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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in **Techtronic Industries Company Limited**, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser and transferee.

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Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 669)

PROPOSED PLACING OF CONVERTIBLE BONDS AND WARRANTS

and

NOTICE OF EXTRAORDINARY GENERAL MEETING

Joint Placing Agents



A letter from the Board is set out on pages 7 to 22 of this circular.

A notice convening an extraordinary general meeting (the "EGM") of Techtronic Industries Company Limited (the "Company") to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 May 2009 at 11.00 a.m. (or, if later, immediately following the adjournment or conclusion of the annual general meeting of the Company which has been convened to be held at 10.00 a.m. on the same date and at the same place) or any adjournment(s) thereof, is set out on pages 23 to 25 of this circular. A proxy form for use in the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete the enclosed proxy form 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 holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

11 May 2009

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“2004 Convertible Bonds”	the zero coupon convertible bonds due 2009 in the aggregate principal amount of US\$140,000,000 issued by the Company
“Announcement”	the announcement dated 24 April 2009 by the Company of the entry into of the Subscription Agreement
“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 Company 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
“Citi”	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
“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

DEFINITIONS

“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 to herein will be proposed and which will be held on 27 May 2009 at 11.00 a.m. (or, if later, immediately following the adjournment or conclusion of the annual general meeting of the Company which has been convened to be held at 10.00 a.m. on the same date and at the same place)
“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 occurred on 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 dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HSBC”	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)
“Joint Placing Agents”	Merrill Lynch, HSBC and Citi
“Last Trading Day”	23 April 2009, being the last full trading day immediately before the release of the Announcement
“Latest Practicable Date”	6 May 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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
“Merrill Lynch”	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
“New Shares”	the Conversion Shares and the Warrant Exercise Shares
“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 Bonds”	up to 250 Bonds, representing up to US\$25,000,000 in principal amount of Bonds, to be issued at Option Closing
“Optional Placing”	the placing of the Optional Securities by the Joint Placing Agents pursuant to the terms of the Subscription Agreement

DEFINITIONS

“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 dated as at First Closing between the Company and The Hongkong and Shanghai Banking Corporation Limited as trustee, principal paying, conversion and transfer agent and registrar
“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)
“Share Option(s)”	the share options granted under the relevant share option schemes adopted by the Company, entitling holders thereof to subscribe for new Shares
“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

DEFINITIONS

“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, 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 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 dated as at First Closing between the Company and The Hongkong and Shanghai Banking Corporation Limited as trustee
“United States”	the United States of America
“US\$”	US dollars, the lawful currency of the United States of America

DEFINITIONS

“Warrant Agency Agreement”	the agreement dated as at First Closing between the Company and The Hongkong and Shanghai Banking Corporation Limited as warrant agent and warrant registrar
“Warrant Exercise Shares”	the new Shares to be issued upon the exercise of the Warrants
“Warrant Instrument”	the deed poll executed and delivered as at First Closing by the Company constituting the Warrants
“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
“%”	per cent.

LETTER FROM THE BOARD



Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 669)

Group Executive Directors:

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

Registered Office:

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

Non-executive Director:

Mr. Vincent Ting Kau Cheung

Independent Non-executive Directors:

Mr. Joel Arthur Schleicher
Mr. Christopher Patrick Langley *OBE*
Mr. Manfred Kuhlmann
Mr. Peter David Sullivan

11 May 2009

To the Shareholders and for information only

To the holders of the Share Options, 2004 Convertible Bonds, Bonds and Warrants

Dear Sir or Madam,

PROPOSED PLACING OF CONVERTIBLE BONDS AND WARRANTS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 24 April 2009, the Company announced that the Subscription Agreement was entered into between the Company and 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, HSBC and the Company agree, the Optional Securities.

On 30 April 2009, First Closing took place and the Tranche 1 Placing completed. Completion of the Tranche 2 Placing and the Optional Placing is conditional upon, among other things, approval of the Specific Mandate by the Shareholders at the EGM.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information on the Placing, to set out the notice of EGM and to seek Shareholders' approval for the issue of the Tranche 2 Securities and the Optional Securities and the Specific Mandate.

THE SUBSCRIPTION AGREEMENT

Date

24 April 2009.

Parties

- (1) The Company;
- (2) Merrill Lynch;
- (3) HSBC; and
- (4) Citi.

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, HSBC 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.

LETTER FROM THE BOARD

Undertakings

In the Subscription Agreement, the Company has undertaken, among other things, that:

- (i) 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) 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.

Mr. Horst Julius Pudwill and Dr. Roy Chi Ping Chung executed such deeds on 24 April 2009.

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 agreed to issue and the Placing Agents agreed to 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 were 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;

LETTER FROM THE BOARD

- (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.

The conditions to First Closing were satisfied, and the Tranche 1 Placing completed, on 30 April 2009. At First Closing, the Tranche 1 Bonds and the Tranche 1 Warrants were issued by the Company. 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 Latest Practicable Date 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;

LETTER FROM THE BOARD

- (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. As at the Latest Practicable Date, none of the conditions precedent to Second Closing have been satisfied or waived.

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 Latest Practicable Date 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 Tranche 2 Securities, respectively.

Option Closing

The Company, Merrill Lynch and HSBC 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 and HSBC 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

LETTER FROM THE BOARD

- (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, HSBC 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. As at the Latest Practicable Date, none of the conditions precedent to Option Closing have been satisfied or waived.

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 Latest Practicable Date and of the Company's issued share capital as enlarged by the issue of all the New Shares, respectively.

If Option Closing and Second Closing occur and the maximum number of Optional Securities are issued then, upon conversion in full of all the Bonds (including the Tranche 1 Bonds) and exercise in full of all the Warrants (including the Tranche 1 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 Latest Practicable Date 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 Second Closing have not been satisfied or waived by the Joint Placing Agents by Second Closing;

LETTER FROM THE BOARD

- (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 Company'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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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">(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;(2) the principal amount of the Bonds outstanding is equal to or less than 10% of the aggregate principal amount originally issued; or(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.

LETTER FROM THE BOARD

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">(1) on the date that is three years from First Closing;(2) in the event that the Shares cease to be listed or admitted to trading on the Stock Exchange; or(3) in the event of a Change of Control of the Company.
Transferability	<p>The Bonds will be freely transferable.</p>
Status	<p>The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and will at all times rank at least pari passu 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.</p>
Voting	<p>A Bondholder will not be entitled to vote at any general meetings of the Company by reason only of it being a Bondholder.</p>
Listing	<p>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.</p>

Comparison of Conversion Price

The initial conversion price of HK\$5.20 represents:

- (i) a premium of 3.8% over the closing price of the Shares of HK\$5.01 as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;

LETTER FROM THE BOARD

- (iii) 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
- (iv) 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 pari passu in all respects with one another.

LETTER FROM THE BOARD

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.
Dividend	A Warrantholder will not be entitled to any dividend or other distribution 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 1.8% over the closing price of the Shares of HK\$5.01 as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;
- (iii) 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
- (iv) 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 volume weighted average price of the Shares for the last 5 consecutive trading days up to and including Last Trading Day.

LETTER FROM THE BOARD

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.

EFFECT ON SHAREHOLDING STRUCTURE

The table⁽¹⁾⁽²⁾ below sets out the Company's shareholding structure: (i) as at the Latest Practicable Date; (ii) upon the conversion and/or exercise in full of the Tranche 1 Securities; (iii) upon the conversion and/or 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. The figures in this table are based on the interests in Shares which have been disclosed to the Company pursuant to Part XV of the SFO.

	Shareholding as at the Latest Practicable Date		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 ⁽³⁾	469,632,242	31.3	469,632,242	28.6	469,632,242	27.1	469,632,242	26.4
Other Directors ⁽⁴⁾	3,334,500	0.2	3,334,500	0.2	3,334,500	0.2	3,334,500	0.2
Places	0	0	138,046,077	8.4	232,871,250	13.4	279,445,500	15.7
Public Shareholders	1,028,285,410	68.5	1,028,285,410	62.8	1,028,285,410	59.3	1,028,285,410	57.7
Total	1,501,252,152	100.0	1,639,298,229	100.0	1,734,123,402	100.0	1,780,697,652	100.0

LETTER FROM THE BOARD

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 letter.
- (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: 169,761,000 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), 4,409,500 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 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 Latest Practicable Date, 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).

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.

Other than in respect of the issue of the Tranche 1 Securities, the Company has not raised any funds from any issue of equity securities in the last 12 months. The Company raised net proceeds of approximately HK\$563 million (converted from US dollars at the Fixed Exchange Rate) from the issue of the Tranche 1 Bonds and, upon exercise in full of the Tranche 1 Warrants, approximately HK\$141 million will be further raised for the Company. The Company has not yet utilised any of the proceeds of the issue of the Tranche 1 Securities but intends to use these proceeds for the repayment of existing debt and for general working capital purposes.

Merrill Lynch, HSBC and Citi acted as the Joint Placing Agents for the Placing.

LETTER FROM THE BOARD

EGM

The EGM will be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 May 2009 at 11.00 a.m. (or, if later, immediately following the adjournment or conclusion of the annual general meeting of the Company which has been convened to be held at 10.00 a.m. on the same date and at the same place) or any adjournment(s) thereof, for the purpose of considering and, if thought fit, approving by way of poll, among other things, by ordinary resolution, the issue of the Tranche 2 Securities, the issue of the Optional Securities and the Specific Mandate.

Notice of the EGM has been set out on pages 23 to 25 of this circular.

To the best knowledge of the Directors, none of the Shareholders has, as at the Latest Practicable Date, a material interest in the transactions contemplated under the Subscription Agreement. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the resolution relating to the issue of the Tranche 2 Securities, the issue of the Optional Securities and the Specific Mandate.

There is enclosed a form of proxy for use at the EGM. A member entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote instead of him. 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 later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

VOTING BY POLL

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the EGM will demand a poll for the resolution put forward at the EGM pursuant to article 74 of the Articles of Association. The Company will appoint scrutineers to handle vote-taking procedures at the EGM. The results of the poll will be published on the HKExnews website at www.hkexnews.hk and the Company's website at www.ttigroup.com on the business day following the EGM.

RECOMMENDATION

The Board considers that the terms of the proposed Tranche 2 Placing and Optional Placing are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

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 all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
For and on behalf of
Techtronic Industries Company Limited
Frank Chi Chung Chan
Company Secretary

NOTICE OF EGM



Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)

(Stock Code: 669)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Techtronic Industries Company Limited (the “**Company**”) will be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 May 2009 at 11.00 a.m. (or, if later, immediately following the adjournment or conclusion of the annual general meeting of the Company which has been convened to be held at 10.00 a.m. on the same date and at the same place) or any adjournment(s) thereof, for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the creation and issue of US\$50,900,000 in principal amount of 8.5% unlisted and unsecured convertible bonds due 2014 (the “**Tranche 2 Bonds**”) and up to US\$25,000,000 in principal amount of 8.5% unlisted and unsecured convertible bonds due 2014 (the “**Optional Bonds**”) by the Company, on and subject to the terms and conditions contained in the subscription agreement dated 24 April 2009 (the “**Subscription Agreement**”) (a copy of which has been produced to this meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) between the Company and Merrill Lynch Far East Limited, The Hongkong and Shanghai Banking Corporation Limited and Citigroup Global Markets Asia Limited (the “**Placing Agents**”) in respect of, inter alia, the placing of the Tranche 2 Bonds and the Optional Bonds be and is hereby generally and unconditionally approved in all respects;
- (b) the creation and issue of 18,964,831 warrants (the “**Tranche 2 Warrants**”) and up to 9,314,750 warrants (the “**Optional Warrants**”) by the Company, on and subject to the terms and conditions contained in the Subscription Agreement between the Company and the Placing Agents in respect of, inter alia, the placing of the Tranche 2 Warrants and the Optional Warrants be and is hereby generally and unconditionally approved in all respects;
- (c) the directors of the Company be and are hereby generally and specifically authorised to issue the Tranche 2 Bonds, the Tranche 2 Warrants, the Optional Bonds and the Optional Warrants on and subject to the terms and conditions of the Subscription Agreement, the terms and conditions of the Bonds (the “**Bond Conditions**”) and the terms and conditions of the Warrants (the “**Warrant Conditions**”);

NOTICE OF EGM

- (d) the directors of the Company be and are hereby generally and specifically authorised to allot and issue such number of new shares (“**Specific Mandate**”) as may be required to be allotted and issued upon conversion of all of the Tranche 2 Bonds and Optional Bonds and exercise of all of the Tranche 2 Warrants and Optional Warrants approved to be issued under paragraphs (a) and (b) of this resolution on and subject to the terms and conditions of the Subscription Agreement, the Bond Conditions and the Warrant Conditions. The Specific Mandate is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the directors of the Company by the shareholders of the Company in the annual general meeting of the Company held on 27 May 2009 at 10.00 a.m. or such other general or specific mandate(s) that may have been granted to the directors of the Company prior to the passing of this resolution; and
- (e) any director(s) of the Company be and is/are hereby authorised to sign, seal, execute, perfect, deliver all such documents and to do all such things and acts as he may in his discretion consider necessary, expedient or desirable to effect the issue of the Tranche 2 Bonds, the Tranche 2 Warrants, the Optional Bonds and the Optional Warrants as contemplated under the Subscription Agreement, upon such terms and conditions as the board of directors of the Company may think fit.”

By Order of the Board
Frank Chi Chung Chan
Company Secretary

Hong Kong

11 May 2009

Notes:

1. A shareholder of the Company (a “**Shareholder**”) entitled to attend and vote at the EGM may appoint one or more proxies to attend and to vote in his stead. A proxy need not be a Shareholder.
2. Where there are joint registered holders of any share of the Company (a “**Share**”), any one such person may vote at the EGM, 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 be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy when duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to 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 EGM or any adjournment thereof.
4. A circular containing further information regarding, *inter alia*, the Subscription Agreement and the Specific Mandate has been sent to the members of the Company.

NOTICE OF EGM

As at the date of this notice, the Board of the Company 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.