

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 1. General Information

Techtronic Industries Company Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is 29/F, Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

The principal activities of the Company and its subsidiaries (the “Group”) are the manufacturing and trading of electrical and electronic products.

The consolidated financial statements are presented in United States dollars (“US\$”), which is also the functional currency of the Company.

## 2. Application of New and Amendments to HKFRS Accounting Standards and Changes in Other Accounting Policies

Amendments to a HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to a HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to a HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature Dependent Electricity <sup>2</sup>
Amendment to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2026.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

## 2. Application of New and Amendments to HKFRS Accounting Standards and Changes in Other Accounting Policies (continued)

### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements* (“HKFRS 18”), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* (“HKAS 1”). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures (“MPMs”) in the notes to the financial statements and improves aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to Basis of Preparer of Financial statements upon effective of HKFRS 18) and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* were also made.

HKFRS 18, and amendments to other standards, will be effective for the annual period beginning on or after January 1, 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have a significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group’s MPMs will be disclosed in a separate note to the consolidated financial statements.

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

### Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* (“HKFRS 16”) and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information

##### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

##### BUSINESS COMBINATIONS

##### Business Combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ("HKAS 37") or HK(IFRIC)-Int 21 *Levies* ("HK(IFRIC)-Int 21"), in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 *Income Taxes* ("HKAS 12") and HKAS 19 *Employee Benefits* ("HKAS 19") respectively;
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right of use assets ("ROU assets") are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### BUSINESS COMBINATIONS (continued)

##### Business Combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

##### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the CGU to which goodwill has been allocated is tested for impairment before the end of that annual period.

If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

##### INTEREST IN AN ASSOCIATE

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The result and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of an associate. Changes in net assets of an associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### INTANGIBLE ASSETS

##### Intangible Assets Acquired Separately

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization of intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

##### Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

##### Internally-Generated Intangible Assets – Research and Development Expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, an internally-generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

##### LEASES

##### Definition of a Lease

The Group assess whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

#### LEASES (continued)

##### The Group as a Lessee

##### Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

##### ROU Assets

The cost of ROU assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

ROU assets are depreciated on a straight-line basis over the lease term.

The Group presents ROU assets as a separate line item on the consolidated statement of financial position.

##### Refundable Rental Deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of ROU assets.

##### Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the lease term, currency and start date of the lease and is determined based on the risk-free rate based on government bond yield that matches with the group's debt maturity profile, and with adjustments according to the spread of the group's credit rating or implied rating, that is the rate of interest that a lessee would have to pay to borrow as according to the Group's cost of debt.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### LEASES (continued)

##### The Group as a Lessee (continued)

###### Lease Modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant ROU asset.

##### The Group as a Lessor

###### Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

###### Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

The Group uses the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease if the interest rate implicit in the sublease cannot be readily determined.

##### PROPERTY, PLANT & EQUIPMENT ("PP&E")

PP&E are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than freehold land and construction in progress as described below. PP&E are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated and are measured at cost less subsequent accumulated impairment losses.

Depreciation is recognized so as to write-off the cost of items of PP&E, other than freehold land and construction in progress, over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

PP&E in the course of construction for production, supply or administrative purpose is carried at cost, less any recognized impairment loss. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of PP&E when completed and ready for its intended use. Depreciation of these assets, on the same basis as other PP&E, commences when the assets are ready for their intended use.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### PROPERTY, PLANT & EQUIPMENT (“PP&E”) (continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold is presented as “ROU assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as PP&E.

An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

##### IMPAIRMENT ON PP&E, ROU ASSETS AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of the reporting period, the Group reviews the carrying amounts of its PP&E, ROU assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired. The recoverable amount of PP&E, ROU assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established. The recoverable amount is determined for the CGU to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### Financial Assets

##### Classification and Subsequent Measurement of Financial Assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except for derivatives designated as cash flow hedge relationship.

##### Amortized Cost and Interest Income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

##### Financial Assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets.

##### Impairment of Financial Assets Subject to Impairment Assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, bills receivable, trade receivables from an associate, finance lease receivables, bank balances and deposits) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

#### FINANCIAL INSTRUMENTS (continued)

#### Financial Assets (continued)

#### Classification and Subsequent Measurement of Financial Assets (continued)

#### *Impairment of Financial Assets Subject to Impairment Assessment under HKFRS 9 (continued)*

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant Increase in Credit Risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### (ii) Definition of Default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

#### FINANCIAL INSTRUMENTS (continued)

#### Financial Assets (continued)

#### Classification and Subsequent Measurement of Financial Assets (continued)

#### *Impairment of Financial Assets Subject to Impairment Assessment under HKFRS 9 (continued)*

#### (iii) Credit-impaired Financial Assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

#### (iv) Write-off Policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

#### (v) Measurement and Recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognized through a loss allowance account.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

#### FINANCIAL INSTRUMENTS (continued)

#### Financial Assets (continued)

##### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss; and
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss.

#### Financial Liabilities and Equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Buy-back of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### Financial Liabilities at Amortized Cost

Financial liabilities (including unsecured borrowings, trade and other payables, bills payable and discounted bills with recourse) are subsequently measured at amortized cost, using the effective interest method.

##### Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

#### FINANCIAL INSTRUMENTS (continued)

#### Financial Liabilities and Equity (continued)

#### Financial Liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

#### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

#### Derivative Financial Instruments

Derivatives are initially recognized at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### Hedge Accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

#### FINANCIAL INSTRUMENTS (continued)

#### Financial Liabilities and Equity (continued)

#### Assessment of Hedging Relationship and Effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

#### Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated in the hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognized hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

#### Discontinuation of Hedge Accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transactions is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### FINANCIAL INSTRUMENTS (continued)

##### Derecognition of Financial Assets and Liabilities

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and has not retained control of the transferred asset, the Group derecognizes the financial asset and recognizes separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

##### PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of goods are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

##### INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a using the first-in, first-out method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

##### REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### **OVER TIME REVENUE RECOGNITION (COMMISSION AND ROYALTY INCOME): MEASUREMENT OF PROGRESS TOWARDS COMPLETE SATISFACTION OF A PERFORMANCE OBLIGATION**

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (i.e. royalty income), the Group recognizes revenue in the amount to which the Group has the right to invoice.

##### **REFUND LIABILITIES**

The Group recognizes a refund liability if the Group expects to refund some or all of the consideration received from customers.

##### **SALE WITH A RIGHT OF RETURN/EXCHANGE**

For a sale of products with a right of return/exchange for dissimilar products, the Group recognizes all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognized for the products expected to be returned/exchanged);
- (b) a refund liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

##### **TAXATION**

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### TAXATION (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the ROU assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the ROU assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to ROU assets and lease liabilities are assessed on a net basis. Excess of depreciation on ROU assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used, by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

##### FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US\$) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after January 1, 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting date. Exchange differences arising are recognized in the other comprehensive income.

Goodwill and fair value adjustments on identifiable assets acquired arising on acquisitions of foreign operations before January 1, 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical exchange rate prevailing at the date of the acquisition.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### **BORROWING COSTS**

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

##### **EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

When the share options are exercised, the amount previously recognized in employee share-based compensation reserve would be transferred to share capital. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognized in the employee share-based compensation reserve would be transferred to retained profits.

When the trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as shares held for share award scheme and deducted from total equity. No gain or loss is recognized on the transactions of the Company's own shares.

When the trustee transfers the Company's shares to grantees upon vesting, the related costs of the granted shares vested are reversed from shares held under the share award scheme. Accordingly, the related expense of the granted shares vested is reversed from the employee share-based compensation reserve. The difference arising from this transfer is debited/credited to retained profits. At the end of the reporting period, the Group revises its estimate of the number of shares that are expected to ultimately vest. The impact of the revision of the estimate, if any, is recognized in profit or loss with a corresponding adjustment to the employee share-based compensation reserve.

##### **RETIREMENT BENEFIT SCHEMES**

Payments to defined contribution retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as expenses when employees have rendered service entitling them to the contributions.

The Group accounts for the employer's MPF contributions expected to be offset as a deemed employee contribution towards the Long Service Payment ("LSP") obligation. The Group applies the practical expedient in HKAS 19.93(b) to account for employer's MPF voluntary contributions as the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered. For mandatory contributions, the Group applies HKAS 19.93(a) and attributes the contributions to period of services for the purpose of calculation of the negative service costs. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees.

For defined benefit retirement benefits plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

### 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (continued)

#### Material Accounting Policy Information (continued)

##### RETIREMENT BENEFIT SCHEMES (continued)

Past service cost is recognized in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognized when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligations recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

##### SHORT-TERM AND OTHER LONG-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interests and remeasurements are recognized in profit or loss except to the extent that another HKFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

#### 4. Key Sources of Accounting Estimates

In the application of the Group's accounting policies, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

##### Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### Capitalization, Useful Lives and Estimated Impairment of Deferred Development Costs

Determining the development costs, including the time and costs for individual projects, to be capitalized requires estimations and assumptions based on the expected future economic benefits to be generated by the products resulting from these development costs. Other important estimations and assumptions in this assessment process are the feasibility of mass production, the distinction between research and development and the estimated useful life. As at December 31, 2025, the carrying amount of deferred development costs of the Group was US\$875,847,000 (2024: US\$1,007,416,000). The estimation of their useful lives impacts the level of annual amortization recorded. The estimation of their useful lives reflects the directors' best estimate of the periods that future economic benefits will be received through the use of the assets. In determining whether the deferred development costs are impaired, the management takes into consideration the anticipated revenues and estimated future cash flows from the underlying projects, and the progress of these projects. When the actual revenues and future cash flows are less than expected, a material impairment loss may arise and need to be recognized. Management is confident that the carrying amount of the assets will be recovered in full. This situation will be closely monitored and adjustments will be made in future periods if future market activity indicates that adjustments are required.

##### Income Taxes

The Group operates in a complex multinational tax environment. The Group carefully evaluates tax implications of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, estimation is required in determining the Group's provision for taxation charge as there are many complex transactions and calculations, of which the ultimate tax determination is uncertain during the ordinary course of business. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made. The carrying amount of current tax payable carried as liabilities in the consolidated statement of financial position as at December 31, 2025 was US\$133,039,000 (2024: US\$90,830,000).

As at December 31, 2025, deferred tax assets of US\$88,019,000 (2024: US\$45,300,000) in relation to unused tax losses and US\$102,441,000 (2024: US\$87,971,000) in relation to employee related provisions has been recognized in the Group's consolidated statement of financial position. The realizability of the deferred tax assets mainly depends on whether sufficient taxable profits, or taxable temporary differences, will be available in the future. In cases where the actual future taxable profits generated are less than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal of the deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

## 5. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods sold.

The principal categories of goods supplied are “Power Equipment” and “Floorcare & Cleaning”. The Group’s operating segments under HKFRS 8 *Operating Segments* are as follows:

1. Power Equipment – sales of power tools, power tool accessories, outdoor products, and outdoor product accessories for consumer, trade, professional and industrial users. The products are available under the MILWAUKEE, AEG, RYOBI, HOMELITE and HART brands plus original equipment manufacturer (“OEM”) customers.
2. Floorcare & Cleaning – sales of floorcare products and floorcare accessories under the HOOVER, DIRT DEVIL, VAX and ORECK brands plus OEM customers.

### Segment Revenue and Results

The following is an analysis of the Group’s revenue and results by reportable and operating segments:

#### For the year ended December 31, 2025

	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Eliminations US\$'000	Consolidated US\$'000
<b>Segment revenue</b>				
External sales	14,447,714	811,819	—	15,259,533
Inter-segment sales	—	304	(304)	—
<b>Total segment revenue</b>	<b>14,447,714</b>	<b>812,123</b>	<b>(304)</b>	<b>15,259,533</b>

Inter-segment sales are charged at prevailing market rates.

<b>Result</b>				
Segment results	1,317,885	18,198	—	1,336,083
Interest income				63,032
Finance costs				(96,633)
<b>Profit before taxation</b>				<b>1,302,482</b>

#### For the year ended December 31, 2024

	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Eliminations US\$'000	Consolidated US\$'000
<b>Segment revenue</b>				
External sales	13,722,888	898,728	—	14,621,616
Inter-segment sales	—	13,300	(13,300)	—
<b>Total segment revenue</b>	<b>13,722,888</b>	<b>912,028</b>	<b>(13,300)</b>	<b>14,621,616</b>

Inter-segment sales are charged at prevailing market rates.

<b>Result</b>				
Segment results	1,241,881	28,383	—	1,270,264
Interest income				72,295
Finance costs				(126,165)
<b>Profit before taxation</b>				<b>1,216,394</b>

## 5. Segment Information (continued)

### Segment Revenue and Results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profit earned or loss incurred by each segment without allocation of interest income and finance costs. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the chief operating decision makers for review.

### Other Segment Information

#### For the year ended December 31, 2025

Amounts included in the measure of segment results:

	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Consolidated US\$'000
Loss on disposal of property, plant and equipment	18,380	116	18,496
Write down of inventories	75,385	3,534	78,919
Impairment loss on trade receivables under ECL model	23,445	65	23,510
Write-off of intangible assets	197,795	3,633	201,428
Depreciation and amortization	628,189	39,789	667,978
Gain on early termination of leases	(111)	—	(111)

For the year ended December 31, 2024

Amounts included in the measure of segment results:

	Power Equipment US\$'000	Floorcare & Cleaning US\$'000	Consolidated US\$'000
Loss on disposal of property, plant and equipment	17,197	344	17,541
Write down of inventories	39,515	1,861	41,376
Impairment loss on trade receivables under ECL model	27,492	4,336	31,828
Write-off of intangible assets	109,562	6,656	116,218
Depreciation and amortization	629,481	33,817	663,298
Gain on early termination of leases	(95)	—	(95)

### Revenue from Major Products

The following is an analysis of the Group's disaggregated revenue from its major products:

	2025 US\$'000	2024 US\$'000
Power Equipment	14,447,714	13,722,888
Floorcare & Cleaning	811,819	898,728
Total	15,259,533	14,621,616

## 5. Segment Information (continued)

### Geographical Information

The Group's revenue from external customers by geographical location determined based on the location of the customer and information about its non-current assets by geographical location, determined based on the location of the group entity owning the assets are detailed below:

	Revenue from external customers		Non-Current Assets*	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
North America	<b>11,440,559</b>	11,078,856	<b>2,757,296</b>	2,803,860
Europe	<b>2,630,172</b>	2,323,133	<b>245,663</b>	222,162
Other countries	<b>1,188,802</b>	1,219,627	<b>1,834,819</b>	1,995,694
<b>Total</b>	<b>15,259,533</b>	14,621,616	<b>4,837,778</b>	5,021,716

\* Non-current assets exclude interest in an associate, financial assets at FVTPL, deposits, derivative financial instruments and deferred tax assets.

### Information about Major Customer

During the years ended December 31, 2025 and 2024, the Group's largest customer contributed total revenue of US\$6,926,606,000 (2024: US\$6,523,531,000), of which US\$6,896,372,000 (2024: US\$6,486,054,000) was under the Power Equipment segment and US\$30,234,000 (2024: US\$37,477,000) was under the Floorcare & Cleaning segment. There is no other customer contributing more than 10% of total revenue.

## 6. Revenue

Revenue represents the fair value of the net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances, and commission and royalty income received during the year and is analyzed as follows:

	2025 US\$'000	2024 US\$'000
Sales of goods	<b>15,248,125</b>	14,610,358
Commission and royalty income	<b>11,408</b>	11,258
	<b>15,259,533</b>	14,621,616

Revenue from sales of goods is recognized at a point in time. Commission and royalty income is recognized over time.

The Group sells products mainly to the wholesale market. Revenue is recognized when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location or pick up point (delivery).

Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

As at December 31, 2025, revenue for unsatisfied contracts to be recognized by the Group over one year is immaterial. As permitted by HKFRS 15, the transaction price allocated to unsatisfied contracts for contracts with period of one year or less is not disclosed.

## 7. Other Income

Other income in both 2025 and 2024 mainly comprises of the sale of scrap materials and claims and reimbursements from customers and vendors.

## 8. Interest Income

Interest income represents interest earned on bank deposits.

## 9. Finance Costs

	2025 US\$'000	2024 US\$'000
Interest on:		
Unsecured borrowings	66,276	94,079
Lease liabilities	30,357	32,086
	<b>96,633</b>	126,165

## 10. Taxation Charge

	2025 US\$'000	2024 US\$'000
Current tax:		
Hong Kong Profits Tax	(1,019)	(1,724)
Over provision in prior years	575	70
	<b>(444)</b>	(1,654)
Overseas taxation	(103,357)	(96,101)
Under provision in prior years	(8,429)	(4,502)
	<b>(111,786)</b>	(100,603)
Deferred tax (Note 42):		
Current year	10,427	7,375
Change in tax rates	(2,385)	168
	<b>8,042</b>	7,543
	<b>(104,188)</b>	(94,714)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules have become effective in Hong Kong where the Company is incorporated. The top-up tax relates to the Group's operation in the Cayman Islands and the United Arab Emirates, where the annual effective income tax rate is below 15%. Therefore, a top-up tax is accrued in the current period using the top-up tax rate and based on the jurisdictional estimated adjusted covered taxes and net globe income for the year. The Group has recognized current tax expenses related to the Pillar Two Rules for the year ended December 31, 2025 which are expected to be levied on the Company and a subsidiary in the United Arab Emirates.

The Group has applied the temporary mandatory exception from recognizing and disclosing deferred tax assets and liabilities for the impacts of the Pillar Two Rules and accounts for it as a current tax when it is incurred.

## 10. Taxation Charge (continued)

The taxation charge for the year is reconciled as follows:

	2025 US\$'000	2025 %	2024 US\$'000	2024 %
Profit before taxation	<b>1,302,482</b>		1,216,394	
Tax at Hong Kong Profits Tax rate	<b>(214,910)</b>	<b>16.5%</b>	(200,705)	16.5%
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>90,454</b>	<b>(6.9%)</b>	141,262	(11.6%)
Tax effect of expenses not deductible for tax purposes	<b>(23,638)</b>	<b>1.8%</b>	(46,943)	3.8%
Tax effect of income not taxable for tax purposes	<b>4,768</b>	<b>(0.4%)</b>	10,845	(0.9%)
Utilization of deductible temporary differences previously not recognized	<b>29,236</b>	<b>(2.2%)</b>	2,452	(0.2%)
Tax effect of tax losses and temporary differences not recognized	<b>20,143</b>	<b>(1.6%)</b>	2,644	(0.2%)
Under provision in respect of prior years	<b>(7,854)</b>	<b>0.6%</b>	(4,432)	0.4%
Tax effect of changes in tax rates	<b>(2,385)</b>	<b>0.2%</b>	168	0.0%
Tax effect of share of result of an associate	<b>(2)</b>	<b>0.0%</b>	(5)	0.0%
Taxation charge for the year	<b>(104,188)</b>	<b>8.0%</b>	(94,714)	7.8%

Details of deferred tax are set out in Note 42.

For the year ended December 31, 2025, deferred tax liability of US\$106,000 (2024: US\$1,307,000) and deferred tax assets (liability) of US\$8,374,000 (2024: (US\$9,100,000)) related to remeasurement of defined benefit obligations and fair value income on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting have been recognized in other comprehensive income respectively.

The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

**11. Profit for the Year**

	2025 US\$'000	2024 US\$'000
Profit for the year has been arrived at after charging (crediting):		
Amortization of intangible assets	221,169	207,583
Auditors' remuneration	3,823	4,116
Cost of inventories recognized as an expense	8,967,596	8,726,060
Depreciation of property, plant and equipment	278,888	281,198
Depreciation of right of use assets	167,921	174,517
Fair value loss (gain) on foreign currency forward contracts	7,966	(10,217)
Fair value gain on acquisition right of certain property, plant and equipment	(15)	(701)
Impairment loss of property, plant and equipment	1,409	13,342
Fair value (gain) loss on listed equity securities	(4,655)	5,947
Gain on early termination of leases	(111)	(95)
Loss on sub-lease modification	—	1,331
Impairment loss on trade receivables under ECL model	23,510	31,828
Loss on disposal of property, plant and equipment	18,496	17,541
Net exchange gain	(93,572)	(3,037)
Expenses relating to short-term leases and low-value assets recognized in respect of:		
Motor vehicles	2,019	3,819
Plant and machinery	5,556	5,848
Office equipment, furniture and fixtures	24,895	23,281
Premises	13,043	5,821
Other assets	761	1,249
Unconditional government grants	(123)	(84)
Write down of inventories	78,919	41,376
Write-off of intangible assets	201,428	116,218
Staff costs		
Directors' remuneration		
Fees	887	752
Other emoluments	61,868	68,444
Other staff costs	62,755	69,196
Contributions to retirement benefits schemes (other than those included in the Directors' emoluments)	2,783,559	2,615,499
Defined contribution plans	47,329	39,112
Defined benefit plans (Note 41)	1,977	2,046
	<b>2,895,620</b>	<b>2,725,853</b>

## 12. Directors' Emoluments

The emoluments paid or payable to each of the fourteen (2024: sixteen) directors, disclosed pursuant to the applicable Listing Rules and the CO, were as follows:

### For the year ended December 31, 2025

	Other emoluments					Total US\$'000
	Fees US\$'000	Basic salaries and allowances US\$'000	Contributions to retirement benefits schemes US\$'000	Bonus US\$'000	Share-based payments US\$'000	
Mr Horst Julius Pudwill (Note i)	—	1,671	2	9,903	3,971	15,547
Mr Stephan Horst Pudwill (Note i)	—	1,208	2	2,525	2,265	6,000
Mr Steven Philip Richman (Note i)	—	1,584	—	5,250	12,083	18,917
Mr Kin Wah Chan (Note i)	—	912	—	2,766	2,265	5,943
Mr Chi Chung Chan (Note i)	—	909	—	3,395	2,265	6,569
Mr Camille Jojo (Note i)	—	1,275	—	1,500	3,430	6,205
Mr Peter David Sullivan (Note ii, iii)	110	55	—	—	428	593
Mr Johannes-Gerhard Hesse (Note ii)	110	30	—	—	428	568
Mr Robert Hinman Getz (Note ii)	117	60	—	—	294	471
Ms Virginia Davis Wilmerding (Note ii)	110	20	—	—	258	388
Ms Caroline Christina Kracht (Note ii)	110	30	—	—	428	568
Mr Andrew Philip Roberts (Note ii)	110	30	—	—	184	324
Ms Karen Ka Fai Ng (Note ii)	110	10	—	—	211	331
Mr Stephen Tsi Chuen Wong (Note ii)	110	10	—	—	211	331
<b>Total</b>	<b>887</b>	<b>7,804</b>	<b>4</b>	<b>25,339</b>	<b>28,721</b>	<b>62,755</b>

### For the year ended December 31, 2024

	Other emoluments					Total US\$'000
	Fees US\$'000	Basic salaries and allowances US\$'000	Contributions to retirement benefits schemes US\$'000	Bonus US\$'000	Share-based payments US\$'000	
Mr Horst Julius Pudwill (Note i)	—	1,671	2	9,903	2,710	14,286
Mr Stephan Horst Pudwill (Note i)	—	1,088	2	2,525	2,043	5,658
Mr Steven Philip Richman (Note i)	—	586	—	5,250	3,940	9,776
Mr Kin Wah Chan (Note i)	—	912	1	2,766	2,043	5,722
Mr Chi Chung Chan (Note i)	—	909	—	3,265	2,043	6,217
Mr Camille Jojo (Note i)	—	1,381	—	1,500	3,320	6,201
Mr Peter David Sullivan (Note ii, iii)	110	55	—	657	434	1,256
Mr Johannes-Gerhard Hesse (Note ii)	110	30	—	—	460	600
Mr Robert Hinman Getz (Note ii)	110	60	—	—	321	491
Ms Virginia Davis Wilmerding (Note ii)	110	20	—	—	306	436
Ms Caroline Christina Kracht (Note ii)	110	20	—	—	434	564
Mr Andrew Philip Roberts (Note ii)	110	13	—	—	145	268
Ms Karen Ka Fai Ng (Note ii)	26	—	—	—	—	26
Mr Stephen Tsi Chuen Wong (Note ii)	26	—	—	—	—	26
Mr Joseph Galli Jr (Note i)	—	834	12	8,799	7,741	17,386
Prof Roy Chi Ping Chung GBS BBS JP (Note iv)	40	—	—	—	243	283
<b>Total</b>	<b>752</b>	<b>7,579</b>	<b>17</b>	<b>34,665</b>	<b>26,183</b>	<b>69,196</b>

## 12. Directors' Emoluments (continued)

- Note i: The individuals represent the Executive Directors of the Company and the Group. The Executive Directors' emoluments shown above were mainly for their services in connection with management of the affairs of the Company and the Group. Mr Steven Philip Richman was appointed as Chief Executive Officer and an Executive Director on May 21, 2024 and August 6, 2024 respectively. Mr Joseph Galli Jr resigned as Chief Executive Officer and an Executive Director effective from May 20, 2024.
- Note ii: The individuals represent the independent Non-Executive Directors of the Company. The Independent Non-Executive Directors' emoluments shown above were mainly for their services as directors of the Company. Mr Robert Hinman Getz was appointed as the lead Independent Non-Executive Director on March 31, 2025. Mr Andrew Philip Roberts was appointed as an Independent Non-Executive Director on January 1, 2024. Ms Karen Ka Fai Ng and Mr Stephen Tsi Chuen Wong were appointed as Independent Non-Executive Directors on October 7, 2024.
- Note iii: Bonus shown in 2024 represents final exercise of residual phantom options issued in 2013. As of December 31, 2024, Mr Peter David Sullivan no longer has any remaining unexercised phantom options from 2013.
- Note iv: The individual represents the Non-Executive Director of the Company. The Non-Executive Director's emolument shown above was mainly for his services as director of the Company or its subsidiaries. Prof Roy Chi Ping Chung GBS BBS JP retired after the conclusion of the annual general meeting of the Company held on May 10, 2024.

The bonuses were based on past performance of the Group.

The above emoluments include the value of share options granted and shares awarded to certain directors under the Company's share option schemes and share award scheme, respectively, as estimated at the date of grant and award. The share-based payments represent the costs of share options and share awards granted to directors as charged to the Company's profit and loss, but not as income of respective directors. Details of these benefits in kind are disclosed under the sections "Share Options" and "Share Award Scheme and Employee Equity Incentive Plan" in Notes 44 and 45 respectively.

## 13. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, two (2024: three) were directors of the Company whose emoluments are included in Note 12 above. The emoluments of the remaining three (2024: two) individuals for the year ended December 31, 2025 were as follows:

	2025 US\$'000	2024 US\$'000
Basic salaries and allowances	2,531	1,683
Contributions to retirement benefits schemes	688	403
Bonus	21,930	14,333
Share-based payments	1,790	—
	<b>26,939</b>	16,419

The emoluments of these three (2024: two) highest paid individuals for the year ended December 31, 2025 were within the following bands:

Hong Kong dollars ("HK\$")	No. of persons	
	2025	2024
62,500,001 to 63,000,000	—	1
64,500,001 to 65,000,000	—	1
67,000,001 to 67,500,000	1	—
69,500,001 to 70,000,000	1	—
72,000,001 to 72,500,000	1	—

During each of the two years ended December 31, 2025 and 2024, no emoluments have been paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived any emoluments during those years.

## 14. Dividends

	2025 US\$'000	2024 US\$'000
Dividends recognized as distributions during the year:		
Final dividend paid:		
2024: HK118.00 cents (approximately US15.19 cents) (2023: HK98.00 cents (approximately US12.61 cents)) per share	<b>278,154</b>	231,392
Interim dividend paid:		
2025: HK125.00 cents (approximately US16.09 cents) (2024: HK108.00 cents (approximately US13.90 cents)) per share	<b>294,497</b>	254,711
	<b>572,651</b>	486,103

The final dividend of HK132.00 cents (approximately US16.99 cents) per share with a total of approximately US\$310,754,000 in respect of the year ended December 31, 2025 (2024: final dividend of HK118.00 cents (approximately US15.19 cents) per share in respect of the year ended December 31, 2024) has been proposed by the directors of the Company and is subject to approval by the shareholders in the Annual General Meeting.

## 15. Earnings per Share

The calculation of the basic and diluted earnings per share attributable to Owners of the Company is based on the following data:

	2025 US\$'000	2024 US\$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to Owners of the Company	<b>1,198,294</b>	1,121,680
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,826,385,656</b>	1,826,072,714
Effect of dilutive potential ordinary shares:		
Share options	<b>3,382,448</b>	4,480,538
Share awards	<b>2,318,354</b>	5,935,742
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,832,086,458</b>	1,836,488,994

The computation of diluted earnings per share does not assume the exercise of the Company's share options and vesting of Company's share awards where the exercise price of those share options and adjusted exercise price of those share awards were higher than the average market price for shares for both years.

## 16. Property, Plant and Equipment

	Freehold land and buildings (Note) US\$'000	Leasehold improvements US\$'000	Office equipment, furniture and fixtures US\$'000	Plant and machinery US\$'000	Motor vehicles US\$'000	Moulds and tooling US\$'000	Vessels US\$'000	Aircraft US\$'000	Construction in progress US\$'000	Total US\$'000
<b>Cost</b>										
At January 1, 2024	897,767	143,559	410,384	845,157	11,171	407,149	7,116	80,368	593,160	3,395,831
Currency realignment	(10,687)	(4,745)	(7,868)	(16,429)	(198)	(3,354)	—	—	(10,175)	(53,456)
Additions	5,476	11,882	14,304	24,943	1,103	694	—	—	233,101	291,503
Disposals	(1,228)	(8,872)	(30,071)	(45,195)	(1,753)	(134,456)	—	—	(6,511)	(228,086)
Impairment	—	—	(10,645)	(6,441)	—	(5,150)	—	—	—	(22,236)
Reclassification	165,446	18,629	63,812	77,984	257	66,065	—	—	(392,193)	—
At December 31, 2024	1,056,774	160,453	439,916	880,019	10,580	330,948	7,116	80,368	417,382	3,383,556
Currency realignment	2,866	3,908	9,412	19,540	209	5,177	—	—	(1,248)	39,864
Additions	5,507	10,903	12,242	43,275	1,096	727	—	—	215,211	288,961
Disposals	(2,618)	(12,610)	(19,611)	(20,807)	(360)	(102,066)	—	—	(225)	(158,297)
Impairment	—	(569)	(704)	(136)	—	—	—	—	—	(1,409)
Reclassification	15,130	18,790	129,088	144,709	250	53,994	—	—	(361,961)	—
<b>At December 31, 2025</b>	<b>1,077,659</b>	<b>180,875</b>	<b>570,343</b>	<b>1,066,600</b>	<b>11,775</b>	<b>288,780</b>	<b>7,116</b>	<b>80,368</b>	<b>269,159</b>	<b>3,552,675</b>
<b>Depreciation and Impairment</b>										
At January 1, 2024	95,498	76,524	231,209	411,273	7,931	249,419	7,107	6,333	—	1,085,294
Currency realignment	(600)	(3,126)	(5,287)	(10,474)	(167)	(1,877)	—	—	—	(21,531)
Provided for the year	31,640	16,842	45,378	88,271	1,152	93,091	2	4,822	—	281,198
Impairment	—	—	(2,209)	(2,772)	—	(3,913)	—	—	—	(8,894)
Eliminated on disposals	(376)	(8,638)	(29,429)	(32,669)	(1,474)	(128,466)	—	—	—	(201,052)
At December 31, 2024	126,162	81,602	239,662	453,629	7,442	208,254	7,109	11,155	—	1,135,015
Currency realignment	2,068	2,524	8,691	11,840	150	3,394	—	—	—	28,667
Provided for the year	33,606	18,914	48,456	100,210	1,312	71,566	2	4,822	—	278,888
Eliminated on disposals	(1,221)	(5,971)	(17,599)	(15,446)	(351)	(93,415)	—	—	—	(134,003)
<b>At December 31, 2025</b>	<b>160,615</b>	<b>97,069</b>	<b>279,210</b>	<b>550,233</b>	<b>8,553</b>	<b>189,799</b>	<b>7,111</b>	<b>15,977</b>	<b>—</b>	<b>1,308,567</b>
<b>Carrying amounts</b>										
<b>At December 31, 2025</b>	<b>917,044</b>	<b>83,806</b>	<b>291,133</b>	<b>516,367</b>	<b>3,222</b>	<b>98,981</b>	<b>5</b>	<b>64,391</b>	<b>269,159</b>	<b>2,244,108</b>
At December 31, 2024	930,612	78,851	200,254	426,390	3,138	122,694	7	69,213	417,382	2,248,541

Note: Buildings with a carrying amount of US\$6,077,000 (2024: US\$7,892,000) are erected on leasehold land that is presented as ROU assets on the consolidated statement of financial position.

## 16. Property, Plant and Equipment (continued)

The above PP&E, other than freehold land and construction in progress, are depreciated on a straight-line basis, at the following rates per annum:

Land and buildings	Over the shorter of lease term or useful life of twenty to fifty years
Leasehold improvements	2½% – 37½%
Office equipment, furniture and fixtures	10% – 33⅓%
Plant and machinery	5% – 33⅓%
Motor vehicles	10% – 33⅓%
Moulds and tooling	18% – 33⅓%
Vessels	20% – 25%
Aircraft	6%

The carrying amounts of properties shown above comprise:

	2025 US\$'000	2024 US\$'000
Properties situated outside Hong Kong are analyzed as follows:		
Freehold land	738,360	736,436
Land and buildings	123,530	137,626
	<b>861,890</b>	874,062
Land and buildings situated in Hong Kong	55,154	56,550
	<b>917,044</b>	930,612

The cost of the Group's PP&E includes amounts of US\$303,681,000 (2024: US\$277,959,000) in respect of fully depreciated PP&E that are still in use.

## 17. Right of Use Assets

	Land and buildings US\$'000	Office equipment, furniture and fixtures US\$'000	Plant and machinery US\$'000	Motor vehicles US\$'000	Leasehold land US\$'000	Total US\$'000
<b>Cost</b>						
At January 1, 2024	1,099,337	19,420	14,908	209,520	34,806	1,377,991
Currency realignment	(32,150)	(69)	(635)	(7,803)	(956)	(41,613)
Additions	100,650	10,065	5,995	58,547	—	175,257
Early termination/end of leases	(69,472)	(5,049)	(96)	(66,126)	—	(140,743)
At December 31, 2024	1,098,365	24,367	20,172	194,138	33,850	1,370,892
Currency realignment	<b>33,375</b>	<b>261</b>	<b>674</b>	<b>10,992</b>	<b>1,508</b>	<b>46,810</b>
Additions	<b>39,111</b>	<b>9,187</b>	<b>7,123</b>	<b>47,634</b>	—	<b>103,055</b>
Impairment loss	<b>(1,574)</b>	—	—	—	—	<b>(1,574)</b>
Early termination/end of leases	<b>(69,732)</b>	<b>(5,786)</b>	<b>(3,674)</b>	<b>(31,212)</b>	—	<b>(110,404)</b>
<b>At December 31, 2025</b>	<b>1,099,545</b>	<b>28,029</b>	<b>24,295</b>	<b>221,552</b>	<b>35,358</b>	<b>1,408,779</b>
<b>Depreciation</b>						
At January 1, 2024	383,402	10,570	6,535	100,746	10,729	511,982
Currency realignment	(12,894)	(168)	(392)	(4,246)	(304)	(18,004)
Provided for the year	121,974	6,752	3,182	41,923	686	174,517
Elimination on early termination/end of leases	(48,956)	(4,877)	(96)	(40,771)	—	(94,700)
At December 31, 2024	443,526	12,277	9,229	97,652	11,111	573,795
Currency realignment	<b>19,269</b>	<b>52</b>	<b>346</b>	<b>5,440</b>	<b>514</b>	<b>25,621</b>
Provided for the year	<b>112,895</b>	<b>6,291</b>	<b>3,813</b>	<b>44,234</b>	<b>688</b>	<b>167,921</b>
Elimination on early termination/end of leases	<b>(59,854)</b>	<b>(5,732)</b>	<b>(3,133)</b>	<b>(28,886)</b>	—	<b>(97,605)</b>
<b>At December 31, 2025</b>	<b>515,836</b>	<b>12,888</b>	<b>10,255</b>	<b>118,440</b>	<b>12,313</b>	<b>669,732</b>
<b>Carrying amounts</b>						
<b>At December 31, 2025</b>	<b>583,709</b>	<b>15,141</b>	<b>14,040</b>	<b>103,112</b>	<b>23,045</b>	<b>739,047</b>
At December 31, 2024	654,839	12,090	10,943	96,486	22,739	797,097
					<b>2025</b>	2024
					<b>US\$'000</b>	US\$'000
Expense relating to short-term leases					<b>21,540</b>	19,205
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets					<b>24,734</b>	20,813
Total cash outflow for leases					<b>238,453</b>	236,124

## 17. Right of Use Assets (continued)

For both years, the Group leased land and buildings, office equipment, furniture and fixtures, plant and machinery, motor vehicles and leasehold land for its operations. Lease contracts are entered into for term of up to 50 years (2024: 50 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for property, plant and machinery, office equipment, furniture and fixtures and motor vehicles. As at December 31, 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

### Leases Committed

As at December 31, 2025, the Group entered into new leases for certain PP&E that have not yet commenced, with average non-cancellable period that ranges from 2 to 10 years (2024: 2 to 6 years) with extension options, the total future undiscounted cash flows under which amounts to US\$11,345,000 (2024: US\$10,235,000) over the non-cancellable period.

Details of the lease maturity analysis of the lease liabilities are set out in Note 34.

## 18. Goodwill

	<b>US\$'000</b>
At January 1, 2024	604,297
Currency realignment	(1,398)
At December 31, 2024	602,899
Currency realignment	<b>3,800</b>
<b>At December 31, 2025</b>	<b>606,699</b>

Particulars regarding impairment testing of goodwill are disclosed in Note 20.

## 19. Intangible Assets

	Deferred development costs US\$'000	Patents US\$'000	Trademarks US\$'000	Manufacturing know-how US\$'000	Retailer and service relationships US\$'000	Non compete agreement US\$'000	Total US\$'000
<b>Cost</b>							
At January 1, 2024	1,677,228	141,343	240,434	1,753	9,900	1,300	2,071,958
Currency realignment	(282)	(559)	—	—	—	—	(841)
Additions	315,933	18,896	60,076	—	—	—	394,905
Written off in the year	(298,546)	(7,071)	—	—	—	—	(305,617)
At December 31, 2024	1,694,333	152,609	300,510	1,753	9,900	1,300	2,160,405
Currency realignment	817	113	—	—	—	—	930
Additions	281,024	19,868	12	—	—	—	300,904
Written off in the year	(373,950)	(584)	—	—	—	—	(374,534)
<b>At December 31, 2025</b>	<b>1,602,224</b>	<b>172,006</b>	<b>300,522</b>	<b>1,753</b>	<b>9,900</b>	<b>1,300</b>	<b>2,087,705</b>
<b>Amortization</b>							
At January 1, 2024	672,312	78,912	14,727	1,136	5,152	1,300	773,539
Currency realignment	(274)	(538)	—	—	—	—	(812)
Provided for the year	197,816	8,827	150	130	660	—	207,583
Eliminated on write-off	(182,937)	(6,462)	—	—	—	—	(189,399)
At December 31, 2024	686,917	80,739	14,877	1,266	5,812	1,300	790,911
Currency realignment	783	24	—	—	—	—	807
Provided for the year	211,783	8,448	148	130	660	—	221,169
Eliminated on write-off	(173,106)	—	—	—	—	—	(173,106)
<b>At December 31, 2025</b>	<b>726,377</b>	<b>89,211</b>	<b>15,025</b>	<b>1,396</b>	<b>6,472</b>	<b>1,300</b>	<b>839,781</b>
<b>Carrying amounts</b>							
<b>At December 31, 2025</b>	<b>875,847</b>	<b>82,795</b>	<b>285,497</b>	<b>357</b>	<b>3,428</b>	<b>—</b>	<b>1,247,924</b>
At December 31, 2024	1,007,416	71,870	285,633	487	4,088	—	1,369,494

Deferred development costs are internally-generated by capitalizing the costs pertaining to the development of new products or enhancement of existing products.

Included in trademarks of the Group, US\$284,440,000 (2024: US\$284,440,000) are trademarks considered by the management of the Group as having indefinite useful lives because they are expected to contribute to the Group's net cash inflows indefinitely. The trademarks will not be amortized until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. Particulars of the impairment testing are disclosed in Note 20.

The retailer and service relationships were acquired through business combinations which related to the relationships with retailers and service centres.

The above intangible assets, other than trademarks with indefinite useful lives, are amortized on a straight-line basis, at the following rates per annum:

Deferred development costs	14 <sup>1</sup> / <sub>3</sub> % – 33 <sup>1</sup> / <sub>3</sub> %
Patents	10% – 25%
Trademarks with finite useful lives	6 <sup>2</sup> / <sub>3</sub> % – 10%
Manufacturing know-how	10%
Retailer and service relationships	6 <sup>2</sup> / <sub>3</sub> %
Non compete agreement	6 <sup>2</sup> / <sub>3</sub> %

## 20. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives

As explained in Note 5, the Group uses the types of goods sold as the basis for preparing the operating segment information. For the purpose of impairment testing, goodwill and trademarks with indefinite useful lives set out in Notes 18 and 19, the majority of the amounts have been allocated to four major individual CGUs, including three units in the Power Equipment segment and one unit in the Floorcare & Cleaning segment. The carrying amounts of goodwill and trademarks as at December 31, 2025 allocated to these units are as follows:

	Goodwill		Trademarks	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Power Equipment – MET	469,253	467,476	126,607	126,607
Power Equipment – TTI OPE	16,509	16,509	30,648	30,648
Power Equipment – Drebo	22,553	20,530	—	—
Floorcare & Cleaning – RAM/Hoover/VAX	75,748	75,748	67,179	67,179
Others	22,636	22,636	60,006	60,006
	<b>606,699</b>	602,899	<b>284,440</b>	284,440

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarized below:

### Power Equipment – MET (“MET”)

The recoverable amounts of MET’s goodwill and intangible assets have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 8.0% (2024: 8.0%) per annum.

Cash flow projections during the budget period for MET are based on management’s estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimations are based on MET’s past performance, management’s expectations of the market development, the success of the new products launched, managing the working capital and the continuance of costs controlling strategy implemented by the Group. Cash flow projections beyond the 5-year period are extrapolated using a steady 3.0% (2024: 3.0%) growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of MET’s goodwill and intangible assets to exceed the estimated recoverable amounts.

### Power Equipment – TTI OPE (“TTI OPE”)

The recoverable amounts of TTI OPE’s goodwill and intangible assets have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 9.0% (2024: 9.0%) per annum.

Cash flow projections during the budget period for TTI OPE are based on management’s estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimations are based on TTI OPE’s past performance, management’s expectations of the market development, the success of the new products launched and the continuance of costs controlling strategy implemented. Cash flow projections beyond the 5-year period are extrapolated without considering any growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of TTI OPE’s goodwill and intangible assets to exceed the estimated recoverable amounts.

### Power Equipment – Drebo (“Drebo”)

The recoverable amounts of Drebo’s goodwill have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 8.5% (2024: 9.0%) per annum.

Cash flow projections during the budget period for Drebo are based on management’s estimation of cash inflows/outflows including sales, gross margin, operating expenses and working capital requirements. The assumptions and estimations are based on Drebo’s past performance, management’s expectations of the market development, the success of the new products launched and the continuance of costs controlling strategies implemented. Cash flow projections beyond the 5-year period are extrapolated using a 3.0% (2024: 3.0%) growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of Drebo’s goodwill to exceed the estimated recoverable amount.

**20. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives** (continued)**Floorcare & Cleaning – RAM/Hoover/VAX (“RAM/Hoover/VAX”)**

The recoverable amounts of RAM/Hoover/VAX’s goodwill and intangible assets have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 14.0% (2024: 13.0%) per annum.

Cash flow projections during the budget period for RAM/Hoover/VAX are based on management’s estimation of cash inflows/outflows including sales, gross margin, operating expenses, capital expenditures and working capital requirements. The assumptions and estimations are based on RAM/Hoover/VAX’s past performance, management’s expectations of the market development, managing the working capital and the continuance of costs controlling strategies implemented. Cash flow projections beyond the 5-year period are extrapolated using a steady 2.0% (2024: 2.0%) growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of RAM/Hoover/VAX’s goodwill and intangibles to exceed the estimated aggregate recoverable amounts.

**21. Interest in an Associate**

	2025 US\$'000	2024 US\$'000
Cost of investment in an associate	1,470	1,470
Share of post-acquisition profits	545	555
Share of net assets	2,015	2,025

Summarized financial information in respect of an associate, Wuerth Master Power Tools Limited (“Wuerth”), is set out below. The summarized financial information below represents amounts shown in Wuerth’s financial statements prepared in accordance with HKFRS Accounting Standards.

Wuerth is accounted for using equity method in the consolidated financial statements.

	2025 US\$'000	2024 US\$'000
Non-current assets	3,861	3,656
Current assets	14,400	6,391
Current liabilities	14,150	5,915
Net assets	4,111	4,132

	2025 US\$'000	2024 US\$'000
Loss for the year	(21)	(63)

Reconciliation of the above summarized financial information to the carrying amount of the interest in Wuerth recognized in the consolidated financial statements:

	2025 US\$'000	2024 US\$'000
Net assets	4,111	4,132
Proportion of the Group’s ownership interest	49.0%	49.0%
The Group’s share of net assets	2,015	2,025
Carrying amount of the Group’s interest	2,015	2,025

Particulars of an associate as at December 31, 2025 and 2024 are set out in Note 51.

## 22. Financial Assets at FVTPL

	Notes	2025 US\$'000	2024 US\$'000
Club membership debentures	(a)	4,945	4,924
Listed equity securities	(b)	31,750	22,571
Others		3,845	3,845
		<b>40,540</b>	31,340
<b>Analyzed for reporting purposes as:</b>			
Current assets		31,750	22,571
Non-current assets		8,790	8,769
		<b>40,540</b>	31,340

Notes:

- (a) As at December 31, 2025 and 2024, the club membership debentures measured at fair value with reference to recent transaction prices for similar comparables with similar characteristics.
- (b) The Group's listed equity securities were carried at fair value using the market bid prices on the reporting date.

## 23. Finance Lease Receivables

The finance lease receivables represent the sublease arrangement entered by the Group as a lessor for land and building during the year. The term of finance lease entered into is approximately one to four years (2024: approximately one to four years). The interest rate inherent in the lease is fixed at the contract date over the lease term.

	Minimum lease payments		Present value of minimum lease payments	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Finance lease receivables comprise:				
Within one year	3,756	7,663	3,721	7,566
In the second year	—	3,719	—	3,685
	<b>3,756</b>	11,382	<b>3,721</b>	11,251
Less: Unearned finance income	(35)	(131)	N/A	N/A
Present value of minimum lease payment receivables	<b>3,721</b>	11,251	<b>3,721</b>	11,251
Analyzed as:				
Current			3,721	7,566
Non-current			—	3,685
			<b>3,721</b>	11,251

Interest rate implicit in the above finance lease was 1.10% to 2.80% (2024: 1.10% to 2.80%).

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the finance lease is denominated in the respective functional currency of the group entity.

Details of impairment assessment are set out in Note 37.2.4.

## 24. Inventories

	2025 US\$'000	2024 US\$'000
Raw materials	683,205	598,570
Work in progress	120,292	113,167
Finished goods	3,648,444	3,364,473
	<b>4,451,941</b>	4,076,210

## 25. Right to Returned Goods Asset/Refund Liabilities from Right of Return

The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's various returns policies. The Group uses its accumulated historical experience to estimate the dollar value of returns on a portfolio level based on the expected return level.

The refund liabilities relate to customers' right to return products within certain days of purchase. A refund liability is recognized for those products expected to be returned. The Group's right to recover the product when customers exercise their right is recognised as a right to returned goods asset and a corresponding adjustment to cost of sales.

## 26. Trade and Other Receivables

	2025 US\$'000	2024 US\$'000
Trade receivables	2,021,181	1,956,129
Less: Allowances for credit losses	(84,983)	(71,998)
	<b>1,936,198</b>	1,884,131
Other receivables	69,133	109,007
	<b>2,005,331</b>	1,993,138

As at January 1, 2024, all trade receivables amounted US\$1,699,479,000 are derived from contracts with customers.

The ageing analysis of trade receivables, net of allowances for credit losses, presented based on the invoice date, which is relative to the revenue recognition date, at the end of the reporting period is as follows:

	2025 US\$'000	2024 US\$'000
0 to 60 days	1,568,132	1,514,752
61 to 120 days	310,357	314,890
121 days or above	57,709	54,489
Total trade receivables	<b>1,936,198</b>	1,884,131

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly. Trade receivables that are neither past due nor credit-impaired have the best credit scoring attributable under the internal credit scoring system used by the Group.

As at December 31, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of US\$314,262,000 (2024: US\$346,530,000) which are past due as at the reporting date. The past due over 90 days balances that are presumed in default in accordance with the Group's accounting policy of US\$23,417,000 (2024: US\$20,444,000) are not considered as in default as they are due from a number of independent customers that have a good payment track record with the Group.

The Group has a policy of allowing credit periods ranging mainly from 30 days to 120 days.

## 27. Bills Receivable

All the Group's bills receivable at December 31, 2025 and 2024 are aged within 120 days based on invoice date.

## 28. Trade Receivables from an Associate

The trade receivables from an associate at December 31, 2025 and 2024 are aged within 120 days based on invoice date and are unsecured, non-interest bearing and are repayable on demand.

## 29. Derivative Financial Instruments

	2025 US\$'000	2024 US\$'000
<b>Assets</b>		
Acquisition right of certain property, plant and equipment	8,800	8,785
Foreign currency forward contracts – under hedge accounting	7,009	122,243
Foreign currency forward contracts – not under hedge accounting	1,278	8,712
Cross-currency interest rate swaps – under hedge accounting	—	1,178
	<b>17,087</b>	140,918
<b>Liabilities</b>		
Foreign currency forward contracts – under hedge accounting	52,973	12,740
Cross-currency interest rate swaps – under hedge accounting	—	4,379
	<b>52,973</b>	17,119

### Acquisition Right of Certain PP&E

As at December 31, 2025 and 2024, the Group owned a right to acquire certain PP&E which was acquired as part of the acquisition of the Oreck business from the Oreck Bankruptcy Estate. The right is expected to be exercised in 2032. The fair value of the PP&E was US\$8,800,000 valued on September 30, 2025 (2024: US\$8,785,000 valued on September 30, 2024) by Kroll, LLC, an independent valuer not related to the Group.

### Foreign Currency Forward Contracts

The fair values of foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

### Foreign Currency Forward Contracts under Hedge Accounting

At the end of the reporting period, the Group had the following foreign currency forward contracts designated as highly effective hedging instruments in order to manage the Group's foreign currency exposure in relation to future foreign currency sales. The terms of the foreign exchange contracts have been negotiated to match the terms of the respective designated hedged items.

**29. Derivative Financial Instruments** (continued)

## Foreign Currency Forward Contracts under Hedge Accounting (continued)

Major terms of the foreign currency forward contracts under hedge accounting are as follows:

**2025**

Notional amounts in millions ("M")	Maturity
Sell AUD 756.0M, Buy US\$	January 28, 2026 to December 24, 2026
Sell EUR 1,281.0M, Buy US\$	January 26, 2026 to December 24, 2027
Sell US\$12.0M, Buy EUR	January 9, 2026 to June 5, 2026
Sell GBP 18.5M, Buy EUR	January 15, 2026 to April 16, 2026
Sell CHF 6.3M, Buy EUR	January 15, 2026 to December 17, 2026
Buy US\$63.7M, Sell GBP	February 6, 2026 to December 4, 2026
Sell PLN 67.8M, Buy EUR	January 15, 2026 to July 16, 2026
Sell SEK 262.5M, Buy EUR	January 15, 2026 to September 17, 2026
Sell HUF 2,114.0M, Buy EUR	January 15, 2026 to June 11, 2026
Sell CAD 1,020.7M, Buy US\$	January 30, 2026 to October 30, 2026

**2024**

Notional amounts in M	Maturity
Sell AUD 600.0M, Buy US\$	January 24, 2025 to December 30, 2025
Sell EUR 732.5M, Buy US\$	January 27, 2025 to December 29, 2025
Sell US\$198.5M, Buy EUR	January 9, 2025 to December 31, 2025
Sell GBP 68.9M, Buy EUR	January 16, 2025 to October 16, 2025
Sell GBP 65.3M, Buy US\$	January 3, 2025 to December 5, 2025
Sell CHF 5.9M, Buy EUR	January 16, 2025 to December 11, 2025
Sell PLN 58.3M, Buy EUR	January 16, 2025 to June 12, 2025
Sell SEK 97.0M, Buy EUR	January 16, 2025 to March 13, 2025
Sell NOK 53.0M, Buy EUR	January 16, 2025 to March 13, 2025
Sell CAD 811.4M, Buy US\$	January 31, 2025 to September 29, 2025

For the foreign currency forward contracts held at December 31, 2025, a fair value loss of US\$255,017,000 (December 31, 2024: fair value gain of US\$122,478,000) has been recognized in other comprehensive income and accumulated in hedging reserve and is expected to be reclassified to profit or loss upon maturity.

During the year, a fair value gain of US\$111,162,000 (2024: fair value loss of US\$6,875,000) was reclassified from reserves to profit or loss upon maturity.

## Foreign Currency Forward Contracts not under Hedge Accounting

Major terms of the foreign currency forward contracts not under hedge accounting are as follows:

**2025**

Notional amounts in M	Maturity
Buy US\$31.2M, Sell AUD	January 2, 2026 to December 22, 2026
Buy US\$21.5M, Sell NZD	January 15, 2026 to May 18, 2026
Sell GBP 1.5M, Buy EUR	January 15, 2026
Buy US\$6.0M, Sell GBP	March 4, 2026

**2024**

Notional amounts in M	Maturity
Buy EUR 2.2M, Sell AUD	April 22, 2025 to December 19, 2025
Buy US\$23.0M, Sell AUD	January 21, 2025 to December 22, 2025
Buy US\$84.3M, Sell NZD	January 21, 2025 to December 23, 2025

### 30. Bank Balances, Deposits and Cash

Bank balances carry interest at market rates which ranged from 1.78% to 4.00% (2024: 0.05% to 4.53%) per annum.

### 31. Trade and Other Payables

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2025 US\$'000	2024 US\$'000
0 to 60 days	1,185,050	1,202,460
61 to 120 days	560,452	585,127
121 days or above	58,547	63,270
Total trade payables	1,804,049	1,850,857
Other payables	2,319,135	2,086,767
Total trade and other payables	4,123,184	3,937,624
Non-current portion of other payables	(103,732)	(87,997)
	<b>4,019,452</b>	<b>3,849,627</b>

The credit period on the purchase of goods ranges from 30 days to 120 days (2024: 30 days to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

The other payables mainly represents accruals of various selling, general and administrative expenses of US\$2,050,475,000 (2024: US\$1,884,416,000). The non-current other payables mainly represents accruals for vendors and accruals of long-term incentive benefits offered to certain management executives of the Group.

### 32. Bills Payable

All the Group's bills payable at December 31, 2025 and 2024 are aged within 120 days based on invoice date.

### 33. Warranty Provision

	US\$'000
At January 1, 2024	235,597
Currency realignment	(5,022)
Provision in the year	160,110
Utilization of provision	(137,933)
At December 31, 2024	252,752
Currency realignment	11,819
Provision in the year	161,226
Utilization of provision	(138,470)
<b>At December 31, 2025</b>	<b>287,327</b>

The warranty provision represents management's best estimate of the Group's service commitments arising from products sold, based on past claims and industry averages for defective products. It is expected that the majority of this expenditure will be utilized in the next financial year.

### 34. Lease Liabilities

	2025 US\$'000	2024 US\$'000
Amounts payable under lease liabilities:		
Within one year	155,024	150,844
In more than one year but not more than two years	119,824	133,068
In more than two years but not more than five years	218,392	233,130
More than five years	288,370	316,405
	<b>781,610</b>	833,447
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(155,024)</b>	(150,844)
Amount due for settlement after 12 months shown under non-current liabilities	<b>626,586</b>	682,603

The weighted average incremental borrowing rates applied to lease liabilities ranged from 1.10% to 5.80% (2024: from 1.10% to 5.80%).

### 35. Discounted Bills with Recourse

Bills discounted with banks at an effective interest rate of 3.07% per annum (2024: 3.78% per annum) have maturity profiles of less than 120 days.

### 36. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balances. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt which includes unsecured borrowings and discounted bills with recourse, net of cash and cash equivalents and equity attributable to Owners of the Company, comprising issued share capital and reserves.

#### Gearing Ratio

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of not exceeding 35% determined as the proportion of net debt to equity. The Group will continue to execute very disciplined control and management of its working capital and generate free cash inflows through the growth of the business.

The gearing ratio at the year end was as follows:

	2025 US\$'000	2024 US\$'000
Bank balances, deposits and cash	1,677,729	1,232,347
Debt <sup>(i)</sup>	<b>(977,323)</b>	(1,276,738)
Net cash (debt)	<b>700,406</b>	(44,391)
Equity <sup>(ii)</sup>	<b>6,958,454</b>	6,363,597
Net debt to equity ratio	<b>-10.07%</b>	0.70%

(i) Debt comprises discounted bills with recourse and unsecured borrowings as detailed in Notes 35 and 38.

(ii) Equity includes all capital and reserves attributable to the Owners of the Company.

In addition, based on management recommendations, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

## 37. Financial Instruments

### 37.1 Categories of Financial Instruments

	2025 US\$'000	2024 US\$'000
<b>Financial assets</b>		
<i>FVTPL</i>		
Financial assets at FVTPL	40,540	31,340
	<b>40,540</b>	31,340
<i>Derivative financial instruments</i>		
Acquisition right of certain property, plant and equipment	8,800	8,785
Foreign currency forward contracts – under hedge accounting	7,009	122,243
Foreign currency forward contracts – not under hedge accounting	1,278	8,712
Cross-currency interest rate swaps – under hedge accounting	—	1,178
	<b>17,087</b>	140,918
<i>Financial assets at amortized cost</i>		
Trade and other receivables	2,005,331	1,993,138
Bills receivable	11,009	11,770
Trade receivables from an associate	11,071	6,031
Bank balances, deposits and cash	1,677,729	1,232,347
	<b>3,705,140</b>	3,243,286
<b>Financial liabilities</b>		
<i>Derivative financial instruments</i>		
Foreign currency forward contracts – under hedge accounting	52,973	12,740
Cross-currency interest rate swaps – under hedge accounting	—	4,379
	<b>52,973</b>	17,119
<i>Financial liabilities at amortized cost</i>		
Trade and other payables	4,123,184	3,937,624
Bills payable	13,201	21,420
Discounted bills with recourse	2,589	3,238
Unsecured borrowings	974,734	1,273,500
	<b>5,113,708</b>	5,235,782

## 37. Financial Instruments (continued)

### 37.2 Financial Risk Management Objectives and Policies

The Group's corporate treasury function provides risk management advice to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments or natural hedges to mitigate these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies is reviewed internally on a continuous basis. The Group does not enter into or trade derivative financial instruments for speculative purposes.

#### 37.2.1 FOREIGN CURRENCY RISK MANAGEMENT

Subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Approximately 23.2% (2024: 22.4%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst 16.9% (2024: 18.7%) of purchases are denominated in the group entity's respective functional currency.

The carrying amounts of certain significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Foreign Currency				
EUR	<b>353,631</b>	299,020	<b>477,549</b>	338,768
US\$	<b>444,541</b>	600,267	<b>717,694</b>	748,631

Note: For group entities with their functional currency as the US\$, monetary assets and monetary liabilities denominated in HK\$ have no material foreign currency risk exposure as the HK\$ is pegged with the US\$.

The Group requires its group entities to use foreign exchange forward contracts to reduce the currency exposure. The foreign exchange forward contracts must be in the same currency as the hedged item. On this basis, the Group has entered into forward contracts in relation to the foreign currency amounting to US\$1,504,758,000 (2024: US\$599,392,000). It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness (see Note 29 for details).

The Group also uses cross-currency interest rate swaps to reduce currency exposure to hedge against the debts which are effective to convert the foreign currency debts to the functional currency of the relevant group entity. The critical terms of these currency swaps are similar to those of hedged borrowings.

### 37. Financial Instruments (continued)

#### 37.2 Financial Risk Management Objectives and Policies (continued)

##### 37.2.1 FOREIGN CURRENCY RISK MANAGEMENT (continued)

###### Sensitivity Analysis

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the functional currency against foreign currency. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign exchange rate. The sensitivity analysis includes outstanding foreign currency denominated monetary items and excludes the effect of cross-currency interest rate swaps held at the reporting date. A positive number below indicates an increase in profit for the year where functional currency weakens 5% (2024: 5%) against foreign currency. For a 5% (2024: 5%) strengthening of functional currency against the foreign currency, there would be an equal and opposite impact on the profit for the year and the amounts below would be negative.

	Impact of US\$		Impact of EUR	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Profit for the year <sup>(i)</sup>	<b>12,565</b>	6,841	<b>5,700</b>	1,833

(i) This is mainly attributable to the net exposure on receivables, payables and unsecured borrowings denominated in US\$ & EUR as foreign currency at the reporting date.

##### 37.2.2 INTEREST RATE RISK MANAGEMENT

The Group's exposure to interest rates on financial assets and liabilities is detailed in the liquidity risk management section of this note. The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings (see Note 38 for details of these borrowings) and bank balances and deposits. The Group's cash flow interest rate risk is mainly concentrated on SOFR and EURO Interbank Offered Rate ("EURIBOR") arising from the Group's US\$ and EUR denominated borrowings. In relation to interest bearing bank balances and deposits, the Group considers the interest rate risk to be low. The management continuously monitors interest rate fluctuations and will consider further hedging the interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate unsecured borrowings (see Note 38 for details of these borrowings), discounted bills with recourse, finance lease receivables and lease liabilities.

During the year, the Group obtained new unsecured borrowings of US\$4,674 million (2024: US\$4,452 million) which are either at a fixed rate, SOFR, HIBOR, EURIBOR and Tokyo Interbank Offered Rate based. The proceeds were used for refinancing the Group's borrowings.

**37. Financial Instruments** (continued)

## 37.2 Financial Risk Management Objectives and Policies (continued)

**37.2.2 INTEREST RATE RISK MANAGEMENT** (continued)**Sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period was outstanding for the whole year without considering the cross-currency interest rate swaps entered at the end of the reporting period. A 50 basis points (2024: 50 basis points) increase or decrease in SOFR and EURIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2025 would decrease/increase by US\$891,000 (2024: decrease/increase by US\$2,201,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the decrease in variable-rate debt instruments.

**37.2.3 OTHER PRICE RISK**

The Group is exposed to price risk mainly through its listed equity securities.

**Sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to equity price risks of listed equity securities measured at fair value at the reporting date.

If the prices of the listed equity securities had been 10% higher, the profit before tax for the year ended December 31, 2025 of the Group would have increased by US\$3,175,000 (2024: increase by US\$2,257,000) as a result of the changes in the fair values of the listed equity securities.

**37.2.4 CREDIT RISK MANAGEMENT AND IMPAIRMENT ASSESSMENT**

As at December 31, 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group amounted to US\$3,708,861,000 (2024: US\$3,254,537,000). The Group's credit risk exposures are primarily attributable to trade and other receivables, bills receivables, trade receivables from an associate, finance lease receivables and bank balances and deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

**Trade receivables arising from contracts with customers**

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment using an ECL model on trade receivables collectively which are grouped based on shared credit risk characteristics by reference to the Group's internal credit ratings.

### 37. Financial Instruments (continued)

#### 37.2 Financial Risk Management Objectives and Policies (continued)

##### 37.2.4 CREDIT RISK MANAGEMENT AND IMPAIRMENT ASSESSMENT (continued)

###### Trade receivables arising from contracts with customers (continued)

The Group has concentration of credit risk as 29.3% (2024: 30.0%) and 39.5% (2024: 43.4%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively. In order to minimize the credit risk, the management of Group has delegated a team responsible for determination of credit limits and credit approvals.

Bank balances and deposits

The credit risks on bank balances and deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/ Other items
Minimal risk	The counterparty has minimal risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired	12m ECL
Low risk	The counterparty has a low risk of default and occasionally repays after due dates.	Lifetime ECL – not credit-impaired	12m ECL
Medium risk	The counterparty has a medium risk of default and occasionally repays after due dates.	Lifetime ECL – not credit-impaired	12m ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

The tables below detail the credit risk exposure of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	2025		2024	
				External credit rating	Gross carrying amount US\$'000	External credit rating	Gross carrying amount US\$'000
Trade receivables	26	(Note 1)	Lifetime ECL (not credit-impaired)	<b>N/A</b>	<b>2,021,181</b>	N/A	1,956,129
Other receivables	26	(Note 2)	12m ECL	<b>N/A</b>	<b>69,133</b>	N/A	109,007
Bills receivable	27	N/A	12m ECL	<b>A+ To AA-</b>	<b>11,009</b>	A To AA-	11,770
Trade receivables from an associate	28	(Note 2)	12m ECL	<b>N/A</b>	<b>11,071</b>	N/A	6,031
Finance lease receivables	23	(Note 2)	12m ECL	<b>N/A</b>	<b>3,721</b>	N/A	11,251
Bank balances and deposits	30	N/A	12m ECL	<b>A To AA-</b>	<b>1,677,729</b>	A To AA-	1,232,347

Notes:

- For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a collective assessment grouped by internal credit rating.
- Trade receivables from an associate, finance lease receivables and other receivables amounted to US\$11,071,000, US\$3,721,000 and US\$69,133,000 (2024: US\$6,031,000, US\$11,251,000 and US\$109,007,000) respectively have no fixed repayment terms. The Group has assessed these balances on a 12m ECL basis as there has been no significant increase in the credit risk since initial recognition.

**37. Financial Instruments** (continued)

## 37.2 Financial Risk Management Objectives and Policies (continued)

**37.2.4 CREDIT RISK MANAGEMENT AND IMPAIRMENT ASSESSMENT** (continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operations. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively as at December 31, 2025.

	2025			2024		
	Average loss rate	Gross carrying amount US\$'000	Allowances for credit losses US\$'000	Average loss rate	Gross carrying amount US\$'000	Allowances for credit losses US\$'000
Internal credit rating						
Minimal risk	<b>Less than 1%</b>	<b>211,653</b>	—	Less than 1%	271,155	—
Low risk	<b>1-5%</b>	<b>1,702,304</b>	<b>42,094</b>	1-5%	1,601,554	29,031
Medium risk	<b>6-20%</b>	<b>64,133</b>	<b>5,474</b>	6-20%	38,088	4,519
High risk	<b>Over 20%</b>	<b>43,091</b>	<b>37,415</b>	Over 20%	45,332	38,448
		<b>2,021,181</b>	<b>84,983</b>		1,956,129	71,998

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at December 31, 2025, the Group provided US\$84,983,000 (2024: US\$71,998,000) for credit losses allowances for trade receivables.

The Group writes off trade receivables when there is information indicating that the debtors are in severe financial difficulties and there is no realistic prospect of recovery.

The following table shows the movement in the lifetime ECL that has been recognized for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) US\$'000
As at January 1, 2024	57,848
Currency realignment	(984)
Impairment losses reversed upon settlement in full of trade debtors with a gross carrying amount of US\$1,421,281,000	(40,170)
Impairment losses recognized on new trade receivables with a gross carrying amount of US\$1,684,974,000	71,998
Write-offs	(16,694)
As at December 31, 2024	71,998
Currency realignment	<b>2,279</b>
Impairment losses reversed upon settlement in full of trade debtors with a gross carrying amount of US\$1,672,170,000	<b>(61,473)</b>
Impairment losses recognized on new trade receivables with a gross carrying amount of US\$1,809,528,000	<b>84,983</b>
Write-offs	<b>(12,804)</b>
<b>As at December 31, 2025</b>	<b>84,983</b>

## 37. Financial Instruments (continued)

### 37.2 Financial Risk Management Objectives and Policies (continued)

#### 37.2.5 LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at December 31, 2025, the Group has available unutilized overdrafts facilities and short and medium term bank loan facilities of approximately US\$405 million (2024: US\$285 million) and US\$5,566 million (2024: US\$4,608 million) respectively.

#### Liquidity Tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The tables have been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on agreed repayment dates. The table includes both interest and principal cash flows. To the extent that the interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows and (outflows) on derivative instruments that settle on a net basis, and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the foreign currency exchange rates prevailing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities/settlement as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

**37. Financial Instruments** (continued)

## 37.2 Financial Risk Management Objectives and Policies (continued)

## 37.2.5 LIQUIDITY RISK MANAGEMENT (continued)

## Liquidity Tables (continued)

	Weighted average effective interest rate %	Less than 1 month/ on demand US\$'000	1-3 months US\$'000	4 months- 1 year US\$'000	1-2 years US\$'000	2+ years US\$'000	Total undiscounted cash flows US\$'000	Total carrying amount at December 31, 2025 US\$'000
<b>2025</b>								
<b>Non-derivative financial liabilities</b>								
Trade and other payables	—	(2,851,665)	(825,617)	(342,170)	(75,288)	(28,444)	(4,123,184)	(4,123,184)
Bills payable	—	(1,188)	(5,630)	(6,383)	—	—	(13,201)	(13,201)
Lease liabilities	1.10% – 5.80%	(12,919)	(25,986)	(119,276)	(123,958)	(541,729)	(823,868)	(781,610)
Discounted bills with recourse	3.07%	(936)	(1,661)	—	—	—	(2,597)	(2,589)
Unsecured borrowings	0.73% – 4.86%	(95,286)	(127,089)	(125,861)	(301,183)	(355,497)	(1,004,916)	(974,734)
Refund liabilities from right of return	—	(14,146)	—	(11,007)	—	—	(25,153)	(25,153)
		(2,976,140)	(985,983)	(604,697)	(500,429)	(925,670)	(5,992,919)	(5,920,471)
<b>2025</b>								
<b>Derivatives – net settlement</b>								
Acquisition right of certain property, plant and equipment	—	—	—	—	—	8,800	8,800	8,800
Foreign currency forward contracts – US\$	—	(101)	(255)	1,287	—	—	931	931
		(101)	(255)	1,287	—	8,800	9,731	9,731
<b>Derivatives – gross settlement</b>								
Foreign currency forward contracts								
– inflow								
– EUR	—	15,895	38,568	45,558	—	—	100,021	100,021
– GBP	—	—	19,950	49,775	—	—	69,725	69,725
– US\$	—	150,632	246,894	1,073,314	510,754	—	1,981,594	1,981,594
– AUD	—	2,594	5,187	23,393	—	—	31,174	31,174
– NZD	—	4,485	7,958	8,934	—	—	21,377	21,377
		173,606	318,557	1,200,974	510,754	—	2,203,891	2,203,891
– outflow								
– EUR	—	(16,024)	(38,860)	(45,693)	—	—	(100,577)	(100,577)
– GBP	—	—	(20,211)	(50,486)	—	—	(70,697)	(70,697)
– US\$	—	(156,136)	(255,015)	(1,107,601)	(508,202)	—	(2,026,954)	(2,026,954)
– AUD	—	(2,605)	(5,210)	(23,443)	—	—	(31,258)	(31,258)
– NZD	—	(4,212)	(7,448)	(8,362)	—	—	(20,022)	(20,022)
		(178,977)	(326,744)	(1,235,585)	(508,202)	—	(2,249,508)	(2,249,508)
		(5,371)	(8,187)	(34,611)	2,552	—	(45,617)	(45,617)

**37. Financial Instruments** (continued)

## 37.2 Financial Risk Management Objectives and Policies (continued)

## 37.2.5 LIQUIDITY RISK MANAGEMENT (continued)

**Liquidity Tables** (continued)

	Weighted average effective interest rate %	Less than 1 month/ on demand US\$'000	1-3 months US\$'000	4 months- 1 year US\$'000	1-2 years US\$'000	2+ years US\$'000	Total undiscounted cash flows US\$'000	Total carrying amount at December 31, 2024 US\$'000
2024								
Non-derivative financial liabilities								
Trade and other payables	—	(2,708,222)	(922,373)	(219,031)	(56,127)	(31,871)	(3,937,624)	(3,937,624)
Bills payable	—	(2,678)	(9,713)	(9,029)	—	—	(21,420)	(21,420)
Lease liabilities	1.10%-5.80%	(12,570)	(25,285)	(116,060)	(137,659)	(587,453)	(879,027)	(833,447)
Discounted bills with recourse	3.78%	(116)	(3,142)	—	—	—	(3,258)	(3,238)
Unsecured borrowings	0.73%-5.56%	(255,000)	(137,718)	(120,630)	(277,948)	(525,260)	(1,316,556)	(1,273,500)
Refund liabilities from right of return	—	(13,833)	—	(9,521)	—	—	(23,354)	(23,354)
		(2,992,419)	(1,098,231)	(474,271)	(471,734)	(1,144,584)	(6,181,239)	(6,092,583)
2024								
Derivatives – net settlement								
Acquisition right of certain property, plant and equipment	—	—	—	—	—	8,785	8,785	8,785
Cross-currency interest rate swaps contracts	—	178	315	(3,787)	—	—	(3,294)	(3,201)
Foreign currency forward contracts – US\$	—	—	9,927	22,621	—	—	32,548	32,548
		178	10,242	18,834	—	8,785	38,039	38,132
Derivatives – gross settlement								
Foreign currency forward contracts								
– inflow								
– EUR	—	18,810	36,725	89,068	—	—	144,603	144,603
– GBP	—	9,374	12,378	62,780	—	—	84,532	84,532
– US\$	—	138,856	224,731	949,940	—	—	1,313,527	1,313,527
– AUD	—	995	3,980	20,253	—	—	25,228	25,228
– NZD	—	6,703	15,583	61,144	—	—	83,430	83,430
		174,738	293,397	1,183,185	—	—	1,651,320	1,651,320
– outflow								
– EUR	—	(19,135)	(37,357)	(90,772)	—	—	(147,264)	(147,264)
– GBP	—	(9,172)	(12,105)	(60,540)	—	—	(81,817)	(81,817)
– US\$	—	(129,419)	(209,393)	(897,735)	—	—	(1,236,547)	(1,236,547)
– AUD	—	(907)	(3,634)	(18,627)	—	—	(23,168)	(23,168)
– NZD	—	(6,157)	(14,298)	(56,402)	—	—	(76,857)	(76,857)
		(164,790)	(276,787)	(1,124,076)	—	—	(1,565,653)	(1,565,653)
		9,948	16,610	59,109	—	—	85,667	85,667

Note: Maturities are based on the management's estimation of the expected realization of these financial assets.

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rate determined at the end of the reporting period.

## 37. Financial Instruments (continued)

### 37.3 Fair Value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contract;
- the fair value of cross-currency interest rate swaps is measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between US\$ and EUR, which is observable at the end of the reporting period;
- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices or latest purchase/transaction prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

#### **FAIR VALUE MEASUREMENTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Fair value of the Group's financial assets and financial liabilities are measured on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant inputs).

### 37. Financial Instruments (continued)

#### 37.3 Fair Value (continued)

#### FAIR VALUE MEASUREMENTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

Financial assets/ financial liabilities	Fair value as at December 31,		Fair value hierarchy	Valuation techniques and key inputs
	2025	2024		
1) Acquisition right of certain property, plant and equipment classified as derivative financial instruments in the consolidated statement of financial position	<b>Acquisition right of certain property, plant and equipment: US\$8,800,000</b>	Acquisition right of certain property, plant and equipment: US\$8,785,000	Level 2	Measured at the fair value of the land and buildings associated with the acquisition right which is based on a valuation by third party independent valuer at the end of the financial year.
2) Foreign currency forward contracts classified as derivative financial instruments in the consolidated statement of financial position	<b>Assets – US\$8,287,000; and Liabilities – US\$52,973,000</b>	Assets – US\$130,955,000; and Liabilities – US\$12,740,000	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates and yield curves at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Listed equity securities classified as financial assets at FVTPL in the consolidated statement of financial position	<b>Listed shares: US\$31,750,000</b>	Listed shares: US\$22,571,000	Level 1	Quoted bid prices in an active market.
4) Other major financial assets classified as financial assets at FVTPL in the consolidated statement of financial position	<b>Club membership debentures: US\$4,945,000</b>	Club membership debentures: US\$4,924,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
5) Cross-currency interest rate swaps classified as derivative financial instruments in the consolidated statement of financial position	<b>Assets – Nil; and Liabilities – Nil</b>	Assets – US\$1,178,000; and Liabilities – US\$4,379,000	Level 2	Measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between US\$ and EUR, which is observable at the end of the reporting period.

**37. Financial Instruments** (continued)

## 37.3 Fair Value (continued)

**FAIR VALUE MEASUREMENTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
<b>2025</b>			
<b>Financial assets</b>			
Acquisition right of certain property, plant and equipment	—	8,800	8,800
Foreign currency forward contracts	—	8,287	8,287
Financial assets at FVTPL	31,750	8,790	40,540
<b>Total</b>	<b>31,750</b>	<b>25,877</b>	<b>57,627</b>
<b>Financial liabilities</b>			
Foreign currency forward contracts	—	(52,973)	(52,973)
<b>Total</b>	<b>—</b>	<b>(52,973)</b>	<b>(52,973)</b>
<b>2024</b>			
<b>Financial assets</b>			
Acquisition right of certain property, plant and equipment	—	8,785	8,785
Foreign currency forward contracts	—	130,955	130,955
Cross-currency interest rate swaps	—	1,178	1,178
Financial assets at FVTPL	22,571	8,769	31,340
<b>Total</b>	<b>22,571</b>	<b>149,687</b>	<b>172,258</b>
<b>Financial liabilities</b>			
Foreign currency forward contracts	—	(12,740)	(12,740)
Cross-currency interest rate swaps	—	(4,379)	(4,379)
<b>Total</b>	<b>—</b>	<b>(17,119)</b>	<b>(17,119)</b>

## 37.4 Transfers of financial assets

The following were the Group's financial assets as at December 31, 2025 that were transferred to banks by discounting those trade and bills receivables on a full recourse basis. As the Group retained substantially all of the significant risks and rewards relating to these receivables, it continues to recognize the full carrying amount of the receivables and has recognized the cash received on the transfer as discounted bills with recourse (see Note 35) and unsecured borrowings – due within one year (see Note 38). These financial assets are carried at amortized cost in the Group's consolidated statement of financial position.

The trade and bills receivables discounted with banks with full recourse at the year end was as follows:

	2025 US\$'000	2024 US\$'000
Carrying amount of transferred assets	2,589	3,238
Carrying amount of associated liabilities	(2,589)	(3,238)
<b>Net position</b>	<b>—</b>	<b>—</b>

The directors of the Company consider that the carrying amounts of the discounted bills and unsecured borrowings approximate their fair values.

### 38. Unsecured Borrowings

	2025 US\$'000	2024 US\$'000
Bank loans	579,390	1,013,620
Medium term notes	395,344	259,880
Total borrowings	974,734	1,273,500

The borrowings of the Group are repayable as follows:

	2025 US\$'000	2024 US\$'000
<b>Fixed-rate</b>		
Within one year	241,800	151,374
In more than one year but not more than two years	205,082	241,572
In more than two years but not more than five years	159,125	307,146
More than five years	177,552	99,149
<b>Variable-rate</b>		
Within one year	103,263	358,476
In more than one year but not more than two years	87,912	27,901
In more than two years but not more than five years	—	87,882
	974,734	1,273,500
Less: Amount due within one year shown under current liabilities	(345,063)	(509,850)
Amount due after one year	629,671	763,650

The ranges of effective interest rates per annum (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	0.73% to 3.66%	0.73% to 3.66%
Variable-rate borrowings	1.18% to 4.86%	0.93% to 5.56%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	US\$'000
<b>As at December 31, 2025</b>	<b>186,737</b>
As at December 31, 2024	178,181

The carrying amount of unsecured borrowings approximates their fair value as the weighted average interest rates approximate the contracted market rates.

#### Loan covenants

In respect of bank borrowings with carrying amount of US\$629,671,000 as at December 31, 2025 (2024: US\$763,650,000), the Group is required to comply with certain financial ratios linked to the consolidated profit and loss in respect of that relevant period which are tested on a half yearly basis. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as non-current.

### 39. Share Capital

	2025 Number of shares	2024 Number of shares	2025 US\$'000	2024 US\$'000
<b>Ordinary shares</b>				
Issued and fully paid:				
At the beginning of the year	1,832,304,941	1,834,317,941	689,684	685,392
Issue of shares upon exercise of share options	405,000	987,000	2,203	4,292
Buy-back of shares	(3,500,000)	(3,000,000)	—	—
At the end of the year	1,829,209,941	1,832,304,941	691,887	689,684

Details of the share options are set out in Note 44.

During 2025, the Company bought back and cancelled its own shares through the Stock Exchange as follows:

Month of buy-back	No. of ordinary shares	Price per share		Aggregate consideration paid US\$'000
		Highest HK\$	Lowest HK\$	
March 2025	750,000	106.20	101.00	10,013
June 2025	500,000	87.60	83.55	5,507
August 2025	500,000	101.60	99.50	6,488
November 2025	1,000,000	87.25	84.00	10,994
December 2025	750,000	91.20	89.35	8,726
	3,500,000			41,728

The consideration paid on the buy-back of the shares of approximately US\$41,728,000 was charged to retained profits in 2025.

During 2024, the Company bought back and cancelled its own shares through the Stock Exchange as follows:

Month of buy-back	No. of ordinary shares	Price per share		Aggregate consideration paid US\$'000
		Highest HK\$	Lowest HK\$	
January 2024	500,000	88.00	86.00	5,629
May 2024	1,000,000	105.00	99.20	13,147
June 2024	1,000,000	97.70	91.55	12,184
July 2024	250,000	89.35	88.55	2,870
October 2024	250,000	116.20	113.40	3,691
	3,000,000			37,521

The consideration paid on the buy-back of the shares of approximately US\$37,521,000 was charged to retained profits in 2024.

## 40. Reserves

	Shares held for share award scheme US\$'000	Employee share-based compensation reserve US\$'000	Hedging reserve US\$'000	Retained profits US\$'000	Total US\$'000
<b>The Company</b>					
At January 1, 2024	(73,931)	80,112	2,274	22,156,409	22,164,864
Loss for the year	—	—	—	(200,642)	(200,642)
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	71,506	—	71,506
Total comprehensive income (loss) for the year	—	—	71,506	(200,642)	(129,136)
Shares issued on exercise of options	—	(867)	—	—	(867)
Buy-back and cancellation of shares	—	—	—	(37,521)	(37,521)
Vesting of awarded shares	7,973	(7,973)	—	—	—
Shares for share award scheme	(39,448)	—	—	—	(39,448)
Recognition of share-based payments	—	58,811	—	—	58,811
Lapse of share options	—	(149)	—	149	—
Final dividend – 2023	—	—	—	(231,392)	(231,392)
Interim dividend – 2024	—	—	—	(254,711)	(254,711)
At December 31, 2024	(105,406)	129,934	73,780	21,432,292	21,530,600
Loss for the year	—	—	—	(12,259)	(12,259)
Fair value loss on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	(119,140)	—	(119,140)
Total comprehensive loss for the year	—	—	(119,140)	(12,259)	(131,399)
Shares issued on exercise of options	—	(435)	—	—	(435)
Buy-back and cancellation of shares	—	—	—	(41,728)	(41,728)
Vesting of awarded shares	77,189	(77,189)	—	—	—
Shares for share award scheme	(48,879)	—	—	—	(48,879)
Recognition of share-based payments	—	39,310	—	—	39,310
Final dividend – 2024	—	—	—	(278,154)	(278,154)
Interim dividend – 2025	—	—	—	(294,497)	(294,497)
<b>At December 31, 2025</b>	<b>(77,096)</b>	<b>91,620</b>	<b>(45,360)</b>	<b>20,805,654</b>	<b>20,774,818</b>

As at December 31, 2025, the Company's reserves available for distribution to shareholders comprised the retained profits of US\$20,805,654,000 (2024: US\$21,432,292,000).

## 41. Retirement Benefit Obligations

### Defined Contribution Plans:

The Group operating in Hong Kong have participated in the MPF Schemes registered under the Mandatory Provident Fund Schemes Ordinance since December 2000. The assets of the MPF Schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll cost to the MPF Schemes with a maximum amount of HK\$18,000 (2024: HK\$18,000) per employee per annum, which contribution is matched by the employee.

The employees of the Group's subsidiaries in the People's Republic of China ("PRC") are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group's overseas subsidiaries operate a number of defined contribution schemes. Contributions to the defined contribution schemes applicable to each year are made at a certain percentage of the employees' payroll.

The total expense recognized in profit or loss of US\$47,333,000 (2024: US\$39,129,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

### Defined Benefit Plans:

The Group operates several defined benefit plans for qualifying employees of its subsidiaries in Germany and the United States of America ("US"), of which these plans cover substantially all remaining employees that are not covered by defined contribution plans. The defined benefit plans are administered by separate funds that are legally separated from the Group. The board of the pension fund is composed of an equal number of representatives from both employers and (former) employees. The board of the pension fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund. The major defined benefit plans are as follows:

	2025 US\$'000	2024 US\$'000
Pension plan obligations (Note i)	44,569	42,499
Life and medical insurance plan (Note ii)	103	102
Others	1,041	969
	<b>45,713</b>	43,570

#### Note i: Pension plan obligations

The pension plan obligations are provided in the German operations and includes an unfunded plan that pays retirement benefits based on the term of service and final pay. In general, the benefit plans were closed to new members at the end of 1995. Under the plan, the qualifying employees are entitled to retirement benefits varying between 10% and 20% of final salary (based on the average of the last three years) on attainment of a retirement age of 65. The most recent actuarial valuations of the present value of the defined benefit obligations were carried out on January 1, 2026, by BDO AG Wirtschaftsprüfungsgesellschaft, an independent valuer not related to the Group.

#### Note ii: Life and medical insurance plan

Milwaukee Electric Tool Corporation, a subsidiary of the Group in the US, operates unfunded life insurance plans. The most recent actuarial valuations of the present value of the obligations were carried out on December 31, 2025 by Willis Towers Watson, an independent valuer not related to the Group.

## 41. Retirement Benefit Obligations (continued)

### Defined Benefit Plans: (continued)

The plans in Germany and the US expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is reinsured by an external insurance company.

The main actuarial assumptions used were as follows:

	Pension plan		Life & medical insurance plan	
	2025	2024	2025	2024
Discount rate	3.95%	3.45%	5.19%	4.84%
Expected rate of salary increases	2.00%	2.00%	N/A	N/A
Future pension increases	2.00%	2.00%	N/A	N/A
Medical cost trend rates	N/A	N/A	5.00%	5.00%

The effect of an increase of one percentage point in the assumed medical cost trend rate on the aggregate of the current service cost and interest cost; and the accumulated post-employment benefit obligations are as follows:

	Pension plan		Life & medical insurance plan	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Current service cost and interest cost	N/A	N/A	—	3
Accumulated post-employment benefit obligations for medical costs	N/A	N/A	6	56

Amounts recognized in other comprehensive income in respect of the defined benefit plans are as follows:

	Pension plan		Life & medical Insurance plan	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Service cost:				
Current service cost	448	308	—	—
Net interest expense on defined benefit liabilities	1,524	1,736	5	2
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>1,972</b>	<b>2,044</b>	<b>5</b>	<b>2</b>
Remeasurement on the net defined benefit liability:				
Actuarial (gains) losses arising from changes in financial assumptions	(1,626)	(495)	7	49
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>(1,626)</b>	<b>(495)</b>	<b>7</b>	<b>49</b>
<b>Total</b>	<b>346</b>	<b>1,549</b>	<b>12</b>	<b>51</b>

The charge for the year has been included in staff costs.

**41. Retirement Benefit Obligations** (continued)

## Defined Benefit Plans: (continued)

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of the major defined benefit plans is as follows:

	Pension plan		Life & medical insurance plan	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Present value of unfunded obligations	<b>44,569</b>	42,499	<b>103</b>	102

Movements in the present value of the defined benefit obligations in the current year in respect of major defined benefit plans were as follows:

	Pension plan		Life & medical insurance plan	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
At January 1	<b>42,499</b>	47,015	<b>102</b>	57
Exchange realignment	<b>5,267</b>	(2,846)	—	—
Current service cost	<b>448</b>	308	—	—
Actuarial (gains) losses	<b>(1,626)</b>	(495)	<b>7</b>	49
Interest cost	<b>1,524</b>	1,736	<b>5</b>	2
Benefit paid	<b>(3,543)</b>	(3,219)	<b>(11)</b>	(6)
At December 31	<b>44,569</b>	42,499	<b>103</b>	102

The significant actuarial assumption for the determination of the defined obligation is the discount rate. If the discount rate is 100 basis points higher (lower), the effect on defined benefit obligation would be immaterial.

**Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)**

For the Company and several subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) × 2/3 × Years of service

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan. Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permitted the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting the LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on June 17, 2022, which abolished the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., May 1, 2025).

Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date and the years of service up to that date.

## 42. Deferred Tax Assets (Liabilities)

The following are the major deferred tax assets and liabilities recognized and movements thereon during the current and prior year:

	Accelerated tax depreciation US\$'000	Warranty provision US\$'000	Employee related provision US\$'000	Tax losses US\$'000	Inventory provision US\$'000	Others US\$'000	Total US\$'000
At January 1, 2024	(136,127)	37,075	78,010	71,647	(73,133)	59,613	37,085
Currency realignment	(113)	(706)	(1,018)	(31)	(849)	(2,212)	(4,929)
Charge to hedging reserve	—	—	—	—	—	(9,100)	(9,100)
Credit (charge) to profit or loss	13,808	4,960	12,611	(26,316)	(14,158)	16,470	7,375
Change in tax rates	850	—	(325)	—	(66)	(291)	168
Charge to other comprehensive income	—	—	(1,307)	—	—	—	(1,307)
At December 31, 2024	(121,582)	41,329	87,971	45,300	(88,206)	64,480	29,292
Currency realignment	<b>71</b>	<b>896</b>	<b>876</b>	<b>(8)</b>	<b>637</b>	<b>3,420</b>	<b>5,892</b>
Credit to hedging reserve	—	—	—	—	—	<b>8,374</b>	<b>8,374</b>
(Charge) credit to profit or loss	<b>(23,401)</b>	<b>3,813</b>	<b>14,316</b>	<b>42,727</b>	<b>(5,989)</b>	<b>(21,039)</b>	<b>10,427</b>
Change in tax rates	<b>(1,281)</b>	<b>(444)</b>	<b>(616)</b>	—	<b>1,591</b>	<b>(1,635)</b>	<b>(2,385)</b>
Charge to other comprehensive income	—	—	<b>(106)</b>	—	—	—	<b>(106)</b>
<b>At December 31, 2025</b>	<b>(146,193)</b>	<b>45,594</b>	<b>102,441</b>	<b>88,019</b>	<b>(91,967)</b>	<b>53,600</b>	<b>51,494</b>

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 US\$'000	2024 US\$'000
Deferred tax assets	<b>82,521</b>	59,330
Deferred tax liabilities	<b>(31,027)</b>	(30,038)
	<b>51,494</b>	29,292

At the end of the reporting period, the Group has unused tax losses of US\$4,272 million (2024: US\$4,640 million) available for offset against future taxable profits. Of the US\$4,272 million of unused losses approximately US\$443 million expire over the next 3 to 12 years with the remaining loss carry forwards having no useful life limitation. No deferred tax asset has been recognized in respect of tax losses of US\$3,914 million (2024: US\$4,445 million) due to the lack of probable future taxable profits.

In respect of all unrepatriated foreign earnings, TTI has provided deferred taxes of US\$28 million (2024: US\$22 million) as these unrepatriated foreign earnings are not considered permanently reinvested.

## 43. Guarantees

The Company has given guarantees to banks in respect of general facilities granted to its subsidiaries. The extent of such facilities utilized by the subsidiaries as at December 31, 2025 amounted to US\$23,156,000 (2024: US\$64,582,000).

## 44. Share Options

### Share Option Schemes

The Company has two share option schemes in place – Scheme D and Scheme E. Scheme D was adopted on May 29, 2007 and expired on May 28, 2017, though its provisions shall remain in full force and effect in all other respects. Following the expiry of Scheme D, Scheme E was adopted on May 19, 2017 and subsequently amended and restated on May 12, 2023 (“Scheme E Amendment Date”) will expire on May 18, 2027.

Both Scheme D and Scheme E are aimed for recognition of the contribution to the development and growth of the Group by the eligible persons. Below is the summary of the principal terms of Scheme D:

The Board of Directors of the Company may grant share options to the following eligible persons (and their wholly owned companies) of the Company, its subsidiaries and any companies in which the Group holds any equity interest, to subscribe for shares in the Company:

- (i) employees; or
- (ii) Directors; or
- (iii) secondees; or
- (iv) any shareholders of any member of the Group or invested entity or controlling shareholders or any holders of any securities issued by any member of the Group; or
- (v) business partners; or
- (vi) suppliers; or
- (vii) customers; or
- (viii) advisers of the Group.

Share options granted must be taken up within 21 days of the date of grant, upon payment of consideration to be determined by the Board for the grant thereof. Share options may be exercised at any time, subject to vesting conditions, from the date of grant to the tenth anniversary thereof. The subscription price is set at the highest of: the closing price of the shares on the date of offer of the share option or the average closing price of shares as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the date of offer.

The maximum number of shares in respect of which share options may be granted under Scheme D is not permitted to exceed 30.0% of the issued share capital of the Company from time to time or 10.0% of the shares in issue as at the adoption date of Scheme D. No person shall be granted an option which exceeds 1.0% of the shares in issue as at the date of offer in any 12-month period up to the date thereof.

Options may be exercised at any time immediately after vesting on each of the first and, depending on the vesting conditions, second and third anniversary of the relevant date of grant of the share option to the tenth anniversary of such date of grant. The exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the Company’s shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

In view of the amendments to Chapter 17 of the Listing Rules relating to share schemes of listed issuers effective from January 1, 2023, the scheme rules of Scheme E were amended and restated to ensure full compliance with the latest regulatory requirements.

#### 44. Share Options (continued)

##### Share Option Schemes (continued)

The following tables disclose movements in the Company's share options during the year:

##### 2025

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of the year	Subscription price HK\$	Exercise period
<b>Directors</b>									
Mr Horst Julius Pudwill	22.12.2020	E	23,500	—	—	—	23,500	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	750,000	—	—	—	750,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	250,000	—	—	—	250,000	97.700	8.8.2025 – 7.8.2034
	16.4.2025	E	—	250,000	—	—	250,000	74.900	16.4.2026 – 15.4.2035
Mr Stephan Horst Pudwill	11.9.2015	D	250,000	—	(250,000)	—	—	29.650	11.9.2016 – 10.9.2025
	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	150,000	—	—	—	150,000	97.700	8.8.2025 – 7.8.2034
16.4.2025	E	—	150,000	—	—	150,000	74.900	16.4.2026 – 15.4.2035	
Mr Steven Philip Richman	19.8.2024	E	400,000	—	—	—	400,000	103.400	19.8.2025 – 18.8.2034
	16.4.2025	E	—	400,000	—	—	400,000	74.900	16.4.2026 – 15.4.2035
Mr Kin Wah Chan	17.3.2017	D	200,000	—	—	—	200,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	150,000	—	—	—	150,000	97.700	8.8.2025 – 7.8.2034
16.4.2025	E	—	150,000	—	—	150,000	74.900	16.4.2026 – 15.4.2035	
Mr Chi Chung Chan	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	150,000	—	—	—	150,000	97.700	8.8.2025 – 7.8.2034
	16.4.2025	E	—	150,000	—	—	150,000	74.900	16.4.2026 – 15.4.2035
Mr Camille Jojo	14.3.2018	E	50,000	—	—	—	50,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	100,000	—	—	—	100,000	97.700	8.8.2025 – 7.8.2034
	16.4.2025	E	—	115,000	—	—	115,000	74.900	16.4.2026 – 15.4.2035

**44. Share Options** (continued)

## Share Option Schemes (continued)

The following tables disclose movements in the Company's share options during the year: (continued)

**2025**

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of the year	Subscription price HK\$	Exercise period
<b>Directors</b> (continued)									
Mr Peter David Sullivan	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	20,000	—	—	—	20,000	97.700	8.8.2025 – 7.8.2034
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035
Mr Johannes-Gerhard Hesse	19.6.2017	E	95,000	—	(95,000)	—	—	36.300	19.6.2018 – 18.6.2027
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	20,000	—	—	—	20,000	97.700	8.8.2025 – 7.8.2034
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035
Mr Robert Hinman Getz	15.5.2020	E	75,000	—	—	—	75,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	20,000	—	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Ms Virginia Davis Wilmerding	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035
	19.8.2021	E	29,500	—	—	—	29,500	167.200	19.8.2022 – 18.8.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	20,000	—	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Ms Caroline Christina Kracht	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	20,000	—	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Mr Andrew Philip Roberts	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035
	8.8.2024	E	20,000	—	—	—	20,000	97.700	8.8.2025 – 7.8.2034
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035
Ms Karen Ka Fai Ng	16.4.2025	E	—	20,000	—	20,000	74.900	16.4.2026 – 15.4.2035	
Mr Stephen Tsi Chuen Wong	16.4.2025	E	—	20,000	—	20,000	74.900	16.4.2026 – 15.4.2035	
<b>Total for directors</b>			<b>19,045,000</b>	<b>1,375,000</b>	<b>(345,000)</b>	<b>—</b>	<b>20,075,000</b>		
Employees	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	200,000	—	(60,000)	—	140,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	194,000	—	—	—	194,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	94,000	—	—	—	94,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	22.8.2023	E	750,000	—	—	—	750,000	81.050	20.5.2025 – 21.8.2033
	22.11.2023	E	250,000	—	—	—	250,000	81.480	22.11.2024 – 21.11.2033
	30.9.2024	E	150,000	—	—	—	150,000	118.100	30.9.2025 – 29.9.2034
	24.4.2025	E	—	150,000	—	—	150,000	78.050	24.4.2026 – 23.4.2035
<b>Total for employees</b>			<b>1,880,000</b>	<b>150,000</b>	<b>(60,000)</b>	<b>—</b>	<b>1,970,000</b>		
<b>Total for all categories</b>			<b>20,925,000</b>	<b>1,525,000</b>	<b>(405,000)</b>	<b>—</b>	<b>22,045,000</b>		
<b>Exercisable at the end of the year</b>							<b>18,868,000</b>		

#### 44. Share Options (continued)

##### Share Option Schemes (continued)

The following tables disclose movements in the Company's share options during the year:

2024

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of the year	Subscription price HK\$	Exercise period
<b>Directors</b>									
Mr Horst Julius Pudwill	22.12.2020	E	23,500	—	—	—	23,500	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	750,000	—	—	—	750,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	250,000	—	—	250,000	97.700	8.8.2025 – 7.8.2034
Mr Stephan Horst Pudwill	20.3.2014	D	750,000	—	(750,000)	—	—	21.600	20.3.2015 – 19.3.2024
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2016 – 10.9.2025
	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033
8.8.2024	E	—	150,000	—	—	150,000	97.700	8.8.2025 – 7.8.2034	
Mr Steven Philip Richman (appointed on August 6, 2024)	19.8.2024	E	—	400,000	—	—	400,000	103.400	19.8.2025 – 18.8.2034
Mr Kin Wah Chan	17.3.2017	D	200,000	—	—	—	200,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	150,000	—	—	150,000	97.700	8.8.2025 – 7.8.2034
Mr Chi Chung Chan	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	150,000	—	—	150,000	97.700	8.8.2025 – 7.8.2034
Mr Camille Jojo	14.3.2018	E	50,000	—	—	—	50,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	100,000	—	—	100,000	97.700	8.8.2025 – 7.8.2034
Mr Peter David Sullivan	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034

**44. Share Options** (continued)

## Share Option Schemes (continued)

The following tables disclose movements in the Company's share options during the year: (continued)

2024

Share option holders	Date of share options granted	Share option scheme category	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of the year	Subscription price HK\$	Exercise period
Directors (continued)									
Mr Johannes-Gerhard Hesse	19.6.2017	E	135,000	—	(40,000)	—	95,000	36.300	19.6.2018 – 18.6.2027
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Mr Robert Hinman Getz	15.5.2020	E	75,000	—	—	—	75,000	65.250	15.5.2021 – 14.5.2030
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Ms Virginia Davis Wilmerding	19.8.2021	E	29,500	—	—	—	29,500	167.200	19.8.2022 – 18.8.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Ms Caroline Christina Kracht	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Mr Andrew Philip Roberts (appointed on January 1, 2024)	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034
Mr Joseph Galli Jr (resigned effective from May 20, 2024)	22.8.2023	E	750,000	—	—	—	750,000	81.050	20.5.2025 – 21.8.2033
Prof Roy Chi Ping Chung GBS BBS JP (retired after the conclusion of the annual general meeting of the Company held on May 10, 2024)	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033	
<b>Total for directors</b>			<b>19,751,000</b>	<b>1,320,000</b>	<b>(790,000)</b>	<b>—</b>	<b>20,281,000</b>		
Employees	17.3.2017	D	50,000	—	(50,000)	—	—	32.100	17.3.2018 – 16.3.2027
	14.3.2018	E	150,000	—	(50,000)	—	100,000	47.900	14.3.2019 – 13.3.2028
	20.5.2019	E	194,000	—	(97,000)	—	97,000	51.080	20.5.2020 – 19.5.2029
	22.12.2020	E	94,000	—	—	(47,000)	47,000	105.500	22.12.2021 – 21.12.2030
	22.11.2023	E	250,000	—	—	—	250,000	81.480	22.11.2024 – 21.11.2033
	30.9.2024	E	—	150,000	—	—	150,000	118.100	30.9.2025 – 29.9.2034
<b>Total for employees</b>			<b>738,000</b>	<b>150,000</b>	<b>(197,000)</b>	<b>(47,000)</b>	<b>644,000</b>		
<b>Total for all categories</b>			<b>20,489,000</b>	<b>1,470,000</b>	<b>(987,000)</b>	<b>(47,000)</b>	<b>20,925,000</b>		
<b>Exercisable at the end of the year</b>							<b>17,080,000</b>		

#### 44. Share Options (continued)

##### Share Option Schemes (continued)

The following significant assumptions were used to derive the fair values using the Black-Scholes option pricing model:

Date of grant	Exercise price HK\$	Expected life of share options	Expected volatility based on historical volatility of share prices	Yields of Hong Kong Government Bonds	Expected annual dividend yield
<b>For the year ended December 31, 2025</b>					
16.4.2025	74.90	3 years	39%	1.50%	2.742%
24.4.2025	78.05	3 years	39%	1.50%	2.775%
<hr/>					
Date of grant	Exercise price HK\$	Expected life of share options	Expected volatility based on historical volatility of share prices	Yields of Hong Kong Government Bonds	Expected annual dividend yield
<hr/>					
For the year ended December 31, 2024					
8.8.2024	97.70	3 years	40%	1.50%	3.079%
19.8.2024	103.40	3 years	40%	1.50%	3.160%
30.9.2024	118.10	3 years	40%	1.50%	2.742%

The share options are vested in parts over 1 to 3 years from the date of grant.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of the share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

The weighted average closing price of the Company's shares immediately before the various dates on which the share options were granted during 2025 was HK\$75.86 (2024: HK\$99.91).

The closing price of the Company's shares immediately before the various dates on which the share options were granted ranged from HK\$75.50 to HK\$79.20 in 2025 (2024: HK\$94.75 to HK\$120.90).

The weighted average closing prices of the Company's shares immediately before various dates during 2025 and 2024 on which the share options was exercised were HK\$95.70 (2024: HK\$98.68) respectively.

The Group recognized a total expense of US\$6,528,000 (2024: US\$8,752,000) for the year ended December 31, 2025 in relation to share options granted by the Company.

The fair value of the share options granted in 2025 measured at various dates on which the share options were granted was ranged from HK\$19.88 to HK\$20.78 (2024: HK\$26.91 to HK\$32.12). The weighted average fair value of the share options granted in 2025 was HK\$19.97 per option (2024: HK\$27.89).

The Company had 22,045,000 share options outstanding (2024: 20,925,000 share options), which represented approximately 1.21% (2024: 1.14%) of the issued share capital of the Company as at December 31, 2025. 1,525,000 share options (2024: 1,470,000 share options) was granted, no option (2024: Nil) was cancelled and no share options (2024: 47,000 share options) was lapsed during the year.

The total number of shares available for issue under Scheme D are 117,281,565 shares, representing approximately 6.41% of the issued shares (excluding treasury shares) of the Company as at the date of this Annual Report. The total number of shares available for issue under Scheme E are 175,156,294 shares, representing approximately 9.58% of the issued shares (excluding treasury shares) of the Company as at the date of this Annual Report.

## 45. Share Award Scheme and Employee Equity Incentive Plan

### Share Award Scheme

The purpose of the share award scheme is to recognize the contributions by certain eligible persons and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The share award scheme of the Company was adopted by the Board of Directors on January 9, 2008 and renewed on January 17, 2018, which was subsequently amended and restated on May 12, 2023. The Board may, from time to time, at their absolute discretion select any individual as an eligible person for participation in the scheme as a selected grantee and determine the number of shares to be awarded. The Board of Directors are required to pay the trustee the purchase price and the related expenses. The trustee must either purchase shares from the market or subscribe for new shares. The trustee must hold the shares until they are vested in accordance with the scheme rules. When the selected grantee has satisfied all vesting conditions specified by the Board of Directors at the time of making the award and becomes entitled to the shares forming the subject of the award, the trustee will upon the Company's instruction transfer the relevant vested shares together with the income derived therefrom (net of accrued interest) to the selected grantee.

An award of shares automatically lapses when, (i) a selected grantee who is an employee ceases to be an employee; or (ii) the subsidiary by which a selected grantee is employed ceases to be a subsidiary of the Company (or of a member of the Group); or (iii) a selected grantee who is a director of the Company or a subsidiary ceases to be a director of the same; or (iv) an order for the winding-up of the Company is made or a resolution is passed (otherwise than for certain purposes) for the voluntary winding-up of the Company, and, in any such case, the award, unless the Board otherwise agrees, automatically lapses forthwith and all the awarded shares and related income of such award do not vest on the relevant vesting date but become returned shares for the purpose of the scheme.

In view of the amendments to Chapter 17 of the Listing Rules relating to share schemes of listed issuers effective from January 1, 2023, the scheme rules of 2018 Share Award Scheme were amended and restated to ensure full compliance with the latest regulatory requirements.

Recognition of share-based payment expenses under the share award scheme during the year was US\$26,784,000 (2024: US\$50,059,000). During the year ended December 31, 2025, 6,019,500 shares (2024: 675,000 shares) were transferred to the awardees upon vesting.

(i) Movements in the number of awarded shares and their related average fair value were as follows:

	Number	
	2025	2024
At January 1	8,034,500	5,680,000
Awarded (Note (a))	2,025,000	3,604,500
Vested	(6,019,500)	(675,000)
Cancelled	—	(575,000)
<b>At December 31 (Note (b))</b>	<b>4,040,000</b>	8,034,500

Notes:

- (a) All the awarded shares were purchased from the market with the average price of HK\$94.59.
- (b) At the end of the year, the average fair value per share is HK\$101.68 (2024: HK\$101.94). The average fair value of the awarded shares is based on the average purchase cost.

(ii) The remaining vesting periods of the awarded shares outstanding are as follows:

	Number of awarded shares	
	2025	2024
Less than 1 year	1,340,000	6,079,500
More than 1 year	2,700,000	1,955,000
	<b>4,040,000</b>	8,034,500

## 45. Share Award Scheme and Employee Equity Incentive Plan (continued)

### Employee Equity Incentive Plan

The Board approved the adoption of the Employee Equity Incentive Plan (the “Employee Equity Incentive Plan”) with effect from May 8, 2025 (the “Adoption Date”), which is a single share award scheme under which (i) no share options can be granted; and (ii) any awards granted thereunder will be entirely satisfied by the purchase of the existing shares of the Company through an independent third party trustee on the secondary market at the Board’s direction. The purposes of the Employee Equity Incentive Plan are to (i) enable the Group to attract and retain any person employed by any member of the Group (whether full time or part time) and such other individuals designated by the Board who are reasonably expected to become a Group’s employee after the receipt of awards as an inducement (the “Employees”) who will contribute the Company’s long-term success; (ii) provide incentives that aligns the interests of the Employees with those of the shareholders of the Company; and (iii) promote the success of the Company’s business. The Employee Equity Incentive Plan shall remain in effect for a period of ten years from the Adoption Date, unless terminated earlier by the Board in its sole discretion.

The Employee Equity Incentive Plan does not involve granting awards that are to be satisfied by issue of new shares or resale of treasury shares (if any) of the Company as referred to in Chapter 17 of the Listing Rules. No new shares or treasury shares (if any) of the Company shall be utilized to satisfy any awards under the Employee Equity Incentive Plan. For acceptance of the share awards under the Employee Equity Incentive Plan, no payment is required.

Unvested awards will generally be forfeited upon cessation of the Selected Participant’s Continuous Service, and, in the case of Performance Share Units, the Performance Requirement is not satisfied. In the event of termination for cause, both vested and unvested awards shall be forfeited as of the Selected Participant’s termination and the Board may claw back all or a specified part of the vested awards.

During the year ended December 31, 2025, recognition of share-based payment expenses under the employee equity incentive plan during the year was US\$5,998,000. No shares were transferred to the awardees upon vesting.

(i) Movements in the number of awarded shares and their related average fair value were as follows:

	Number
At January 1, 2025	—
Awarded (Note (a))	1,680,943
<b>At December 31, 2025 (Note (b))</b>	<b>1,680,943</b>

Notes:

- (a) All the awarded shares were purchased from the market with the average price of HK\$91.40.
- (b) At the end of the year, the average fair value per share is HK\$91.40. The average fair value of the awarded shares is based on the average purchase cost.

(ii) The remaining vesting periods of the awarded shares outstanding are as follows:

	2025 Number of awarded shares
Less than 1 year	554,710
More than 1 year	1,126,233
	<b>1,680,943</b>

## 46. Capital Commitments

	2025 US\$'000	2024 US\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and equity investment contracted for but not provided in the consolidated financial statements	<b>152,926</b>	166,875

## 47. Related Party Transactions

During the year, the Group entered into the following transactions with its associate, which did not constitute connected transactions under Chapter 14A of the Listing Rules:

	2025 US\$'000	2024 US\$'000
Sales income	66,179	64,865

The remuneration of directors and other members of key management during the year was as follows:

	2025 US\$'000	2024 US\$'000
Short-term benefits	106,185	132,166
Post-employment benefits	1,790	1,835
Share-based payments	33,706	27,414
	<b>141,681</b>	<b>161,415</b>

Details of the balances and transactions with related parties are set out in the consolidated statements of financial position and Notes 21 and 28.

## 48. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividend payable US\$'000	Unsecured borrowings Note 38 US\$'000	Discounted bills with recourse Note 35 US\$'000	Lease liabilities Note 34 US\$'000	Total US\$'000
At January 1, 2024	—	1,951,122	2,708	887,892	2,841,722
Currency realignment	—	(28,531)	—	(24,478)	(53,009)
Financing cash flows	(486,103)	(649,091)	530	(164,020)	(1,298,684)
New leases entered	—	—	—	175,257	175,257
Early termination of leases	—	—	—	(41,204)	(41,204)
Interest expenses	—	94,079	—	32,086	126,165
Interest paid	—	(94,079)	—	(32,086)	(126,165)
Dividends declared	486,103	—	—	—	486,103
At December 31, 2024	—	1,273,500	3,238	833,447	2,110,185
Currency realignment	—	7,469	—	20,416	27,885
Financing cash flows	(572,651)	(306,235)	(649)	(161,822)	(1,041,357)
New leases entered	—	—	—	103,055	103,055
Early termination of leases	—	—	—	(13,486)	(13,486)
Interest expenses	—	66,276	—	30,357	96,633
Interest paid	—	(66,276)	—	(30,357)	(96,633)
Dividends declared	572,651	—	—	—	572,651
<b>At December 31, 2025</b>	<b>—</b>	<b>974,734</b>	<b>2,589</b>	<b>781,610</b>	<b>1,758,933</b>

## 49. Statement of Financial Position of the Company

As at December 31, 2025

Note	2025 US\$'000	2024 US\$'000
<b>Non-current assets</b>		
Property, plant and equipment	1,208	1,748
Right of use assets	516	204
Intangible assets	9	15
Investments in subsidiaries	34,509,190	32,353,442
Loans to subsidiaries	4,258	4,431
Financial assets at FVTPL	3,681	3,662
Deposits	44,000	65,500
	<b>34,562,862</b>	32,429,002
<b>Current assets</b>		
Trade receivables	1,674,791	—
Deposits and prepayments	48,210	45,423
Financial assets at FVTPL	31,750	22,571
Derivative financial instruments	4,737	85,396
Amounts due from subsidiaries	175,712	1,227,609
Bank balances, deposits and cash	170,573	235,642
	<b>2,105,773</b>	1,616,641
<b>Current liabilities</b>		
Trade and other payables	184,887	154,907
Derivative financial instruments	50,097	11,617
Tax payable	1,408	—
Lease liabilities	338	212
Amounts due to subsidiaries	13,800,525	9,760,038
Unsecured borrowings – due within one year	344,775	479,850
	<b>14,382,030</b>	10,406,624
Net current liabilities	<b>(12,276,257)</b>	(8,789,983)
Total assets less current liabilities	<b>22,286,605</b>	23,639,019
<b>Capital and Reserves</b>		
Share capital	691,887	689,684
Reserves	40 20,774,818	21,530,600
Total equity	<b>21,466,705</b>	22,220,284
<b>Non-current Liabilities</b>		
Lease liabilities	183	1
Unsecured borrowings – due after one year	619,717	753,726
Amount due to a subsidiary	200,000	665,008
	<b>819,900</b>	1,418,735
Total equity and non-current liabilities	<b>22,286,605</b>	23,639,019

The Company's statement of financial position was approved and authorized for issue by the Board of Directors on March 3, 2026 and are signed on its behalf by:

**Chi Chung Chan**  
Group Executive Director

**Stephan Horst Pudwill**  
Executive Vice Chairman

## 50. Particulars of Principal Subsidiaries

Particulars of the principal subsidiaries of the Company as at December 31, 2025 and December 31, 2024 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company				Principal activities
			2025		2024		
			Directly %	Indirectly %	Directly %	Indirectly %	
DreBo Werkzeugfabrik GmbH *	Germany	EUR1,000,000	—	100	—	100	Trading and manufacture of power equipment products
TTI Outdoor Power Equipment, Inc.	US	US\$10	—	100	—	100	Trading of outdoor power equipment products
Milwaukee Electric Tool Corporation	US	US\$50,000,000	—	100	—	100	Trading and manufacture of power equipment products
TTI Consumer Power Tools, Inc.	US	US\$10	—	100	—	100	Trading of power equipment products
Royal Appliance Mfg. Co.	US	US\$1	—	100	—	100	Trading and manufacture of floorcare products
Techtronic Cordless GP	US	N/A – partnership interest with no share capital	—	100	—	100	Trading of power equipment, floorcare and outdoor power equipment products
Techtronic Industries (Dongguan) Co. Ltd. #	PRC	US\$47,000,000	—	100	—	100	Manufacture of power equipment, floorcare and outdoor power equipment products
Techtronic Industries (UK) Ltd.	United Kingdom	GBP4,000,000	—	100	—	100	Trading of power equipment products
Techtronic Industries Australia Pty. Limited	Australia	AUD25,575,762	—	100	—	100	Trading of power equipment, floorcare and outdoor power equipment products
Techtronic Industries Central Europe GmbH*	Germany	EUR25,600	—	100	—	100	Trading of power equipment products
Techtronic Industries ELC GmbH*	Germany	EUR25,000	—	100	—	100	Trading of power equipment products and outdoor power equipment products
Techtronic Industries France SAS	France	EUR14,998,680	—	100	—	100	Trading of power equipment products
Techtronic Industries GmbH	Germany	EUR20,452,500	—	100	—	100	Trading and manufacture of power equipment products
Techtronic Industries Korea LLC	Korea	KRW3,400,000,000	—	100	—	100	Trading of power equipment products
Techtronic Industries Mexico, S.A. de C.V.	Mexico	MXN50,000 (Serie I)	—	100	—	100	Trading of power equipment, floorcare and outdoor power equipment products
		MXN596,964,358 (Serie II)					
Techtronic Industries Co. Mexico, S. De R.L. de C.V.	Mexico	MXN410,013,470 (2024: MXN223,746,470)	45.43	54.57	—	100	Manufacture of power equipment products
Techtronic Industries N.Z. Limited	New Zealand	NZD4,165,600	—	100	—	100	Trading of power equipment, floorcare and outdoor power equipment products
Techtronic Industries North America, Inc.	US	US\$10	—	100	—	100	Investment holding
Green Planet Distribution Centre Company Limited	Vietnam	VND2,395,225,515,600	—	100	—	100	Manufacture of power equipment and outdoor power equipment products
Techtronic Industries Vietnam Manufacturing Company Limited	Vietnam	VND406,954,000,000	—	100	—	100	Manufacture of power equipment and outdoor power equipment products
Techtronic Product Development Limited	Hong Kong	HK\$2	—	100	—	100	Engage in research and development activities

## 50. Particulars of Principal Subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company				Principal activities
			2025		2024		
			Directly %	Indirectly %	Directly %	Indirectly %	
Techtronic Trading Limited	Hong Kong	HK\$1,787,100,002 (2024: HK\$2)	—	100	—	100	Trading of power equipment, floorcare and outdoor power equipment products
TTI Investments (Dongguan) Company Limited	Hong Kong	HK\$960,563,422	100	—	100	—	Investment holding
Techtronic Industries Company Pte. Ltd.	Singapore	US\$126,467,853	—	100	—	100	Investment holding
TTI Singapore SPV Pte. Ltd.	Singapore	US\$2,654,856,185	100	—	100	—	Investment holding
Vax Limited	United Kingdom	GBP30,000 (Ordinary A shares) GBP2,500 (Ordinary B shares)	—	100	—	100	Trading of household electrical and floorcare products

\* Exempt from the obligation to publish local financial statements.

# A wholly foreign owned enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2025	2024
Manufacture of power equipment, floorcare and outdoor power equipment products	Europe, PRC, US and others	5	6
Trading of power equipment, floorcare and outdoor power equipment product	Canada, Europe, Hong Kong, Latin America, PRC, US and others	52	47
Investment holding	Australia, British Virgin Islands (“BVI”), Europe, Hong Kong, US	19	19
Dormant	BVI, Europe, Hong Kong, US	17	20

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

## 51. Particulars of an Associate

Particulars of an associate are as follows:

Name of associate	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Group		Principal activities
			2025	2024	
			%	%	
Wuerth Master Power Tools Limited	Hong Kong	US\$3,000,000	49.0	49.0	Manufacture and sale of power equipment