



Techtronic Industries

TECHTRONIC INDUSTRIES CO. LTD.

POLICY ON MARKET DISCLOSURE,
INVESTOR & MEDIA RELATIONS

- Continuous disclosure
- Investor relations
- Media relations

TECHTRONIC INDUSTRIES CO. LTD.

The Stock Exchange of Hong Kong Limited
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POLICY ON MARKET DISCLOSURE, INVESTOR AND MEDIA RELATIONS

1. INTRODUCTION

1.a. Statement of purpose

The TTI Policy on Market Disclosure, Investor and Media Relations (“**Policy**”) is designed to ensure that there is balanced and timely disclosure of information which may affect the market activity in, and the price of, TTI’s securities or influence investment decisions and information in which shareholders, investors and the market generally have a legitimate interest.

This Policy is also directed to ensure that:

- TTI complies with its disclosure obligations under applicable Listing Rules and the Companies Ordinance in Hong Kong; and
- All shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by TTI.

1.b. Commitment to continuous disclosure

This Policy reflects TTI’s commitment to comply with the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKSE”), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (“HKEC”), as well as relevant corporate and securities legislation.

The Board of Techtronic Industries Co. Ltd. has adopted this Policy at a board meeting held on 11 April 2006 and has established a Disclosure Committee to oversee compliance with its continuous disclosure obligations.

1.c. Disclosure Committee

The Disclosure Committee is responsible for:

- ensuring that TTI complies with its Listing Rule and Companies Ordinance disclosure obligations;
- reviewing and assessing what information will be disclosed and the form of that disclosure;
- implementing reporting processes, controls and guidelines for the release of information; and
- educating directors and staff on TTI’s disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure to promote compliance with this Policy and the related procedures.

The Disclosure Committee comprises the Chairman & CEO, Group Managing Director, CFO, Operations Director, Head of Investor Relations, Senior Vice President Business Development, and Senior Vice President Corporate Affairs. On a daily basis, the team leader is the Head of Investor Relations who is responsible for generally co-ordinating the disclosure of information.

Specific responsibilities may be delegated to individuals outside the Disclosure Committee from time to time.

1.d. Review

This Policy shall be reviewed regularly by the Disclosure Committee to ensure that it reflects applicable legislative or regulatory requirements and “best practice” developments.

1.e. Guiding Principles

In its “Guide on disclosure of price-sensitive information” (attached as Appendix 1), the HKSE provides guiding principles and criteria in disclosing price-sensitive information:

(a) Information which is expected to be price-sensitive should be announced promptly after it becomes known to a director or senior management of the issuer and/or is the subject of a decision by the directors or senior management of the issuer.

(b) Until an announcement in relation to such information is made, directors of issuers must ensure that such information is kept strictly confidential.

(c) Where it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement must be made.

(d) If price-sensitive information is inadvertently divulged to outside parties or it is believed that such information may have been inadvertently divulged, the issuer must immediately issue an announcement so that the relevant information is disseminated to the market as a whole.

(e) Information should be disclosed to the market as a whole and all users of the market have simultaneous access to the same information. It is important that price-sensitive information should not be divulged selectively outside the issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons.

(f) Price-sensitive information may include positive and negative information.

2. MARKET DISCLOSURE

2.a. General obligation of disclosure

In its “Guide on disclosure of price-sensitive information”, the HKSE requires issuers to keep the HKSE, members of the issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group (including information on any major developments in the group’s sphere of activity which is not public knowledge) which:

- a) is necessary to enable them and the public to appraise the position of the group;
- b) is necessary to avoid the establishment of a false market in its securities;
- c) might be reasonably expected materially to affect market activity in, and the price of, its securities.

For the purposes of determining whether certain information is price-sensitive, the information set out above should be looked at independently rather than conjunctively.

This guidance reflects the general obligation of disclosure set out in Rule 13.09(1) of the Listing Rules (attached as Appendix 2) and reference should also be made to Notes to Rule 13.09(1) which provides further guidance on handling information.

2.b. Type of information to be disclosed

Immediate notice of material information

TTI will immediately notify the market by making an announcement to HKSE of any information concerning TTI that a reasonable person would expect to have a material effect on market activity in, and the prices of, TTI securities.

A reasonable person will be taken to expect information to have a material effect on the price or value of TTI securities if the information would, or would be likely to, influence a reasonable person who commonly invests in securities or other traded financial products in deciding whether or not to deal in the TTI shares. This type of information is “price-sensitive information”.

2.c. Management of disclosure and internal reporting process

Staff to notify potentially price-sensitive information

All TTI staff must follow the relevant reporting lines for giving notice of any potentially “price-sensitive information” concerning TTI as soon as they become aware of it.

Staff may speak to their business unit head if they are in doubt as to whether information is potentially “price-sensitive” or that individual’s appropriate reporting line.

TTI’s reporting lines then direct any potentially “price-sensitive information” which has been notified to the Head of Investor Relations in the first instance (as day-to-day team leader of the Disclosure Committee).

Internal disclosure guidelines

Internal disclosure guidelines have been prepared and provided to staff to assist staff in understanding what information may be price-sensitive. Staff must obtain a copy of the current internal disclosure guidelines from the TTI Head of Investor Relations. Amendments made to the internal disclosure guidelines will be communicated to staff by the Head of Investor Relations.

2.d. Assessing information for disclosure

Head of Investor Relations to make initial assessment

The Head of Investor Relations will make an initial assessment of any notified potentially “price-sensitive information” and must refer any such issues for further deliberation to the Disclosure Committee.

Disclosure Committee

The Disclosure Committee will:

- assess the materiality of information which is potentially “price-sensitive” and will make that assessment on both qualitative and quantitative bases;
- determine the form and content of any required disclosure.

Inquiries will be made as considered appropriate to verify the accuracy and materiality of “price-sensitive information” and to ensure that company announcements are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Significant announcements

Any proposed announcements regarding a matter of strategic or financial “significance” for TTI, such as a significant transaction or relating to future prospects, will be referred by the Head of Investor Relations to the Chairman & CEO who will determine whether the relevant disclosure should be considered by the Audit Committee or the Board.

2.e. Process for disclosure

TTI will disclose “price-sensitive information”, in the first instance, to HKSE. All announcements will be lodged with the HKSE by the Head of Investor Relations as the Responsible Officer (or by TTI’s legal counsel), following consultation with and approval by the Disclosure Committee as required.

Copies of company announcements will then be placed on TTI’s website.

TTI will not publicly release information that is required to be disclosed to HKSE (or which has been disclosed to the HKSE) until such time as it has been cleared for publication.

The Head of Investor Relations will oversee this process.

2.f. Authorised spokesperson

The only TTI staff authorised to make any public statement on behalf of, or attributable to, TTI are set out in internal disclosure guidelines.

2.g. Market speculation and rumours

Market speculation and rumours, whether substantiated or not, have the potential to impact upon TTI and may also result in HKSE requesting TTI to make disclosure in relation to that matter.

TTI's general policy is not to respond to market speculation or rumours. However, TTI may issue a statement in relation to market speculation or rumours where TTI:

- considers that it has an obligation at that time to make a statement to the market about a particular matter; or
- is required to respond to a formal request from HKSE for the disclosure of information in accordance with the HKSE Listing Rules.

2.h. False market

If HKSE considers that there is or is likely to be a false market in TTI securities and asks TTI to give it information to correct or prevent a false market, TTI must give HKSE the information needed to correct or prevent the false market.

The HKSE does not provide a definition of "false market". However the offence of "false trading" under the Securities and Futures Ordinance provides some guidance on what this means in practice, that is, if there is a false or misleading appearance of active trading in the issuer's securities or futures contracts.

In addition, certain overseas stock exchanges, such as the ASX, provides the following guidance on its meaning:

"The entity has information that has not been released to the market and there is reasonably specific rumour or media comment in relation to the entity that has not been confirmed or clarified by an announcement by the entity to the market and there is evidence that the rumour or comment is having, or ASX forms the view that the rumour or comment is likely to have an impact, on the price of the entity's securities."

2.i. Trading halts

The Disclosure Committee will consider requesting a trading halt from HKSE to ensure the orderly trading of TTI's securities and to manage disclosure issues, if considered appropriate having regard to the particular circumstances.

2.j. Financial calendar

TTI will establish a calendar of regular disclosure to the market on its financial and operational results. The calendar, which shall be posted on the website, includes dates for the release of half year and full year results, other financial information, shareholder meetings and business briefings.

At these briefings and meetings:

- no price-sensitive information will be disclosed unless it has been previously or simultaneously released to the market; and
- if material price-sensitive information is inadvertently released, it will immediately be released to the HKSE and placed on the TTI website.

2.k. External communications

TTI must not communicate material price-sensitive information to an external party except where that information has previously been disclosed to the market generally or is simultaneously disclosed.

Contact with analysts, fund managers and financial media is restricted to the CEO, CFO and Head of Investor Relations and any delegates nominated for that purpose.

If material information is inadvertently released, it will be immediately released to the market by disclosure to HKSE and placed on the TTI website.

Any presentation materials will also be placed on TTI's website.

2.l. Breaches

Failure to comply with this Policy may lead to a breach of legislation or the Listing Rules, which may lead to civil or criminal penalties for directors and officers. Breaches of this Policy may lead to disciplinary action being taken, including dismissal in serious cases.

3. INVESTOR RELATIONS

3.a. Media (refer also to Media Relations in this Policy)

No announcement or press release is to be given to the media on matters which are of high public interest or which may materially affect TTI's share price without the prior approval of the Disclosure Committee and prior to informing the HKSE or by publishing an announcement.

Any such press release or announcement is to be forwarded to the Head of Investor Relations for review by the Disclosure Committee at least 24 hours before the scheduled time for publication.

3.b. Analysts, fund managers and financial media

Contact with analysts, fund managers and financial media is to be restricted to no less than two of the following members: CEO, CFO and Head of Investor Relations and any delegates nominated for that purpose. Any inquiries from analysts, fund managers and financial media are to be referred to the Head of Investor Relations in the first instance. Accurate minutes or tape recording of all such discussions shall be kept.

In no circumstances are any executives or employees other than those nominated above to enter into discussions with analysts/fund managers, whether generally or by way of briefings, without the prior knowledge of, and approval by, the Head of Investor Relations. In particular, there is to be no pro-active contact with analysts.

3.c. Institutions

The Head of Investor Relations is primarily responsible for identifying and contacting prospective institutional investors and undertaking briefings to these investors.

3.d. Operational support

The Business Unit Presidents / Managing Directors and other members of senior management should provide support to the Disclosure Committee on operational issues at the request of a Disclosure Committee member.

3.e. Filing announcements with the HKSE

All HKSE announcements are to be lodged by the Responsible Officer or by TTI's legal counsel.

Any press or other public release which is of high public interest or which has the potential to materially affect TTI's share price is to be forwarded to the Head of Investor Relations at least 24 hours before publication.

4. MEDIA RELATIONS

4.a. Corporate

On major matters, the Chairman & CEO should be the spokesman, with support and briefing material provided by the Head of Investor Relations.

Routine enquiries will be handled by the Head of Investor Relations, or any delegates nominated for that purpose, who will consult with the Disclosure Committee and appropriate members of the executive team as required.

4.b. Business Units

Primary responsibility for media relations in the countries in which TTI has a significant market presence will reside with the President / Managing Director of the relevant country. These include but are not limited to China, North America, UK, Germany, France, and Australasia.

In some cases the Business Unit may be of a scale to contain a dedicated Corporate Affairs Manager.

All media inquiries in these countries should be directed to the relevant President / Managing Director, unless the accountability has been specifically assigned, and with approval of the Disclosure Committee, to a Corporate Affairs Manager.

4.c. Operational Support

Regional and other senior business unit management should provide support to the media relations teams on operational matters at the request of a team member.

**Approved and adopted by the Board of Techtronic Industries Co. Ltd.
11 April 2006**