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquires, the Joint Placing Agents are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates.

The Joint Placing Agents have informed the Company that they intend to place the Securities with no less than six independent Placees (which will be independent individual, corporate and/or institutional investors), each of whom will be independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates.

If the Securities are placed with less than six Placees, the Company will make a further announcement setting out the identity of the Placees.

### **Undertakings**

The Company has undertaken, among other things:

- (i) that neither it nor any of its subsidiaries, nor any person acting on its or their behalf will from the date of the Subscription Agreement until the date that is 90 days after First Closing, without the

prior written consent of the Joint Placing Agents, issue, offer, lend, sell, contract to sell, pledge, grant any option to purchase or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) securities issued by the Company, any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares (whether or not such contract is to be settled by delivery of Shares or such other securities, in cash or otherwise) or anything having an economic effect which is similar to any of the foregoing), other than: (a) the Bonds and the Warrants; (b) Shares to be issued upon the conversion or exercise of any pre-existing securities convertible or exchangeable into or exercisable for shares of the Company; and (c) Shares or other securities convertible or exchangeable into or exercisable for shares of the Company issued pursuant to any employee share option scheme; and

- (ii) that it will procure that each of Mr. Horst Julius Pudwill and Dr. Roy Chi Ping Chung executes a deed in favour of the Joint Placing Agents whereby they undertake that neither they nor any companies or affiliates over which they exercise control, nor any person acting on their behalf will, until the date that is 90 days after First Closing, without the prior written consent of the Joint Placing Agents, sell any Shares or enter into other transactions with a similar effect.

### **Conditions Precedent and Closing**

The subscription and issue of the Securities may take place in up to three stages: at First Closing, at Second Closing and at Option Closing.

#### *First Closing*

At First Closing, the Company will issue and the Placing Agents will procure subscribers for, failing which will subscribe themselves for: (i) the Tranche 1 Bonds; and (ii) the Tranche 1 Warrants. The obligations of the Joint Placing Agents with respect to the Tranche 1 Placing are conditional upon:

- (i) the Joint Placing Agents having been permitted to perform the due diligence they require and be satisfied with the results of their due diligence investigations on the Company and its subsidiaries;
- (ii) the Trust Deed, the Paying, Conversion and Transfer Agency Agreement, the Warrant Instrument and the Warrant Agency Agreement each being in a form satisfactory to the Placing Agents and executed by all parties thereto on or before First Closing;
- (iii) the Stock Exchange having granted the listing of, and permission to deal in, the New Shares to be issued upon conversion and/or exercise of the Tranche 1 Bonds and the Tranche 1 Warrants;
- (iv) the Joint Placing Agents having received legal opinions from their legal advisers and the legal advisers to the Company;
- (v) the Company having delivered to the Joint Placing Agents a certificate confirming that the representations and warranties as set out in the Subscription Agreement have not been breached and remain true and accurate as at First Closing; and

- (vi) there having been no material adverse change or prospective material adverse change in the condition (financial or otherwise) business, prospects, results of operations or properties of the Company or its subsidiaries which in the opinion of the Joint Placing Agents makes it impracticable to market the Securities in the manner contemplated under the Subscription Agreement as at First Closing.

First Closing is expected to occur on or around 30 April 2009. If the conditions precedent have not been satisfied or waived by the Joint Placing Agents by 30 April 2009, the Subscription Agreement shall automatically terminate (save for rights and liabilities that have accrued prior to termination).

If First Closing occurs then, upon conversion in full of the Tranche 1 Bonds and exercise in full of the Tranche 1 Warrants, a total of 138,046,077 New Shares will fall to be issued, representing approximately 9.2% and 8.4% of the Company's existing issued share capital as at the date of this announcement and of the Company's issued share capital as enlarged by the issue of such New Shares, respectively.

### *Second Closing*

At Second Closing, the Company will issue and the Joint Placing Agents will procure subscribers for, failing which will subscribe themselves for: (i) the Tranche 2 Bonds; and (ii) the Tranche 2 Warrants. The obligations of the Joint Placing Agents with respect to the Tranche 2 Placing are conditional upon:

- (i) the Stock Exchange having granted the listing of, and permission to deal in, the New Shares to be issued upon conversion and/or exercise of the Tranche 2 Bonds and the Tranche 2 Warrants;
- (ii) the Shareholders having approved the Specific Mandate;
- (iii) the Joint Placing Agents having received legal opinions from their legal advisers and the legal advisers to the Company;
- (iv) the Company having delivered to the Joint Placing Agents a certificate confirming that the representations and warranties as set out in the Subscription Agreement have not been breached and remain true and accurate as at Second Closing; and
- (v) there having been no material adverse change or prospective material adverse change in the condition (financial or otherwise) business, prospects, results of operations or properties of the Company or its subsidiaries which in the opinion of the Placing Agents makes it impracticable to market the Securities in the manner contemplated under the Subscription Agreement as at Second Closing.

Second Closing is expected to occur on or around 29 May 2009. If the conditions precedent have not been satisfied or waived by the Joint Placing Agents by 29 May 2009, the Subscription Agreement shall automatically terminate (save for rights and liabilities that have accrued prior to termination) and the Company shall not issue the Tranche 2 Bonds or the Tranche 2 Warrants.

If Second Closing occurs then, upon conversion in full of the Tranche 2 Bonds and exercise in full of the Tranche 2 Warrants, a total of 94,825,173 New Shares will fall to be issued, representing approximately 6.3% and 5.5% of the Company's existing issued share capital as at the date of this announcement and of the Company's issued share capital as enlarged by the issue of the New Shares in respect of the Tranche 1 Securities and the issue of the New Shares in respect of the Tranche 2 Securities, respectively.

## *Option Closing*

The Company, Merrill Lynch Far East Limited and The Hongkong and Shanghai Banking Corporation Limited may agree that the Company will issue: (i) the Optional Bonds; and (ii) the Optional Warrants at any time up to the date that is 60 days after the date of the Subscription Agreement. If the Company, Merrill Lynch Far East Limited and The Hongkong and Shanghai Banking Corporation Limited agree that the Optional Bonds or Optional Warrants will be issued by the Company, the Joint Placing Agents will procure subscribers for, failing which will subscribe themselves for, the Optional Bonds and the Optional Warrants. The obligations of the Joint Placing Agents with respect to the Optional Placing are conditional upon:

- (i) the Stock Exchange having granted the listing of, and permission to deal in, the New Shares to be issued upon conversion and/or exercise of the Optional Bonds and the Optional Warrants;
- (ii) the Shareholders having approved the Specific Mandate;
- (iii) the Joint Placing Agents having received legal opinions from their legal advisers and the legal advisers to the Company;
- (iv) the Company having delivered to the Joint Placing Agents a certificate confirming that the representations and warranties as set out in the Subscription Agreement have not been breached and remain true and accurate as at Option Closing; and
- (v) there having been no material adverse change or prospective material adverse change in the condition (financial or otherwise) business, prospects, results of operations or properties of the Company or its subsidiaries which in the opinion of the Joint Placing Agents makes it impracticable to market the Securities in the manner contemplated under the Subscription Agreement as at Option Closing.

If, by the date that is 60 days after the date of the Subscription Agreement, either Merrill Lynch Far East Limited, The Hongkong and Shanghai Banking Corporation Limited and the Company have not agreed that the Company will issue the Optional Bonds and the Optional Warrants or the conditions precedent to Option Closing have not been satisfied or waived by the Joint Placing Agents, Option Closing will not occur.

If Option Closing occurs then, upon the issue of the maximum number of Optional Securities and upon conversion in full of the Optional Bonds and exercise in full of the Optional Warrants, a total of 46,574,250 New Shares will fall to be issued, representing approximately 3.1% and 2.6% of the Company's existing issued share capital as at the date of this announcement and of the Company's issued share capital as enlarged by the issue of all the New Shares, respectively.

## **Termination of the Subscription Agreement**

The Joint Placing Agents may by notice to the Company terminate the Subscription Agreement if at any time prior to Second Closing:

- (i) any representation and warranty by the Company in the Subscription Agreement is not or proves not to be true and accurate on the date of the Subscription Agreement or on First Closing or Second Closing;
- (ii) the Company fails to perform any of its undertakings or agreements under the Subscription Agreement;

- (iii) any of the conditions precedent to First Closing have not been satisfied or waived by the Joint Placing Agents by First Closing or any of the conditions precedent to Second Closing have not been satisfied or waived by the Joint Placing Agents by Second Closing;
- (iv) there shall have occurred any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls which would in the view of the Joint Placing Agents be likely to prejudice materially the success of the Placing or the distribution of the Securities or dealings in the Securities in the secondary market;
- (v) there occurs any change, or any development involving a prospective change, in the laws or regulations of Hong Kong or England and Wales that, in the view of the Joint Placing Agents, is likely to prejudice materially the success of the Placing or the distribution of the Securities or dealings in the Securities in the secondary market;
- (vi) there occurs a general moratorium on commercial banking activities in the PRC or the United Kingdom or United States or Hong Kong by any PRC, United Kingdom, New York State, United States Federal or Hong Kong authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream or Euroclear systems in Europe that, in the view of the Joint Placing Agents, is likely to prejudice materially the success of the Placing or the distribution of the Securities or dealings in the Securities in the secondary market;
- (vii) there shall have occurred any material adverse change in the financial markets (including, without limitation, the stock market, foreign exchange market, inter-bank market, money market and conditions with respect to interest rates) in the United States or Hong Kong or the international financial markets, any outbreak or escalation of hostilities or act of terrorism which would in the view of the Joint Placing Agents be likely to prejudice materially the success of the Placing or the distribution of the Securities or dealings in the Securities in the secondary market; or
- (viii) if on or after the date hereof there shall have occurred either of the following: (i) a suspension or material limitation of trading in securities generally on the Shanghai Stock Exchange, the New York Stock Exchange, the Nasdaq Stock Market, Inc., the London Stock Exchange plc or the Hong Kong Stock Exchange; or (ii) a suspension in trading in the Issuer's securities on the Hong Kong Stock Exchange, which would in the view of the Joint Placing Agents be likely to prejudice materially the success of the Placing or the distribution of the Securities or dealings in the Securities in the secondary market.

Upon such notice being given pursuant to the Subscription Agreement, the parties to the Subscription Agreement will be released and discharged from their respective obligations under the Subscription Agreement, except that any cause of action accrued or any liability arising before or in relation to such termination will continue notwithstanding such termination.

## THE BONDS

### Principal terms of the Bonds

Set out below is a summary of the principal terms of the Bonds:

Issuer	The Company.
Principal Amount	Up to US\$150,000,000, comprising US\$74,100,000 in principal amount of Tranche 1 Bonds, US\$50,900,000 principal amount of Tranche 2 Bonds and up to US\$25,000,000 in principal amount of Optional Bonds.
Denomination	US\$100,000 per Bond.
Maturity Date	Five years from the date of First Closing.
Issue Price	100% of the principal amount of the Bonds.
Interest	The Bonds bear interest from the issue date of the Bonds at the rate of 8.5% per annum on the principal amount of the Bonds outstanding. The interest will be payable by the Company semi-annually in arrears.
Conversion Period	Each Bondholder has the right to convert the Bonds in whole or in part into Conversion Shares at any time and from time to time during the period commencing on the date that falls 18 months from First Closing and ending on the date that is 10 days prior to the Maturity Date.
Conversion Price	HK\$5.20 per Conversion Share (converted into US dollars at the Fixed Exchange Rate), subject to standard adjustment in accordance with the terms of the Bonds for such events as the consolidation or subdivision of the Shares or the issue of Shares, or rights to subscribe for or convert into Shares, at below market price.
Number of Conversion Shares Issuable	A maximum number of 223,557,000 Conversion Shares will be issued upon conversion in full of all the Bonds based on the initial conversion price of HK\$5.20 (converted into US dollars at the Fixed Exchange Rate) and assuming the issue and conversion of the maximum number of Optional Bonds.
Redemption at Maturity	Each Bond will be redeemed on the Maturity Date at 100% of its principal amount.

Redemption at the Option of the Company	<p>The Company may redeem the outstanding Bonds (in whole but not in part) at 100% of their principal amount plus accrued interest if:</p> <ol style="list-style-type: none"> <li>(1) at any time after 30 May 2012, the closing price of the Shares (translated into US dollars at the then prevailing exchange rate) for each of 30 consecutive trading days, the last of which occurs not more than 20 trading days prior to the date upon which notice of such redemption is given, is greater than 130% of the prevailing conversion price (translated into US dollars at the Fixed Exchange Rate) on the date on which the notice of redemption is given;</li> <li>(2) the principal amount of the Bonds outstanding is equal to or less than 10% of the aggregate principal amount originally issued; or</li> <li>(3) there are changes in or amendments to the laws and regulations regarding Hong Kong taxation that require the Company to pay additional amounts of tax in respect of the Bonds.</li> </ol>
Redemption at the Option of the Bondholders	<p>Each Bondholder has the right to redeem its Bonds (either in whole or in part) at 100% of their principal amount plus accrued interest:</p> <ol style="list-style-type: none"> <li>(1) on the date that is three years from First Closing;</li> <li>(2) in the event that the Shares cease to be listed or admitted to trading on the Stock Exchange; or</li> <li>(3) in the event of a Change of Control of the Company.</li> </ol>
Transferability	The Bonds will be freely transferable.
Status	The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and will at all times rank at least <i>pari passu</i> and without preference with all other present and future direct, senior, unsubordinated and unsecured obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
Voting	A Bondholder will not be entitled to vote at any general meetings of the Company by reason only of it being a Bondholder.
Listing	No application will be made for the listing of the Bonds on the Stock Exchange or any other exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.



## Comparison of Conversion Price

The initial conversion price of HK\$5.20 represents:

- (i) a premium of 7.9% over the closing price of the Shares of HK\$4.82 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 8.6% over the volume weighted average closing price of HK\$4.79 per Share for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of 15.6% over the volume weighted average closing price of HK\$4.50 per Share for the last 10 consecutive trading days up to and including the Last Trading Day.

The initial conversion price was determined after arm's length negotiations between the Company and the Joint Placing Agents with reference to the volume weighted average price of the Shares for the last 5 consecutive trading days up to and including the Last Trading Day.

## THE WARRANTS

### Principal terms of the Warrants

Set out below is a summary of the principal terms of the Warrants:

Issuer:	The Company.
Number of Warrants to be issued:	A maximum number of 55,888,500 Warrants, comprising 27,608,919 Tranche 1 Warrants, 18,964,831 Tranche 2 Warrants and up to 9,314,750 Optional Warrants.
Exercise price:	HK\$5.10 per Share, subject to standard adjustments in accordance with the terms of the Warrants for such events as the consolidation or subdivision of the Shares or the issue of Shares, or rights to subscribe for or convert into Shares, at below market price.
Exercise period:	The Warrants may be exercised at any time between the date that is one year from First Closing and the date that is three years from First Closing (both days inclusive).
Status:	The Warrants will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and will rank <i>pari passu</i> in all respects with one another.
Number of Warrant Exercise Shares issuable:	Upon exercise in full of all the Warrants, a maximum number of 55,888,500 Warrant Exercise Shares will fall to be issued (assuming the issue and exercise of the maximum number of Optional Warrants).
Transferability	The Warrants will be freely transferable.

Voting	A Warrantholder will not be entitled to vote at any general meetings of the Company by reason only of it being a Warrantholder.
Listing	No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Exercise Shares.

### **Comparison of Exercise Price**

The initial exercise price of HK\$5.10 represents:

- (i) a premium of 5.8% over the closing price of the Shares of HK\$4.82 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 6.5% over the volume weighted average closing price of HK\$4.79 per Share for the last 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of 13.3% over the volume weighted average closing price of HK\$4.50 per Share for the last 10 consecutive trading days up to and including the Last Trading Day.

The initial exercise price was determined after arm's length negotiation between the Company and the Joint Placing Agents with reference to the 5-day volume weighted average price of the Shares for the last 5 consecutive trading days up to and including Last Trading Day.

### **GENERAL MANDATE AND SPECIFIC MANDATE**

The Conversion Shares in respect of the Tranche 1 Bonds and the Warrant Exercise Shares in respect of the Tranche 1 Warrants will be allotted and issued under the General Mandate. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. The Conversion Shares in respect of the Tranche 1 Bonds and the Warrant Exercise Shares in respect of the Tranche 1 Warrants will together cover approximately 92% of the General Mandate.

The Conversion Shares in respect of the Tranche 2 Bonds and any Optional Bonds and the Warrant Exercise Shares in respect of the Tranche 2 Warrants and any Optional Warrants will be allotted and issued under the Specific Mandate, if approved by the Shareholders at the EGM. The Tranche 2 Securities and the Optional Securities will not be issued if the Specific Mandate is not approved by Shareholders at the EGM (or any of the other conditions precedent to Second Closing or Option Closing (as the case may be) are not satisfied or waived by the Joint Placing Agents).

### **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares. However, no listing application will be made for the Bonds or the Warrants on the Stock Exchange or any other stock exchange.

## REASONS FOR THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Board considers that the entry into of the Subscription Agreement and the issue of the Securities pursuant to it represent an opportunity to broaden the capital base of the Company and to obtain immediate funding on attractive terms. The Board considers that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

The estimated net proceeds from the issue of the Bonds will be approximately HK\$1,138.3 million (converted from US dollars at the Fixed Exchange Rate). The Board intends to use the net proceeds from the issue of the Bonds for the repayment of existing debt and for general working capital purposes. Upon exercise in full of the Warrants, approximately HK\$285.0 million will be further raised for the Company and applied to the repayment of existing debt and the Company's general working capital.

## SHAREHOLDING OF THE COMPANY

The table<sup>(1)(2)</sup> below sets out the Company's shareholding structure: (i) as at the date of this announcement; (ii) upon the conversion and/or exercise in full of the Tranche 1 Securities; (iii) upon the conversion and exercise in full of the Tranche 1 Securities and the Tranche 2 Securities; and (iv) upon the conversion and/or exercise in full of the Tranche 1 Securities, the Tranche 2 Securities and the maximum number of Optional Securities. This table is based on the interests in Shares which have been disclosed to the Company pursuant to Part XV of the SFO.

	Shareholding as at the date of this announcement		Shareholding immediately after the conversion and exercise in full of the Tranche 1 Securities but before any conversion and exercise of the Tranche 2 Securities or Optional Securities		Shareholding immediately after the conversion and exercise in full of the Tranche 1 Securities and the Tranche 2 Securities but before any conversion and exercise of the Optional Securities		Shareholding immediately after the conversion in full of all the Bonds and the exercise in full of all the Warrants	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Existing Major Shareholders <sup>(3)</sup>	469,502,242	31.3	469,502,242	28.6	469,502,242	27.1	469,502,242	26.4
Capital Research and Management Company	136,276,000	9.1	136,276,000	8.3	136,276,000	7.9	136,276,000	7.6
Other Directors <sup>(4)</sup>	3,334,500	0.2	3,334,500	0.2	3,334,500	0.2	3,334,500	0.2
Placees	0	0	138,046,077	8.4	232,871,250	13.4	279,445,500	15.7
Other Shareholders	892,139,410	59.4	892,139,410	54.5	892,139,410	51.4	892,139,410	50.1
<b>Total</b>	<b>1,501,252,152</b>	<b>100.0</b>	<b>1,639,298,229</b>	<b>100.0</b>	<b>1,734,123,402</b>	<b>100.0</b>	<b>1,780,697,652</b>	<b>100.0</b>

*Notes:*

- (1) This table assumes no change of the share capital structure of the Company, the number of Shares in issue and the holdings of or interests in Shares of the parties identified above, other than as set out in this Announcement.
- (2) Any reference in this table to the conversion of the Bonds and the exercise of the Warrants shall be deemed to be at the initial conversion price and the initial exercise price respectively.
- (3) The Shares of the Existing Major Shareholders are held as follows: 169,661,000 Shares are held by Mr. Horst Julius Pudwill as beneficial owner, 186,084,764 Shares are held by Sunning Inc. (which is 100% controlled by Mr. Horst Julius Pudwill), 71,405,948 Shares are held by Dr. Roy Chi Ping Chung as beneficial owner, 37,075,030 Shares are held by Cordless Industries Company Limited (which is 70% controlled by Mr. Horst Julius Pudwill and 30% controlled by Dr. Roy Chi Ping Chung), 4,379,500 Shares are held by Mr. Stephan Horst Pudwill (the son of Mr. Horst Julius Pudwill), 760,000 Shares are held by the spouse of Mr. Horst Julius Pudwill and 136,000 Shares are held by the spouse of Dr. Roy Chi Ping Chung.
- (4) The other Directors comprise Mr. Joseph Galli Jr., Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan, Mr. Vincent Ting Kau Cheung, Mr. Joel Arthur Schleicher, Mr. Christopher Patrick Langley OBE, Mr. Manfred Kuhlmann and Mr. Peter David Sullivan.

## **GENERAL**

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Securities by any connected person of the Company. The Company has not raised any funds from any issue of equity securities in the last 12 months.

A circular containing, among other things, further details of the Placing and a notice convening the EGM will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

Merrill Lynch Far East Limited, The Hongkong and Shanghai Banking Corporation Limited and Citigroup Global Markets Asia Limited acted as the Joint Placing Agents for the Placing.

**As the Placing may or may not be completed, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

“associate”	has the meaning given to it under the Listing Rules;
“Board”	the board of Directors;
“Bondholders”	holders of the Bonds;
“Bonds”	the 8.5% unlisted and unsecured convertible bonds due 2014 in the maximum aggregate principal amount of US\$150,000,000 to be issued by the Company;

“Change of Control”	occurs when: (i) any person or persons (other than one or more of the Existing Major Shareholders) acting together acquires directly or indirectly a percentage of the voting rights of the issued share capital of the Issuer that exceeds such percentage then held by the Existing Major Shareholders collectively; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity;
“Company”	Techtronic Industries Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange;
“connected person”	has the meaning given in the Listing Rules;
“Conversion Shares”	the new Shares to be issued upon conversion of the Bonds;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company at which, a Shareholders’ resolution approving the Specific Mandate and the matters referred herein will be proposed and which is expected to be held on 27 May 2009, immediately after the annual general meeting of the Company;
“Existing Major Shareholders”	Mr. Horst Julius Pudwill and Dr. Roy Chi Ping Chung and/or any of their respective associates (as defined in the Listing Rules) and/or any trusts established for the benefit of them and/or their immediate family members and/or companies controlled by them, their immediate family members or related trusts and such companies’ direct or indirect subsidiaries;
“First Closing”	the closing of the Tranche 1 Placing in accordance with the terms of the Subscription Agreement, which is currently expected to occur on or around 30 April 2009;
“Fixed Exchange Rate”	the fixed rate of HK\$7.75 to US\$1;
“General Mandate”	the general mandate granted to the Board at the annual general meeting of the Company held on 30 May 2008 which authorised the Directors to allot, issue or otherwise deal with 150,125,215 Shares, representing 10% of the issued share capital of the Company as at that date;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Joint Placing Agents”	Merrill Lynch Far East Limited, a registered institution licensed under the SFO to carry on type 1 (Dealing in Securities), type 4 (Advising on Securities), and type 6 (Advising on Corporate Finance) regulated activities, The Hongkong and Shanghai Banking Corporation Limited, a registered institution licensed under the SFO to carry on type 1 (Dealing in Securities), type 4 (Advising on Securities), type 5 (Advising on Futures Contracts) and type 6 (Advising on Corporate Finance) regulated activities and also a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and Citigroup Global Markets Asia Limited, a registered institution licensed under the SFO to carry on type 1 (Dealing in Securities), type 4 (Advising on Securities), type 6 (Advising on Corporate Finance) and type 7 (Providing Automated Trading Services) regulated activities;
“Last Trading Day”	23 April 2009, being the last full trading day immediately before the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maturity Date”	the date on which the Bonds will mature, which is five years from the date of First Closing;
“New Shares”	the Conversion Shares and the Warrant Exercise Shares;
“Optional Bonds”	up to 250 Bonds, representing up to US\$25,000,000 in principal amount of Bonds, to be issued at Option Closing;
“Option Closing”	the closing of the Optional Placing in accordance with the terms of the Subscription Agreement, which may take place at any time up to the date that is 60 days from the date of the Subscription Agreement;
“Optional Placing”	the placing of the Optional Securities by the Joint Placing Agents pursuant to the terms of the Subscription Agreement;
“Optional Securities”	the Optional Bonds and the Optional Warrants;
“Optional Warrants”	up to 9,314,750 Warrants to be issued at Option Closing;
“Paying, Conversion and Transfer Agency Agreement”	the agreement expected to be dated as at First Closing between the Company, the trustee under the Trust Deed and the paying and other agents named therein;
“Placees”	any investors procured by the Joint Placing Agents to subscribe for Securities pursuant to the Subscription Agreement;
“Placing”	the placing of the Bonds and the Warrants by the Joint Placing Agents pursuant to the terms of the Subscription Agreement;

“PRC”	the People’s Republic of China;
“Second Closing”	the closing of the Tranche 2 Placing in accordance with the terms of the Subscription Agreement, which is currently expected to be on or around 29 May 2009;
“Securities”	the Bonds and the Warrants;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	registered holders of Shares from time to time;
“Shares”	shares of HK\$0.10 each in the capital of the Company;
“Specific Mandate”	the mandate to be granted to the Board by the Shareholders at the EGM to issue and allot all the Conversion Shares to be issued upon conversion of the Tranche 2 Bonds and the maximum number of Optional Bonds and all the Warrant Exercise Shares to be issued upon exercise of the Tranche 2 Warrants and the maximum number of Optional Warrants;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the conditional agreement entered into between the Company and the Joint Placing Agents dated 24 April 2009, regarding the procurement of subscribers or subscription by the Joint Placing Agents and the issue by the Company of the Securities;
“trading day”	any day on which the Stock Exchange is open for business;
“Tranche 1 Bonds”	the 741 Bonds, representing US\$74,100,000 in principal amount of Bonds, to be issued at First Closing;
“Tranche 1 Placing”	the placing of the Tranche 1 Securities by the Joint Placing Agents pursuant to the terms of the Subscription Agreement;
“Tranche 1 Securities”	the Tranche 1 Bonds and the Tranche 1 Warrants;
“Tranche 1 Warrants”	the 27,608,919 Warrants to be issued at First Closing;
“Tranche 2 Bonds”	the 509 Bonds, representing US\$50,900,000 in principal amount of Bonds, to be issued at Second Closing;
“Tranche 2 Placing”	the placing of the Tranche 2 Securities by the Joint Placing Agents pursuant to the terms of the Subscription Agreement;
“Tranche 2 Securities”	the Tranche 2 Bonds and the Tranche 2 Warrants;

“Tranche 2 Warrants”	the 18,964,831 Warrants to be issued at Second Closing;
“Trust Deed”	the trust deed expected to be dated as at First Closing between the Company and a trustee to be appointed by the Company and approved by the Joint Placing Agents;
“United States”	the United States of America;
“US\$”	US dollars, the lawful currency of the United States of America;
“Warrant Agency Agreement”	the agreement expected to be dated as at First Closing between the Company and the warrant agents named therein;
“Warrant Exercise Shares”	the new Shares to be issued upon the exercise of the Warrants;
“Warrant Instrument”	the deed poll expected to be executed and delivered as at First Closing by the Company;
“Warrantholders”	holders of the Warrants;
“Warrants”	the warrants, up to a maximum number of 55,888,500, to be issued by the Company entitling the holders thereof to subscribe for new Shares at an exercise price of HK\$5.10 per Share; and
“%”	per cent.

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

Hong Kong, 24 April 2009

*As at the date of this announcement, the Board comprises six group Executive Directors, namely Mr Horst Julius Pudwill (Chairman), Dr Roy Chi Ping Chung JP (Vice Chairman), Mr Joseph Galli Jr (Chief Executive Officer), Mr Patrick Kin Wah Chan, Mr Frank Chi Chung Chan and Mr Stephan Horst Pudwill, one Non-executive Director, namely Mr Vincent Ting Kau Cheung, and four Independent Non-executive Directors, namely Mr Joel Arthur Schleicher, Mr Christopher Patrick Langley OBE, Mr Manfred Kuhlmann and Mr Peter David Sullivan.*