Techtronic Industries

ANNUAL REPORT 2024

M18 FUEL™ RINGER ROLL GROOVER

Our M18 FUEL RINGER Roll Groover is the industry's first cordless roll groover, designed to optimize productivity of on-site grooving. The RINGER delivers the fastest setup to finish with the easiest set up and transportation around the jobsite, enabling operators to work where its most convenient without the limitations of a cord.

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Company Profile

Techtronic Industries Company Limited ("TTI", or the "Company"), founded in 1985 by German entrepreneur Horst Julius Pudwill, is a world leader in cordless technology. As a pioneer in Power Tools, Outdoor Power Equipment, Floorcare and Cleaning Products, TTI serves professional, industrial, Do It Yourself (DIY), and consumer markets worldwide. With more than 45,000 employees globally, the company's relentless focus on innovation and strategic growth has established its leading position in the industries it serves.

MILWAUKEE is at the forefront of TTI's professional tool portfolio. With global research and development headquartered in Brookfield, Wisconsin, the historic MILWAUKEE brand is renowned for driving innovation, safety, and jobsite productivity worldwide. The RYOBI brand, headquartered in Greenville, South Carolina, remains the top choice for DIYers and continues to set the standard in DIY tool innovation. TTI's diverse brand portfolio also includes trusted brands like AEG, EMPIRE, HOMELITE, and leading floorcare names HOOVER, ORECK, VAX, and DIRT DEVIL (based in Charlotte, North Carolina).

TTI's international recognition and renowned brand portfolio are supported by a strong ownership structure that underscores the company's global reach and stability. The Pudwill family remains the company's largest shareholder, with the remaining ownership held largely by institutional investors at North American and European-owned firms. TTI is publicly traded on the Hong Kong Stock Exchange and is a constituent stock of the Hang Seng Index, operating globally with a strong commitment to environmental, social, and corporate governance standards.

FINANCIAL HIGHLIGHTS

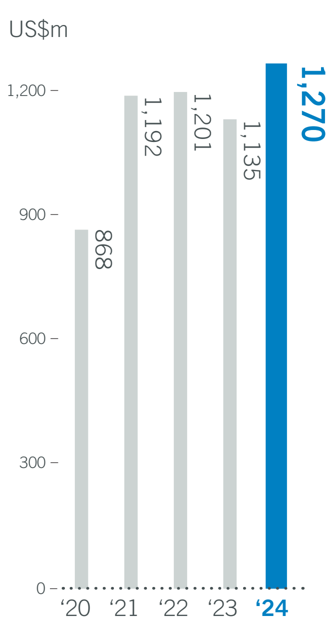
	2024 US$' million	2023 US$' million	Changes
Revenue	**14,622**	13,731	+6.5%
Gross profit margin	**40.3%**	39.5%	+85 bps
EBIT	**1,270**	1,135	+11.9%
Profit attributable to Owners of the Company	**1,122**	976	+14.9%
Basic earnings per share (US cents)	**61.43**	53.36	+15.1%
Free Cash Flow	**1,591**	1,281	+310 m
Dividend per share (approx. US cents)	**29.09**	24.84	+17.1%

EBIT

11.9%↑

US$1,270 million

Grew 11.9% to US$1,270 million

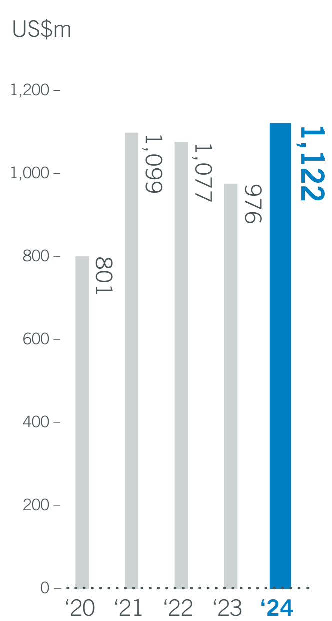


Profit attributable to Owners of the Company

14.9%↑

US$1,122 million

Improved 14.9% to US$1,122 million

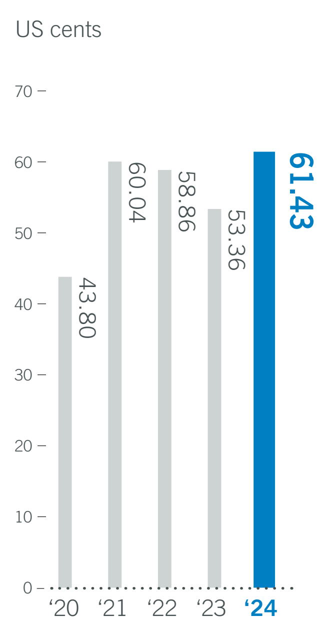


Basic earnings per share

15.1%↑

US61.43 cents

Improved 15.1% to US61.43 cents

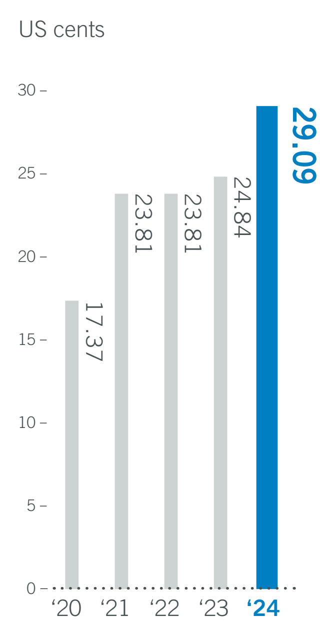


Dividend per share

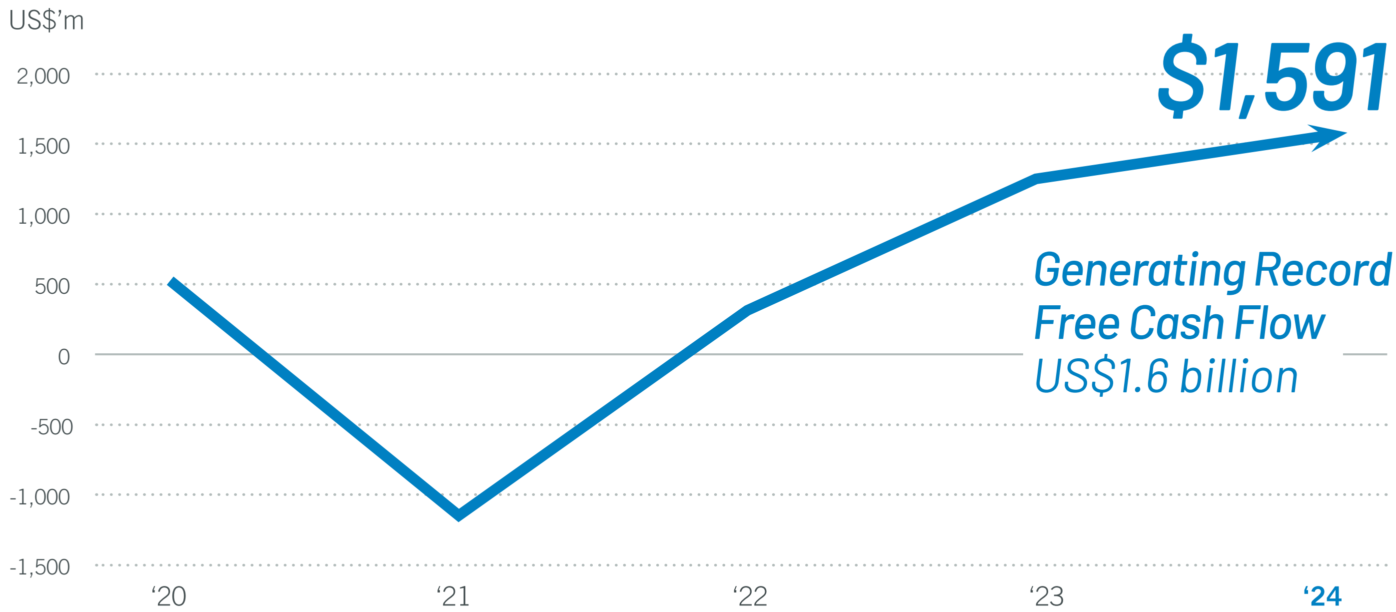
17.1%↑

US29.09 cents

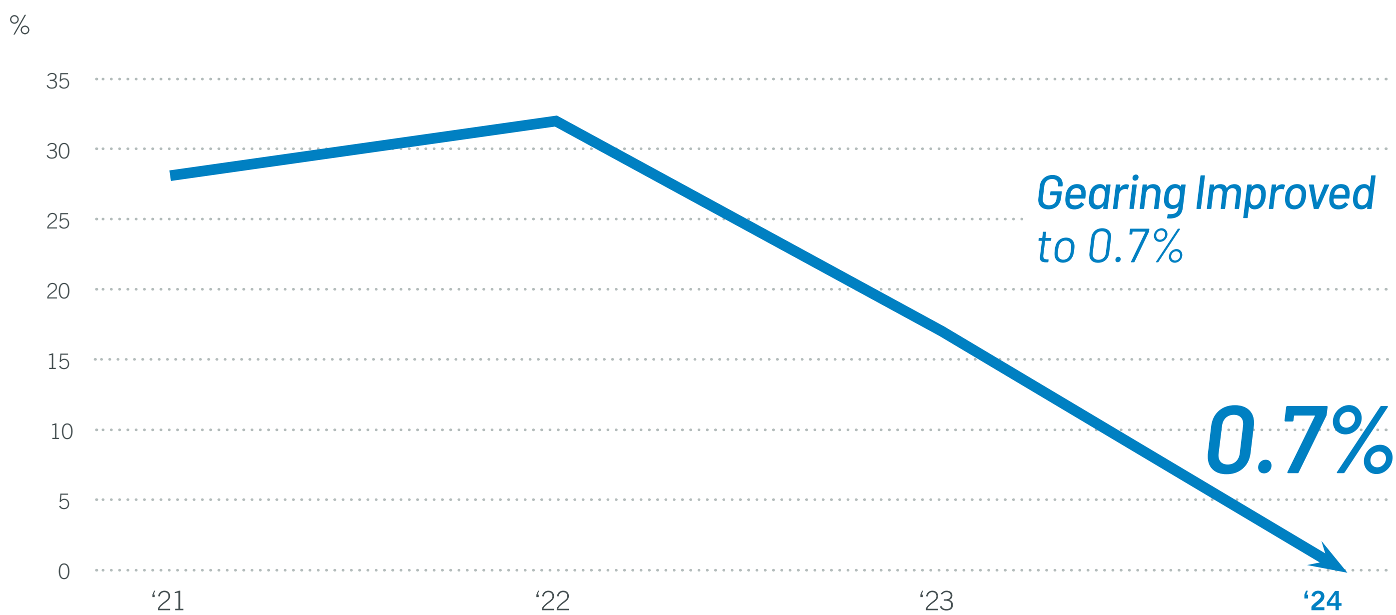
Full-year dividend increased 17.1% against US24.84 cents per share in 2023



Free Cash Flow



Gearing



Business Growth
in local currency

Milwaukee **+11.6%**

RYOBI **+6.4%**

For the year ended December 31, 2024

CHAIRMAN'S STATEMENT

TTI delivered record sales of US$14.6 billion in 2024, growing 6.8% in local currency and 6.5% at reported rates.

Our Flagship MILWAUKEE business continued to extend its dominant market leadership position with sales growth of 11.6% in local currency. RYOBI, the #1 consumer battery-powered tool and outdoor brand globally, also delivered tremendous results, growing 6.4% in local currency. The remaining businesses decreased sales by 14% compared to 2023 as we focused on plans to increase profitability in these areas.

Across the globe, our teams delivered above market growth in all regions. North America grew 5.5%, Europe grew 10.2%, and Rest of World, featuring Australia and Asia, delivered 12.5% growth in local currency.

Gross margin improved 85 bps to 40.3% in 2024. This improvement is the result of a higher mix of MILWAUKEE branded business, aftermarket battery sales, and highly innovative margin accretive new products across our core verticals. Additionally, our world-class manufacturing, operations, and sourcing teams delivered on cost-saving productivity initiatives.

Total SG&A increased 42 bps to 31.7% as a percentage of sales. Research and Development (R&D), which represents our investment in new products and technologies, increased 44 bps and was the main driver of the total SG&A increase.

Financial Performance

EBIT grew 11.9% to US$1,270 million. EBIT Margin as a percentage of sales also improved, increasing 42 bps to 8.7% of sales.

Net profit improved 14.9% to US$1,122 million, reflecting a 31.9% reduction in net interest expense from 2023. Earnings per share also improved 15.1% to US61.43 cents.

I am extremely proud of our financial performance in 2024, which would not have been possible without the efforts of our outstanding global team.

Our team did an outstanding job managing inventory by reducing Inventory Days on Hand by 7 days to 102 days at year end. This reduction was primarily related to Raw Materials and WIP, demonstrating the success of our vendor localization and supply chain efficiency efforts.

We improved working capital 322 bps in 2024 to 14.4%. Based on our rigorous working capital controls and processes, we will be targeting a working capital range between 14% to 16% as a percentage of sales in the future.

Capex spend for the year was US$292 million, lower than last year by 41.9%. This spend includes investments in new products, manufacturing capacity, automation, and productivity initiatives in Vietnam, China, Mexico, and the United States.

We delivered US$1,591 million of Free Cash Flow in 2024, reflecting the improvements in net profit and working capital our teams made in 2024.

Our exceptional world-class team and culture is the reason for these tremendous financial results. Our talented people across the globe have worked together as one team, with incredible dedication to continue to grow TTI's financial results, partner with our outstanding customers, and develop our powerful brands. From our USA teams, led out of Wisconsin and South Carolina, to our European team headquartered in London, the Australian team in Melbourne, and our teams across China, Hong Kong, Vietnam, and Mexico, our diverse group of employees have come together as one team to drive our exceptional results. We look forward to our continued success in 2025 and beyond.

Outlook

I am extremely proud of our financial performance in 2024, which would not have been possible without the efforts of our outstanding global team. Exceptional people and culture are the keys to our success, and we remain focused on developing this foundation through recruiting, retaining, and investing in the right people around the globe. Importantly, our team is trained, flexible, and experienced in adapting to change, which will serve us well as the macro-economic environment continues to evolve.

Looking forward to 2025, we are well positioned to deliver mid to high-single digit sales growth for the company overall, while continuing to focus on improvement plans in the lower performing areas of our business.

With gearing of 0.7% at year end 2024, our balance sheet is extremely healthy. We are actively deploying our Capital Allocation Strategy and are well positioned to make investments to continue growing the business and improving profitability.

In 2025, we will continue our mission of cordless domination, bringing disruptive technology and innovative design to the market, while delivering outstanding financial results.

Horst Julius Pudwill
Chairman
March 4, 2025

CHIEF EXECUTIVE OFFICER'S MESSAGE

I am extremely proud of the financial results our teams delivered in 2024. TTI achieved record sales, growing 6.8% in local currency to US$14.6 billion, while driving even stronger profitability with EBIT Margin increasing by 42 bps to 8.7%. Our flagship MILWAUKEE business has continued to maintain its dominant market leadership position with sales growth of 11.6% in local currency, while our RYOBI business also delivered tremendous results, growing 6.4% in local currency. Our teams continue to build momentum in the early months of 2025, and we are looking forward to sharing our first half 2025 results with you later this year.

An Outside-In Approach

Our success is built on a deep commitment to understanding our users. Whether it's the professional tradesperson or the homeowner consumer, we take the time to listen, learn, and anticipate their needs. This user-first mindset drives our innovation and allows us to continually deliver best-in-class solutions.

One Team Mentality: Our People and Culture

The foundation of everything we've achieved — and will continue to achieve — is our **People and Culture**. Recruiting, retaining, and investing in the right people across the globe has enabled us to deliver outstanding results year after year. Our culture is the driving force behind our growth, setting us apart in the industry.

We foster an environment that encourages innovation, ownership, accountability, transparency, and collaboration. By investing in training, leadership development, and career progression, we empower our teams to push boundaries and achieve extraordinary results. Our leadership team, alongside a strong bench of emerging leaders, ensures that we have the experience, market understanding, and operational expertise to drive our continued success.

Our People and Culture are the foundation of everything we've achieved — and will continue to achieve — driving our growth and setting us apart in the industry.

Our people are more than just a strong workforce — they are our differentiator. The expertise, ingenuity, and passion within our teams set us apart, allowing us to solve complex challenges and create disruptive solutions as one team. This distinct edge, combined with our culture, fuels our ability to anticipate trends, drive innovation, and deliver excellence in every aspect of what we do.

Our ability to attract top talent is a testament to the culture we have built and the leadership that drives it forward. It is not just our products or technology that make us unique — it is our people who truly define our success.

Number One Consumer and Professional Brand

MILWAUKEE and RYOBI are global brands that lead in every market where we compete. Our ability to execute on a worldwide scale is one of our greatest strengths, enabling us to accelerate expansion across both the consumer and professional markets. With a relentless focus on innovation and user-driven solutions, we continue to set new benchmarks and reshape industries.

Our leadership is reinforced by a world-class distribution network that ensures our products reach end users efficiently and effectively. We have established unmatched reach and accessibility through strategic partnerships with the leading distribution partners in every market we serve.

This reach, combined with our commitment to driving disruptive technology, serves as a powerful competitive advantage. We are not just growing, we are reshaping industries through advancements that challenge conventional solutions. Our ongoing investments in Research & Development (R&D), state-of-the-art manufacturing, and advanced battery, motor, and electronics technologies are driving the next generation of solutions that redefine what's possible for our users.

Our innovative manufacturing and supply chain capabilities are critical enablers of this growth, giving us the ability to seamlessly bring new technologies to market while maintaining quality, performance, and cost-effectiveness. With a robust global manufacturing footprint, we are well-positioned to navigate macroeconomic shifts and regional market dynamics, ensuring we deliver best-in-class solutions reliably and efficiently, regardless of external conditions.

Driving the Future

At TTI, innovation is not a choice — it's a necessity. We are built on challenging, disrupting, and reshaping industries.

We will **Disrupt. Transform. Lead!**

But innovation doesn't happen on its own — it's driven by people. Investing in our People & Culture is just as critical as investing in technology and markets. By fostering an environment where bold ideas thrive and teams are empowered to challenge the status quo, we create the foundation for long-term success. We embrace this challenge with relentless focus, speed, and agility.

I would like to thank our Chairman, Horst Pudwill, Vice-Chairman, Stephan Pudwill, and our Board for their outstanding leadership, vision, and mentorship in 2024. In addition, sincere thanks to our employees throughout the company for delivering outstanding results to our shareholders and the innovation and performance our consumers, professionals, and distribution partners depend on.

With the momentum we've built, there is no limit to what's next!

Steven P. Richman
Chief Executive Officer
March 4, 2025

STRATEGIC DRIVERS

TTI is a global strategy-based organization. We have been diligent in researching and refining the key concepts for ongoing sustainability and growth. Early on, leadership identified four strategic areas that would drive our success: **Powerful Brands, Innovative Products, Exceptional People** and **Operational Excellence.**

The synergy in our four strategic drivers creates a culture of disruptive innovation and execution resulting in world-class, powerful brands. This dynamic structure of interconnectivity not only maximizes growth and improvement in every area of our company; but also, delivers the innovative, high-quality driven products needed by consumers and professionals around the world.

BUILT ON TRUST, POWERED BY INNOVATION: *REAL SOLUTIONS THAT BEGIN WITH REAL PARTNERSHIPS*

It all starts by earning the right to serve our users.

At MILWAUKEE, everything we do is built on one foundation: the user. We leverage breakthrough technology, products, and services to disrupt not only the industry but also how professional tradespeople experience their work. A core part of this disruption lies in how we approach the user differently — by becoming a true partner. Through these partnerships, we aim to build an unshakable, lifelong trust with our users — a trust rooted in our ability to consistently deliver solutions that empower them to excel in their work every single day.

Our process starts in the field with dedicated teams working side by side with trade professionals, observing everything from how their day begins to how it ends. We uncover their pain points, whether they stem from the jobsite or the broader challenges of labor. This unmatched level of insight allows us to deliver solutions that make them more productive, safer, and ultimately, more successful.

This access isn't given — it's earned through extraordinary commitment and action. We lead the industry because we understand our users' needs better than anyone else, delivering innovations that redefine performance, productivity, and safety.

MECHANICAL

ELECTRICAL

PLUMBING

REMODELING

UTILITY

TRANSPORTATION MAINTENANCE

GENERAL CONTRACTING

LANDSCAPING & TREE CARE

MINING

RENEWABLE ENERGY

PORTABLE PRODUCTIVITY
TRADE FOCUSED
SYSTEM WIDE

150+ TOOLS

MILWAUKEE continues to lead the subcompact category with innovative solutions that deliver portable productivity and performance. In 2024, the M12 System expanded with trade-dedicated tools tailored to meet specific user needs. For automotive technicians, the M12 Auto Shop Borescope w/ Wi-Fi File Sharing delivers simplified inspections and faster repair approval. Plumbers benefit from the M12 Brushless 1-1/4” – 2” Copper Tubing Cutter, delivering the fastest clean cuts, and an M12 75’ Drain Camera w/ PACKOUT Compatibility that can easily navigate tight bends for clear diagnosis and confident clearing of blockages. Each M12 solution reflects MILWAUKEE’s ongoing commitment to addressing user needs.

Cordless Systems

M12 REDLITHIUM Batteries set a high standard, lasting longer and working harder than other professional lithium-ion batteries. Together with leading motors and electronics, they deliver performance that surpasses higher voltage systems in a more compact size. This provides the user with superior ergonomics and portability.

Technology

Advanced motor technology maximizes efficiency, generating more power from a compact power source, ensuring top-tier performance, durability, and runtime in a smaller, lighter tool. REDLINK Intelligence integrates hardware and software to enable seamless communication between batteries and tools, offering unmatched levels of performance, protection and productivity.




NEW PRODUCTS

M12 FUEL
3/8" Stubby Impact Wrench

M12 FUEL
6" Random Orbital Sander

M12 75' Drain Camera
w/ PACKOUT Compatibility

M12 FUEL
5/8" SDS Plus Rotary Hammer

M12 Brushless 1-1/4" – 2"
Copper Tubing Cutter

M12 Auto Shop Borescope
w/ Wi-Fi File Sharing

M12 FUEL
5-3/8" Circular Saw

M12 Heated TOUGHSHELL
Jacket

Milwaukee

M18

PERFORMANCE DRIVEN
TRADE FOCUSED
SYSTEM WIDE

300+ TOOLS

In 2024, MILWAUKEE introduced THE NEXT BREAKTHROUGH in M18 FUEL — a demonstration of our relentless commitment to investing in core technologies that elevate the total performance and productivity of the industry-leading M18 System. By pioneering advancements in four critical components — motors, batteries, electronics, and charging — this breakthrough enhances the overall capabilities of the M18 System while maintaining full compatibility across all 300+ solutions.

Next-Generation M18 REDLITHIUM FORGE Batteries feature advancements in new lithium-ion cell technologies, electronics, mechanical design, and advanced protection, delivering the most power, the fastest charging, and longest life.

Next-Generation POWERSTATE Brushless Motors deliver more power and improved thermal capabilities in a smaller footprint.

Next-Generation REDLINK PLUS Intelligence enhances compatibility, performance, and protection across the M18 System. Advancements in efficient power management and delivery between tool and battery are now possible with the lowest resistance components ever used in an M18 solution. The implementation of new motor controls makes it possible to push tools harder for longer, getting more work done.

M18 Dual Bay Simultaneous Supercharger delivers up to 6x faster charging to 80% and high-speed cooling with less downtime. Users can rapidly cool M18 REDLITHIUM FORGE 8.0 and 12.0 Batteries in 90 seconds through advanced COOL-CYCLE Active Cooling Technology.

THE NEXT BREAKTHROUGH, along with numerous other trade-focused solutions launched in 2024, continues to revolutionize performance and productivity.

NEW PRODUCTS

M18 FUEL
RINGER Roll Groover
for 2”– 6” Sch 10/40

M18 FUEL
Coil Roofing Nailer

M18 FUEL
Duplex Nailer

M18 FUEL
PACKOUT 9 Gallon
Dual Battery Dust Extractor

M18 Brushless
18” Fan

M18 Compact
1-Ton Chain Hoist
w/ ONE-KEY

M18 FUEL
Overhead Rotary Hammer
w/ Integrated Dust Extraction

M18 FORCE LOGIC
5” Underground Cable
Cutter w/ Wireless Remote

M18 FUEL
Dual-Trigger Deep Cut
Band Saw

Milwaukee®

MX FUEL™

EQUIPMENT REDEFINED
TRADE FOCUSED
SYSTEM WIDE

25+ TOOLS

With the launch of the MILWAUKEE MX FUEL Equipment System, we entered the multi-billion-dollar light equipment space. In 2024, we continued to challenge preconceived notions of what's possible through battery-powered equipment. The MX FUEL Backpack High Cycle Concrete Vibrator w/ 7' Whip / 1.75" Head delivers the most powerful, most consistent consolidation, even in the stiffest concrete. Our MX FUEL 70kg Rammer is the most productive and easiest to use, delivering the power to hit harder and travel faster without sacrificing compaction performance. Users also now have the portability to pump anywhere without the need of a generator with the MX FUEL 1HP 2" Submersible Pump.

With 25+ solutions and continuing to grow, MX FUEL is now the largest, highest performing light equipment battery system.

Cordless Systems

All MX FUEL equipment is compatible with all MX FUEL Batteries for full system compatibility. Our newest MX FUEL REDLITHIUM FORGE Batteries have doubled the runtime of the system while delivering the most powerful, fastest charging, longest life batteries we've ever built. Now with our patented COOL-CYCLE Active Cooling Technology, these batteries also provide high-speed cooling for less downtime on the harshest jobsites.

Technology

Highly advanced motor technology boosts efficiency, generating more power from a compact power source. That means the ultimate performance, durability, and run-time comes in a smaller, lighter package. An advanced combination of hardware and software, REDLINK Intelligence enables full-circle communication between batteries and tools, allowing for unmatched levels of performance, protection and productivity.

NEW PRODUCTS

MX FUEL
Backpack High Cycle Concrete Vibrator
w/ 7' Whip / 1.75" Head

MX FUEL
Portable Battery Extension

MX FUEL
Rapid Charger

MX FUEL
1HP 2" Submersible Pump

MX FUEL
14" Cut-Off Saw w/ RAPIDSTOP

MX FUEL
70kg Rammer

MX FUEL
ROCKET Dual Power
Compact Tower Light

OUTDOOR POWER EQUIPMENT

MILWAUKEE provides innovative solutions that enhance productivity and safety for professionals in the outdoor trades. Our outdoor equipment, built on the M12, M18, and MX FUEL Systems, is designed to meet the rigorous demands of landscape maintenance, landscape construction, and tree care professionals. By offering full battery compatibility within each system, operators can seamlessly switch batteries between equipment, eliminating the common frustrations of gas-powered tools — such as pull starts, high noise levels, mixing gas and oil, emissions, and routine engine maintenance.

The new M18 FUEL 20” Dual Battery Chainsaw delivers 70cc power for faster cutting with reduced stalls, along with a balanced design for enhanced control. Additionally, the M18 FUEL 24” and 30” Hedge Trimmers provide the power to cut through branches up to 1-1/4” thick, making them ideal for faster trimming and aggressive cutback jobs. These tools exemplify MILWAUKEE’s commitment to delivering industry-leading solutions to this rapidly expanding category.

NEW PRODUCTS

M18 FUEL
16” String Trimmer

M18 FUEL
Short Pole Hedge Trimmer

M18 FUEL
24” Hedge Trimmer

M18 FUEL
20” Dual Battery Chainsaw

M18 FUEL QUIK-LOK™ ATTACHMENT SYSTEM

M18 FUEL
Power Head w/ QUIK-LOK

M18 FUEL
String Trimmer w/ QUIK-LOK

M18 FUEL
Pole Saw w/ QUIK-LOK

Multiple Attachments Powered by Single Power Head

Milwaukee®

PACKOUT™
MODULAR STORAGE SYSTEM

The PACKOUT Modular Storage System is the most versatile and durable modular storage system in the industry. Now with 100+ fully interchangeable solutions, the MILWAUKEE PACKOUT Modular Storage System continues to expand to meet the professional's tool storage, transportation, and organization needs.

In 2024, we introduced an array of additions to further enhance users' customization options including a 15" structured tote, structured backpack, a tilt bin organizer, and 7 tool box attachments. Also expanding in 2024 was the offering of drinkware including PACKOUT Insulated Bottles and Mugs with sip lids to prevent unwanted spills, as well as PACKOUT Bottles with leakproof chug lids.





NEW PRODUCTS

PACKOUT
18oz Insulated Mug
w/ Sip Lid

PACKOUT
36oz Insulated Bottle
w/ Chug Lid

PACKOUT Tool Box
Attachments

PACKOUT
Structured Backpack

PACKOUT
Tilt Bin Organizer

POWER TOOL ACCESSORIES

MILWAUKEE is committed to providing professional users with a wide range of accessory solutions designed to enhance productivity and complement the latest advancements in MILWAUKEE power tools. Our solutions are engineered to deliver maximum life, durability and speed. We continue to lead in multiple product segments through our investment in new technologies and best-in-class manufacturing capabilities.

As a result of our leadership position in carbide technology, in 2024 we delivered groundbreaking performance in the reciprocating and circular saw blade categories. We introduced the TORCH with NITRUS CARBIDE SAWZALL Blades for Medium Metal for cutting conduit, strut, and other medium-thickness metals, providing the fastest cutting speed and longest life in key electrical trade applications. Additionally, the new Thick Kerf Framing Circular Saw Blade is designed for the most powerful circular saws with a High Performance Thick Kerf, allowing users to get the straightest rip cuts and ultimate stability in softwoods, hardwoods, lumber, and laminated woods.

Our focus on the plumbing, electrical, and remodeling industries continued in 2024 with the launch of 35+ DIAMOND MAX Hole Saws. MILWAUKEE continues to be the dominant leader in number of cuts in porcelain, tile, and stone with maximum diamond durability and retention for 20X longer life.

Finally, this year MILWAUKEE announced the next generation of SHOCKWAVE Impact Duty Carbide Hammer Drill Bits w/ POWER TIP, delivering easier drilling from start to finish. These drill bits feature a unique tip design with dynamic cutting edges and a chip breaker for ultimate material disruption. Design with sharpened carbide, they deliver up to 9X longer life and 4X faster drilling in concrete.

NEW PRODUCTS

TORCH with NITRUS CARBIDE SAWZALL Blades for Medium Metal

7-1/4" 24T
Thick Kerf Framing
Circular Saw Blade

DIAMOND MAX Hole Saws

SHOCKWAVE Impact Duty Multi-Material Drill Bits

SHOCKWAVE Impact Duty Carbide Hammer Drill Bits w/ POWER TIP

PERSONAL PROTECTIVE EQUIPMENT

MILWAUKEE is dedicated to creating personal protective equipment that addresses the real-world hazards of the jobsite. In 2024, MILWAUKEE introduced a range of BOLT Face Shields, including the BOLT Task Full Face Shield, which features the fastest attachment and removal mechanism and is rated to ANSI Z87+ and CSA Z94.3 standards, ensuring the highest level of protection in the market. Another addition, the BOLT Full Face Shield – Mirrored Dual Coat Lens, is ANSI/ISEA Z87.1 (+) – 2020-rated and equipped with a fog-free interior coating and an anti-scratch exterior hard coating, delivering longer life and superior protection.

The portfolio also expanded with BOLT Eye Visors, designed for optimal fit, seamless headlamp use, and the flexibility to replace safety glasses. These solutions are specifically engineered for BOLT Safety Helmets and Hard Hats and can be interchanged with 15+ accessories to enhance productivity without compromising safety.

Finally, the new Anti-Vibration Cut Level 4 High Dexterity Nitrile Dipped Gloves are ANSI/ISEA 105-2016 rated, protecting users' hands from harmful vibrations while operating power tools. The gloves provide the best full-hand vibration reduction while still maintaining dexterity and comfort.

MILWAUKEE remains committed to providing solutions that help users **STAY SAFE. STAY PRODUCTIVE.**

NEW PRODUCTS

BOLT™
SECURE ACCESSORIES SIMULTANEOUSLY

BOLT Eye Visors

Anti-Vibration
Cut Level 4 High Dexterity
Nitrile Dipped Gloves

BOLT Full Face Shields

Snapback Bump Cap

HAND TOOLS

In 2024, MILWAUKEE introduced the Next Generation of Tape Measures, reaffirming our commitment to providing tailored solutions for core trades across diverse applications and environments. The updated lineup — STUD, Wide Blade, Magnetic, Compact, and Auto-Lock Series — delivers enhanced performance and improved functionality.

The STUD Tape Measures remain the most durable in the industry, featuring advanced EXO360 Rip & Wear Resistant Blade Technology for unparalleled blade protection and extended lifespan. The Wide Blade Tape Measures offer an impressive 18' of reach and 15' of standout, ensuring the straightest and stiffest blade for precision tasks. Meanwhile, the Magnetic Tape Measures have been upgraded with a straighter, stiffer blade that stays rigid up to 12', reducing blade rollover and improving balance and control for efficient measuring in commercial environments.

In addition to tape measures, 2024 saw the launch of several new solutions for the electrical trades, including the Multi-Nut Driver with SHOCKWAVE Impact Duty Magnetic Nut Drivers. This 6-in-1 tool provides unmatched versatility, with easy-access onboard storage to keep nut drivers organized and enable quick size changes. Complementing this, the new 5 PC 1000V Insulated Hand Tool Set introduces essential solutions for electrical work, including 1000V Insulated Pliers, Slim Tip Screwdrivers, and a Wire Stripper, all designed to meet the highest safety standards.

MILWAUKEE also introduced Demolition Screwdrivers this year, purpose-built for demanding demolition and fastening applications. These screwdrivers feature custom-machined tips for a precise fit and reduced stripping, along with laser-etched grips for enhanced control. Manufactured in the USA using best-in-class technology and USA-sourced materials, they are backed by a complete Lifetime Guarantee.

These are just a few examples of the many trade-focused hand tools MILWAUKEE unveiled in 2024, all designed to meet the evolving needs of professionals.

NEW PRODUCTS

STUD Tape Measures

Wide Blade
Tape Measures

Magnetic Tape Measures

Multi-Nut Driver w/ SHOCKWAVE
Impact Duty Magnetic Nut Drivers

5 PC 1000V Insulated
Hand Tool Set

8-in-1 1000V Insulated Slim Tip
Multi-Bit Screwdriver

39-in-1 Precision
Multi-Bit Screwdriver

5/16” Slotted 6” Cushion-Grip
Demolition Screwdriver
(USA)

25’ Hand Auger

3’ Toilet Auger

RYOBI

SETTING THE BAR HIGH *AS THE #1 DIY TOOL BRAND*

RYOBI System

USB LITHIUM | 18V ONE+ | 40V | 80V | LINK MODULAR STORAGE SYSTEM

RYOBI continues to innovate and lead the way as the #1 DIY Tool Brand on the planet, allowing users to own their home with a vast array of products to tackle any job. The breadth of line, cordless convenience, and value of products, all compatible with a battery interface that has remained consistent since 1996, makes the RYOBI 18V ONE+ Cordless System the platform of choice for users from DIYers to professionals. For larger yardwork needs, the RYOBI 40V System provides over 85 solutions that deliver gas performance with cordless convenience. The RYOBI 80V System features Zero Turn Riding Mowers, Lawn Tractors and more, powered by clean, zero emission, lithium battery power.

RYOBI 18V ONE+ HP & 40V HP Brushless Tools utilize advanced technologies and superior ergonomics to deliver high-performance tools and a premium user experience like never before. RYOBI USB LITHIUM products eliminate the need for alkaline batteries by using USB Lithium Batteries to power over 30 everyday solutions. The RYOBI LINK Modular Storage System continues to grow and enables users to easily organize, access, and transport their lives with a wide variety of customizable wall and mobile storage solutions.

DIY

HOBBY/CRAFT & MAKER

LAWN & GARDEN

LIFESTYLE & RECREATION

REMODEL

STORAGE & ORGANIZATION

TRANSPORTATION MAINTENANCE

CLEANING

RYOBI®

18V ONE+™

RYOBI's expansive 18V ONE+ System features over 300 innovative products. The versatility, variety, and convenience of these tools offer a solution for every need. The 18V ONE+ lineup gives users The Power To Do More in every area, be it the home, the yard, or beyond. RYOBI cordless lithium technology powers through most applications, from drilling, cutting, fastening, and cleaning to lighting, plumbing, trimming, mowing, and clearing.

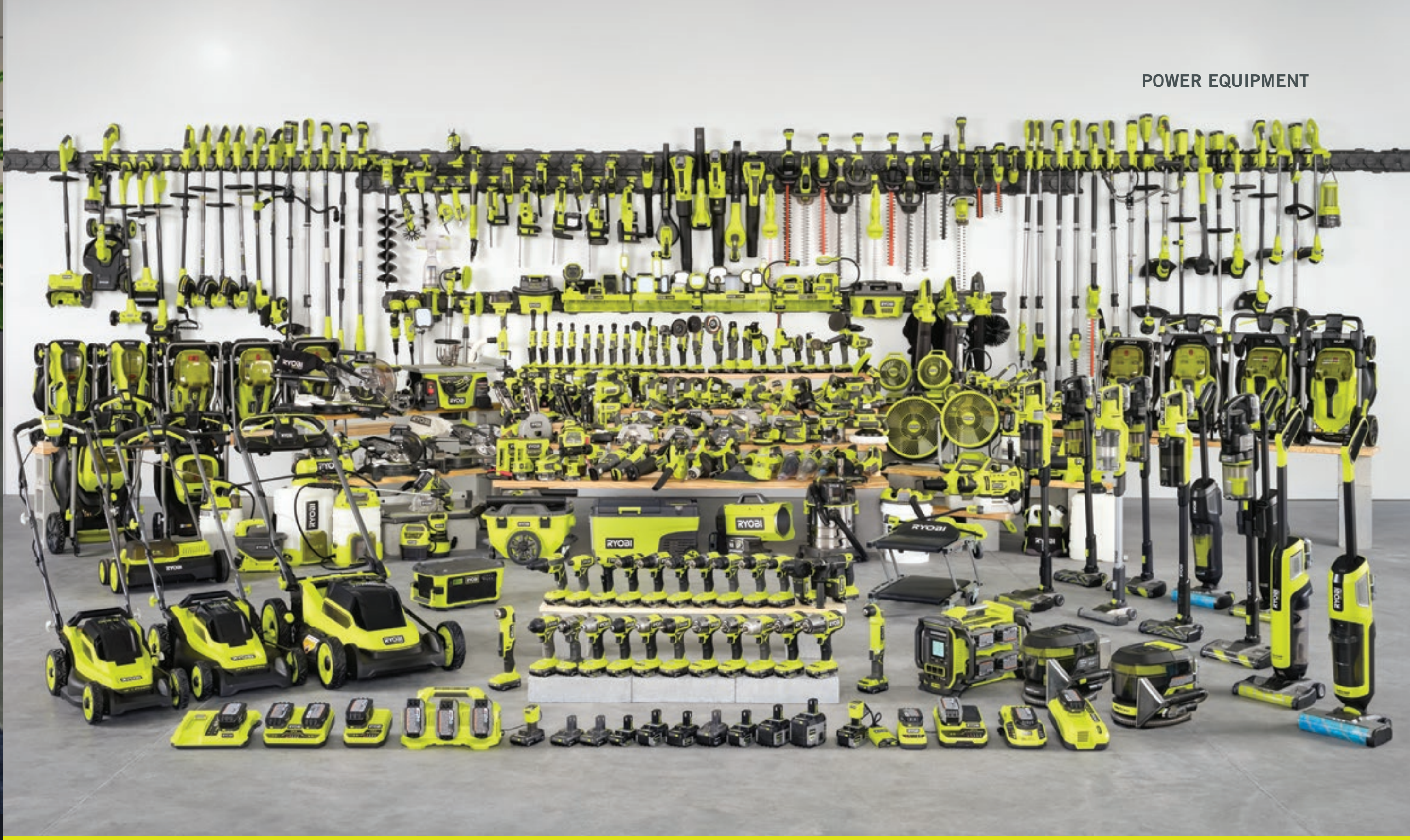
No need to worry about compatibility- RYOBI's newest 18V ONE+ products and batteries work with all older 18V tools and batteries, all the way back to 1996. Users can buy with confidence knowing that their new purchases will fit seamlessly into their existing collection. Whether you're on the jobsite or at home, a casual user or a seasoned DIYer, RYOBI has a solution for every user.

18V ONE+ HP

RYOBI 18V ONE+ HP tools feature premium brushless motors, advanced electronics, and HIGH PERFORMANCE Lithium Batteries to deliver a best-in-class user experience. These tools utilize advanced technology to deliver more power, runtime, durability, and speed. 18V ONE+ HP tools are designed with superior ergonomics without sacrificing performance. With the release of the second generation of HP products in 2025, RYOBI is positioned to continue to provide power and performance for every user from DIYers to Professionals.





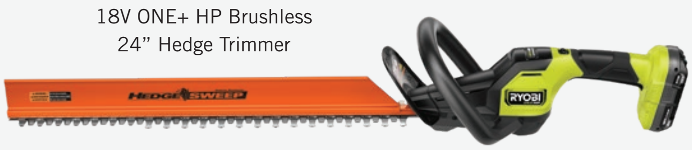


NEW PRODUCTS

18V ONE+ HP Brushless
AIRSTRIKE 16GA Brad Nailer

18V ONE+ HP Brushless
5” Random Orbit Sander

18V ONE+ HP Brushless
24” Hedge Trimmer



GEN II 18V ONE+ HP Brushless
4-Mode 1/4” Hex Impact Driver

GEN II 18V ONE+ HP Brushless
Reciprocating Saw

18V ONE+
360° LED Light

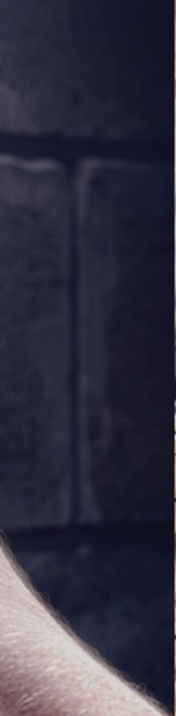
RYOBI®

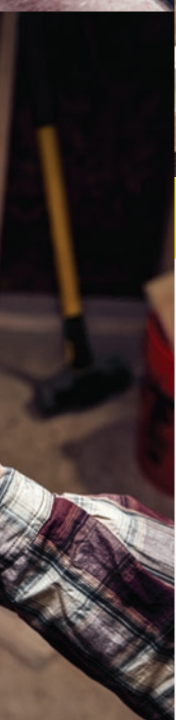
18V ONE+ HP
COMPACT SERIES
BRUSHLESS

In 2024, RYOBI introduced the second generation of HP Compact Series core products including drilling and driving, cutting tools and brand-new expansions like the 18V ONE+ HP Compact Brushless Barrel Grip Jig Saw. These products utilize RYOBI ONE+ HP Technology to deliver more power, runtime, durability, and speed using powerful motors, advanced electronics and high-performance lithium technology while being both the lightest weight and most compact solutions in the RYOBI 18V ONE+ product lineup.

18V ONE+ HP
COMPACT SERIES
BRUSHLESS

The RYOBI 18V ONE+ HP Compact Series tools are the lightest and most compact tools RYOBI offers, while still delivering the power to get the job done. With fourteen solutions over the power tool and outdoor lineups, these tools make it easy for users to complete their tasks in the tightest of spaces without compromising on performance.





NEW PRODUCTS

18V ONE+ HP Compact
Brushless 8" Pruning Chainsaw

18V ONE+ HP Compact
Brushless 220 CFM Blower

GEN II 18V ONE+ HP Compact
Brushless 1/4" Hex Impact Driver

GEN II 18V ONE+ HP Compact
Brushless 1/2" Drill Driver

18V ONE+ HP Compact
Brushless Barrel Grip Jig Saw

RYOBI®

40V

RYOBI's 40V System delivers superior runtime and performance with its lineup of over 85 innovative products. Each 40V tool is designed to deliver the performance of gas with the convenience of cordless. No more maintenance, no more cords, and no more trips to the gas station- these 40V tools outperform gas alternatives and ensure that you're ready for all outdoor projects. Any RYOBI 40V Lithium Battery can power all your tools, from mowers to blowers, string trimmers to chainsaws, augers to snow blowers. Less maintenance means more time to achieve your goals and enjoy your lawn. RYOBI's 40V lineup continues to lead the way in variety and versatility for every user.





NEW PRODUCTS

40V Battery Topper Fan

40V 4Ah Lithium
High Performance Edge Battery

40V 8Ah Lithium
High Performance Edge Battery

40V HP Brushless
21" Push Mower

40V HP Brushless
21" Self-Propelled Mower

RYOBI

18V ONE+ HP
40V HP
80V HP

RYOBI's selection of mowers across the 18V ONE+, 40V, and 80V Systems helps make it the Number One Cordless Outdoor Power Brand. No matter the system, RYOBI continues to innovate and offer a mower for every yard.

In 2024, RYOBI introduced its latest 40V lawnmower offering, the 40V HP Brushless 21" Self-Propelled Multi-Blade Mower. The brushless motor with 40V HP Technology gives this mower more power than a 170cc gas mower and the turbo mode delivers an extra boost of power to tackle the toughest conditions. The two included 40V 6Ah batteries provide up to 75 minutes of runtime. RYOBI's CROSS CUT Multi-Blade System provides the industry's best 3-in-1 cutting performance and SMART TREK adaptive variable speed self-propelled technology lets you set the pace while you're mowing.

The newest addition to the 18V ONE+ family, the 18V ONE+ HP Brushless 20" Self-Propelled Mower, delivers more power than a 150cc gas mower and can get up to 40 minutes of runtime with the two included 18V 6Ah HIGH PERFORMANCE Batteries. With its dual active battery ports and self-propelled rear wheel drive, users get both ultimate power and an effortless mowing experience.

WHISPER SERIES

RYOBI HP WHISPER Series products are not only the most powerful line of RYOBI tools, but also the quietest. Designed to produce less noise than gas and even other battery-operated tools, these products are ideal for use in neighborhoods or areas with noise and emission restrictions. RYOBI Whisper Series provides performance and convenience without compromise.


FLAGSHIP PRODUCTS

18V ONE+ HP Brushless
20” Self-Propelled Mower

40V HP Brushless 21” Self-Propelled
AWD Multi-Blade Mower

40V HP Brushless 21” Self-Propelled
Multi-Blade Mower

80V HP Brushless
46” Lithium Electric Riding
Lawn Tractor

80V HP Brushless
54” Lithium Electric
Zero Turn Riding Mower

RYOBI®

USB LITHIUM

RYOBI’s USB Lithium product line continues to expand its offerings of handheld portable solutions designed to replace tools usually powered by disposable alkaline batteries and traditional manual applications.

In 2024, RYOBI introduced two new recreation products to the lineup: the USB Lithium Heated Cushion and the USB Lithium VERSE Compact Speaker. The Heated Cushion has three heat settings (high, medium, and low) and lasts up to 5 hours when using the two included USB Lithium 2Ah Batteries on low.

The VERSE Compact Speaker provides studio-quality sound and has a bluetooth range of up to 250’. Stay powered with up to 6 hours of runtime using the included 2Ah battery or use the speaker’s onboard USB-C charging port for unlimited runtime. RYOBI VERSE technology allows this speaker to be paired with over 100 additional RYOBI VERSE compatible speakers, allowing users to immerse themselves in high quality sound.

One of the most versatile new tools released this year is the USB Lithium 4-IN-1 Stapler/Nailer. This compact and lightweight tool can drive four different fasteners, making it ideal for furniture upholstery, installing insulation, hanging lights and picture frames, and fastening chicken wire. It also features an integrated guideline at the nose to ensure precision and accuracy and a low staple indicator, so you know when it’s time to refill. Drive up to 600 nails/staples on one charge of a USB Lithium 3Ah Battery.

The RYOBI USB Lithium LED Magnetic Clamp Light provides powerful illumination in a durable hands-free design. Light up even the darkest area with its 1,000 lumens and three brightness modes. With its 360° rotating and 180° pivoting head, 1-1/4” magnetic clamping base, and LINK Wall Storage capability, this light can be adjusted to illuminate any environment. This light can get up to 10 hours of runtime with a USB Lithium 2Ah Battery and has an IP54 dust and water resistance rating.

NEW PRODUCTS

USB Lithium
4-In-1 Stapler/Nailer

USB Lithium
Shear Shrubber

USB Lithium
HP Compact Hand Vacuum

USB Lithium
Heated Cushion

USB Lithium
VERSE Compact Speaker

USB Lithium
LED Magnetic Clamp Light

RYOBI®

LINK™
MODULAR STORAGE SYSTEM

The RYOBI LINK Modular Storage System is essential for organization, accessibility, and mobility. With a diverse range of wall and mobile solutions, LINK offers unparalleled customization, empowering users to streamline their lives wherever they go.

From home to the jobsite and everywhere in between, LINK revolutionizes organization, providing users with versatile and durable storage solutions tailored to their needs.

The LINK Accessory Rails bring LINK to new places in the home and are ideal for use anywhere from a LINK cabinet to a workbench to a closet wall. Each rail can hold up to 15 pounds and is compatible with a variety of LINK products and accessories for endless customization.

In early 2025, RYOBI introduced the all new LINK SlotBox Organizer Kit. This brand new solution offers customizable storage with a SlotBox Receiver, a Medium Organizer, and two Low-Profile Organizers that can be secured on any LINK Wall Rail or LINK Toolbox and taken on the go for ultimate portability. Designed for accessibility, it features access from left and right sides of a tool box stack and the organizers have clear tops for easy identification of contents.

NEW PRODUCTS

LINK Mesh Basket

LINK Accessory Rail

LINK Quick Hang
Strap Hook

LINK Open
Tool Organizer Cabinet

LINK SlotBox Organizer

RYOBI

Cordless Cleaning

USB LITHIUM

18V ONE+

40V

RYOBI offers the widest range of cordless cleaning solutions across the USB Lithium, 18V ONE+ and 40V Systems. These innovative cordless options give users the ability to replace corded, internal battery, alkaline-powered, and manual solutions with rechargeable lithium power. From vacuums to spot cleaners, scrubbers to power cleaners, RYOBI cordless cleaning products offer versatile solutions for any mess, indoors and out.

2024 saw the introduction of the USB Lithium Power Spray Mop, which features an agitating mop head for 30% faster cleaning with less effort. Clean all sealed hardwood floors with ease with the maneuverable swivel head and toss the reusable microfiber mop pad in the wash when finished to save money and reduce waste.

The RYOBI 40V HP Brushless 1200 PSI 1.0 GPM Pressure Washer offers a convenient portable option for cleaning around the house without the hassle of cords. This product is ideal for light-duty applications like washing cars, cleaning patio furniture, small sidewalks, and bricks with its 1200 PSI and 1.0 GPM. Connect it to a garden hose or use the included siphon hose to pull water from any freshwater source. Three included nozzles provide versatile cleaning options, and the lightweight design makes it a breeze to transport.

With products in each battery lineup, RYOBI continues to provide new and effective solutions for any application.

Easy-to-use and ergonomic, RYOBI has all users' cleaning needs covered from vacuumsto scrubbers, power cleaners, and more. Power through the mess without breaking a sweat.

FLAGSHIP PRODUCTS

18V ONE+ HP SWIFTCLEAN
Mid-Size Spot Cleaner

18V ONE+
Soap Dispensing
Telescoping Scrubber

40V 10 Gallon
Wet/Dry Vacuum

18V ONE+ HP
Advanced Stick Vacuum

18V ONE+ HP SWIFTCLEAN
Wet/Dry Stick Vacuum

USB Lithium Power
Spray Mop

RYOBI

Lifestyle & Recreation

USB LITHIUM

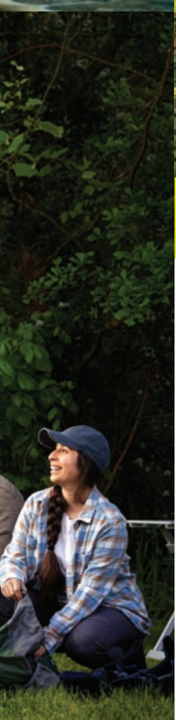
18V ONE+

40V

RYOBI offers a complete lineup of lifestyle & recreation solutions designed to elevate every outdoor experience, whether it's a campsite, the beach, or a tailgate. With a full suite of cordless lights, fans, audio solutions and more, it has never been easier to unplug with RYOBI on all of life's adventures.

Cordless Power Stations

From USB Lithium Batteries that can top up a mobile device to power stations that replace the gas, fumes, noise, and emissions of gas generators – RYOBI has a solution for every user. Power a range of devices from laptops and cell phones to TVs and refrigerators. RYOBI offers safe and efficient alternatives to gas systems, enabling you to stay comfortable, connected, and powered no matter the situation.



FLAGSHIP PRODUCTS

18V ONE+ HYBRID VERSE LINK Bluetooth Stereo

18V ONE+ 1800-Watt Power Station

USB Lithium LED Compact Area Light

TRIPOWER Tripod LED Light

18V ONE+ 7.5" Bucket Top Misting Fan

40V HP Brushless Hybrid 20" Air Cannon

Floorcare & Cleaning

THE ORIGINAL IN CLEANING INNOVATION IS THE ONE THAT STARTED IT ALL

HOOVER continues to lead the industry in 2024, designing, developing and delivering new technology and expanding the range of products to transform every aspect of whole-home cleaning. From an increased focus on the ONEPWR cordless cleaning network to an expanded line of cleaning solutions, HOOVER delivers advanced, game-changing innovation for an ever-increasing range of cleaning needs. As the name and brand that started it all, HOOVER continues to challenge the status quo in the cleaning industry.

NEW PRODUCTS

SMARTWASH
Pet XL
Carpet Washer

CLEANSLATE XL
Carpet & Uphostery
Spot Cleaner

ONEPWR EMERGE
ALL-TERRAIN
Cordless Stick Vacuum

WINDTUNNEL
TANGLE GUARD
Upright Vacuum

WINDTUNNEL
ALL-TERRAIN
Upright Vacuum

HOOVER Formulas

HOOVER formulas are designed to help tackle all of your cleaning needs such as deep cleaning carpets, removing stains or freshening up upholstery.

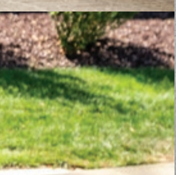
HOOVER®

Cordless Cleaning

ONEPWR® BATTERY SYSTEM

ONEPWR: THE WORLD'S MOST ADVANCED CLEANING NETWORK

With over 20 cordless cleaning products, the HOOVER ONEPWR system of cordless cleaning products has expanded and improved more than ever in 2024. The introduction of the world's first cordless carpet cleaner, ONEPWR SMARTWASH, has unlocked the ability to clean hard floors, spot clean, vacuum, carpet clean, and more, all with the same battery. HOOVER has "cut the cord" on whole-home cleaning without compromising the performance homeowners expect, all while offering virtually limitless runtime with batteries within the ONEPWR network.



NEW PRODUCTS

ONEPWR CLEANSLATE
Cordless Carpet & Uphostery
Spot Cleaner

ONEPWR STREAMLINE
Cordless Hard Floor Cleaner

ONEPWR Hand Vac
Cordless Hand Vacuum

ONEPWR Emerge Pet
Cordless Stick Vacuum

ONEPWR SMARTWASH
Cordless Carpet Washer

ONEPWR EVOLVE Pet Elite
Cordless Vacuum

HOOVER ONEPWR Batteries

Engineered for consistency and reliability. Clean carpets & hard floors, spot clean, vacuum, scrub and more all with the same battery.

vax™ ONE PWR CORDLESS

Cordless Cleaning

This year, VAX has continued to drive innovation and success with the ONEPWR cordless cleaning range. Featuring a dynamic lineup of vacuums, spot washers, carpet washers and hard floor cleaners, the range offers exceptional versatility and convenience.

The removable, rechargeable ONEPWR battery continues to set the standard for versatility, seamlessly powering the new ONEPWR Compact Carpet Washer and the cordless SPOTWASH Home. Designed to refresh and revive tired carpets and upholstery, they also deliver exceptional stain removal along with cordless freedom.

This year also marks the launch of the new VAX HOMEPRO Range, a ONEPWR powered cordless vacuum cleaner designed entirely with customer insight and feedback at its core. Built for ultimate convenience, it offers features such as a FlexiClean pole for cleaning tight spaces and under furniture, innovative HairWrap Resist technology, hygienic bin emptying and self-stand ability.

NEW PRODUCTS

HomePro Pet

ONEPWR 4.0Ah
Battery

ONEPWR SPOTWASH
Home Cordless

ONEPWR Carpet Washer

MILWAUKEE M18 FUEL RINGER Roll Groover

Power Equipment

93.9% of total sales

US$13,700 m

HOOVER ONEPWR Emerge Cordless Stick Vacuum

Floorcare & Cleaning

6.1% of total sales

US$899 m

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Power Equipment

The TTI Power Equipment segment delivered sales of US$13.7 billion in 2024, an increase of 7.3% in reported currency and 7.6% in local currency.

MILWAUKEE

Our flagship MILWAUKEE business grew 11.6% in local currency with reported sales up 11.1%. In local currency, North America grew 10.9%, Europe delivered 14.8% growth, and Rest of World delivered 11.9% growth.

Our MILWAUKEE business strategy that has driven our unprecedented growth rates in the industry starts with our unwavering focus on the end user. Our teams strive to completely understand the end user to find opportunities to bring safety and productivity to the jobsite. In the core trades we serve, employee labor is the most valuable asset an organization possesses. By delivering solutions that allow this labor to work more efficiently and safely, MILWAUKEE products can create tremendous value for end users.

When we started our MILWAUKEE cordless journey over 17 years ago, we serviced a limited number of professional trade verticals with only a few products. Today, we are focused on users in the 10 core trade verticals of Mechanical, Electrical, Plumbing, Remodeling, Utility, Transportation Maintenance, General Contracting, Landscaping & Tree Care, and Mining. Our product categories now include Power Tools, Outdoor Power Equipment, Accessories, MX FUEL Light Equipment, PACKOUT Modular Storage Solutions, Hand Tools, and Personal Protective Equipment (PPE). Our mission is to provide a total solution for the end user to make them more productive, safer, and ultimately, more successful.

A prime example of this commitment is our M18 FUEL Overhead Rotary Hammer with Integrated Dust Extraction. Designed for overhead concrete drilling, a demanding application performed by thousands of tradespeople worldwide, this new-to-world solution enhances safety by reducing the risk of musculoskeletal disorder (MSD) injuries, which account for 20% of non-fatal construction injuries. Now 20% lighter, it reduces strain on the user while increasing drilling speed for faster productivity, further lessening fatigue. Its optimized handle design decreases shoulder flexion by 35-45 degrees, significantly lowering the risk of rotator cuff injuries and tears. By redefining how users tackle large-scale overhead drilling, it delivers not just efficiency, but a new standard of safety.

Each of our core trade verticals is further divided into multiple sub-trade verticals, each containing users with unique challenges and productivity needs for which we strive to provide solutions. One example is the M18 FUEL RINGER Roll Groover, the industry's first cordless Roll Groover, designed to optimize the productivity in the pipe-fitting sub-trade vertical of the Mechanical trade. This product allows operators to work anywhere efficiently, eliminating the physical strain of traditional onsite grooving and eliminating the transportation and time to send the pipes offsite for electric powered grooving.

MILWAUKEE M18 FUEL
Overhead Rotary Hammer with Integrated Dust Extraction

MILWAUKEE BOLT Red Front Brim Safety Helmet with IMPACT ARMOR

Additionally, the rapid advancement of generative Artificial Intelligence has created a need for the construction of new data centers, which is just one of the hyper growth segments MILWAUKEE is focused on serving. We are partnering with end users, trade organizations, contractors, and training centers to support this growth.

Our deep understanding of the end user extends beyond the tool and related accessory they use to complete the job. Our MILWAUKEE PACKOUT Modular Storage System, which now contains 140+ interchangeable products, is an example of an entirely new business developed in-house by partnering with our end users to solve for their expanding storage and transportation needs on the jobsite. Two other examples of in-house developed businesses include Electrician's Hand Tools and PPE. Both categories demonstrate how our focus on understanding end-user needs has enabled us to introduce new safety and productivity solutions to a market where little innovation previously existed.

RYOBI

Our RYOBI business continued to flourish in 2024, growing 6.4% in local currency. RYOBI Outdoor delivered low double digit growth, while the Power Tool category continued to improve profitability.

As the #1 Consumer cordless power tool and outdoor brand in the world, we are continuing to bring innovation and value to all our customers, ranging from the DIY hobbyist, to the Lawn and Garden Enthusiast, to the Value Pro and everyone in between. We service these customers with 3 innovative cordless platforms including RYOBI 18V ONE+, RYOBI 40V, and RYOBI USB LITHIUM.

First introduced in 1996, the RYOBI 18V ONE+ platform now contains 311 interchangeable products that run off the same battery. All products are completely backward and forward compatible, meaning a tool that was introduced in 1996 is still capable of running off of a battery developed today. In addition, using newer generations of our battery technology, like the new RYOBI 18V LITHIUM HP EDGE with advanced lithium cell designs and onboard electronics, can enhance the performance of existing tools. RYOBI's commitment to growing our

RYOBI 40V HP Brushless 21" Self-Propelled Multi-Blade Mower

RYOBI GEN II 18V ONE+ HP
Compact Brushless 1/2" Drill Driver

RYOBI 18V ONE+ HP Advanced Stick Vacuum

existing entrenched user base with new products and advanced battery technology is a significant competitive advantage that creates a strong foundation for additional growth with existing users while attracting new users to the platform.

Across all our RYOBI platforms, our strategy is to understand what brings value to the end user and deliver innovative product while partnering with the best distribution partners in the industry. From the Home Depot in the North America, to Bunnings in Australia and New Zealand, to a plethora of partners across Europe, we are all focused on winning in RYOBI as one team.

Floorcare & Cleaning

The Floorcare and Cleaning segment improved profit by US$1.2 million versus 2023 to US$28.3 million, while reducing sales by 4.5% in local currency to US$899 million. Our innovative line of RYOBI cleaning products is our fastest growing Floorcare category and VAX also performed well in the UK and Australia, growing mid-single digits. In North America, we are focused on improving the profitability of our esteemed HOOVER, DIRT DEVIL, and ORECK brands.

VAX ONEPWR Carpet Washer

FINANCIAL REVIEW

Financial Results

Result Analysis

The Group's revenue for the year amounted to US$14.6 billion, an increase of 6.5% as compared to US$13.7 billion in 2023. EBIT amounted to US$1,270 million, an increase of 11.9% as compared to US$1,135 million in 2023.

Profit attributable to Owners of the Company amounted to US$1,122 million as compared to US$976 million in 2023, an increase of 14.9%.

Basic earnings per share for the year was at US61.43 cents as compared to US53.36 cents in 2023.

Gross Margin

Gross margin improved to 40.3% as compared to 39.5% last year. The margin improvement was the result of a higher mix of margin accretive MILWAUKEE business, aftermarket battery sales, accretive innovative new products and effective cost controls by all our manufacturing operations.

Operating Expenses

Total operating expenses for the year amounted to US$4,642 million as compared to US$4,302 million in 2023, representing 31.7% of turnover (2023: 31.3%). The increase was mainly due to our strategic investments in new products and technologies.

Our R&D expenses amounted to US$648 million, representing 4.4% of turnover (2023: 4.0%) reflecting our continuous focus on innovation, new products and technology. We will continue to invest in breakthrough technology and deliver broad base end-user products and categories as these are most critical, not only to maintain sales growth momentum, but also margin expansion.

Net interest expense for the year amounted to US$54 million as compared to US$79 million in 2023, representing 0.4% of turnover (2023: 0.6%). The decrease in net interest expense is the result of our efficient management of financial resources.

The effective tax rate, being tax charged for the year to before tax profits was at 7.8% (2023: 7.5%). The Group will continue to leverage its global operations and align its strategy to manage various tax policy changes globally to sustain our overall tax efficiencies.

Liquidity And Financial Resources

Shareholders' Funds

Total shareholders' funds amounted to US$6.4 billion as compared to US$5.7 billion in 2023. Book value per share was at US$3.47 as compared to US$3.13 last year, an increase of 10.9%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2024, the Group's cash and cash equivalents amounted to US$1,232 million (2023: US$953 million), of which 38.9%, 24.3%, 17.2%, and 19.6% were denominated in US$, EUR, AUD and other currencies respectively.

The Group generated free cash flow of US$1,591 million for the year as compared to US$1,281 million last year. (Free cash flow equals to net cash from operating activities, less purchase of property, plant and equipment, less additions to intangible assets, and add proceeds from disposal of property, plant and equipment).

The Group's net gearing, expressed as a percentage of total net borrowing (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, was at 0.7% as compared to 17.1% in 2023.

Bank Borrowings

Long term borrowings accounted for 59.8% of total debts (2023: 53.3%).

The Group's major borrowings continued to be in US$. Borrowings are predominantly Secured Overnight Financing Rate ("SOFR") based. There is a natural hedge mechanism in place as the Group's major revenues are in US$ and currency exposure therefore is low. Currency, interest rate exposures, and cash management functions are all being closely monitored and managed by the Group's treasury team.

Amongst the bank borrowings, fixed rate debts after interest rate hedging account for 72.3% of the total bank borrowings, the balance being floating rate debts.

Working Capital

Total inventory was at US$4,076 million as compared to US$4,098 million in 2023. Inventory days decreased by 7 days from 109 days to 102 days. The Group will continue to focus on managing the inventory level and improve inventory turns. Raw material inventory decreased by 7 days to 15 days while Finished Goods inventory days maintained at 84 days.

Trade receivable turnover days were at 47 days as compared to 45 days last year. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing the credit exposure.

Trade payable days were at 96 days as compared to 90 days in 2023.

Working capital as a percentage of sales was at 14.4% as compared to 17.7% in 2023.

Capital Expenditure

Total capital expenditures for the year amounted to US$292 million (2023: US$502 million) representing 2.0% of sales.

Capital Commitments and Guarantees

As at December 31, 2024, total capital commitments for the acquisition of property, plant and equipment and equity interest in a subsidiary contracted for but not provided amounted to US$167 million (2023: US$178 million), and there were no material guarantees or off balance sheet obligations.

Charge

None of the Group's assets are charged or subject to encumbrance.

Major Customers and Suppliers

For the year ended December 31, 2024

(i) the Group's largest customer and five largest customers accounted for approximately 44.6% and 53.5% respectively of the Group's total revenue; and

(ii) the Group's largest supplier and five largest suppliers accounted for approximately 5.4% and 17.3% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

As far as the Directors are aware, none of the Directors, their associates or any shareholders who owned more than 5% of TTI's share capital had any interest in the five largest customers or suppliers of the Group.

Human Resources

The Group employed a total of 46,580 employees as at December 31, 2024 (2023: 42,846) in Hong Kong and overseas. Total staff cost for the year under review amounted to US$2,726 million (2023: US$2,454 million).

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improving the quality, competence and skills of all employees. It provides job-related training and leadership development programs throughout the organization. The Group continues to offer competitive remuneration packages, discretionary share options and bonuses to eligible staff, based on the performance of the Group and the individual employee.

Corporate Strategy and Business Model

The Group is a world-class leader in design, manufacturing and marketing of power tools, outdoor power equipment and floorcare & cleaning for consumers, professional and industrial users in the home improvement, infrastructure and construction industries. We are committed to implementing our long term strategic plan that focuses on "Powerful Brands, Innovative Products, Operational Excellence and Exceptional People".

We continue to strengthen our portfolio of powerful brands with a focused marketing approach. Our extension into new product categories and under-represented markets enable us to generate outstanding growth. Geographic expansion will be a highlight of TTI's future, our long term strategy is to aggressively build our business both inside and outside North America and we are relentlessly focused on expanding and establishing presence in high potential markets around the world.

Introducing innovative new products is the centerpiece of our long term strategy. We continue to invest in building a high-speed product development process, enabling us to respond faster to customer requests and emerging opportunities, giving us a vigorous competitive advantage.

Our strategy in operational excellence will continue, we will drive further gains in efficiency across our manufacturing operations, supporting further margin improvement.

We continue to deploy our Leadership Development Program (LDP) to develop our pool of talent for the future. The LDP initiative is successfully feeding talent into key positions throughout the company.

Purchase, Sale or Redemption of Securities

Other than 2,872,500 shares of the Company purchased on-market by the trustee for satisfying the awarded shares granted under the Company's share award scheme (details of which will be set out in the Corporate Governance Report to be included in this Annual Report), a total of 3,000,000 ordinary shares were bought back by the Company during the year at prices ranging from HK$86.00 to HK$116.20 per share. The consideration paid by the Company for such buy-backs of the shares of approximately US$37,521,000 was charged to the retained profits.

The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced. The buy-backs of the Company's shares during the year were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the year, purchased, sold or redeemed any listed securities of the Company.

Review of Financial Information

The Audit Committee has reviewed with senior management of the Group and Messrs Deloitte Touche Tohmatsu the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters, including the review of the Group's consolidated financial statements for the year ended December 31, 2024. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

Dividend

The Directors have recommended a final dividend of HK118.00 cents (approximately US15.19 cents) per share with a total of approximately US$278,265,000 for the year ended December 31, 2024 (2023: HK98.00 cents (approximately US12.61 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 19, 2025. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about June 27, 2025. This payment, together with the interim dividend of HK108.00 cents (approximately US13.90 cents) per share (2023: HK95.00 cents (approximately US12.23 cents)) paid on September 19, 2024, makes a total payment of HK226.00 cents (approximately US29.09 cents) per share for 2024 (2023: HK193.00 cents (approximately US24.84 cents)).

Closure of Register of Members

The register of members of the Company will be closed for the following periods:

To ascertain members' eligibility to attend and vote at the 2025 Annual General Meeting, the register of members of the Company will be closed from May 7, 2025 to May 9, 2025, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2025 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on May 6, 2025.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 19, 2025 when no transfers of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on May 16, 2025.

BOARD OF DIRECTORS

Group Executive Directors

Horst Julius Pudwill
MSc
Chairman

Mr Horst Julius Pudwill, aged 80, is Chairman of TTI, a position he has held since he jointly founded the Group in 1985. Until 2008, he also served as Chief Executive Officer. As Chairman, Mr Pudwill focuses on the strategic planning and development of the Group and continues to have oversight of the operations, with the Chief Executive Officer reporting directly to him. Mr Pudwill has extensive experience in international trade, business and commerce. Mr Pudwill is also a director of Sunning Inc. which has an interest in the equity of the Company.

Mr Pudwill holds a Master of Science Degree in Engineering and a General Commercial Degree.

Mr Pudwill is the father of Mr Stephan Horst Pudwill, Vice Chairman and Group Executive Director.

Stephan Horst Pudwill
Vice Chairman

Mr Stephan Horst Pudwill, aged 48, joined the Group in 2004. Mr Pudwill was appointed as Executive Director in 2006 and subsequently was appointed as the Vice Chairman of the Company on October 1, 2016. He is mainly responsible for managing, improving and monitoring internal operations and identifying synergistic business opportunities within the Group.

Prior to joining the Group, Mr Pudwill held managerial positions at Daimler Chrysler AG that included product marketing and strategic planning for the Mercedes-Benz car group.

Mr Pudwill holds a Bachelor of Arts Degree from the University of British Columbia and is Mr Horst Julius Pudwill's son.

Steven Philip Richman
Chief Executive Officer

Mr Steven Philip Richman, aged 65, was appointed as Chief Executive Officer of the Company with effect from May 21, 2024 and subsequently was appointed as an Executive Director on August 6, 2024. Mr Richman graduated from the University of California, Los Angeles and holds a Bachelor of Arts degree in Political Science, with a focus on business.

In January 2007, Mr Richman was appointed by the Company as the President of the flagship Milwaukee business ("Milwaukee Tool") and he served in that role for over 17 years (until his recent promotion in January 2024 to the role of Senior Group President), during which time Milwaukee Tool has experienced unprecedented performance, including double digit compounded annual growth in revenue over the last decade. His responsibilities encompass every facet of Milwaukee Tool's business, including overseeing global product development, manufacturing operations, and sales and marketing.

Mr Richman, who is a veteran of the power tool and outdoor power equipment industry, has a wealth of professional experience spanning over 35 years in the management of industrial, electrical, plumbing, and retail distribution operations. Before joining the Group, he held key management positions with BLACK & DECKER® and served as president of SKIL® and BOSCH® Power Tools for over five years respectively. He is a member of the board of directors of Traeger, Inc., the shares of which are listed on the New York Stock Exchange.

Group Executive Directors (continued)

Patrick Kin Wah Chan
FCCA, FCPA
Operations Director

Mr Patrick Kin Wah Chan, aged 65, joined the Group in 1988 and was appointed as Executive Director in 1990. He is now in charge of the manufacturing operations of the Group.

Mr Chan is currently the Vice-Chairman of the Dongguan City Association of Enterprises with Foreign Investment, he is also the Vice-Director of Electric Tool Sub-Association of China Electrical Equipment Industrial Association.

Mr Chan is a fellow member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Frank Chi Chung Chan
FCCA, FCPA, CPA (Practising)
Group Chief Financial Officer

Mr Frank Chi Chung Chan, aged 71, joined the Group in 1991 and was appointed as Executive Director in 1992. He is now responsible for corporate affairs and financial management of the Group.

Mr Chan is a fellow member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Chartered Accountants in England & Wales and qualified to practise as a Certified Public Accountant in Hong Kong.

Mr Chan is currently an Independent Non-executive Director of Gold Peak Technology Group Limited which is listed on the stock exchange of Hong Kong.

Camille Jojo
Head of Group Legal, Compliance and Corporate Governance

Mr Camille Jojo, aged 68, was first appointed as a Non-executive Director on October 30, 2015 and re-designated as an Executive Director with effect from December 1, 2023. Mr Jojo was appointed as Head of Group Legal, Compliance and Corporate Governance on December 1, 2023. Mr Jojo has practiced as a lawyer in Hong Kong for a continuous period in excess of 40 years as a specialist in (i) civil litigation in the higher courts of Hong Kong; (ii) arbitration; and (iii) regulatory. He graduated with a LL.B. Hons. degree from the University of Cardiff in 1977 and obtained his Professional Qualifying Examination Certificate from Guildford College of Law in 1978. He was qualified and was admitted as a solicitor of the Supreme Court of England and Wales in 1980, as a solicitor of the Supreme Court of Hong Kong in 1982 and as a solicitor and barrister of the Supreme Court of Victoria, Australia in 1984. Mr Jojo was admitted as a fellow of the Chartered Institute of Arbitrators in November 1997. He has been a member of the Law Society Insolvency Law Committee since 1996 and was granted Higher Rights of Audience as a solicitor advocate in respect of civil proceedings in the Hong Kong Courts in 2015. Mr Jojo was awarded the Dispute Resolution Lawyer of the Year 2018 at the 17th Annual Hong Kong Law Awards.

Independent Non-executive Directors

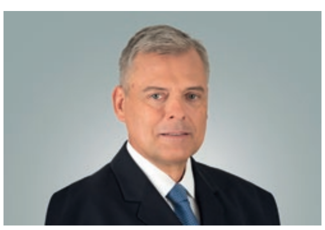
Peter David Sullivan
BS

Mr Peter David Sullivan, aged 76, was appointed as an Independent Non-executive Director on February 1, 2008. He was the Chief Executive Officer and Executive Director of Standard Chartered Bank (Hong Kong) Limited, the largest single franchise in the Standard Chartered Group. Mr Sullivan also held governance responsibility for the franchises in the Standard Chartered Group in Japan, Australia, the Philippines and was vice chairman in Standard Chartered's minority holding in Bohai Bank in Tianjin, China. He also held a number of other major appointments including the Chairman of the Hong Kong Association of Banks and Chairman of the British Chamber of Commerce.

Mr Sullivan retired as Chairman of Circle BMI Health, the largest private hospital group in the United Kingdom on December 31, 2024. He was a member of the Audit Committee and Chairman of the Remuneration Committee. He retired as a Non-executive Director of AXA ASIA, AXA China Region Insurance Company Limited, AXA Wealth Management Limited and AXA General Insurance (Hong Kong) Limited in May 2021. He was also a member of the Audit Committee of AXA Asia.

Until retiring, Mr Sullivan was the Lead Independent Director to the boards of the Standard Bank Group and the Standard Bank of South Africa where he held responsibility as Chairman of both the group IT Committee and Remuneration Committee. He was also a member of the Audit Committee and the Capital and Risk Committee.

In addition to his extensive industry experience in Banking, Insurance and Health Care, Mr Sullivan had broad geographic experience having lived and worked in Australia, South Africa, Singapore, the USA, the United Kingdom and Hong Kong. Mr Sullivan is a keen sportsman and played in 15 internationals for the Australian rugby team. He captained the Wallabies in 1972 and was the leader of the team that toured England and Wales in 1973. Mr Sullivan holds a Bachelor of Science (Physical Education) degree from the University of NSW (Wollongong).



Johannes-Gerhard Hesse

Mr Johannes-Gerhard Hesse (commonly known as Hans-Gerd Hesse), aged 65, was appointed as an Independent Non-executive Director of the Company with effect from October 1, 2016. Mr Hesse holds a graduate degree in Business Administration from the University of Cologne and has acquired extensive business management, strategy, leadership and corporate governance experience in Europe and Asia.

Mr Hesse's professional career turned global in 1988 when joining RJ Reynolds International, a division of RJR Nabisco Inc., where he henceforth held market research and marketing positions in Germany, its regional headquarters in Switzerland and the Czech Republic. In 1996 he was appointed General Manager Hungary and in 1998 Regional Vice President Marketing for the Commonwealth of Independent States & Baltics (i.e. former Soviet Union). In 1999, JT International, a division of Japan Tobacco Inc. ("JTI"), appointed Mr Hesse as General Manager Singapore, Philippines & Australasia. He became Vice President & General Manager China in 2002 and served simultaneously as Vice Chairman on the board of directors of China American Cigarette Co. JV in Xiamen. In 2003 followed his appointment to Vice President Corporate Strategy at JTI's global headquarters. In 2007, Mr Hesse joined JTI's Executive Committee as Regional President Asia Pacific based in Hong Kong, holding concurrently governance and board director responsibilities in affiliates of the JTI Group of Companies in Asia. He retired from these positions before the end of 2010. From 2011 onwards, Mr Hesse started to develop his proprietary investment holding and business advisory company.

Independent Non-executive Directors (continued)

Robert Hinman Getz

Mr Robert Hinman Getz, aged 62, was appointed as an Independent Non-executive Director of the Company with effect from January 1, 2020. Mr Getz has over 35 years of experience as a private equity investor and advisor. He has extensive experience in private and public equity and debt transactions, international mergers and acquisitions and in advising companies on strategic opportunities and operations. Mr Getz holds a Master of Business Administration Degree in Finance from New York University, and a Bachelor of Arts Degree in International Relations, cum laude, from Boston University.

Mr Getz currently serves as the Founder and Managing Partner of Pecksland Capital, a private investment and advisory firm since 2016. Mr Getz previously served as Co-Founder and Managing Director of Cornerstone Equity Investors, a New York based private equity concern, from 1996 to 2016. Before the formation of Cornerstone in 1996, Mr Getz served as a Managing Director and Partner of Prudential Equity Investors and its predecessor firm Prudential Venture Capital.

Mr Getz has served as a Director of numerous United States and international public and private companies in the technology, manufacturing, finance, and metals and mining sectors. Mr Getz currently serves as a Non-executive Director of Ero Copper Corp. (ERO:TSE), a public Brazilian copper and gold mining production and exploration company. He also previously served as the Non-executive Chairman of the Board of Directors of Haynes International, Inc. (HAYN:NSDQ), a public United States-based integrated developer and producer of specialty alloys primarily for use in the aerospace industry until its acquisition by North America Stainless in November 2024; and a Non-Executive Director of Newmarket Gold Inc., a public Australian gold mining and exploration company prior to its acquisition by Kirkland Lake Gold in 2017. Mr Getz is a member of the National Association of Corporate Directors.

Virginia Davis Wilmerding

Ms Virginia Davis Wilmerding, aged 55, was appointed as an Independent Non-executive Director of the Company with effect from April 9, 2021. Ms Wilmerding received an A.B. degree in East Asian Studies, summa cum laude, from Princeton University. She speaks fluent conversational Mandarin and can read and write Chinese.

An American now based in New York, Ms Wilmerding spent two-thirds of her career to date based in Greater China. She is currently a Partner at FGS Global, a strategic communications advisory firm and KKR portfolio company with 31 offices worldwide, recently formed by the combination of Finsbury, Hering Schuppener, The Glover Park Group and Sard Verbinnen. Prior to joining FGS Global in 2020, Ms Wilmerding was a Partner at Brunswick Group, where she helped drive dramatic growth in the Asia business from 2010 to 2020.

As a reputational risk advisor who has worked with some of the biggest listed companies in Asia, the U.S. and Europe, Ms Wilmerding offers the Board broad geopolitical risk, sustainability and critical issues expertise, as well as a deep knowledge of public company transactions, investor and proxy advisor expectations, and regulatory matters. Her recent experience working with global technology clients, including advising on IPOs and M&A, ESG reporting and governance practices, and her current advisory of Asian clients on public affairs matters in the U.S., are particularly valuable to the Board.

Ms Wilmerding's early experience in Asia in the 1990s included business development, operations and logistics roles for CK Hutchison and Nokia (formerly Lucent Technologies). She also headed corporate affairs for U.S. private equity-backed Internet services companies in Boston.

Ms Wilmerding was a Board Trustee of the Princeton in Asia Foundation from 1997-2021, where she served on the Board's executive, nominating and governance, and development committees. In 2022, Ms Wilmerding earned the CFA Institute Certificate in ESG Investing and in 2021, she earned the Financial Times Level 7 Non-Executive Director Diploma, a formally accredited, post-graduate qualification for non-executive directors. She was a founding steering committee member of the 30% Club Hong Kong. Ms Wilmerding is a Member of the National Association of Corporate Directors (NACD), Women Corporate Directors (WCD), the National Committee on U.S. China Relations, and the U.S. China Business Council.

Independent Non-executive Directors (continued)

Caroline Christina Kracht

Ms Caroline Christina Kracht, aged 52, was appointed as an Independent Non-executive Director of the Company with effect from March 7, 2022. Ms Kracht is an expert adviser to boards and top management teams on business strategy and corporate finance, mergers and acquisitions, as well as capital markets. She holds a Master Degree in Management (with distinction), the German university degree of Diplom-Kauffrau and a French Diplôme de Grande Ecole from ESCP Business School. Ms Kracht also attended the Advanced Management Program at the Harvard Business School.

Ms Kracht is a co-founder and partner of MoreThan Capital, a Luxembourg based global investment and advisory firm founded, backed, and powered by a global community of business leaders, focused on investing in and helping companies on the verge of scaling-up enter new markets and transform from start-ups into mature businesses. She is also a sector expert in financial services, energy (oil and gas, power, renewables), industrials, chemicals, and other natural resources with global experience working in Asia (PRC, India, Indonesia, Japan, Malaysia, South Korea, Thailand), Europe (Germany, France, UK, Switzerland) and North America (Canada, U.S.).

Ms Kracht was the head of investment banking (Asia-Pacific) and a member of Scotiabank's Asia-Pacific executive team for Scotiabank from 2016 to 2020. She joined Scotiabank in Hong Kong as managing director responsible for energy investment banking across Asia-Pacific in 2011. Prior to this, Ms Kracht spent 13 years with Morgan Stanley with increasingly senior positions in investment banking and firm management in London, San Francisco, Frankfurt and Hong Kong. During Ms Kracht's 22-year career at Scotiabank and Morgan Stanley, the executive management expertise she has gained is directly relevant to strategy, audit, risk and compliance, nomination and remuneration, and ethics committees. She speaks fluent English, German and French.

Ms Kracht is a founder and board director of GJWHF Ltd., a Hong Kong non-profit organization on the economic empowerment of women. She was a member of the advisory board of the Mentoring Programme for Women Leaders of The Women's Foundation (TWF), a Hong Kong non-profit organization dedicated to challenging stereotypes, empowering women in poverty and growing the number of women in leadership positions.

Andrew Philip Roberts

Mr Andrew Philip Roberts, aged 68, was appointed as an Independent Non-executive Director of the Company with effect from January 1, 2024. Mr Roberts is a qualified chartered accountant of the Institute of England and Wales who obtained a BA (Honours) degree in Economics from the University of Manchester. Following his qualification, Mr Roberts gained extensive experience working as an auditor with the global auditing firm of Deloitte during his formative professional years. From 1993 onwards until 2012, Mr Roberts held senior leadership positions in finance at the Anglo-Dutch conglomerate, Shell Group, which included the following appointments: Executive Vice President of Finance in Shell Trading London, Chair of the Supervisory Board in Shell Asset Management, Executive Vice President of Finance in Shell Gas and Power, Executive Vice President of Finance in Shell Retail, Executive Vice President of Finance in Shell Trading North America, Shell Trading Controller and Compliance Officer. His responsibilities whilst at the Shell Group included strategy, planning, corporate governance, compliance, regulatory, risk management and treasury functions and also overall supervision and management of a large global finance team of 430 officers located in overseas offices. Mr Roberts brought a wealth of experience to these roles, exemplifying a demonstrable ability to strategize, plan and successfully operationalize broad and complex portfolios within a robust risk, control and compliance framework.

In addition, Mr Roberts' most recent role was Chief Financial Officer at Shelf Drilling in Dubai where he developed the finance, treasury, tax, internal audit function and associated IT systems with operations in multiple countries pre-IPO.

Independent Non-executive Directors (continued)

Karen Ka Fai Ng

Ms Karen Ka Fai Ng, aged 44, was appointed as an Independent Non-executive Director of the Company with effect from October 7, 2024. Ms Ng holds a Bachelor of Science degree in Electrical Engineering & Computer Science from Massachusetts Institute of Technology, Cambridge and has extensive experience in finance and investment.

Ms Ng is currently a Non-executive Director of Gold Peak Technology Group Limited, a battery and electronics manufacturer, which is listed on the Stock Exchange of Hong Kong Limited. In addition, she is the Chief Operating Officer of GRST Holdings Limited, a 2023 Earthshot Prize winning Li-ion battery materials and technology company. Prior to joining Gold Peak and GRST, Ms Ng managed transactions in Asia Pacific for leading financial institutions including J.P. Morgan Securities (Asia Pacific) Limited and Bain Capital Credit and has more than 10 years experience in finance and investments in the region. Ms Ng is also a Trustee of WYNG Foundation, a privately-funded foundation focused on the mental, physical, social and cultural well-being of Hong Kong people. She is also the current president of the MIT Club of Hong Kong and advisory board member of the MIT Hong Kong Innovation Node.

Stephen Tsi Chuen Wong

Mr Stephen Tsi Chuen Wong, aged 57, was appointed as an Independent Non-executive Director of the Company with effect from October 7, 2024. Mr Wong holds a Bachelor of Arts Degree in Economics, *cum laude*, from Hobart and William Smith Colleges, and a Juris Doctorate Degree from Stanford Law School. He has extensive experience in investment banking, particularly with equity, equity-linked, debt and structured financings in Asia and the U.S. as well as international mergers and acquisitions.

Mr Wong currently serves as a managing partner and member of the investment committee at Valley Capital Partners, a leading Silicon Valley-based venture capital firm recognized for their early-stage investments in transformative enterprise technology, next generation cybersecurity, AI transformation of businesses, and breakthrough innovation in collaboration tools, SaaS, and workflow technology. Mr Wong previously served as a managing director, co-head of the Real Estate Group in Asia ex-Japan and chairman of Hong Kong investment banking at Goldman Sachs. During Mr Wong's 19-year tenure at Goldman Sachs, he led the firm's coverage of some of the most prominent clients in Asia and the U.S., including global financial sponsor firms and leading companies within the largest industry sectors. He also helped build the leading market share for the firm's franchises in Hong Kong, China and real estate investment banking in Asia ex-Japan. Mr Wong also served on the investment banking operating committee for Asia ex-Japan, was the division's captain for the OneGS cross divisional platform and served as Senior Champion for the division's recruiting and mentorship program. In 2020, Mr Wong was the recipient of the firm's prestigious John L. Weinberg Award.

Prior to joining Goldman Sachs, Mr Wong was an executive director and chief of staff for the Equity Capital Markets Group for Asia ex-Japan at Morgan Stanley in Hong Kong from 1997 to 2003. In addition, Mr Wong serves as a member of the Board of Trustees of Hobart and William Smith Colleges, New York, a member of the Board of Directors of The Jackie Robinson Foundation, New York, and is a published author of three books on historical baseball collectibles by Smithsonian Books, Washington D.C.

CORPORATE GOVERNANCE REPORT

The Company is committed to high standard corporate governance to enhance shareholders' interests and promote sustainable development. A quality board of directors (the "Board") with balanced skills, experience and diversity of perspectives is vital to the Company for effective risk management, internal controls and leadership, as well as transparency and accountability to all shareholders. The Board reviews codes of conducts, policies and practices, corporate governance framework and disclosure of this Corporate Governance Report, from time to time, to improve the Company's corporate governance practices in respect of the latest developments on all applicable laws, rules and regulations.

Compliance with the Corporate Governance Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Corporate Governance Code") throughout the year ended December 31, 2024, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company (the "Articles"). Under Article 107(A) of the Articles, one-third of the Board must retire by rotation at each annual general meeting of the Company, and if eligible, offer themselves for re-election.

Corporate Governance Policy

Corporate governance plays an essential role in maintaining sustainability. The Board continuously monitors, reviews and develops the policies and practices of corporate governance to ensure the compliance of the laws, rules and regulatory requirements governing the Group as well as the Articles. The Board performs the corporate governance function through, but not limited to, the following:

- review and monitor the compliance of the Model Code for Securities Transactions by Directors, the Code for Securities Transactions by Relevant Employees and other codes of conduct of the Company.
- review the disclosure set out in this Corporate Governance Report.
- monitor and review the Directors' and the senior management's training, continuous professional development and succession plans.
- review and monitor compliance of the Corporate Governance Code.

Board of Directors

Roles and Responsibilities

The Board takes collective responsibility for supervising, leading and creating directions and strategies for the affairs of the Group with an effective corporate governance framework to strive for long term success of the Company. The Board is also responsible for ensuring ongoing effective communication with shareholders and engagement with key stakeholders. The principal responsibilities of the Board include, but are not limited to, the following:

- set and monitor the overall mid-term and long-term directions, objectives and strategies of the Company.
- monitor and review risks and changes in local and international business communities in order to enhance shareholders' value.
- consider matters covering appointment of Directors, senior management and external auditors, major acquisitions and disposals, as well as other significant operational matters.
- supervise and evaluate financial performance and operations of the Company by determining the annual budget and continuous review of performance results.
- develop, monitor and oversee the policies and practices on corporate governance of the Company.

The Board continuously monitors the delegation to Board Committees and senior management of the Group with specific functions and clear instructions as well as reservation for the Board's decision and consideration of specifically identified matters. The Board reviews regularly the formal written procedures adopted by the Company for the governance of delegation and reservation of responsibilities of the Board.

Board Composition

As at the date of this report, the Board consists of six Group Executive Directors and eight Independent Non-executive Directors. An analysis of the current composition of the Board of the Company is set out below:

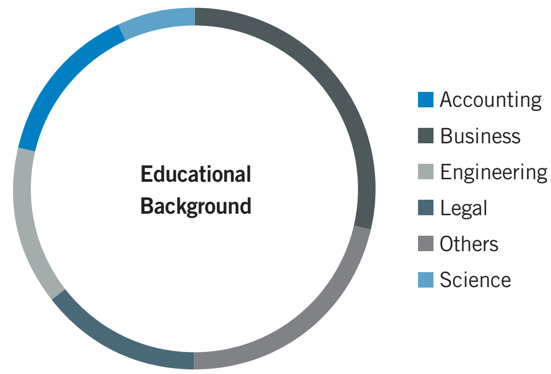
Group Executive Directors

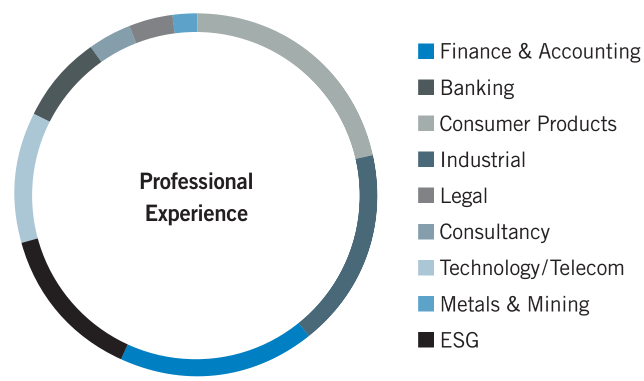
Mr Horst Julius Pudwill (Chairman)
Mr Stephan Horst Pudwill (Vice Chairman)
Mr Steven Philip Richman (Chief Executive Officer)
(appointed with effect from August 6, 2024)
Mr Kin Wah Chan (Operations Director)
Mr Chi Chung Chan (Group Chief Financial Officer)
Mr Camille Jojo (Head of Group Legal, Compliance and Corporate Governance)

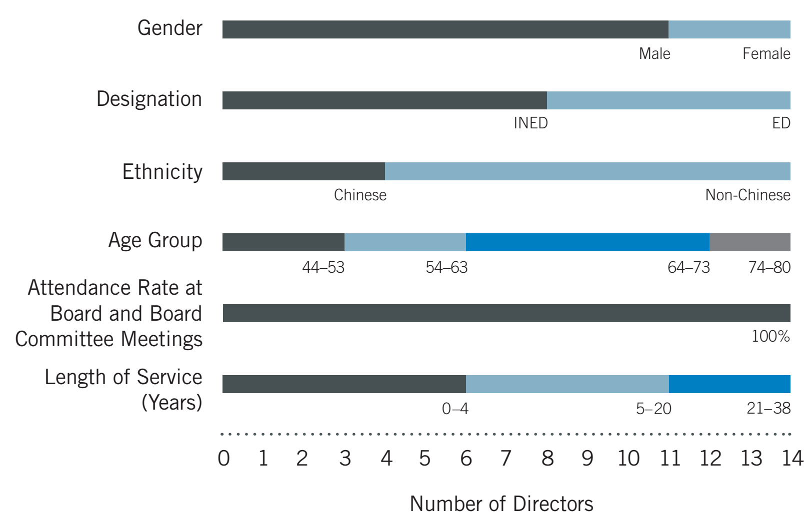
Independent Non-executive Directors

Mr Peter David Sullivan
Mr Johannes-Gerhard Hesse
Mr Robert Hinman Getz
Ms Virginia Davis Wilmerding
Ms Caroline Christina Kracht
Mr Andrew Philip Roberts
(appointed with effect from January 1, 2024)
Ms Karen Ka Fai Ng
(appointed with effect from October 7, 2024)
Mr Stephen Tsi Chuen Wong
(appointed with effect from October 7, 2024)

Biographical details and relevant relationships of the members of the Board are set out on pages 60 to 65 of this annual report. A list of Directors and their roles and functions are published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk).







	6 EDs + 8 INEDs	3 Female + 11 Male	7 INEDs < 9 Years	100% INED	75% INED	100% INED
	Board Composition			**Board Committees**		
	Designation	**Gender**	**Length of Service (Years)**	**Audit**	**Nomination**	**Remuneration**
Mr Horst Julius Pudwill	ED	Male	38		C	
Mr Stephan Horst Pudwill	ED	Male	18			
Mr Steven Philip Richman	ED	Male	< 1			
Mr Kin Wah Chan	ED	Male	34			
Mr Chi Chung Chan	ED	Male	33			
Mr Camille Jojo	ED	Male	9			
Mr Peter David Sullivan	INED	Male	17	C		M
Mr Johannes-Gerhard Hesse	INED	Male	8	M	M	
Mr Robert Hinman Getz	INED	Male	5	M	M	C
Ms Virginia Davis Wilmerding	INED	Female	3		M	M
Ms Caroline Christina Kracht	INED	Female	2	M		
Mr Andrew Philip Roberts	INED	Male	1	M		
Ms Karen Ka Fai Ng	INED	Female	< 1			
Mr Stephen Tsi Chuen Wong	INED	Male	< 1			

ED: Group Executive Director INED: Independent Non-executive Director C: Chairman M: Member

Board Composition Matrix

	Executive Directors						Independent Non-executive Directors							
Skills / Experience	Mr Horst Julius Pudwill	Mr Stephan Horst Pudwill	Mr Steven Philip Richman	Mr Kin Wah Chan	Mr Chi Chung Chan	Mr Camille Jojo	Mr Peter David Sullivan	Mr Johannes-Gerhard Hesse	Mr Robert Hinman Getz	Ms Virginia Davis Wilmerding	Ms Caroline Christina Kracht	Mr Andrew Philip Roberts	Ms Karen Ka Fai Ng	Mr Stephen Tsi Chuen Wong
C-suite equivalent experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Global operations experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Manufacturing experience	•	•	•	•	•			•	•			•	•	
Risk management and compliance	•	•	•	•	•	•	•	•	•	•	•	•	•	•
M&A and corporate strategy	•	•	•		•	•	•	•	•	•	•	•	•	•
Finance experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Accounting experience				•	•		•		•		•	•		
Technology/Engineering	•	•	•	•	•				•	•			•	•
Marketing and branding	•	•	•				•	•		•				
Human capital	•	•	•	•	•	•	•	•	•	•	•	•		•
Government, legal and regulatory	•				•	•	•	•		•		•		•
ESG/Sustainability		•						•	•	•			•	•

To maintain the Company's sustainability and long term success, both the management of the Board and the day-to-day management are essential. The roles of Chairman and Chief Executive Officer of the Company have been segregated and clearly distinguished in order to promote balance of power, authority and accountability.

The roles of Chairman comprise, but are not limited to, the following:

- oversee practices and procedures of the Group and ensure the Board works effectively.
- provide leadership to the Board in performing its responsibilities in the best interests of the Company.
- encourage all Directors to make full and active contributions to the Board's affairs to enhance the performance of the Board's responsibilities.
- ensure all Directors are properly briefed on issues arising at Board meetings and always receive clear, accurate and reliable information in a timely manner.
- enhance effective communication with shareholders and encourage that the views of shareholders are communicated to the Board as a whole.

The roles of Chief Executive Officer comprise, but are not limited to, the following:

- enhance the global sales potential of the Company's strong brand portfolio and facilitate the integration of acquisitions, if any.
- oversee the Company's strategic initiatives and management strategies.
- direct and monitor the global management team in the Group's daily operations.

Appointment of directors is recommended by the Nomination Committee for approval by the Board to ensure the Board performs effectively and enhances its diversity. By considering the expertise, skills and experience of candidates for directorship, the Nomination Committee makes recommendations to the Board in order to achieve the effective balance and diversity of the Board. Directors are aware that they must be able to contribute sufficient time and attention to the affairs of the Company before accepting their appointment. A formal and detailed orientation is provided for each newly appointed Director to ensure proper understanding of duties and responsibilities of Directors under the Listing Rules, the Articles, and related ordinances and relevant regulatory requirements of Hong Kong. Every newly appointed Director must obtain legal advice from the solicitors of the Company advising on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him/her as Director of the Company. Mr Andrew Philip Roberts, Mr Steven Philip Richman, Ms Karen Ka Fai Ng and Mr Stephen Tsi Chuen Wong were appointed as Director of the Company during the year. The respective appointment dates are set out in the "Board Composition" section in this Corporate Governance Report. Mr Roberts, Mr Richman, Ms Ng and Mr Wong had obtained legal advice in December 2023, August 2024, October 2024 and October 2024 respectively. All the Directors appointed during 2024 have confirmed that they understood their obligations as a Director of the Company. Presentations by external professionals and senior executives of the Company are also provided to ensure a proper understanding of the Company's business and operations. In accordance with the Articles and the Listing Rules, Directors are subject to retirement by rotation at least once every three years. Any Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the next annual general meeting after their appointment.

The Board treasures independent views and culture of openness as key elements to its effectiveness. As at the date of this report, Independent Non-executive Directors form a majority of the Board, which represent over one-third of the Board. The Company has complied with Rule 3.10 of the Listing Rules in relation to the requirement of Independent Non-executive Directors. All Independent Non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company has received annual confirmations of independence from each of the Independent Non-executive Directors and they are all still considered to be independent.

The Board has arranged appropriate Directors' and Officers' liability insurance to indemnify the Directors and Officers of the Group for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed annually.

Directors' Continuous Professional Development

In order to make sure all Directors are aware of the current trends in the commercial and regulatory environment in which the Company conducts its business, the Company provides regular updates, written materials and trainings to them on relevant laws, rules and regulations. To ensure that the Directors' contributions to the Board remains informed and relevant, the Directors are encouraged to participate in various professional development programs such as seminars, webcasts and relevant reading materials, especially in relation to compliance requirements to develop and refresh their knowledge and skills and the latest updates on the relevant rules and regulations.

All Directors participate in continuous professional development as set out in code provision C.1.4 of the Corporate Governance Code. According to the records of training provided by each Director to the Company, the training received by the Directors in 2024 is summarized in the following table:

	Type of Continuous Professional Development Programme		
	Updates on business operations, laws, rules and regulations or corporate governance matters	Updates on directors' roles, functions and duties	Updates on accounting, financial or other professional skills
Group Executive Directors			
Mr Horst Julius Pudwill	√	√	
Mr Stephan Horst Pudwill	√	√	
Mr Steven Philip Richman	√	√	
Mr Kin Wah Chan	√	√	√
Mr Chi Chung Chan	√	√	√
Mr Camille Jojo	√	√	√
Independent Non-executive Directors			
Mr Peter David Sullivan	√	√	
Mr Johannes-Gerhard Hesse	√	√	√
Mr Robert Hinman Getz	√	√	√
Ms Virginia Davis Wilmerding	√	√	√
Ms Caroline Christina Kracht	√	√	√
Mr Andrew Philip Roberts	√	√	√
Ms Karen Ka Fai Ng	√	√	√
Mr Stephen Tsi Chuen Wong	√	√	

Compliance with the Codes for Securities Transactions

The provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "Model Code") has been adopted by the Board. In response to the specific enquiries made, all Directors have confirmed that they have fully complied with the required standards as set out in the Model Code during the year ended December 31, 2024.

The Company has also adopted another code of conduct on terms no less onerous than the Model Code that applies to securities transactions of all relevant employees who may be in possession of unpublished price sensitive information in relation to the Company (the "Code for Securities Transactions by Relevant Employees"). During the year, no incident of non-compliance was noted by the Company.

Both the Model Code and the Code for Securities Transactions by Relevant Employees have been published on the Company's website (www.ttigroup.com).

Board Meetings

The Board focuses on the Company's strategies and values for on-going sustainability, success and growth of the Group. The Company held regular Board meetings, where at least four Board meetings are scheduled in a year with more frequent meetings as and when required. In 2024, five Board meetings were held and the attendance records of each Director are set out in the section headed "Board, Board Committee and General Meetings in 2024" at the end of this report.

The dates of Board meeting, Board Committee meeting and Annual General Meeting for 2025 were agreed upon at the Board meeting held in August 2024 in order to ensure maximum attendance of Directors and to facilitate the effectiveness of the Board. The meeting agenda is drawn up by the Chairman in consultation with members of the Board to propose any other matters for inclusion in the agenda. Minutes of the Board and Board Committee meetings with sufficient details of matters and concerns discussed are prepared and maintained by the Company Secretary of the Company (the "Company Secretary"), which are sent to the Directors for comments and records. The Company Secretary keeps Board records in safe custody of which are available for inspection by the Directors.

Accurate, reliable and clear information are provided to all Directors in a timely manner to facilitate informed decisions of the Board. Furthermore, all related materials with sufficient details in relation to the Board's issues are accessible to all Directors. To enhance understanding of the business of the Group and Directors' responsibilities under statute and at common law, all Directors are provided with briefings and professional development training as necessary. The Company Secretary provides full support to the Directors in order to ensure Board procedures and all applicable laws, rules and regulations are in compliance. Directors are also provided with access to senior management of the Group and independent professional advice upon request on performing their duties at the Company's expenses.

Board Committees

The Board has established three Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to delegate various responsibilities of the Board. Each of these Board Committees has specific written terms of reference which deal clearly with their authority and duties and have been published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk).

The diversity and effectiveness of the Board are continuously reviewed by the Directors. To ensure independent views and inputs are available to the Board, Independent Non-executive Directors form the majority of all Board Committees. With active participation and regular attendance of Independent Non-executive Directors, independent insights and opinions are encouraged to be contributed and expressed at the Board Committee meetings. The Board oversees and monitors the delegated authorities and responsibilities through regular reporting by the Board Committees in relation to their activities involved and recommendations and decisions made. The attendance records of each Board Committee are set out in the section headed "Board, Board Committee and General Meetings in 2024" at the end of this report.

Audit Committee

The Audit Committee is chaired by Mr Peter David Sullivan with other members being Mr Johannes-Gerhard Hesse, Mr Robert Hinman Getz, Ms Caroline Christina Kracht and Mr Andrew Philip Roberts (who has been appointed as a member of Audit Committee with effect from May 1, 2024). As at the date of this report, all members of the Audit Committee are Independent Non-executive Directors. The Company has complied with Rule 3.21 of the Listing Rules in relation to the requirement of the Audit Committee.

The Audit Committee is essential in risk management, internal control and financial reporting control aspects. The Audit Committee aims to review and monitor the effectiveness of the risk management and internal control systems to ensure the compliance with the Group's obligations under the Listing Rules and other applicable laws and regulations. The Audit Committee oversees the completeness and integrity of the financial statements of the Company and takes ad hoc responsibilities which may be delegated by the Board from time to time. The Audit Committee is also directly responsible on behalf of the Board for the oversight of the performance of the Company's external auditors, the assessment of the independence and qualifications of the external auditors, the selection, oversight and remuneration of the Company's external auditors and the maintenance of an appropriate relationship with the external auditors.

The Audit Committee held four meetings in 2024 and performed duties summarized below:

- review and make recommendations to the Board for the approval of the interim and annual financial statements of the Group.
- monitor and review the Group's accounting principles and practices, financial reporting matters and significant financial matters.
- oversee the relationship between the Company and the external auditors, assess the performance of the external auditors and recommend the re-appointment of the external auditors.
- review and assist to maintain the effectiveness of risk management and internal control systems of the Group.
- monitor and review the scope, extent and effectiveness of the internal audit function of the Group.
- review the audit and non-audit services provided by the external auditors.
- take up responsibilities delegated by the Board to handle ad hoc matters and to consider various matters to improve the Board's communication.

Nomination Committee

The Nomination Committee is chaired by Mr Horst Julius Pudwill (Chairman of the Board) with the other members being Mr Johannes-Gerhard Hesse, Mr Robert Hinman Getz and Ms Virginia Davis Wilmerding. All members of the Nomination Committee except Mr Horst Julius Pudwill are Independent Non-executive Directors.

The Board realizes increasing diversity is vital in maintaining an effective board and recognizes the benefits of board diversity. The Board should have a balance of skills, experience and diversity of perspectives appropriate for the requirements of the business of the Group in order to effectively discharge its function. The Nomination Committee aims to ensure a fair and transparent process of Board appointments, and in particular, to assist the Board to identify suitably qualified candidates and make recommendations for consideration of the Board and shareholders. When considering suitable Director candidates, the Nomination Committee considers factors including, but not limited to, age, gender, ethics, integrity, personal skills, professional knowledge and industry experience, as well as the ability to contribute sufficient time and attention to the Board in their recommendations.

The Nomination Committee held two meetings in 2024. The work performed by the Nomination Committee in 2024, with sufficient resources provided by the Company and/or independent professional advice when necessary, included:

- review the Nomination Policy and the Board Diversity Policy.
- make recommendations to the Board on relevant matters relating to the retirement and re-election of the Directors at the 2024 Annual General Meeting.
- review the size, composition, gender ratio, structure and succession planning of the Board regularly.
- assess the independence of the Independent Non-executive Directors.
- make recommendations to the Board on potential Director candidates based on various relevant factors.

The Group has taken, and continues to take, steps to promote diversity at all levels of its workforce. The Board currently has three female Directors out of the fourteen Directors with balanced skills, experience and diversity of perspectives to enhance the Company's business and values, representing over 21% of the Board as at the date of this Annual Report. Although no numerical targets have been specifically set as at the date of this Annual Report, the Board is committed to maintain the current gender ratio or as required under the Listing Rules and other diversity levels, with the ultimate goal of achieving gender parity. The Company has one director of a different gender in the Nomination Committee. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. Gender ratio of the Board of the Company can be found in the section headed "Board Composition" in this report. Gender ratio in the workforce of the Company can be found in the "Environmental, Social and Governance Report" ("ESG Report") which will be published separately. The ESG Report forms part of this report.

The Board has adopted the Board Diversity Policy in August 2013, which is published on the Company's website (www.ttigroup.com). Widening diversity at the Board level is essential for sustainable development of the Group and the Board considers that the current diversity in respect of the Board taking into account the Group's business model and industry-wide practice and specific needs of the Company is satisfactory. The Nomination Committee would consider various perspectives and measurable objectives, including, but not limited to, age, gender, professional experience, educational background, cultural and length of service while reviewing the composition of the Board with an aim to promote gender diversity culture and avoid a single gender Board. The ultimate decision will be based on merit and contribution that the Directors and any selected candidates will bring to the Board. An analysis of the current Board composition based on these objective criteria is set out on page 67 of this report.

Beyond dedication to employee well-being, the Company is firmly committed to actively advancing inclusive prosperity for society as a whole. Our holistic approach to addressing all social dimensions of our business encompasses advocating for human and labor rights, diversity and inclusion, talent management and engagement, health, safety, and wellness, as well as community involvement and engagement. The Board's Sustainability Sub-Committee and ESG Working Committee, along with our Human Resource Teams are responsible for evaluating our policies and initiatives in all these areas and overseeing the effectiveness of our management approach, updating it as needed. The Company targets to maintain workforce gender composition with balance to the Group's operational needs and future development plans.

Remuneration Committee

The Remuneration Committee is chaired by Mr Robert Hinman Getz with the other members of the Committee being Mr Peter David Sullivan and Ms Virginia Davis Wilmerding. As at the date of this report, all members of the Remuneration Committee are Independent Non-executive Directors.

The Remuneration Committee develops and administers fair and transparent procedures for setting policy on the overall human resources strategy of the Group, including those related to the remuneration of the Group's Directors and senior management. The Remuneration Committee is responsible for recommending the remuneration packages of Directors of the Group taking into account their merit, competence and qualifications, individual performance, the Company's operating results and return to shareholders, and considering relevant market practices.

The Remuneration Committee consults the Chairman of the Board regarding the remuneration packages for the Chief Executive Officer (CEO) and other Executive Directors and makes recommendations to the Board on the remuneration packages of Executive Directors, including, without limitation, base salaries, incentive payments and grants of share awards and share options. The Remuneration Committee also makes recommendations to the Board on the remuneration of Independent Non-executive Directors. The Remuneration Committee reports directly to the Board on its decisions or recommendations.

The Remuneration Committee held four meetings in 2024 and performed, among other work, the following:

- recommend pay packages for Executive Directors and CEO to the full Board.
- review and make recommendations on the existing Remuneration Policy for Directors and senior management.
- review and update the peer group used to assess the competitiveness of Executive Director remuneration.
- assess the Executive Directors' performance and remuneration packages.
- review and approve material matters in relation to the share schemes adopted by the Company, including, without limitation, the approval of the grant of share awards under the 2018 Share Award Scheme and the review of the rules and operation of the Company's share schemes against the backdrop of the latest amendments to Chapter 17 of the Listing Rules.
- review the terms of the severance package for Mr Galli upon his resignation and retirement from the Company.

GROUP INCENTIVE COMPENSATION

The Remuneration Committee reviewed and recommended to the Board for approval the 2024 incentive bonus payouts for the Chairman of the Board, the CEO and other Executive Directors commensurate with the very strong absolute and relative financial and operating performance delivered by the Group in 2024. In 2024 the Group achieved record revenue of US$14.6 billion, growing 6.8% in local currency and 6.5% at reported rates and delivering record free cash flow of US$1.6 billion and earnings per share growth of 15.1%. This strong overall financial performance is a direct result of the Company's deliberate investment in its powerful brands and global manufacturing footprint which positions the Group for future growth, market share gains and continued profitability improvements.

Compensation delivered to the Executive Directors, and in particular the CEO, is dependent on the Company's performance as assessed on a number of operational and financial metrics as well as progress against key strategic objectives. The Remuneration Committee believes it is extremely important to align executive compensation with long-term results and shareholder outcomes. As shown in Chart 1 below, over the past five years the Group has generally approximated or exceeded the 75th percentile performance of the 16 companies included in the Company's compensation peer group in key financial and operational performance metrics including revenue growth, EBIT growth and EPS growth. Importantly, the Company's stock price and TSR performance over the past five years remains strong in both relative and absolute terms. The Company's 5-year TSR is relatively strong, at 12% total return, as compared to the peer group median and average of 11% and 9.1%, respectively, equaling the 56th percentile performance of the 16 companies included in the peer group.

As TTI competes primarily against large global organizations and sources proven executive talent from around the world, the Remuneration Committee benchmarks executive and director compensation pay levels against a group of global peer companies. TTI sets ambitious performance standards and when establishing executive and director pay levels, the Committee and the Board considers the pay levels and practices of these peer companies as well as TTI's observed and sustained performance against these peers, considering a wide range of internal and external factors such as profitability, revenue growth, market share, capital efficiency, operational goals such as product innovation and manufacturing flexibility, and sustained shareholder value creation.

The Committee works to ensure that executive compensation is competitive against key business and talent competitors, that the majority of compensation is performance-dependent, and that senior executives are held to rigorous performance standards.

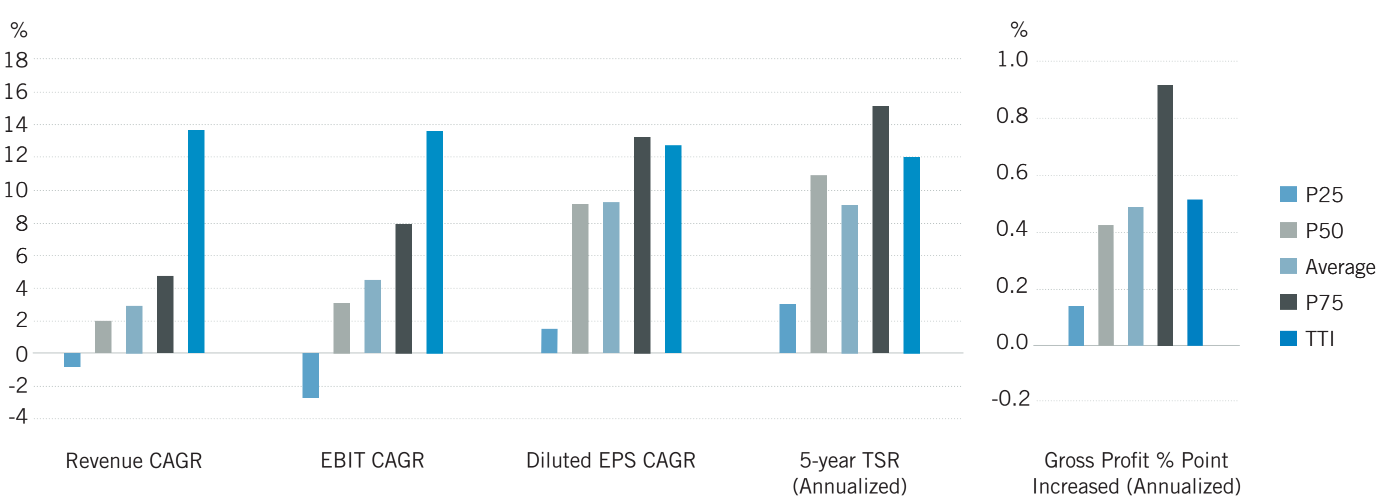
GROUP CEO COMPENSATION

As announced on May 20, 2024 Mr Steven Philip Richman was appointed as the Chief Executive Officer of the Company upon the resignation and retirement of Mr Joseph Galli Jr. Mr Richman previously served as the Senior Group President of the flagship Milwaukee Tool business ("Milwaukee Tool") for over 17 years since 2007. Mr Richman's leadership of Milwaukee Tool drove the brand's growth and innovation while maintaining operational discipline, resulting in unprecedented performance for the brand including double digit compounded annual growth in revenue and significant market share growth over the last decade. Mr Richman, who is a veteran of the power tool and outdoor power equipment industry, has a wealth of professional experience spanning 35 years in the management of industrial, electrical, plumbing, and retail distribution operations.

The Board subsequently appointed Mr Richman to the additional role of Executive Director of the Company with effect from August 6, 2024. In relation to his previous appointment as the Chief Executive Officer of the Company, Mr Richman has entered into a service contract with the Company (the "Service Contract") in respect of his capacity as the Chief Executive Officer of the Company. The Service Contract has an initial fixed term of three years from May 21, 2024 to May 20, 2027 or such longer period as the Company may determine (upon recommendation of the Chairman of the Board and with Board approval), and which may thereafter be terminated by either Mr Richman or the Company by giving six months' prior written notice.

The financial terms under the Service Contract were determined by the Remuneration Committee after reviewing peer group data and in consultation with the Company's independent compensation consultant Willis Towers Watson and was subsequently approved by the Board. Under the Service Contract, Mr Richman receives a basic annual salary of US$1,500,000, subject to review by the Company

Chart 1: TTI's Five Year Financial Performance as Compared to 16 Peer Companies [1]



1. Five-year TTI performance through FY 2024 measured against most recently available five-year performance for each company in the peer group.

from time to time. Mr Richman is also eligible to receive short term incentive compensation in the form of annual bonus with a target bonus of US$2,500,000, subject to adjustment to greater or lesser amounts based on Company and individual performance. In addition, Mr Richman is entitled to receive long term incentive compensation in the form of performance related restricted share awards (the 'Restricted Shares") and share options ("the Share Options") up to a total of 800,000 Restricted Shares and up to a total 400,000 Share Options if, in the Board's determination, certain corporate and individual performance goals are achieved.

Mr Richman's overall compensation package is designed and managed to reward both short term and long-term results and reward him for strong financial performance over the period of his role as CEO of the Group and incentivize him to:

- achieve the short-term and long-term financial and operational goals set by the Board
- meet the Group's strategic goals in order to position the Company for continued future profitable growth,
- align his remuneration outcomes with long-term shareholder value creation; and
- ensure his continued service to the Company in his current role.

EQUITY PLAN DESCRIPTIONS

The Board has one share award scheme in operation, namely the 2018 Share Award Scheme. Following the expiry of the previous share award scheme adopted in 2008, the 2018 Share Award Scheme was first adopted with effect from January 17, 2018 (the "2018 Adoption Date"), and was subsequently amended and restated on May 12, 2023 (the "Share Award Scheme Amendment Date"), and shall be terminated on the earlier of the 10th anniversary of the 2018 Adoption Date or such date of early termination as determined by the Board.

The purpose of the 2018 Share Award Scheme is to recognize the contributions by Eligible Persons as defined below 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. A summary of the principal terms of the 2018 Share Award Scheme is set out below:

Any employee, officer or Director (including, without limitation, any Executive, Non-executive or Independent Non-executive Director) of any member of the Group (the "Eligible Person") will be entitled to participate. Unless terminated earlier by the Board in accordance with the scheme rules, the effective term of the 2018 Share Award Scheme is 10 years commencing on the adoption date of the scheme provided that no contribution to the trust will be made by the Company on or after the 10th anniversary date of the adoption date of the scheme. Details of the 2018 Share Award Scheme were announced by the Company on its adoption date.

The Board may, from time to time, at their absolute discretion select any individual as an Eligible Person for participation in the scheme (the "Selected Grantee") and determine the number of shares to be awarded. The relevant number of shares awarded will either be purchased by the trustee of the scheme on the market or new shares will be subscribed for by the trustee at the cost of the Company and be held in trust until they are vested on the first anniversary of the relevant date of grant (or such longer period as the Board may determine). Upon acceptance of the share awards, no payment is required. When a Selected Grantee has satisfied all vesting conditions specified by the Board (which may include performance targets), 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.

According to the scheme rules as amended and restated on May 12, 2023, the scheme limits of the 2018 Share Award Scheme have been amended that the Board shall not make any further award of awarded shares which will result in the number of shares awarded by the Board under the 2018 Share Award Scheme and any other share scheme(s) of the Company would represent in excess of 10.00% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date. Where any grant of awarded shares to a Selected Grantee under the 2018 Share Award Scheme would result in shares issued and to be issued in respect of all share options or awarded shares granted to such person (excluding any share options and awarded shares lapsed in accordance with the terms of the 2018 Share Award Scheme or any other share scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1.00% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date, such grant of awarded shares must be separately approved by the shareholders in a general meeting with such Selected Grantee and his/her close associates (or his/her associates if the Selected Grantee is a connected person of the Company) abstaining from voting. Without prejudice to the above, where any grant of awarded shares or share options to a Director (other than an Independent Non-executive Director) or chief executive of the Company, or any of their respective associates would result in the shares issued and to be issued in respect of all awarded shares and share options granted (excluding any awarded shares or share options lapsed in accordance with the terms of the 2018 Share Award Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.10% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date, such grant of awarded shares must be approved by the shareholders in a general meeting with such Selected Grantee, his/her associates and all core connected persons of the Company abstaining from voting at such general meeting. Without prejudice to the above, where any grant of awarded shares under the 2018 Share Award Scheme and share options and awarded shares to be granted under any other share scheme(s) of the Company to an Independent Non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all share options and awarded shares granted (excluding any share options and awarded shares lapsed in accordance with the terms of the 2018 Share Award Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.10% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date, such grant of awarded shares must be approved by the shareholders in a general meeting with such Selected Grantee, his/her associates and all core connected persons of the Company abstaining from voting at such general meeting. The total issued share capital of the Company as at the Share Award Scheme Amendment Date was 1,834,797,941 shares.

Notwithstanding that the 2018 Share Award Scheme does not stipulate that any awarded shares offered must be subject to any performance target or clawback mechanism, the Directors or the Remuneration Committee (as the case may be) have the authority to establish performance targets and/or clawback mechanisms in relation to the granting of awarded shares. The Board is of the view that the flexibility granted to the Directors to specify appropriate conditions, restrictions and/or limitations on a case-by-case basis in their absolute discretion when offering and/or vesting awarded shares to Selected Grantees could provide a more meaningful and functional means to achieve the purpose of the 2018 Share Award Scheme (whether as recognition of past contribution or as incentive to motivate, retain or attract suitable talents) in light of the particular circumstances of each offer of awarded shares. General factors that the Board may take into account for imposing performance targets and clawback mechanisms include, but are not limited to the Group's level and the individual's level. The Board or the Remuneration Committee (as the case may be) will carefully assess whether performance targets, if any, are satisfied before vesting of awarded shares.

Since the 2018 Adoption Date and up to December 31, 2024, a total of 17,700,500 shares had been awarded under the 2018 Share Award Scheme, representing 0.96% of the issued share capital of the Company as at the Share Award Scheme Amendment Date. Recognition of share-based payment expenses under the 2018 Share Award Scheme during the year was US$50,059,000. During the year ended December 31, 2024, a total of 3,604,500 shares had been awarded under the 2018 Share Award Scheme to thirteen Directors and a Selected Grantee of the Company, representing 0.20% of the issued share capital of the Company as at the Share Award Scheme Amendment Date. The total payout, including related expenses, amounted to US$49,253,000. In addition, during the year ended December 31, 2024, 675,000 shares were transferred to four Directors and a Selected Grantee upon vesting under the 2018 Share Award Scheme. As at December 31, 2024, details of the awarded shares granted under the 2018 Share Award Scheme of the Company were as follows:

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares: As at January 1, 2024	Awarded during the year	Vested during the year	Cancelled during the year	As at December 31, 2024	Vesting Period	Closing price at the Date of Award (HK$)	Purchase price (HK$)
Directors											
Mr Horst Julius Pudwill	21.3.2018	2018	500,000	—	—	—	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	20.5.2019	2018	300,000	—	—	—	—	—	20.5.2020 – 20.5.2022	50.20	28.15
	21.12.2020	2018	1,000,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	300,000	—	—	—	—	—	3.4.2023 – 30.12.2023	154.90	115.13
	22.12.2023	2018	125,000	125,000	—	—	—	125,000	22.12.2026	92.50	111.23
	2.4.2024	2018	55,500	—	55,500	—	—	55,500	2.4.2025 – 2.4.2027	104.80	97.12
	8.8.2024	2018	250,000	—	250,000	—	—	250,000	8.8.2027	97.70	113.76
Mr Stephan Horst Pudwill	21.3.2018	2018	50,000	—	—	—	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	21.12.2020	2018	100,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	50,000	—	—	—	—	—	30.12.2022 – 30.12.2023	154.90	115.13
	22.12.2023	2018	75,000	75,000	—	—	—	75,000	22.12.2026	92.50	111.23
	8.8.2024	2018	150,000	—	150,000	—	—	150,000	8.8.2027	97.70	113.76
Mr Steven Philip Richman	19.8.2024	2018	800,000	—	800,000	—	—	800,000	19.8.2025 – 19.8.2026	103.40	108.29
Mr Kin Wah Chan	21.3.2018	2018	50,000	—	—	—	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	21.12.2020	2018	100,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	50,000	—	—	—	—	—	30.12.2022 – 30.12.2023	154.90	115.13
	22.12.2023	2018	75,000	75,000	—	—	—	75,000	22.12.2026	92.50	111.23
	8.8.2024	2018	150,000	—	150,000	—	—	150,000	8.8.2027	97.70	113.76
Mr Chi Chung Chan	21.3.2018	2018	50,000	—	—	—	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	21.12.2020	2018	100,000	—	—	—	—	—	21.12.2020 – 21.12.2021	107.00	44.55
	30.12.2021	2018	50,000	—	—	—	—	—	30.12.2022 – 30.12.2023	154.90	115.13
	22.12.2023	2018	75,000	75,000	—	—	—	75,000	22.12.2026	92.50	111.23
	8.8.2024	2018	150,000	—	150,000	—	—	150,000	8.8.2027	97.70	113.76

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares: As at January 1, 2024	Awarded during the year	Vested during the year	Cancelled during the year	As at December 31, 2024	Vesting Period	Closing price at the Date of Award (HK$)	Purchase price (HK$)
Directors (continued)											
Mr Camille Jojo	2.1.2019	2018	10,000	—	—	—	—	—	2.1.2019	41.10	28.15
	20.5.2019	2018	150,000	—	—	—	—	—	20.5.2020 – 20.5.2022	50.20	38.30
	3.1.2020	2018	12,500	—	—	—	—	—	3.1.2020	64.70	44.62
	21.12.2020	2018	10,000	—	—	—	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	31.12.2020	2018	10,500	—	—	—	—	—	31.12.2020	110.60	49.67
	30.12.2021	2018	18,000	—	—	—	—	—	30.12.2021 – 30.12.2022	154.90	115.13
	30.12.2022	2018	11,000	—	—	—	—	—	30.12.2022	87.10	142.95
	22.12.2023	2018	12,500	12,500	—	—	—	12,500	22.12.2026	92.50	111.23
	2.4.2024	2018	500,000	—	500,000	—	—	500,000	2.4.2025 – 2.4.2027	104.80	97.12
	8.8.2024	2018	100,000	—	100,000	—	—	100,000	8.8.2027	97.70	113.76
Mr Peter David Sullivan	21.12.2020	2018	10,000	—	—	—	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	30.12.2021	2018	12,500	—	—	—	—	—	30.12.2022	154.90	115.13
	22.12.2023	2018	12,500	12,500	—	(12,500)	—	—	22.12.2024	92.50	111.23
	8.8.2024	2018	20,000	—	20,000	—	—	20,000	8.8.2025	97.70	113.76
Mr Johannes-Gerhard Hesse	21.12.2020	2018	10,000	—	—	—	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	30.12.2021	2018	12,500	12,500	—	(12,500)	—	—	2.5.2024(6)	154.90	115.13
	22.12.2023	2018	12,500	12,500	—	(12,500)	—	—	22.12.2024	92.50	111.23
	8.8.2024	2018	20,000	—	20,000	—	—	20,000	8.8.2025	97.70	113.76
Mr Robert Hinman Getz	21.12.2020	2018	10,000	5,000	—	—	—	5,000	N/A(7)	107.00	44.55
	30.12.2021	2018	12,500	12,500	—	—	—	12,500	N/A(8)	154.90	115.13
	22.12.2023	2018	12,500	12,500	—	—	—	12,500	N/A(9)	92.50	111.23
	8.8.2024	2018	20,000	—	20,000	—	—	20,000	8.8.2025	97.70	113.76
Ms Virginia Davis Wilmerding	30.12.2021	2018	12,500	12,500	—	—	—	12,500	N/A(10)	154.90	115.13
	22.12.2023	2018	12,500	12,500	—	—	—	12,500	N/A(11)	92.50	111.23
	8.8.2024	2018	20,000	—	20,000	—	—	20,000	8.8.2025	97.70	113.76

				Number of awarded shares							
Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	As at January 1, 2024	Awarded during the year	Vested during the year	Cancelled during the year	As at December 31, 2024	Vesting Period	Closing price at the Date of Award (HK$)	Purchase price (HK$)
Directors (continued)											
Ms Caroline Christina Kracht	22.12.2023	2018	12,500	12,500	—	(12,500)	—	—	22.12.2024	92.50	111.23
	8.8.2024	2018	20,000	—	20,000	—	—	20,000	8.8.2025	97.70	113.76
Mr Andrew Philip Roberts	8.8.2024	2018	20,000	—	20,000	—	—	20,000	8.8.2025	97.70	113.76
Mr Joseph Galli Jr[12] (resigned effective from May 20, 2024)	21.3.2018	2018	514,000	—	—	—	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	3.1.2020	2018	1,000,000	1,000,000	—	—	—	1,000,000	5.1.2025[14]	64.70	44.38
	21.12.2020	2018	1,000,000	—	—	—	—	—	21.12.2020[14]	107.00	44.55
	4.3.2021	2018	1,000,000	—	—	—	—	—	4.3.2021[14]	121.40	80.25
	4.3.2021	2018	1,000,000	1,000,000	—	—	—	1,000,000	5.1.2025[14]	121.40	80.25
	31.12.2021	2018	1,000,000	1,000,000	—	—	—	1,000,000	5.1.2025[14]	155.20	121.14
	3.3.2022	2018	1,000,000	—	—	—	—	—	3.3.2022[14]	136.10	130.19
	3.3.2022	2018	1,000,000	—	—	—	—	—	23.3.2023[14]	136.10	130.19
	30.12.2022	2018	1,000,000	1,000,000	—	—	—	1,000,000	5.1.2025[14]	87.10	142.95
	22.12.2023	2018	1,000,000	1,000,000	—	(425,000)	(575,000)	—	22.12.2024	92.50	111.23
	5.1.2024	2018	1,000,000	—	1,000,000	—	—	1,000,000	5.1.2025	86.80	103.48
	2.4.2024	2018	79,000	—	79,000	—	—	79,000	2.4.2025	104.80	97.12
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)	21.12.2020	2018	10,000	—	—	—	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	30.12.2021	2018	12,500	—	—	—	—	—	30.12.2022	154.90	115.13
	22.12.2023	2018	12,500	12,500	—	—	—	12,500	10.5.2025[13]	92.50	111.23
Total for directors			**16,330,500**	**5,480,000**	**3,354,500**	**(475,000)**	**(575,000)**	**7,784,500**			
Employees	20.5.2019	2018	1,100,000	200,000	—	(200,000)	—	—	20.5.2020 – 20.5.2024	50.20	45.30
	21.12.2020	2018	10,000	—	—	—	—	—	20.5.2021	107.00	44.55
	21.12.2020	2018	10,000	—	—	—	—	—	30.7.2021	107.00	44.55
	30.9.2024	2018	250,000	—	250,000	—	—	250,000	30.9.2025 – 30.9.2027	118.10	105.21
Total for employees			**1,370,000**	**200,000**	**250,000**	**(200,000)**	**—**	**250,000**			
Total for all categories			**17,700,500**	**5,680,000**	**3,604,500**	**(675,000)**	**(575,000)**	**8,034,500**			

Notes:

(1) All the awarded shares are purchased on-market. All awarded shares were granted to both Directors and Selected Grantee during the year ended December 31, 2024. 575,000 share awards were cancelled and no share awards were lapsed during the year ended December 31, 2024.

(2) At the end of the year, the average fair value per share is HK$101.94. The average fair value of the awarded shares is based on the average purchase cost.

(3) During the reporting year, a total of 2,872,500 shares were purchased at an aggregate consideration of US$39,448,000 for satisfying the awards granted pursuant to the 2018 Share Award Scheme.

(4) The performance targets of the awarded shares granted in 2023 to Executive Directors are generally assessed at two respective levels, namely the individual level and the Group's level. None of the awarded shares granted in 2023 to the Non-executive Director and the Independent Non-executive Directors are subject to any performance targets assessment by the Company.

(5) The performance targets of the awarded shares granted in 2024 to Executive Directors and Selected Grantee are generally assessed at two respective levels, namely the individual level and the Group's level. None of the awarded shares granted in 2024 to the Independent Non-executive Directors are subject to any performance targets assessment by the Company.

(6) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Johannes-Gerhard Hesse from December 30, 2022 to May 2, 2024.

(7) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 5,000 shares which were awarded to Mr Robert Hinman Getz from December 21, 2022 to upon his cessation as a director of the Company.

(8) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Robert Hinman Getz from December 30, 2022 to upon his cessation as a director of the Company.

(9) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Robert Hinman Getz from December 22, 2024 to upon his cessation as a director of the Company.

(10) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Ms Virginia Davis Wilmerding from December 30, 2022 to upon her cessation as a director of the Company.

(11) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Ms Virginia Davis Wilmerding from December 22, 2024 to upon her cessation as a director of the Company.

(12) As to the agreement for the separate 5,000,000 awarded shares to be granted to Mr Joseph Galli Jr between 2020 to 2024 in five equal tranches (i.e. 1,000,000 awarded shares per year) provided the Company meets certain performance criteria each year, all tranches were awarded to Mr Galli on January 3, 2020, March 4, 2021, December 31, 2021, December 30, 2022 and January 5, 2024 respectively. These shares were vested to Mr Galli on January 5, 2025. The above mentioned performance criteria are set out in the "Remuneration Committee" section in the Company's 2023 Corporate Governance Report.

As to the agreement for the 5,000,000 shares might be granted subject to, inter alia, the achievement of performance criteria (i.e. reaching a specific EBIT target each year) for the years between 2022 to 2026 respectively, the 1,000,000 shares for 2022 were awarded to Mr Galli on March 3, 2022 and vested on March 23, 2023. The 1,000,000 shares for the year 2023 were awarded to Mr Galli on December 22, 2023 and 425,000 shares were vested on December 22, 2024 with the Board's discretion. Due to his resignation with effect from May 20, 2024, the awards of the remaining 3,000,000 shares were lapsed as a result and no further shares will be granted to Mr Galli. The above mentioned performance criteria are set out in the "Remuneration Committee" section in the Company's 2023 Corporate Governance Report.

(13) Pursuant to the scheme rules of 2018 Share Award Scheme, the vesting date of the 12,500 shares which were awarded to Prof Roy Chi Ping Chung GBS BBS JP has been amended from December 22, 2024 to May 10, 2025, i.e. the expiry of a period of 12 months commencing from the date of his retirement.

The closing price of the Company's shares immediately before the various dates on which the share awards were granted ranged from HK$87.65 to HK$120.90 in 2024. The fair value of awarded shares at the date of grant in 2024 was ranged from HK$97.12 to HK$113.76.

The weighted average closing price of the Company's shares immediately before the various dates on which the share awards were vested during 2024 was HK$103.99. The number of shares that may be issued in respect of share awards granted under the 2018 Share Award Scheme and the share options granted under Scheme E (details are set out in the section headed "Share Options" in Report of the Directors) during 2024 divided by the weighted average number of shares in issue for the year is 0.28%.

The number of shares available for grant under the amended and restated rules of the 2018 Share Award Scheme remained at 183,479,794 throughout the year. The total number of shares available for issue under the 2018 Share Award Scheme as at the date of this Annual Report is 158,011,294, which represents (i) approximately 8.62% of the issued share capital of the Company as at December 31, 2024; and (ii) approximately 8.62% of the issued share capital of the Company as at the date of this Annual Report. The number of shares that may be issued in respect of share awards granted under the 2018 Share Award Scheme and the share options granted under Scheme E is 158,011,294, representing approximately 8.62% of the issued share capital of the Company as at December 31, 2024.

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 trustee purchases the Company's shares on 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.

The fair value of the share award is estimated based on the share price of the Company on date of purchase/grant.

None of the share awards granted under the 2018 Share Award Scheme before January 1, 2023 were subject to any performance-based targets or clawback mechanisms except for the 8,000,000 shares as detailed in Note (14) on page 78. The Remuneration Committee is of the view that these are justifiable as all such decisions were (i) made before the corresponding new requirements under Chapter 17 of the Listing Rules became effective on January 1, 2023 and within the authority and discretion of the Board as stipulated under the rules of the 2018 Share Award Scheme; and (ii) aligned with the purpose of the 2018 Share Award Scheme as a recognition and reward of the grantee's contributions to the Group's continuing operation and development and which in turn is beneficial to the shareholders and the Company as a whole from a business sustainability and stability perspective.

Save as disclosed above, no other person was granted share awards for the year ended December 31, 2024.

Change in Directors' Emoluments

Mr Steven Philip Richman was appointed as Chief Executive Officer and an Executive Director on May 21, 2024 and August 6, 2024 respectively, and his emolument as Chief Executive Officer has been fixed by the Board.

Ms Karen Ka Fai Ng and Mr Stephen Tsi Chuen Wong were appointed as Independent Non-executive Directors with effect from October 7, 2024, and will be entitled to the Board fee which has been fixed by the Board.

Mr Andrew Philip Roberts was appointed as an Independent Non-executive Director and a member of the Audit Committee with effect from January 1, 2024 and May 1, 2024 respectively, and will be entitled to the Board fee and the Audit Committee fee which has been fixed by the Board.

Company Secretary

The Company Secretary is responsible for ensuring that Board procedures are in compliance and Board co-ordinates effectively and efficiently. All Directors have access to the advice and services of the Company Secretary. The Company Secretary is also responsible for facilitating information flow and communication among Directors as well as with shareholders and management of the Company. The Company Secretary is an employee of the Company and is appointed by the Board. The Company Secretary has complied with the professional training requirements under the Listing Rules to update her skills and knowledge.

Accountability and Audit

The Board acknowledges its responsibility for overseeing the preparation of the accounts of the Group which give a true and fair view of the Group's state of affairs, results and cash flows for the year.

The Board will present a balanced, clear and understandable assessment of annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to the regulators as well as information required to be disclosed pursuant to statutory requirements.

Risk Management and Internal Controls

To achieve long term goals of the Group through identifying and evaluating the Group's risks and formulating appropriate mitigating controls, effective risk management and internal control systems are essential. The Board is responsible for continuously monitoring and reviewing key internal control policies which include delegated authorities, non-audit services, treasury management policy, policy on market disclosure and investor and media relations, as well as key risk management functions which include legal, insurance, human resources, capital management and treasury. The Board conducts an annual review of the effectiveness of the risk management and internal control systems of the Company, which is designed to manage and minimize risks of failure in operational systems, and to provide reasonable but not absolute assurance that material misstatement or loss can be avoided.

The Company has an internal audit function which is vital for providing an independent and objective assurance to the Audit Committee and the Board in controlling the internal business environment. The internal audit function continuously maintains an independent review on key business aspects in accordance with the annual audit plan, and reports the key findings to the Board through the Audit Committee. In addition, the internal auditor of the Company reports periodically to the Audit Committee and communicates with the Chairman of the Audit Committee regularly so as to evaluate and manage significant risks that may be identified throughout. The internal audit function also annually performs risk assessment to build the audit plan of the Group.

The Board, together with the Audit Committee, focuses on strengthening the Group's risk management culture, ensuring the whole risk management framework is adequate and effective and oversees the internal audit function. The Group continuously reviews its risk framework in light of substantial changes and pursues improvements of enterprise risk management. A whistle blowing policy (the "Complaint Resolution Policy and Procedure") has been adopted in order to detect and identify improprieties and bring the issues to the attention of the management, the Audit Committee as well as the Board. Furthermore, the Group regularly conducts in-house anti-bribery training sessions to bolster the Group's anti-corruption culture, awareness and knowledge.

The Board, and in particular the Audit Committee, conducts a continuous review of the effectiveness of the Group's risk management and internal control systems that have been put in place. The reviews covering financial, operational, and compliance controls and risk management performed in 2024 included:

- the scope and quality of the management's ongoing monitoring of risks and internal control system and the effectiveness of the Company's procedures relating to statutory and regulatory compliance.
- the risk management process including formal risk assessment at the enterprise level upon discussions with senior management responsible for day-to-day management of significant risks.
- the adequacy and performance of accounting and financial reporting functions.
- the regular internal audit updates and the strategic and annual operating plan.
- the organization structure and delegated authorities.

The Company identifies, assesses and prioritizes the risks that are most relevant to the Company's success according to their likelihood and impact. Risk assessment is conducted with the objective to improve the design and effectiveness of the Company's internal controls. Mitigation plans or controls enhancements are developed and implemented by business units based on the risk assessment. The Company also reviews its risk framework on an ongoing basis considering substantial changes and pursues improvements of enterprise risk management.

The procedures and internal controls for handling and disseminating of inside information are governed by the Model Code, the Code for Securities Transactions by Relevant Employees, the Complaint Resolution Policy and Procedure, the Policy on Market Disclosure, Investor and Media Relations, with a view to ensuring compliance with the Articles and the statutory and regulatory requirements that the Group is subject to.

In light of the above reviews and policies, the Board confirms that the Group's risk management and internal controls systems are effective and adequate.

External Auditor

Deloitte Touche Tohmatsu, the external auditor of the Group, provided the following audit and non-audit services to the Group in 2024:

Nature of Services	Amount (US$ million)
External Audit Services	2.98
Taxation Services	0.87
Other Services	0.41

The other services provided by Deloitte Touche Tohmatsu comprised professional services conducted under the terms of specified engagements.

The nature and ratio of annual fees to the external auditor for audit services and non-audit services are subject to scrutiny by the Audit Committee to ensure the independence of the external auditor. All non-audit services from the external auditor are regulated by the Policy on Non-Audit Services published on the Company's website (www.ttigroup.com).

The Audit Committee and the external auditor of the Group meet at least twice a year without the presence of the management of the Group to enhance independent reporting by the external auditor of the Group. In order to maintain effective communication with shareholders, the external auditor attended the 2024 Annual General Meeting to answer questions about the accounting policies, the auditor's independence, the conduct of the audit and the preparation and content of the auditor's report.

Investor Relations and Shareholder Communications

The Company aims to maintain an effective communication and on-going dialogue with its shareholders and investors particularly through the following major means:

Shareholders Communication Policy

The Board has adopted the Shareholders Communication Policy on March 22, 2012, which primarily covers the current practices for communicating with shareholders and is published on the Company's website (www.ttigroup.com). All the Company's circulars, announcements, notices and results of general meetings, annual and interim reports, and webcasts of results presentations conducted at press conferences, which are published on the Company's website (www.ttigroup.com), provide timely, efficient and accurate information to shareholders and investors. Essential information is communicated to the shareholders mainly through the Company's financial reports, general meetings and the information published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk). In addition, the Company holds regular meetings with institutional shareholders and analysts and encourages shareholders to attend annual general meetings to communicate with Directors and management of the Company directly. Important shareholders' dates in the coming financial year are set out in the section headed "Corporate Information" of this annual report. The Board reviews the implementation of the Shareholders Communication Policy on a regular basis (including steps taken at the general meetings, the handling of queries received and the multiple channels of communication and engagement in place) and considered it has been properly and effectively implemented during the year.

A Policy on Market Disclosure, Investor and Media Relations, published on the Company's website (www.ttigroup.com), ensures that the Company complies with its disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and investors have an equal opportunity to receive and obtain externally available information issued by the Company.

Shareholders' Rights

CONVENING OF EXTRAORDINARY GENERAL MEETING ON REQUISITION BY SHAREHOLDERS

Pursuant to Article 64 of the Articles and sections 566-568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong), shareholders holding at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company (the "Requisitionists"), may request the Directors to convene an extraordinary general meeting ("EGM"). The written requisition must state the general nature of the business to be dealt with at the EGM and must be signed by the Requisitionists and sent to the registered office of the Company which is currently located at 29/F, Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong for the attention of the Company Secretary. The requisition may consist of several documents in like form and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM.

If the Directors do not, within 21 days after the date on which they become subject to the requirement, proceed duly to convene an EGM for a day not more than 28 days after the date of the notice convening the EGM, the Requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an EGM. The EGM must be called for a date not more than three months after the date on which the Directors become subject to the requirement to call an EGM. Any reasonable expenses incurred by the Requisitionists by reason of the failure of the Directors duly to convene an EGM shall be repaid to the Requisitionists by the Company.

PROCEDURE FOR NOMINATING A PERSON FOR ELECTION AS A DIRECTOR

For the detailed procedure for shareholders to nominate a person to stand for election as Director, please refer to the written procedure named "Nomination of Directors by Shareholders" which is published on the Company's website (www.ttigroup.com).

PROCEDURE FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

The Company values feedback from shareholders on its efforts to promote transparency and foster investor relationships. Shareholders may address their comments, suggestions and/or enquires to the Board in writing through Investor Relations and Communication (contact details are set out in the section headed "Corporate Information" of this annual report).

PROCEDURE FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to Section 615 of the Companies Ordinance, shareholders may submit a written requisition to circulate a resolution at an annual general meeting ("AGM") if they: (a) represent at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at the AGM to which the request relates; or (b) are at least 50 shareholders having a right to vote on the resolution at the AGM to which the request relates.

The written requisition must: (a) identify the resolution of which notice is to be given; (b) be signed by the requisitionists; (c) be sent to the registered office of the Company for the attention of the Company Secretary; and (d) be received by the Company not later than six weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM. Shareholders are requested to refer to Section 580 and 615 of the Companies Ordinance for further details.

Constitutional Document

No change has been made to the Company's constitutional document during 2024. The constitutional document of the Company was published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk).

Dividend Policy

TTI may declare/propose dividends semi-annually when the Board approves the interim results and the annual results.

The Board endeavours to maintain a balance between meeting the Shareholders' expectations and prudent capital management.

In determining the appropriate amount of dividend, the Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns by considering:

- the expected capital requirements and capital efficiency;
- regulatory capital requirements of its regulated entities;
- prevailing and projected profitability;
- projected operating cash flows;
- projected capital expenditures and strategic investment opportunities;
- the expected working capital requirements, capital expenditure requirements and future development and expansion plans of the Group;
- general economic conditions, business cycle of the Group's business and other internal and external factors that may have a material impact on the business, operation or financial performance and position of the Company; and
- any other factors that the Board may deem appropriate and relevant under the circumstances.

Any declaration and payment of future dividend under the dividend policy are subject to the Board's consideration and determination that the same would be in best interests of the Group and the Shareholders as a whole. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

Board, Board Committee and General Meetings in 2024

A summary of attendance of Board, Board Committee and general meetings in 2024 are detailed in the following table:

	Meetings attended/Held in 2024				
	Board	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**General Meeting**
Number of meeting(s) held during the year	5	4	2	4	1
Group Executive Directors					
Mr Horst Julius Pudwill	5/5		2/2		1/1
Mr Stephan Horst Pudwill	5/5				1/1
Mr Steven Philip Richman(1)	1/1				0/0
Mr Kin Wah Chan	5/5				1/1
Mr Chi Chung Chan	5/5				1/1
Mr Camille Jojo	5/5				1/1
Mr Joseph Galli Jr(2)	3/3				1/1
Non-executive Director					
Prof Roy Chi Ping Chung GBS BBS JP(3)	3/3				1/1
Independent Non-executive Directors					
Mr Peter David Sullivan	5/5	4/4		4/4	1/1
Mr Johannes-Gerhard Hesse	5/5	4/4	2/2		1/1
Mr Robert Hinman Getz	5/5	4/4	2/2	4/4	1/1
Ms Virginia Davis Wilmerding	5/5		2/2	4/4	1/1
Ms Caroline Christina Kracht	5/5	4/4			1/1
Mr Andrew Philip Roberts(4)	5/5	3/3			1/1
Ms Karen Ka Fai Ng(5)	1/1				0/0
Mr Stephen Tsi Chuen Wong(6)	1/1				0/0
Date(s) of meeting(s)	17.1.2024	5.3.2024	5.3.2024	5.3.2024	10.5.2024
	6.3.2024	9.5.2024	5.8.2024	12.3.2024	
	9.5.2024	5.8.2024		5.8.2024	
	6.8.2024	8.11.2024		18.8.2024	
	8.11.2024				

Notes:

(1) Mr Steven Philip Richman was appointed as Executive Director with effect from August 6, 2024.

(2) Mr Joseph Galli Jr resigned as Executive Director with effect from May 20, 2024.

(3) Prof Roy Chi Ping Chung GBS BBS JP retired as Non-executive Director after the conclusion of the 2024 Annual General Meeting.

(4) Mr Andrew Philip Roberts was appointed as Independent Non-executive Director and a member of the Audit Committee with effect from January 1, 2024 and May 1, 2024 respectively.

(5) Ms Karen Ka Fai Ng was appointed as Independent Non-executive Director with effect from October 7, 2024.

(6) Mr Stephen Tsi Chuen Wong was appointed as Independent Non-executive Director with effect from October 7, 2024.

REPORT OF THE DIRECTORS

The directors have the pleasure in presenting their annual report and the audited financial statements for the year ended December 31, 2024.

Principal Activities and Business Review

The Company acts as an investment holding company.

The principal activities of the principal subsidiaries and an associate are set out in Notes 50 and 51 to the consolidated financial statements, respectively.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Company Ordinance"), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred, and an indication of likely future development in the Group's business, can be found in the "Chairman's Statement", "Chief Executive Officer's Message", "Review of Operations", "Management's Discussion and Analysis", "Corporate Governance Report", and "Financial Summary" sections of this Annual Report, and the "Environmental, Social and Governance Report" (the "ESG Report"), which will be published separately. The above sections and the ESG Report form part of this report.

Results and Appropriations

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 100.

An interim dividend of HK108.00 cents (approximately US13.90 cents) per share amounting to approximately US$254,711,000 was paid to the shareholders during the year.

The directors recommend the payment of a final dividend of HK118.00 cents (approximately US15.19 cents) per share to the shareholders on the register of members on May 19, 2025, amounting to approximately US$278,265,000.

Property, Plant and Equipment

The Group continued to expand its business and during the year spent approximately US$694,000 on moulds and tooling, office equipment, furniture and fixtures for approximately US$14,304,000 and plant and machinery for approximately US$24,943,000. Details of these and other movements in the property, plant and equipment of the Group and the Company during the year are set out in Note 16 to the consolidated financial statements.

Share Capital

Details of movements during the year in the share capital of the Company are set out in Note 39 to the consolidated financial statements.

Other than 2,872,500 shares of the Company purchased on-market by the trustee for satisfying the awarded shares granted under the Company's share award scheme (details of which are set out in the Corporate Governance Report), a total of 3,000,000 ordinary shares were bought back by the Company during the year at prices ranging from HK$86.00 to HK$116.20 per share. The consideration paid by the Company for such buy-backs of the shares of approximately US$37,521,000 was charged to the retained profits.

The shares bought back were cancelled subsequently and accordingly the issued share capital of the Company was reduced. The buy-backs of the Company's shares during the year were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the year, purchased, sold or redeemed any listed securities of the Company.

Directors

The directors of the Company during the year and up to the date of this report were:

Group Executive Directors:

Mr Horst Julius Pudwill, *Chairman*
Mr Stephan Horst Pudwill, *Vice Chairman*
Mr Steven Philip Richman, *Chief Executive Officer*
(appointed with effect from August 6, 2024)
Mr Kin Wah Chan
Mr Chi Chung Chan
Mr Camille Jojo
Mr Joseph Galli Jr (resigned with effect from May 20, 2024)

Non-executive Director:

Prof Roy Chi Ping Chung GBS BBS JP (retired after the conclusion of the annual general meeting of the Company on May 10, 2024)

Independent Non-executive Directors:

Mr Peter David Sullivan
Mr Johannes-Gerhard Hesse
Mr Robert Hinman Getz
Ms Virginia Davis Wilmerding
Ms Caroline Christina Kracht
Mr Andrew Philip Roberts (appointed with effect from January 1, 2024)
Ms Karen Ka Fai Ng (appointed with effect from October 7, 2024)
Mr Stephen Tsi Chuen Wong (appointed with effect from October 7, 2024)

Directors (continued)

In accordance with Article 107(A) of the Articles, Mr Kin Wah Chan, Mr Chi Chung Chan, Mr Camille Jojo, Mr Robert Hinman Getz and Ms Caroline Christina Kracht will retire at the forthcoming Annual General Meeting, being eligible, will offer themselves for re-election. Besides, in accordance with Article 98 of the Articles, Mr Steven Philip Richman, Ms Karen Ka Fai Ng and Mr Stephen Tsi Chuen Wong, who were appointed on August 6, 2024, October 7, 2024 and October 7, 2024 respectively, shall retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election.

No director proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Terms of Office of Independent Non-executive Directors

The term of office for each of the Independent Non-executive Directors is the period up to his/her retirement by rotation in accordance with Article 107(A) of the Articles.

Directors of Subsidiaries

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended December 31, 2024 and during the period from January 1, 2025 to the date of this Report are available on the Company's website (www.ttigroup.com).

Directors' and Chief Executive's Interests

As at December 31, 2024, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Name of directors	Capacity/ Nature of interests	Interests in shares (other than pursuant to equity derivatives)[1]	Interests in underlying shares pursuant to equity derivatives[1]	Total interests in shares/ underlying shares	Approximate aggregate percentage of interests
Mr Horst Julius Pudwill	Beneficial owner	147,269,500[2]	1,055,500	399,252,294	21.79%
	Interests of spouse	34,767,500	—		
	Interests of controlled corporation	216,159,794[3]	—		
Mr Stephan Horst Pudwill	Beneficial owner	5,384,500[4]	5,650,000	11,034,500	0.60%
Mr Steven Philip Richman	Beneficial owner	800,000[5]	400,000	1,200,000	0.07%
Mr Kin Wah Chan	Beneficial owner	916,000[6]	5,100,000	6,016,000	0.33%
Mr Chi Chung Chan	Beneficial owner	1,275,000[7]	5,400,000	6,675,000	0.36%
Mr Camille Jojo	Beneficial owner	651,500[8]	386,000	1,037,500	0.06%
Mr Peter David Sullivan	Beneficial owner	552,000[9]	159,000	711,000	0.04%
Mr Johannes-Gerhard Hesse	Beneficial owner	95,000[10]	451,000	546,000	0.03%
Mr Robert Hinman Getz	Beneficial owner	115,674[11]	234,000	349,674	0.02%
Ms Virginia Davis Wilmerding	Beneficial owner	45,000[12]	109,500	154,500	0.01%
Ms Caroline Christina Kracht	Beneficial owner	32,500[13]	80,000	112,500	0.01%
Mr Andrew Philip Roberts	Beneficial owner	20,000[14]	20,000	40,000	less than 0.01%

Notes:

(1) Interests in shares and underlying shares stated above represent long positions of the Company.

The interests of the directors of the Company in the underlying shares pursuant to equity derivatives, which were held as beneficial owner, represent share options granted to them respectively pursuant to the share option schemes adopted by the Company, details of which are separately disclosed in the section headed "Share Options" below. These share options are physically settled and unlisted.

(2) These included Mr Horst Julius Pudwill's interests in 430,500 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Horst Julius Pudwill's awarded shares are set out in the Corporate Governance Report.

(3) These shares were held by the following companies in which Mr Horst Julius Pudwill has a beneficial interest:

	No. of shares
Sunning Inc.	179,084,764
Cordless Industries Company Limited*	37,075,030
	216,159,794

* Cordless Industries Company Limited is owned as to 70% by Mr Horst Julius Pudwill.

(4) These included Mr Stephan Horst Pudwill's interests in 225,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Stephan Horst Pudwill's awarded shares are set out in the Corporate Governance Report.

(5) These included Mr Steven Philip Richman's interests in 800,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Steven Philip Richman's awarded shares are set out in the Corporate Governance Report.

(6) These included Mr Kin Wah Chan's interests in 225,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Kin Wah Chan's awarded shares are set out in the Corporate Governance Report.

(7) These included Mr Chi Chung Chan's interests in 225,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Chi Chung Chan's awarded shares are set out in the Corporate Governance Report.

(8) These included Mr Camille Jojo's interests in 612,500 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Camille Jojo's awarded shares are set out in the Corporate Governance Report.

(9) These included Mr Peter David Sullivan's interests in 20,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Peter David Sullivan's awarded shares are set out in the Corporate Governance Report.

(10) These included Mr Johannes-Gerhard Hesse's interests in 20,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Johannes-Gerhard Hesse's awarded shares are set out in the Corporate Governance Report.

(11) These included Mr Robert Hinman Getz's interests in 50,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Robert Hinman Getz's awarded shares are set out in the Corporate Governance Report.

(12) These included Ms Virginia Davis Wilmerding's interests in 45,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Ms Virginia Davis Wilmerding's awarded shares are set out in the Corporate Governance Report.

(13) These included Ms Caroline Christina Kracht's interests in 20,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Ms Caroline Christina Kracht's awarded shares are set out in the Corporate Governance Report.

(14) These included Mr Andrew Philip Roberts' interests in 20,000 awarded shares which remained unvested under the share award schemes of the Company as of December 31, 2024. Details of Mr Andrew Philip Roberts' awarded shares are set out in the Corporate Governance Report.

Save as disclosed above, none of the directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at December 31, 2024.

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"), and 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 (continued)

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 with effect from May 12, 2023 as below:

The Board may, as its discretion and on such terms as it may think fit, grant such share options to eligible participants as it may in its absolute discretion select in accordance with the terms of Scheme E. Eligible participants include (i) employees; (ii) Directors; (iii) related entity participants and (iv) service providers.

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 first date of vesting to the tenth anniversary of the date of grant. 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.

According to the scheme rules as amended and restated on May 12, 2023, the overall limit on the number of shares under share options from time to time under Scheme E and any other share scheme(s) of the Company shall not, in aggregate, exceed 10.00% of the total issued share capital of the Company as at Scheme E Amendment Date. Within the scheme mandate limit, the total number of shares which may be issued upon exercise of all options to be granted to service providers shall not exceed 1.00% of the total issued share capital of the Company as at Scheme E Amendment Date. Where any grant of share options to a share option grantee under Scheme E would result in shares issued and to be issued in respect of all share options or awarded shares granted to such person (excluding any share options and awarded shares lapsed in accordance with the terms of Scheme E or any other share scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1.00% of the total issued share capital of the Company as at Scheme E Amendment Date, such grant of share options must be separately approved by the shareholders in general meeting with such share option grantee and his/her close associates (or his/her associates if the share option grantee is a connected person of the Company) abstaining from voting. Without prejudice to the above, where any grant of share options or awarded shares to a Director (other than an Independent Non-executive Director) or chief executive of the Company, or any of their respective associates would result in the shares issued and to be issued in respect of all share options and awarded shares granted (excluding any share options or awarded shares lapsed in accordance with the terms of Scheme E or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.10% of the total issued share capital of the Company as at Scheme E Amendment Date, such grant of share options or awarded shares must be approved by the shareholders in general meeting with such share option grantee, his/her associates and all core connected persons of the Company abstaining from voting at such general meeting. Without prejudice to the above, where any grant of share options or awarded shares to an Independent Non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all share options and awarded shares granted (excluding any share options or awarded shares lapsed in accordance with the terms of Scheme E or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.10% of the total issued share capital of the Company as at Scheme E Amendment Date, such grant of share options or awarded shares must be approved by the shareholders in general meeting with such share option grantee, his/her associates and all core connected persons of the Company abstaining from voting at such general meeting. The total issued share capital of the Company as at Scheme E Amendment Date was 1,834,797,941 shares.

The Directors or the Remuneration Committee (as the case may be) have the authority to establish performance target and/or clawback mechanism in relation to the granting of share options. The Board is of the view that the flexibility granted to the Directors to specify appropriate conditions, restrictions and/or limitations on a case-by-case basis in their absolute discretion when offering and/or vesting share options to eligible participants could provide a more meaningful and functional means to achieve the purpose of Scheme E (whether as recognition of past contribution or as incentive to motivate, retain or attract suitable talents) in light of the particulars circumstances of each offer of share options. General factors that the Board may take into account for imposing performance targets and clawback mechanisms include, but not limited to the Group's level and the individual's level. The Board or the Remuneration Committee (as the case may be) will carefully assess whether performance targets, if any, are satisfied upon receipt of any notice of exercise of share options from a grantee.

Options may be exercised at any time immediately after 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.

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

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									
Mr Horst Julius Pudwill	22.12.2020	E	23,500	—	—	—	23,500	105.500	22.12.2021 – 21.12.2030(4)
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031(4)
	22.8.2023	E	750,000	—	—	—	750,000	81.050	22.8.2024 – 21.8.2033(5)
	8.8.2024	E	—	250,000	—	—	250,000	97.700	8.8.2025 – 7.8.2034(9)
Mr Stephan Horst Pudwill	20.3.2014	D	750,000	—	(750,000)	—	—	21.600	20.3.2015 – 19.3.2024(4)
	11.9.2015	D	250,000	—	—	—	250,000	29.650	11.9.2016 – 10.9.2025(4)
	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027(4)
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028(4)
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029(4)
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030(7)
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030(8)
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031(6)
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033(7)
	8.8.2024	E	—	150,000	—	—	150,000	97.700	8.8.2025 – 7.8.2034(5)
Mr Steven Philip Richman	19.8.2024	E	—	400,000	—	—	400,000	103.400	19.8.2025 – 18.8.2034(10)

Share Options (continued)

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 Kin Wah Chan	17.3.2017	D	200,000	—	—	—	200,000	32.100	17.3.2018 – 16.3.2027[4]
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028[4]
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029[4]
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030[7]
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030[8]
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031[6]
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033[7]
	8.8.2024	E	—	150,000	—	—	150,000	97.700	8.8.2025 – 7.8.2034[5]
Mr Chi Chung Chan	17.3.2017	D	500,000	—	—	—	500,000	32.100	17.3.2018 – 16.3.2027[4]
	14.3.2018	E	250,000	—	—	—	250,000	47.900	14.3.2019 – 13.3.2028[4]
	20.5.2019	E	500,000	—	—	—	500,000	51.080	20.5.2020 – 19.5.2029[4]
	15.5.2020	E	500,000	—	—	—	500,000	65.250	15.5.2021 – 14.5.2030[7]
	22.12.2020	E	2,000,000	—	—	—	2,000,000	105.500	22.12.2021 – 21.12.2030[8]
	30.12.2021	E	1,000,000	—	—	—	1,000,000	154.900	30.12.2022 – 29.12.2031[6]
	22.8.2023	E	500,000	—	—	—	500,000	81.050	22.8.2024 – 21.8.2033[7]
	8.8.2024	E	—	150,000	—	—	150,000	97.700	8.8.2025 – 7.8.2034[5]
Mr Camille Jojo	14.3.2018	E	50,000	—	—	—	50,000	47.900	14.3.2019 – 13.3.2028[4]
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029[4]
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030[4]
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031[4]
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033[3]
	8.8.2024	E	—	100,000	—	—	100,000	97.700	8.8.2025 – 7.8.2034[6]
Mr Peter David Sullivan	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030[4]
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031[4]
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033[3]
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034[3]

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(4)
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 – 13.3.2028(4)
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 – 19.5.2029(4)
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030(4)
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031(4)
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033(3)
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034(3)
Mr Robert Hinman Getz	15.5.2020	E	75,000	—	—	—	75,000	65.250	15.5.2021 – 14.5.2030(5)
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030(4)
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031(4)
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033(3)
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034(3)
Ms Virginia Davis Wilmerding	19.8.2021	E	29,500	—	—	—	29,500	167.200	19.8.2022 – 18.8.2031(4)
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033(3)
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034(3)
Ms Caroline Christina Kracht	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033(3)
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034(3)
Mr Andrew Philip Roberts	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034(3)

Share Options (continued)

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 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[11]
Prof Roy Chi Ping Chung GBS BBS JP[12] (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
Total for directors			**19,751,000**	**1,320,000**	**(790,000)**	**—**	**20,281,000**		
Employees	17.3.2017	D	50,000	—	(50,000)	—	—	32.100	17.3.2018 – 16.3.2027[4]
	14.3.2018	E	150,000	—	(50,000)	—	100,000	47.900	14.3.2019 – 13.3.2028[4]
	20.5.2019	E	194,000	—	(97,000)	—	97,000	51.080	20.5.2020 – 19.5.2029[4]
	22.12.2020	E	94,000	—	—	(47,000)	47,000	105.500	22.12.2021 – 21.12.2030[4]
	22.11.2023	E	250,000	—	—	—	250,000	81.480	22.11.2024 – 21.11.2033[4]
	30.9.2024	E	—	150,000	—	—	150,000	118.100	30.9.2025 – 29.9.2034[5]
Total for employees			**738,000**	**150,000**	**(197,000)**	**(47,000)**	**644,000**		
Total for all categories			**20,489,000**	**1,470,000**	**(987,000)**	**(47,000)**	**20,925,000**		

(1) The number of shares that may be issued in respect of share options granted under Scheme D is 117,281,565, representing approximately 6.40% of the issued shares of the Company as at December 31, 2024. The total number of shares available for issue in respect of which share options may be granted under Scheme D is 117,281,565 shares, which represented (i) approximately 6.40% of the issued shares of the Company as at December 31, 2024; and (ii) approximately 6.40% of the issued shares of the Company as at the date of this Annual Report.

(2) Since the adoption of Scheme E on May 19, 2017, no share options was granted to any service provider of the Company and therefore the number of shares that may be issued to service providers remained at 18,347,979 shares throughout the year. The number of shares that may be issued in respect of share options and awarded shares granted under Scheme E and the 2018 Share Award Scheme is 158,011,294, representing approximately 8.62% of the issued shares of the Company as at December 31, 2024. The total number of shares available for issue in respect of which share options may be granted under Scheme E as at the date of this Annual Report are 158,011,294 shares, which represented (i) approximately 8.62% of the issued shares of the Company as at December 31, 2024; and (ii) approximately 8.62% of the issued shares of the Company as at the date of this Annual Report. The number of share options available for grant under the amended and restated rules of Scheme E remained at 183,479,794 throughout the year.

(3) 100% of the share options granted be vested on the 1st anniversary of the date of grant.

(4) 50% of the share options granted be vested on the 1st anniversary of the date of grant and the remaining 50% be vested on the 2nd anniversary of the date of grant.

(5) Three equal batches of share options be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively.

(6) 33.00%, 33.00% and 34.00% be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively.

(7) 33.20%, 33.40% and 33.40% be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively.

(8) 33.30%, 33.30% and 33.40% be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively.

(9) 33.20%, 33.20% and 33.60% be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively.

(10) 33.25%, 33.25% and 33.50% be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively.

(11) The Board has exercised its discretion under Scheme E to amend the vesting of the share options granted to Mr Joseph Galli Jr that 50% of the share options granted be vested on May 20, 2025 and the remaining 50% be vested on December 31, 2025, and to extend the exercise period as stated in the table above correspondingly.

(12) The Board has exercised its discretion under Scheme E to extend the exercise period as stated in the table above, of which the vesting of the share options remains the same as detailed in the "Share Options" section in the Company's 2023 Annual Report.

(13) The Company had 20,925,000 shares options outstanding, which represented approximately 1.14% of the issued shares of the Company as at December 31, 2024. 1,470,000 share options were granted during the year. 47,000 share options were lapsed during the year. No share option was cancelled during the year. None of the grants of share options to any participants is in excess of the 1% individual limit.

(14) The group recognized a total expenses of US$8,752,000 (2023: US$8,829,000) for the year ended December 31, 2024 in relation to share options granted by the Company.

(15) The number of shares that may be issued in respect of share awards granted under 2018 Share Award Scheme (details are set out in the Corporate Governance Report) and share options granted under Scheme E during the year divided by the weighted average number of shares in issue for the year is 0.28%.

(16) The weighted average closing price of the Company's shares immediately before the various dates on which the share options were granted during 2024 was HK$99.91 (2023: HK$78.81).

(17) The closing price of the Company's shares immediately before the various dates on which the share options were granted ranged from HK$94.75 to HK$120.90 in 2024 (2023: ranged from HK$78.60 to HK$81.75).

(18) The weighted average closing prices of the Company's shares immediately before various dates during 2024 and 2023 on which the share options was exercised were HK$98.68 (2023: HK$81.33) respectively.

(19) The fair value of the share options granted in 2024 measured at various dates on which the share options were granted was ranged from HK$26.91 to HK$32.12 (2023: ranged from HK$23.12 to HK$23.15). The weighted average fair value of the share options granted in 2024 was HK$27.89 (2023: HK$23.12) per option.

Save as disclosed above, no other person was granted share options for the year ended December 31, 2024.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above and for satisfying the awarded shares granted under the Company's share award scheme (details of which are set out in this Annual Report), at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Director's Interests in Transactions, Arrangements and Contracts of Significance

No transactions, arrangements and contracts of significance, to which the Company, or any of its subsidiaries, was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Indemnities

Pursuant to the Articles, every director of the Company shall be entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance) which he/she may sustain or incur in or about the execution of the duties of his/her office. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Company.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Equity-linked Agreements

Other than as disclosed above and for satisfying the awarded shares granted under the Company's share award scheme (details of which are set out in the Corporate Governance Report), the Group has not entered into any equity-linked agreements during the year.

Substantial Shareholders' Interests

As at December 31, 2024, the interests and short positions of the following persons, other than directors and chief executive of the Company, in the shares, underlying shares and debentures of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Total interests in shares	(L/S/LP)*	Approximate aggregate percentage of interests
JPMorgan Chase & Co.(1)	201,188,049	(L)	10.98%
	5,559,003	(S)	0.30%
	137,913,794	(LP)	7.53%
The Bank of New York Mellon Corporation(2)	134,922,340	(L)	7.36%
	55,504,485	(S)	3.03%
	77,242,179	(LP)	4.22%
The Capital Group Companies, Inc.(3)	165,134,262	(L)	9.01%

* (L/S/LP) represents (Long position/Short position/Lending pool)

Substantial Shareholders' Interests (continued)

Notes:

(1) The following is a breakdown of the interests in shares in the Company held by JPMorgan Chase & Co.:

		Total interests in shares				
Name	Remarks	Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	Approximate percentage of interests
JPMorgan Chase & Co.	(1a)	—	—	201,188,049	(L)	10.98%
		—	—	5,559,003	(S)	0.30%
		—	—	137,913,794	(LP)	7.53%
JPMorgan Asset Management (Taiwan) Limited	(1b)	184,000	(L)	—	—	0.01%
55I, LLC	(1b)	2,215	(L)	—	—	0.00%
J.P. Morgan SE	(1b)	7,500	(L)	—	—	0.00%
J.P. Morgan Securities LLC	(1b)	5,365,851	(L)	—	—	0.29%
		31,777	(S)	—	—	0.00%
J.P. Morgan Private Wealth Advisors LLC	(1b)	940	(L)	—	—	0.00%
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	(1b)	2,974,938	(L)	—	—	0.16%
		352,938	(S)	—	—	0.02%
J.P. Morgan Investment Management Inc.	(1b)	40,643,374	(L)	—	—	2.22%
		117,101	(S)	—	—	0.01%
J.P. Morgan Institutional Investments Inc.	(1b)	1,500	(L)	—	—	0.00%
JPMorgan Asset Management (Japan) Limited	(1b)	201,700	(L)	—	—	0.01%
J.P. Morgan Trust Company of Delaware	(1b)	49,960	(L)	—	—	0.00%
JPMorgan Chase Bank, National Association	(1b)	142,628,945	(L)	—	—	7.78%
JPMorgan Asset Management (Asia Pacific) Limited	(1b)	1,325,908	(L)	—	—	0.07%
		4,408	(S)	—	—	0.00%
J.P. Morgan (Suisse) SA	(1b)	8,500	(L)	—	—	0.00%
J.P. MORGAN SECURITIES PLC	(1b)	7,792,718	(L)	—	—	0.43%
		5,052,779	(S)	—	—	0.28%
JPMorgan Asset Management (Asia) Inc.	(1b)	—	—	1,711,608	(L)	0.09%
				4,408	(S)	0.00%
JPMorgan Asset Management Holdings Inc.	(1b)	—	—	45,333,635	(L)	2.47%
				474,447	(S)	0.03%
JPMorgan Chase Holdings LLC	(1b)	—	—	50,750,386	(L)	2.77%
		—	—	506,224	(S)	0.03%
55 Institutional Partners, LLC	(1b)	—	—	2,215	(L)	0.00%
J.P. Morgan International Finance Limited	(1b)	—	—	7,808,718	(L)	0.43%
		—	—	5,052,779	(S)	0.28%
JPMorgan Chase Bank, National Association	(1b)	—	—	7,808,718	(L)	0.43%
		—	—	5,052,779	(S)	0.28%
J.P. Morgan Broker-Dealer Holdings Inc.	(1b)	—	—	5,365,851	(L)	0.29%
		—	—	31,777	(S)	0.00%
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	(1b)	—	—	2,974,938	(L)	0.16%
				352,938	(S)	0.02%
J.P. MORGAN CAPITAL HOLDINGS LIMITED	(1b)	—	—	7,792,718	(L)	0.43%
				5,052,779	(S)	0.28%

Notes: (continued)

Remarks:

(1a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 201,188,049 shares of long position, 5,559,003 shares of short position and 137,913,794 shares of lending pool respectively was as controlled corporation.

(1b) JPMorgan Asset Management (Taiwan) Limited, 55I, LLC, J.P. Morgan SE, J.P. Morgan Securities LLC, J.P. Morgan Private Wealth Advisors LLC, JPMORGAN ASSET MANAGEMENT (UK) LIMITED, J.P. Morgan Investment Management Inc., J.P. Morgan Institutional Investments Inc., JPMorgan Asset Management (Japan) Limited, J.P. Morgan Trust Company of Delaware, JPMorgan Chase Bank, National Association, JPMorgan Asset Management (Asia Pacific) Limited, J.P. Morgan (Suisse) SA, J.P. MORGAN SECURITIES PLC, JPMorgan Asset Management (Asia) Inc., JPMorgan Asset Management Holdings Inc., JPMorgan Chase Holdings LLC, 55 Institutional Partners, LLC, J.P. Morgan International Finance Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Broker-Dealer Holdings Inc., JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED and J.P. MORGAN CAPITAL HOLDINGS LIMITED were all directly or indirectly owned by JPMorgan Chase & Co. and by virtue of the SFO, JPMorgan Chase & Co. was deemed to be interested in the shares held by these subsidiaries.

(2) The following is a breakdown of the interest in shares in the Company held by The Bank of New York Mellon Corporation:

		Total interests in shares				
Name	**Remarks**	**Direct interests**	**(L/S/LP)***	**Deemed interests**	**(L/S/LP)***	**Approximate percentage of interests**
The Bank of New York Mellon Corporation	(2a)	—	—	134,922,340	(L)	7.36%
		—	—	55,504,485	(S)	3.03%
		—	—	77,242,179	(LP)	4.22%
The Bank of New York Mellon	(2b)	134,827,595	(L)	—	—	7.36%
		55,504,485	(S)	—	—	3.03%
BNY Mellon, National Association	(2b)	92,590	(L)	—	—	0.01%
B.N.Y. Holdings (Delaware) Corporation	(2b)	—	—	2,155	(L)	0.00%
BNY Mellon Trust of Delaware	(2b)	2,155	(L)	—	—	0.00%

Remarks:

(2a) The Bank of New York Mellon Corporation is listed on New York Stock Exchange. The capacity of The Bank of New York Mellon Corporation in holding the 134,922,340 shares of long position, 55,504,485 shares of short position and 77,242,179 shares of lending pool respectively was as controlling corporation.

(2b) The Bank of New York Mellon, BNY Mellon, National Association, B.N.Y. Holdings (Delaware) Corporation and BNY Mellon Trust of Delaware were all directly or indirectly owned by The Bank of New York Mellon Corporation and by virtue of the SFO, The Bank of New York Mellon Corporation was deemed to be interested in the shares held by these subsidiaries.

Substantial Shareholders' Interests (continued)

(3) The following is a breakdown of the interest in shares in the Company held by The Capital Group Companies, Inc.:

		Total interests in shares				
Name	Remarks	Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	Approximate percentage of interests
The Capital Group Companies, Inc.	(3a)	—	—	165,134,262	(L)	9.01%
Capital Research and Management Company	(3b)	162,352,762	(L)	—	—	8.86%
		—	—	2,781,500	(L)	0.15%
Capital Group International, Inc.	(3b)	—	—	2,781,500	(L)	0.15%
Capital International Limited	(3b)	312,000	(L)	—	—	0.02%
Capital International Sarl	(3b)	703,000	(L)	—	—	0.04%
Capital International, Inc.	(3b)	1,713,000	(L)	—	—	0.09%
Capital Group Investment Management Private Limited	(3b)	53,500	(L)	—	—	0.00%

Remarks:

(3a) The capacity of The Capital Group Companies, Inc. in holding the 165,134,262 shares of long position was as controlled corporation.

(3b) Capital Research and Management Company, Capital Group International, Inc., Capital International Limited, Capital International Sarl, Capital International, Inc. and Capital Group Investment Management Private Limited were all directly or indirectly owned by The Capital Group Companies, Inc. and by virtue of the SFO, The Capital Group Companies, Inc. was deemed to be interested in the shares held by these subsidiaries.

Save as disclosed above, no other person was interested in or had a short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of the Part XV of the SFO as at December 31, 2024.

Connected Transactions

On January 5, 2024, 1,000,000 shares in the Company have been granted as awarded shares under the share award scheme of the Company to Mr Joseph Galli Jr, an Executive Director resigned with effect from May 20, 2024, who is a connected person of the Company as defined under the Listing Rules and therefore constituted a connected transaction of the Company when aggregated with the grant of 750,000 share options to him on August 22, 2023 and the grant of awards of 1,000,000 shares to him on December 22, 2023. The awarded shares were vested on January 5, 2025. Details of such grant and the vesting terms are set out in the Corporate Governance Report and the Company's announcement dated January 5, 2024.

On April 2, 2024, 79,000 shares in the Company have been granted as awarded shares under the share award scheme of the Company to Mr Joseph Galli Jr, who is a connected person of the Company as defined under the Listing Rules and therefore constituted a connected transaction of the Company when aggregated with the grant of 750,000 share options to him on August 22, 2023, the grant of awards of 1,000,000 shares to him on December 22, 2023 and the grant of awards of 1,000,000 Shares to him on January 5, 2024. The awarded shares are to be vested on April 2, 2025. Details of such grant and the vesting terms are set out in the Corporate Governance Report and the Company's announcement dated April 2, 2024.

The above grants serve as a recognition and reward of Mr Galli's contributions made to the Company's continuing operation and development. No consideration is required for such grants and upon acceptance of the awarded shares, and no payment is required. The Company has complied with the relevant requirements under Chapter 14A of the Listing Rules for the above grants of awarded shares to connected persons of the Company.

Environmental, Social and Governance ("ESG")

The Company has adopted the latest ESG reporting guidelines issued by the Stock Exchange. The ESG Report together with this annual report will be published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk) in due course in compliance with the ESG reporting guidelines as set out in Appendix C2 to the Listing Rules.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended December 31, 2024.

Donations

During the year, the Group made charitable and other donations totalling US$1,618,000.

Auditor

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs Deloitte Touche Tohmatsu as auditor of the Company.

Horst Julius Pudwill
Chairman

Hong Kong
March 4, 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE MEMBERS OF TECHTRONIC INDUSTRIES COMPANY LIMITED
創科實業有限公司
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Techtronic Industries Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 100 to 182, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
RECOGNITION OF INCOME TAXES We identified the recognition of income tax as a key audit matter as the Group operates in a complex multinational tax environment, in which the tax amounts, including provisions for potential tax exposures and, the recognition of the deferred tax, are associated with a high degree of estimation and judgement. As disclosed in Note 10 to the consolidated financial statements, as at December 31, 2024, the Group has recognized US$94.7 million of income tax expense in the consolidated statement of profit or loss.	Our procedures in relation to management's assessment about the recognition of income tax included: • Understanding and evaluating the management's procedures and relevant controls regarding the estimation of income and deferred tax to be recognized; • Understanding and evaluating management's judgements and assumptions pertaining to uncertain tax matters, we considered the status of the relevant tax authority inquiries, judgmental positions taken in the tax returns, the outcome of previous inquiries by tax authorities and developments in the tax environment; • Involving our tax specialists to evaluate and challenge the adequacy of management's key assumptions and read the latest correspondence with the tax authorities to assess management's estimates; and • Evaluating management's assessment supporting the recognition of deferred tax.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Mr. Stephen David Smart.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
March 4, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Notes	2024 US$'000	2023 US$'000
Revenue	6	**14,621,616**	13,731,411
Cost of sales		**(8,726,060)**	(8,311,775)
Gross profit		**5,895,556**	5,419,636
Other income	7	**16,416**	16,820
Interest income	8	**72,295**	44,956
Selling, distribution and advertising expenses		**(2,503,697)**	(2,347,219)
Administrative expenses		**(1,489,877)**	(1,406,210)
Research and development costs		**(648,103)**	(548,338)
Finance costs	9	**(126,165)**	(124,056)
Profit before share of result of an associate and taxation		**1,216,425**	1,055,589
Share of result of an associate		**(31)**	27
Profit before taxation		**1,216,394**	1,055,616
Taxation charge	10	**(94,714)**	(79,276)
Profit for the year attributable to Owners of the Company	11	**1,121,680**	976,340
Other comprehensive (loss) income:			
Item that will not be reclassified subsequently to profit or loss, net of related income tax:			
Remeasurement of defined benefit obligations		**(861)**	(38)
Items that may be reclassified subsequently to profit or loss, net of related income tax:			
Fair value income (loss) on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting		**97,960**	(18,553)
Exchange differences on translation of foreign operations		**(101,896)**	(18,383)
Other comprehensive loss for the year		**(4,797)**	(36,974)
Total comprehensive income for the year attributable to Owners of the Company		**1,116,883**	939,366
Earnings per share (US cents)	15		
Basic		**61.43**	53.36
Diluted		**61.08**	53.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	Notes	**2024 US$'000**	2023 US$'000
Non-current assets			
Property, plant and equipment	16	**2,248,541**	2,310,537
Right of use assets	17	**797,097**	866,009
Goodwill	18	**602,899**	604,297
Intangible assets	19	**1,369,494**	1,298,419
Interest in an associate	21	**2,025**	2,056
Financial assets at fair value through profit or loss	22	**8,769**	8,732
Deposits		**90,500**	112,000
Finance lease receivables	23	**3,685**	5,781
Derivative financial instruments	29	**8,785**	8,084
Deferred tax assets	42	**59,330**	63,354
		5,191,125	5,279,269
Current assets			
Inventories	24	**4,076,210**	4,098,161
Right to returned goods asset	25	**14,208**	8,734
Trade and other receivables	26	**1,993,138**	1,811,592
Deposits and prepayments		**199,440**	187,349
Bills receivable	27	**11,770**	8,423
Finance lease receivables	23	**7,566**	2,706
Tax recoverable		**3,950**	5,013
Trade receivables from an associate	28	**6,031**	6,927
Derivative financial instruments	29	**132,133**	14,455
Financial assets at fair value through profit or loss	22	**22,571**	26,114
Bank balances, deposits and cash	30	**1,232,347**	953,240
		7,699,364	7,122,714
Current liabilities			
Trade and other payables	31	**3,849,627**	3,373,231
Bills payable	32	**21,420**	18,424
Warranty provision	33	**252,752**	235,597
Tax payable		**90,830**	47,558
Derivative financial instruments	29	**17,119**	16,062
Lease liabilities	34	**150,844**	153,523
Discounted bills with recourse	35	**3,238**	2,708
Unsecured borrowings – due within one year	38	**509,850**	920,151
Refund liabilities from right of return	25	**23,354**	16,215
		4,919,034	4,783,469
Net current assets		**2,780,330**	2,339,245
Total assets less current liabilities		**7,971,455**	7,618,514

	Notes	2024 US$'000	2023 US$'000
Capital and Reserves			
Share capital	39	**689,684**	685,392
Reserves		**5,673,913**	5,062,158
Equity attributable to Owners of the Company and total equity		**6,363,597**	5,747,550
Non-current Liabilities			
Lease liabilities	34	**682,603**	734,369
Unsecured borrowings – due after one year	38	**763,650**	1,030,971
Retirement benefit obligations	41	**43,570**	47,825
Other payables	31	**87,997**	31,530
Deferred tax liabilities	42	**30,038**	26,269
		1,607,858	1,870,964
Total equity and non-current liabilities		**7,971,455**	7,618,514

The consolidated financial statements on pages 100 to 182 were approved and authorized for issue by the Board of Directors on March 4, 2025 and are signed on its behalf by:

Chi Chung Chan
Group Executive Director

Stephan Horst Pudwill
Vice Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

	Share capital US$'000	Shares held for share award scheme US$'000	Translation reserve US$'000	Employee share-based compensation reserve US$'000	Defined benefit obligations remeasurement reserve US$'000	Hedging reserve US$'000	Retained profits US$'000	Total US$'000
At January 1, 2023	684,710	(93,885)	(232,096)	56,778	7,595	18,533	4,763,846	5,205,481
Profit for the year	—	—	—	—	—	—	976,340	976,340
Remeasurement of defined benefit obligations	—	—	—	—	162	—	—	162
Fair value loss on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	(19,208)	—	(19,208)
Deferred tax liability on remeasurement of defined benefit obligations	—	—	—	—	(200)	—	—	(200)
Deferred tax asset on hedging reserve	—	—	—	—	—	655	—	655
Exchange differences on translation of foreign operations	—	—	(18,383)	—	—	—	—	(18,383)
Other comprehensive loss for the year	—	—	(18,383)	—	(38)	(18,553)	—	(36,974)
Total comprehensive (loss) income for the year	—	—	(18,383)	—	(38)	(18,553)	976,340	939,366
Shares issued on exercise of options	682	—	—	(132)	—	—	—	550
Buy-back and cancellation of shares	—	—	—	—	—	—	(4,408)	(4,408)
Vesting of awarded shares	—	23,479	—	(23,479)	—	—	—	—
Shares for share award scheme	—	(3,525)	—	—	—	—	—	(3,525)
Recognition of share-based payments	—	—	—	46,945	—	—	—	46,945
Final dividend – 2022	—	—	—	—	—	—	(212,525)	(212,525)
Interim dividend – 2023	—	—	—	—	—	—	(224,334)	(224,334)
At December 31, 2023	685,392	(73,931)	(250,479)	80,112	7,557	(20)	5,298,919	5,747,550
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**1,121,680**	**1,121,680**
Remeasurement of defined benefit obligations	**—**	**—**	**—**	**—**	**446**	**—**	**—**	**446**
Fair value income on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	**—**	**—**	**—**	**—**	**—**	**107,060**	**—**	**107,060**
Deferred tax liability on remeasurement of defined benefit obligations	**—**	**—**	**—**	**—**	**(1,307)**	**—**	**—**	**(1,307)**
Deferred tax liability on hedging reserve	**—**	**—**	**—**	**—**	**—**	**(9,100)**	**—**	**(9,100)**
Exchange differences on translation of foreign operations	**—**	**—**	**(101,896)**	**—**	**—**	**—**	**—**	**(101,896)**
Other comprehensive (loss) income for the year	**—**	**—**	**(101,896)**	**—**	**(861)**	**97,960**	**—**	**(4,797)**
Total comprehensive (loss) income for the year	**—**	**—**	**(101,896)**	**—**	**(861)**	**97,960**	**1,121,680**	**1,116,883**
Shares issued on exercise of options	**4,292**	**—**	**—**	**(867)**	**—**	**—**	**—**	**3,425**
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	**689,684**	**(105,406)**	**(352,375)**	**129,934**	**6,696**	**97,940**	**5,897,124**	**6,363,597**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	2024 US$'000	2023 US$'000
Operating Activities		
Profit before taxation	**1,216,394**	1,055,616
Adjustments for:		
Amortization/write-off of intangible assets	**323,801**	198,268
Depreciation of property, plant and equipment	**281,198**	269,041
Depreciation of right of use assets	**174,517**	166,178
Fair value (gain) loss on foreign currency forward contracts	**(10,217)**	8,968
Fair value gain on acquisition right of certain property, plant and equipment	**(701)**	(82)
Impairment loss of property, plant and equipment	**13,342**	—
Fair value loss (gain) on listed equity securities	**5,947**	(14,024)
Fair value loss on unlisted equity securities	**—**	1,000
Finance costs	**126,165**	124,056
Gain on early termination of leases	**(95)**	(65)
Loss on sub-lease modification	**1,331**	—
Impairment loss on trade receivables under expected credit loss model	**31,828**	9,738
Interest income	**(72,295)**	(44,956)
Loss on disposal of property, plant and equipment	**17,541**	18,079
Share-based payments expense	**58,811**	46,945
Share of result of an associate	**31**	(27)
Write down of inventories	**41,376**	24,247
Operating cash flows before movements in working capital	**2,208,974**	1,862,982
(Increase) decrease in inventories	**(68,437)**	946,369
Increase in trade and other receivables, deposits and prepayments	**(231,683)**	(126,471)
(Increase) decrease in right to returned goods asset	**(5,474)**	1,829
Increase in bills receivable	**(3,347)**	(1,536)
Decrease (increase) in trade receivables from an associate	**896**	(1,901)
Increase (decrease) in trade and other payables	**562,813**	(438,262)
Increase (decrease) in refund liabilities from right of return	**7,139**	(1,362)
Increase (decrease) in bills payable	**2,996**	(1,843)
Increase in warranty provision	**22,177**	29,034
(Decrease) increase in retirement benefit obligations	**(3,809)**	316
Net payment for purchase of shares for share award scheme	**(39,448)**	(3,525)
Cash generated from operations	**2,452,797**	2,265,630
Interest paid	**(126,165)**	(124,056)
Hong Kong Profits Tax paid	**(1,992)**	(3,188)
Overseas tax paid	**(58,902)**	(55,569)
Hong Kong Profits Tax refunded	**11**	14,573
Overseas tax refunded	**1,897**	6,485
Net Cash from Operating Activities	**2,267,646**	2,103,875

	Note	2024 US$'000	2023 US$'000
Investing Activities			
Acquisition of a subsidiary		—	(4,524)
Additions to intangible assets		**(394,905)**	(372,588)
Interest received		**72,295**	44,956
Payment for early termination of leases		**(592)**	(435)
Proceeds from disposal of listed equity securities		—	1,376
Proceeds from disposal of property, plant and equipment		**9,493**	51,417
Purchase of club membership debentures		**(53)**	—
Purchase of listed equity securities		**(2,404)**	—
Purchase of property, plant and equipment		**(291,503)**	(501,573)
Repayment in finance lease receivables		**1,432**	2,589
Net Cash used in Investing Activities		**(606,237)**	(778,782)
Financing Activities			
Increase in discounted bills with recourse		**530**	705
Dividends paid	14	**(486,103)**	(436,859)
New unsecured borrowings obtained		**4,451,895**	5,597,039
Proceeds from issue of shares		**3,425**	550
Repayment of lease liabilities		**(164,020)**	(159,919)
Repayment of unsecured borrowings		**(5,100,986)**	(6,798,749)
Payment for buy-back of shares		**(37,521)**	(4,408)
Net Cash used in Financing Activities		**(1,332,780)**	(1,801,641)
Net Increase (Decrease) in Cash and Cash Equivalents		**328,629**	(476,548)
Cash and Cash Equivalents at Beginning of the Year		**953,240**	1,428,930
Effect of Foreign Exchange Rate Changes		**(49,522)**	858
Cash and Cash Equivalents at End of the Year		**1,232,347**	953,240
Analysis of the Balances of Cash and Cash Equivalents			
Represented by:			
Bank balances, deposits and cash		**1,232,347**	953,240
		1,232,347	953,240

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 Hong Kong Financial Reporting Standards ("HKFRSs") and Changes in Other Accounting Policies

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs 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, 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs 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.

2.1 Impacts on application of Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

2.1.1 ACCOUNTING POLICIES

Sale and leaseback transactions

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right of use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognizes any gain or loss that relates to the rights transferred to the buyer-lessor only. Right of use asset and lease liability are subsequently measured in accordance with the general requirements under HKFRS 16 *Leases* ("HKFRS 16"). In measuring the lease liability, the Group determines "lease payments" or "revised lease payments" (including both lease payments that are fixed or variable) in a way that the Group would not recognize any amount of the gain or loss that relates to the right of use assets retained by the Group.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

(a) any below-market terms is accounted for as a prepayment of lease payments; and

(b) any above-market terms is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

2.1.2 TRANSITION AND SUMMARY OF IMPACT

The application of the amendments has no material impact on the Group's financial position and performance.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and Changes in Other Accounting Policies (continued)

2.2 Impacts on application of Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)* (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the new accounting policy and the amendments retrospectively. The application of the amendments in the current period has the following impacts on unsecured borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date.

The Group's right to defer settlement for borrowings of US$1,030,971,000 and US$763,650,000 as at January 1 and December 31, 2024 (2023: US$1,198,002,000 and US$1,030,971,000 as at January 1 and December 31, 2023), respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2025.

3 Effective for annual periods beginning on or after January 1, 2026.

4 Effective for annual periods beginning on or after January 1, 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements ("HKFRS 18"), which set 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, introduce new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual period beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's 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 HKFRSs 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 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*.

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.

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

Material Accounting Policy Information (continued)

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.

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 a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting 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.

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

Material Accounting Policy Information (continued)

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.

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.

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

Material Accounting Policy Information (continued)

INTANGIBLE ASSETS (continued)

Internally-Generated Intangible Assets – Research and Development Expenditure (continued)

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.

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 another systematic basis over the lease term.

ROU Assets

The cost of ROU assets includes:

- the amount of the initial measurement of the lease liability;
- 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.

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 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 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.

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.

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

Material Accounting Policy Information (continued)

SALE AND LEASEBACK TRANSACTIONS

The Group applies the requirements of HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the ROU asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognizes any gain or loss that relates to the rights transferred to the buyer-lessor only. ROU asset and lease liability with fixed payments are subsequently measured in accordance with the Group's accounting policies above. In measuring the lease liability, the Group determines "lease payments" or "revised lease payments" (including both lease payments that are fixed or variable) in a way that the Group would not recognise any amount of the gain or loss that relates to the ROU assets retained by the Group.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

(a) any below-market terms is accounted for as a prepayment of lease payments; and

(b) any above-market terms is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

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.

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.

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

Material Accounting Policy Information (continued)

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.

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. 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.

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS (continued)

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.

The Group always recognizes lifetime ECL for trade receivables.

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)

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 aforegoing, 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.

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.

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)

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.

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.

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)

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.

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.

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

Material Accounting Policy Information (continued)

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.

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.

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

Material Accounting Policy Information (continued)

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.

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.

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

Material Accounting Policy Information (continued)

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.

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.

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

Material Accounting Policy Information (continued)

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.

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.

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

Material Accounting Policy Information (continued)

RETIREMENT BENEFIT SCHEMES (continued)

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 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 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, 2024, the carrying amount of deferred development costs of the Group was US$1,007,416,000 (2023: US$1,004,916,000). 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, 2024 was US$90,830,000 (2023: US$47,558,000).

As at December 31, 2024, deferred tax assets of US$45,300,000 (2023: US$71,647,000) in relation to unused tax losses and US$87,971,000 (2023: US$78,010,000) 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 or further recognition of the deferred tax assets may arise, which would be recognized in profit or loss for the period in which the 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 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, 2024

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

Inter-segment sales are charged at prevailing market rates.

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

For the year ended December 31, 2023

	Power Equipment US$'000	Floorcare & Cleaning US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	12,794,548	936,863	—	13,731,411
Inter-segment sales	—	37,885	(37,885)	—
Total segment revenue	12,794,548	974,748	(37,885)	13,731,411

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	1,107,509	27,207	—	1,134,716
Interest income				44,956
Finance costs				(124,056)
Profit before taxation				1,055,616

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, 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)**

For the year ended December 31, 2023

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	15,781	2,298	18,079
Write down of inventories	18,509	5,738	24,247
Impairment loss (reversal of impairment loss) on trade receivables under ECL model	10,057	(319)	9,738
Write-off of intangible assets	32,533	2,522	35,055
Depreciation and amortization	555,642	42,790	598,432
Gain on early termination of leases	(65)	—	(65)

Revenue from Major Products

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

	2024 US$'000	2023 US$'000
Power Equipment	**13,722,888**	12,794,548
Floorcare & Cleaning	**898,728**	936,863
Total	**14,621,616**	13,731,411

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*	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
North America	**11,078,856**	10,513,310	**2,803,860**	2,861,778
Europe	**2,323,133**	2,093,341	**222,162**	244,686
Other countries	**1,219,627**	1,124,760	**1,995,694**	1,978,579
Total	**14,621,616**	13,731,411	**5,021,716**	5,085,043

* 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, 2024 and 2023, the Group's largest customer contributed total revenue of US$6,523,531,000 (2023: US$6,046,986,000), of which US$6,486,054,000 (2023: US$6,016,567,000) was under the Power Equipment segment and US$37,477,000 (2023: US$30,419,000) 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:

	2024 US$'000	2023 US$'000
Sales of goods	**14,610,358**	13,720,454
Commission and royalty income	**11,258**	10,957
	14,621,616	13,731,411

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.

Revenue is recognized for sales which are considered highly probable and where a significant reversal of the cumulative revenue recognized will not occur. A contract liability is recognized for sales in which revenue has not yet been recognized. The Group's right to recover the product when customers exercise their right to return products is recognized as a right to returned goods asset and a corresponding adjustment to cost of sales.

As at December 31, 2024, 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 2024 and 2023 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

	2024 US$'000	2023 US$'000
Interest on:		
Unsecured borrowings	**94,079**	104,625
Lease liabilities	**32,086**	19,431
	126,165	124,056

10. Taxation Charge

	2024 US$'000	2023 US$'000
Current tax:		
Hong Kong Profits Tax	**(1,724)**	(1,519)
Over (under) provision in prior years	**70**	(12,598)
	(1,654)	(14,117)
Overseas taxation	**(96,101)**	(36,509)
Under provision in prior years	**(4,502)**	(73)
	(100,603)	(36,582)
Deferred tax (Note 42):		
Current year	**14,325**	(20,627)
Deferred tax asset impairment	**(6,950)**	(8,281)
Change in tax rates	**168**	331
	7,543	(28,577)
	(94,714)	(79,276)

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 under the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two Rules"). For the year ended December 31, 2024, the Pillar Two Rules have been enacted in Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Germany, Hungary, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, United Kingdom and Vietnam in which the Group has operative subsidiaries. As at December 31, 2024, no Pillar Two Rules related taxing rights have been enacted over any of the Group's subsidiaries other than in the countries mentioned above.

As of December 31, 2024, the Group subsidiaries which are subject to enacted or substantially enacted Pillar Two Rules are limited to entities held by a subsidiary in the United Kingdom or which are located in countries which have enacted or substantially enacted Pillar Two qualified domestic minimum taxes. All such subsidiaries within the Group have a jurisdictional effective tax rate in excess of 15% for 2024 and/or qualify for either 1) the Qualified Country-by-Country reporting based simplified effective tax rate safe harbour, 2) De Minimis-based Pillar Two safe harbour or 3) the Substance Based Income Exclusion/Routine Profits Test safe harbour. All the safe harbours apply on a jurisdictional basis.

Based on the above, there is no Pillar Two income tax expense arising for the year ended December 31, 2024 in any jurisdiction where the Group operates. Accordingly, the Group has not recognized any Pillar Two related income tax expense in the current period.

10. Taxation Charge (continued)

The taxation charge for the year is reconciled as follows:

	2024 US$'000	2024 %	2023 US$'000	2023 %
Profit before taxation	**1,216,394**		1,055,616	
Tax at Hong Kong Profits Tax rate	**(200,705)**	**16.5%**	(174,177)	16.5%
Effect of different tax rates of subsidiaries operating in other jurisdictions	**141,262**	**(11.6%)**	158,033	(15.0%)
Tax effect of expenses not deductible for tax purposes	**(46,943)**	**3.8%**	(44,570)	4.2%
Tax effect of income not taxable for tax purposes	**10,845**	**(0.9%)**	7,085	(0.7%)
Utilization of deductible temporary differences previously not recognized	**2,452**	**(0.2%)**	2,517	(0.2%)
Tax effect of tax losses and temporary differences not recognized	**9,594**	**(0.8%)**	(7,547)	0.7%
Deferred tax asset impairment	**(6,950)**	**0.6%**	(8,281)	0.8%
Under provision in respect of prior years	**(4,432)**	**0.4%**	(12,671)	1.2%
Tax effect of changes in tax rates	**168**	**0.0%**	331	0.0%
Tax effect of share of result of an associate	**(5)**	**0.0%**	4	0.0%
Taxation charge for the year	**(94,714)**	**7.8%**	(79,276)	7.5%

Details of deferred tax are set out in Note 42.

For the year ended December 31, 2024, deferred tax liability of US$1,307,000 (2023: US$200,000) and deferred tax liability of US$9,100,000 (2023: deferred tax asset of US$655,000) 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.

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.

The Group has also completed, similar to the prior year 2023, a comprehensive assessment of its estimated tax exposure to any Pillar Two income taxes, as if Pillar Two legislation would have been globally enacted, for the year ended December 31, 2024.

The estimated tax exposure is based on the 2024 financial information, applying Pillar Two rules enacted or proposed to be enacted for 2024 or later (based on latest published Pillar Two rules and guidance from the Organization for Economic Co-operation and Development), assuming as if Pillar Two legislation was effectively enacted in all of the jurisdictions covering the Group's constituent entities in 2024 and making use of the safe harbour rules.

If the Pillar Two legislation had been globally enacted and effective for the year ended December 31, 2024, the Group would have had marginal incremental tax exposure, comparable to that indicated in prior year 2023 disclosure. The Group's effective tax rate would have increased from 7.79% to 7.80%.

11. Profit for the Year

	2024 US$'000	2023 US$'000
Profit for the year has been arrived at after charging (crediting):		
Amortization of intangible assets	**207,583**	163,213
Auditors' remuneration	**4,116**	3,801
Cost of inventories recognized as an expense	**8,726,060**	8,311,775
Depreciation of property, plant and equipment	**281,198**	269,041
Depreciation of right of use assets	**174,517**	166,178
Fair value (gain) loss on foreign currency forward contracts	**(10,217)**	8,968
Fair value gain on acquisition right of certain property, plant and equipment	**(701)**	(82)
Impairment loss of property, plant and equipment	**13,342**	—
Fair value loss (gain) on listed equity securities	**5,947**	(14,024)
Fair value loss on unlisted equity securities	**—**	1,000
Gain on early termination of leases	**(95)**	(65)
Loss on sub-lease modification	**1,331**	—
Impairment loss on trade receivables under ECL model	**31,828**	9,738
Loss on disposal of property, plant and equipment	**17,541**	18,079
Net exchange gain	**(3,037)**	(4,534)
Expenses relating to short-term leases and low-value assets recognized in respect of:		
Motor vehicles	**3,819**	4,787
Plant and machinery	**5,848**	8,258
Office equipment, furniture and fixtures	**23,281**	22,317
Premises	**5,821**	6,973
Other assets	**1,249**	1,531
Unconditional government grants	**(84)**	(309)
Write down of inventories	**41,376**	24,247
Write-off of intangible assets	**116,218**	35,055
Staff costs		
Directors' remuneration		
Fees	**752**	746
Other emoluments	**68,444**	66,734
	69,196	67,480
Other staff costs	**2,615,499**	2,349,940
Contributions to retirement benefits schemes (other than those included in the Directors' emoluments)		
Defined contribution plans	**39,112**	34,374
Defined benefit plans (Note 41)	**2,046**	2,082
	2,725,853	2,453,876

12. Directors' Emoluments

The emoluments paid or payable to each of the sixteen (2023: twelve) directors, disclosed pursuant to the applicable Listing Rules and the CO, were as follows:

For the year ended December 31, 2024

		Other emoluments				
	Fees US$'000	**Basic salaries and allowances US$'000**	**Contributions to retirement benefits schemes US$'000**	**Bonus US$'000**	**Share-based payments US$'000**	**Total US$'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, ii)	–	1,381	–	1,500	3,320	6,201
Mr Peter David Sullivan (Note iii, iv)	110	55	–	657	434	1,256
Mr Johannes-Gerhard Hesse (Note iii)	110	30	–	–	460	600
Mr Robert Hinman Getz (Note iii)	110	60	–	–	321	491
Ms Virginia Davis Wilmerding (Note iii)	110	20	–	–	306	436
Ms Caroline Christina Kracht (Note iii)	110	20	–	–	434	564
Mr Andrew Philip Roberts (Note iii)	110	13	–	–	145	268
Ms Karen Ka Fai Ng (Note iii)	26	–	–	–	–	26
Mr Stephen Tsi Chuen Wong (Note iii)	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 v)	40	–	–	–	243	283
Total	752	7,579	17	34,665	26,183	69,196

For the year ended December 31, 2023

		Other emoluments				
	Fees US$'000	Basic salaries and allowances US$'000	Contributions to retirement benefits schemes US$'000	Bonus US$'000	Share-based payments US$'000	Total US$'000
Mr Horst Julius Pudwill (Note i)	—	1,849	2	10,103	2,223	14,177
Mr Stephan Horst Pudwill (Note i)	—	1,019	2	2,200	2,556	5,777
Mr Joseph Galli Jr (Note i)	—	1,848	11	13,100	17,598	32,557
Mr Kin Wah Chan (Note i)	—	912	2	2,641	2,556	6,111
Mr Chi Chung Chan (Note i)	—	909	—	2,940	2,556	6,405
Mr Camille Jojo (Note i, ii)	98	193	—	—	103	394
Prof Roy Chi Ping Chung GBS BBS JP (Note v)	108	—	—	—	106	214
Mr Peter David Sullivan (Note iii, iv)	108	54	—	512	106	780
Mr Johannes-Gerhard Hesse (Note iii)	108	30	—	—	185	323
Mr Robert Hinman Getz (Note iii)	108	59	—	—	142	309
Ms Virginia Davis Wilmerding (Note iii)	108	18	—	—	114	240
Ms Caroline Christina Kracht (Note iii)	108	17	—	—	68	193
Total	746	6,908	17	31,496	28,313	67,480

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: Mr Camille Jojo re-designated from Non-executive Director to Executive Director with effect from December 1, 2023.

Note iii: 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 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 an Independent Non-executive Directors on October 7, 2024.

Note iv: Bonus shown in 2023 represents exercise of residual phantom options issued in 2013. 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 v: 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" in Notes 44 and 45 respectively.

13. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, three (2023: three) were directors of the Company whose emoluments are included in Note 12 above. The emoluments of the remaining two (2023: two) individuals for the year ended December 31, 2024 were as follows:

	2024 US$'000	2023 US$'000
Basic salaries and allowances	**1,683**	1,596
Contributions to retirement benefits schemes	**403**	342
Bonus	**14,333**	15,635
Share-based payments	**—**	—
	16,419	17,573

The emoluments of these two (2023: two) highest paid individuals for the year ended December 31, 2024 were within the following bands:

	No. of persons	
HK$	**2024**	2023
62,500,001 to 63,000,000	**1**	—
63,000,001 to 63,500,000	**—**	1
64,500,001 to 65,000,000	**1**	—
73,000,001 to 73,500,000	**—**	1

During each of the two years ended December 31, 2024 and 2023, 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

	2024 **US$'000**	2023 US$'000
Dividends recognized as distributions during the year:		
Final dividend paid:		
2023: HK98.00 cents (approximately US12.61 cents) (2022: HK90.00 cents (approximately US11.58 cents)) per share	**231,392**	212,525
Interim dividend paid:		
2024: HK108.00 cents (approximately US13.90 cents) (2023: HK95.00 cents (approximately US12.23 cents)) per share	**254,711**	224,334
	486,103	436,859

The final dividend of HK118.00 cents (approximately US15.19 cents) per share with a total of approximately US$278,265,000 in respect of the year ended December 31, 2024 (2023: final dividend of HK98.00 cents (approximately US12.61 cents) per share in respect of the year ended December 31, 2023) 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:

	2024 **US$'000**	2023 US$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to Owners of the Company	**1,121,680**	976,340
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,826,072,714**	1,829,863,359
Effect of dilutive potential ordinary shares:		
Share options	**4,480,538**	3,258,878
Share awards	**5,935,742**	3,060,683
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,836,488,994**	1,836,182,920

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 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
Cost										
At January 1, 2023	578,698	127,735	365,205	695,929	11,083	404,129	7,106	69,960	744,020	3,003,865
Currency realignment	2,055	(865)	1,366	(3,486)	(119)	(2,953)	—	—	(5,222)	(9,224)
Additions	2,833	10,920	18,859	28,426	232	1,387	10	36,782	402,124	501,573
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	68,339	68,339
Disposals	(24,718)	(8,256)	(10,612)	(29,122)	(1,291)	(66,948)	—	(26,374)	(1,401)	(168,722)
Reclassification	338,899	14,025	35,566	153,410	1,266	71,534	—	—	(614,700)	—
At December 31, 2023	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**
Depreciation and Impairment										
At January 1, 2023	76,465	68,847	199,752	344,601	7,636	204,404	7,104	9,185	—	917,994
Currency realignment	115	(519)	882	(1,743)	(41)	(1,209)	—	—	—	(2,515)
Provided for the year	20,091	15,082	40,599	84,410	1,348	102,859	3	4,649	—	269,041
Eliminated on disposals	(1,173)	(6,886)	(10,024)	(15,995)	(1,012)	(56,635)	—	(7,501)	—	(99,226)
At December 31, 2023	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**
Carrying amounts										
At December 31, 2024	**930,612**	**78,851**	**200,254**	**426,390**	**3,138**	**122,694**	**7**	**69,213**	**417,382**	**2,248,541**
At December 31, 2023	802,269	67,035	179,175	433,884	3,240	157,730	9	74,035	593,160	2,310,537

Note: Buildings with a carrying amount of US$7,892,000 (2023: US$9,601,000) 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	$2^1/_2$% – $37^1/_2$%
Office equipment, furniture and fixtures	10% – $33^1/_3$%
Plant and machinery	5% – $33^1/_3$%
Motor vehicles	10% – $33^1/_3$%
Moulds and tooling	18% – $33^1/_3$%
Vessels	20% – 25%
Aircraft	6%

The carrying amounts of properties shown above comprise:

	2024 US$'000	2023 US$'000
Properties situated outside Hong Kong are analyzed as follows:		
Freehold land	**736,436**	673,729
Land and buildings	**137,626**	70,593
	874,062	744,322
Land and buildings situated in Hong Kong	**56,550**	57,947
	930,612	802,269

The cost of the Group's PP&E includes amounts of US$277,959,000 (2023: US$261,645,000) 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
Cost						
At January 1, 2023	878,813	21,340	8,994	167,726	35,816	1,112,689
Currency realignment	4,587	2	80	1,939	(1,010)	5,598
Additions	269,484	1,039	6,693	71,966	—	349,182
Acquisition of a subsidiary	12,008	—	—	—	—	12,008
Early termination/end of leases	(65,555)	(2,961)	(859)	(32,111)	—	(101,486)
At December 31, 2023	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**
Depreciation						
At January 1, 2023	325,635	8,073	4,775	80,594	10,323	429,400
Currency realignment	2,384	1	44	862	(291)	3,000
Provided for the year	115,682	5,417	2,132	42,250	697	166,178
Elimination on early termination/end of leases	(60,299)	(2,921)	(416)	(22,960)	—	(86,596)
At December 31, 2023	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**
Carrying amounts						
At December 31, 2024	**654,839**	**12,090**	**10,943**	**96,486**	**22,739**	**797,097**
At December 31, 2023	715,935	8,850	8,373	108,774	24,077	866,009

	2024 US$'000	2023 US$'000
Expense relating to short-term leases	**19,205**	21,457
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**20,813**	22,409
Total cash outflow for leases	**236,124**	223,216

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 (2023: 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, 2024 and 2023, 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, 2024, 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 6 years (2023: 2 to 10 years) with extension options, the total future undiscounted cash flows under which amounts to US$10,235,000 (2023: US$44,643,000) over the non-cancellable period.

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

18. Goodwill

	US$'000
At January 1, 2023	598,674
Currency realignment	1,659
Arising on acquisition of a subsidiary	3,964
At December 31, 2023	604,297
Currency realignment	**(1,398)**
At December 31, 2024	**602,899**

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
Cost							
At January 1, 2023	1,374,823	126,339	240,421	1,753	9,900	1,300	1,754,536
Currency realignment	105	161	—	—	—	—	266
Additions	357,108	15,297	183	—	—	—	372,588
Written off in the year	(54,808)	(454)	(170)	—	—	—	(55,432)
At December 31, 2023	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**
Amortization							
At January 1, 2023	537,890	71,026	14,809	1,006	4,492	1,300	630,523
Currency realignment	99	81	—	—	—	—	180
Provided for the year	154,530	7,805	88	130	660	—	163,213
Eliminated on write-off	(20,207)	—	(170)	—	—	—	(20,377)
At December 31, 2023	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**
Carrying amounts							
At December 31, 2024	**1,007,416**	**71,870**	**285,633**	**487**	**4,088**	**—**	**1,369,494**
At December 31, 2023	1,004,916	62,431	225,707	617	4,748	—	1,298,419

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 (2023: US$224,440,000) 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	14⅓% – 33⅓%
Patents	10% – 25%
Trademarks with finite useful lives	6⅔% – 10%
Manufacturing know-how	10%
Retailer and service relationships	5% – 6⅔%
Non compete agreement	6⅔%

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, 2024 allocated to these units are as follows:

	Goodwill		Trademarks	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Power Equipment – MET	**467,476**	467,881	**126,607**	126,607
Power Equipment – TTI OPE	**16,509**	16,509	**30,648**	30,648
Power Equipment – Drebo	**20,530**	21,523	**—**	—
Floorcare & Cleaning – RAM/Hoover/VAX	**75,748**	75,748	**67,179**	67,179
Others	**22,636**	22,636	**60,006**	6
	602,899	604,297	**284,440**	224,440

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% (2023: 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% (2023: 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.

20. Impairment Testing on Goodwill and Intangible Assets with Indefinite Useful Lives (continued)

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% (2023: 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 9.0% (2023: 10.0%) 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% (2023: 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.

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 13.0% (2023: 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% (2023: 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

	2024 US$'000	2023 US$'000
Cost of investment in an associate	**1,470**	1,470
Share of post-acquisition profits	**555**	586
Share of net assets	**2,025**	2,056

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 HKFRSs.

21. Interest in an Associate (continued)

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

	2024 US$'000	2023 US$'000
Non-current assets	**3,656**	2,642
Current assets	**6,391**	8,739
Current liabilities	**5,915**	7,186
Net assets	**4,132**	4,195

	2024 US$'000	2023 US$'000
(Loss) profit for the year	**(63)**	54

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

	2024 US$'000	2023 US$'000
Net assets	**4,132**	4,195
Proportion of the Group's ownership interest	**49.0%**	49.0%
The Group's share of net assets	**2,025**	2,056
Carrying amount of the Group's interest	**2,025**	2,056

Particulars of an associate as at December 31, 2024 and 2023 are set out in Note 51.

22. Financial Assets at FVTPL

	Notes	**2024 US$'000**	2023 US$'000
Club membership debentures	(a)	**4,924**	4,887
Unlisted equity securities	(b)	**3,800**	3,800
Listed equity securities	(c)	**22,571**	26,114
Other		**45**	45
		31,340	34,846
Analyzed for reporting purposes as:			
Current assets		**22,571**	26,114
Non-current assets		**8,769**	8,732
		31,340	34,846

Notes:

(a) As at December 31, 2024 and 2023, the club membership debentures measured at fair value with reference to recent transaction prices for similar comparables with similar characteristics.

(b) As at December 31, 2024 and 2023, the unlisted equity securities represented the interests in private companies incorporated in the United States of America ("US"). The fair values were arrived at with reference to the latest purchase price per share arising on subscribing for the shares in a private market.

(c) 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 (2023: approximately 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	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Finance lease receivables comprise:				
Within one year	**7,663**	2,821	**7,566**	2,706
In the second year	**3,719**	2,899	**3,685**	2,828
In the third year	**—**	2,979	**—**	2,953
	11,382	8,699	**11,251**	8,487
Less: Unearned finance income	**(131)**	(212)	**N/A**	N/A
Present value of minimum lease payment receivables	**11,251**	8,487	**11,251**	8,487
Analyzed as:				
Current			**7,566**	2,706
Non-current			**3,685**	5,781
			11,251	8,487

Interest rate implicit in the above finance lease was 1.10% to 2.80% (2023:1.60%).

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

	2024 US$'000	2023 US$'000
Raw materials	**598,570**	837,642
Work in progress	**113,167**	97,318
Finished goods	**3,364,473**	3,163,201
	4,076,210	4,098,161

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 refund liabilities relate to customers' right to return products within certain days of purchase. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for the sold products expected to be returned.

The Group uses its accumulated historical experience to estimate the dollar value of returns on a portfolio level based on the expected return level.

26. Trade and Other Receivables

	2024 **US$'000**	2023 US$'000
Trade receivables	**1,956,129**	1,757,327
Less: Allowances for credit losses	**(71,998)**	(57,848)
	1,884,131	1,699,479
Other receivables	**109,007**	112,113
	1,993,138	1,811,592

As at January 1, 2023, all trade receivables amounted US$1,501,259,000 are derived from contracts with customers.

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

	2024 **US$'000**	2023 US$'000
0 to 60 days	**1,514,752**	1,291,677
61 to 120 days	**314,890**	335,205
121 days or above	**54,489**	72,597
Total trade receivables	**1,884,131**	1,699,479

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, 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of US$346,530,000 (2023: US$317,836,000) 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$20,444,000 (2023: US$26,022,000) 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.

In accordance with receivables purchase agreements, certain trade receivables have been factored to banks (the "Factored Trade Receivables"). As the Group still retained the credit risks with respect to default payments, the Group has continued to recognize the Factored Trade Receivables in the consolidated statement of financial position. At the end of the reporting period, no proceeds from the Factored Trade Receivables (2023: US$19,500,000) were recognized as liabilities and included in "Unsecured borrowings – due within one year" in the consolidated statement of financial position.

27. Bills Receivable

All the Group's bills receivable at December 31, 2024 and 2023 are aged within 120 days based on invoice date.

28. Trade Receivables from an Associate

The trade receivables from an associate at December 31, 2024 and 2023 are aged within 120 days based on invoice date and are unsecured, non-interest bearing and are repayable on demand.

29. Derivative Financial Instruments

	2024 US$'000	2023 US$'000
Assets		
Acquisition right of certain property, plant and equipment	**8,785**	8,084
Foreign currency forward contracts – under hedge accounting	**122,243**	8,461
Foreign currency forward contracts – not under hedge accounting	**8,712**	652
Cross-currency interest rate swaps – under hedge accounting	**1,178**	5,342
	140,918	22,539

	2024 US$'000	2023 US$'000
Liabilities		
Foreign currency forward contracts – under hedge accounting	**12,740**	14,815
Foreign currency forward contracts – not under hedge accounting	**—**	1,247
Cross-currency interest rate swaps – under hedge accounting	**4,379**	—
	17,119	16,062

Acquisition Right of Certain PP&E

As at December 31, 2024 and 2023, 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$8,785,000 valued on September 30, 2024 (2023: US$8,084,000 valued on September 30, 2023) 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:

2024

Notional amounts in millions ("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**

2023

Notional amounts in millions ("M")	Maturity
Sell AUD 411.0M, Buy US$	January 30, 2024 to December 30, 2024
Sell EUR 645.0M, Buy US$	January 26, 2024 to December 27, 2024
Sell US$ 266.9M, Buy RMB	January 26, 2024 to December 27, 2024
Sell US$ 485.5M, Buy EUR	January 11, 2024 to July 3, 2025
Sell GBP 30.9M, Buy EUR	January 11, 2024 to June 13, 2024
Sell GBP 57.1M, Buy US$	January 5, 2024 to December 5, 2024
Sell CHF 3.8M, Buy EUR	January 11, 2024 to December 12, 2024
Sell PLN 159.0M, Buy EUR	January 11, 2024 to December 12, 2024
Sell CAD 475.4M, Buy US$	January 31, 2024 to June 28, 2024
Sell MXN 284.7M, Buy US$	January 31, 2024 to June 28, 2024

For the foreign currency forward contracts held at December 31, 2024, a fair value gain of US$122,478,000 (December 31, 2023: fair value loss of US$6,221,000) 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 loss of US$6,875,000 (2023: fair value loss of US$1,265,000) was reclassified from reserves to profit or loss upon maturity.

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

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**

2023

Notional amounts in M	Maturity
Buy EUR 2.4M, Sell AUD	January 19, 2024 to December 20, 2024
Buy US$ 25.8M, Sell AUD	January 17, 2024 to December 20, 2024
Buy US$ 49.0M, Sell NZD	January 17, 2024 to December 20, 2024

29. Derivative Financial Instruments (continued)

Cross-currency Interest Rate Swaps

The Group uses cross-currency interest rate swaps designated as effective hedging instrument to minimize its exposures to interest rate risk on US$ and HK$ floating borrowings and foreign currency risk on the intercompany advances which affects the consolidated profit or loss.

The cross-currency interest rate swaps with total notional amount of US$27,000,000 (2023: US$144,180,000) have fixed currency payments in EUR at exchange rate of EUR to US$ at 1.077 (2023: at 1.102 and 1.077) and fixed interest payments monthly in EUR at 0.520% per annum (2023: 0.305% and 0.520% per annum) for periods up until April 2025 (2023: October 2024, April 2024 and April 2025).

The Group also has HK$750,000,000 (2023: HK$750,000,000) fixed currency payments in HK$ at exchange rate of EUR to HK$ at 8.5190 (2023: at 8.5190) and fixed interest payments monthly in EUR at 4.068% per annum (2023: at 4.068% per annum) for periods up until July 2025 (2023: July 2025).

The floating rate index and the currency exposure of the cross-currency interest rate swaps match with the floating rate US$ and HK$ bank borrowings and the currency exposure of the intercompany advances respectively.

During the year, a fair value loss of US$8,543,000 (December 31, 2023: fair value loss of US$11,722,000) has been recognized in other comprehensive income and accumulated in hedging reserve and is expected to be reclassified to profit or loss.

The fair value of the cross-currency interest rate swaps is determined by using the discounted cash flow method based on Secured Overnight Financing Rate ("SOFR") yield curves, Hong Kong Interbank Offered Rate ("HIBOR") yield curves and the forward exchange rates between US$ and EUR & HK$ and EUR estimated at the end of the reporting period.

Major terms of the cross-currency interest rate swaps were as follows:

2024

Notional amounts	Maturity	Receive floating	Pay fixed
US$27,000,000	**April 23, 2025**	**SOFR +0.96448%**	**0.520%**
HK$750,000,000	**July 3, 2025**	**HIBOR +0.68%**	**4.068%**

2023

Notional amounts	Maturity	Receive floating	Pay fixed
US$99,180,000	October 9, 2024	SOFR +0.96448%	0.305%
US$18,000,000	April 23, 2024	SOFR +0.96448%	0.520%
US$27,000,000	April 23, 2025	SOFR +0.96448%	0.520%
HK$750,000,000	July 3, 2025	HIBOR +0.68%	4.068%

30. Bank Balances, Deposits and Cash

Bank balances carry interest at market rates which ranged from 0.05% to 4.53% (2023: 0.05% to 6.18%) 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:

	2024 US$'000	2023 US$'000
0 to 60 days	**1,202,460**	1,017,375
61 to 120 days	**585,127**	495,930
121 days or above	**63,270**	142,062
Total trade payables	**1,850,857**	1,655,367
Other payables	**2,086,767**	1,749,394
Total trade and other payables	**3,937,624**	3,404,761
Non-current portion of other payables	**(87,997)**	(31,530)
	3,849,627	3,373,231

The credit period on the purchase of goods ranges from 30 days to 120 days (2023: 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$1,884,416,000 (2023: US$1,621,560,000). 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, 2024 and 2023 are aged within 120 days based on invoice date.

33. Warranty Provision

	US$'000
At January 1, 2023	205,350
Currency realignment	1,213
Provision in the year	159,173
Utilization of provision	(130,139)
At December 31, 2023	235,597
Currency realignment	**(5,022)**
Provision in the year	**160,110**
Utilization of provision	**(137,933)**
At December 31, 2024	**252,752**

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

	2024 US$'000	2023 US$'000
Amounts payable under lease liabilities:		
Within one year	**150,844**	153,523
In more than one year but not more than two years	**133,068**	138,297
In more than two years but not more than five years	**233,130**	262,697
More than five years	**316,405**	333,375
	833,447	887,892
Less: Amount due for settlement within 12 months shown under current liabilities	**(150,844)**	(153,523)
Amount due for settlement after 12 months shown under non-current liabilities	**682,603**	734,369

The weighted average incremental borrowing rates applied to lease liabilities ranged from 1.10% to 5.80% (2023: from 1.10% to 4.90%).

35. Discounted Bills with Recourse

Bills discounted with banks at an effective interest rate of 3.78% per annum (2023: 5.14% 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, reserves and retained profits.

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:

	2024 US$'000	2023 US$'000
Bank balances, deposits and cash	**1,232,347**	953,240
Debt [(i)]	**(1,276,738)**	(1,934,330)
Net debt	**(44,391)**	(981,090)
Equity [(ii)]	**6,363,597**	5,747,550
Net debt to equity ratio	**0.70%**	17.07%

(i) Debt comprises discounted bills with recourse and unsecured borrowings but excludes bank advances from Factored Trade Receivables as detailed in Notes 35, 38 and 26 respectively.

(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

	2024 US$'000	2023 US$'000
Financial assets		
FVTPL		
Financial assets at FVTPL	**31,340**	34,846
	31,340	34,846
Derivative financial instruments		
Acquisition right of certain property, plant and equipment	**8,785**	8,084
Foreign currency forward contracts – under hedge accounting	**122,243**	8,461
Foreign currency forward contracts – not under hedge accounting	**8,712**	652
Cross-currency interest rate swaps – under hedge accounting	**1,178**	5,342
	140,918	22,539
Financial assets at amortized cost		
Trade and other receivables	**1,993,138**	1,811,592
Bills receivable	**11,770**	8,423
Trade receivables from an associate	**6,031**	6,927
Bank balances, deposits and cash	**1,232,347**	953,240
	3,243,286	2,780,182
Financial liabilities		
Derivative financial instruments		
Foreign currency forward contracts – under hedge accounting	**12,740**	14,815
Foreign currency forward contracts – not under hedge accounting	**—**	1,247
Cross-currency interest rate swaps – under hedge accounting	**4,379**	—
	17,119	16,062
Financial liabilities at amortized cost		
Trade and other payables	**3,937,624**	3,404,761
Bills payable	**21,420**	18,424
Discounted bills with recourse	**3,238**	2,708
Unsecured borrowings	**1,273,500**	1,951,122
	5,235,782	5,377,015

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 Group have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Approximately 22.4% (2023: 21.8%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst 18.7% (2023: 16.4%) 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	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Foreign Currency				
EUR	**299,020**	510,754	**338,768**	566,186
US$	**600,267**	508,343	**748,631**	187,363

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$599,392,000 (2023: US$248,517,000). 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% (2023: 5%) increase and decrease in the functional currency against foreign currency. 5% (2023: 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% (2023: 5%) against foreign currency. For a 5% (2023: 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	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Profit for the year[(i)]	**6,841**	(14,844)	**1,833**	2,563

(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$4,452 million (2023: US$5,597 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 (2023: 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 (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2024 would decrease/increase by US$2,201,000 (2023: decrease/increase by US$4,750,000). 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, 2024 of the Group would have increased by US$2,257,000 (2023: increase by US$2,611,000) 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, 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group amounted to US$3,254,537,000 (2023: US$2,788,669,000). 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 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. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 30.0% (2023: 27.0%) and 43.4% (2023: 41.7%) 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.

37. Financial Instruments (continued)

37.2 Financial Risk Management Objectives and Policies (continued)

37.2.4 CREDIT RISK MANAGEMENT AND IMPAIRMENT ASSESSMENT (continued)

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:

				2024		2023	
	Notes	Internal credit rating	12m or lifetime ECL	**External credit rating**	**Gross carrying amount**	External credit rating	Gross carrying amount
					US$'000		US$'000
Trade receivables	26	(Note 1)	Lifetime ECL (not credit-impaired)	**N/A**	**1,956,129**	N/A	1,757,327
Other receivables	26	(Note 2)	12m ECL	**N/A**	**109,007**	N/A	112,113
Bills receivable	27	N/A	12m ECL	**A To AA-**	**11,770**	A To AA-	8,423
Trade receivables from an associate	28	(Note 2)	12m ECL	**N/A**	**6,031**	N/A	6,927
Finance lease receivables	23	(Note 2)	12m ECL	**N/A**	**11,251**	N/A	8,487
Bank balances and deposits	30	N/A	12m ECL	**A To AA-**	**1,232,347**	A To AA-	953,240

Notes:

1. 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.
2. Trade receivables from an associate, finance lease receivables and other receivables amounted to US$6,031,000, US$11,251,000 and US$109,007,000 (2023: US$6,927,000, US$8,487,000 and US$112,113,000) 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, 2024.

	2024			2023		
	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	**Less than 1%**	**271,155**	**—**	Less than 1%	319,352	—
Low risk	**1-5%**	**1,601,554**	**29,031**	1-5%	1,380,461	35,202
Medium risk	**6-20%**	**38,088**	**4,519**	6-20%	32,308	2,919
High risk	**Over 20%**	**45,332**	**38,448**	Over 20%	25,206	19,727
		1,956,129	**71,998**		1,757,327	57,848

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, 2024, the Group provided US$71,998,000 (2023: US$57,848,000) 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, 2023	58,387
Currency realignment	666
Impairment losses reversed upon settlement in full of trade debtors with a gross carrying amount of US$1,202,599,000	(48,110)
Impairment losses recognized on new trade receivables with a gross carrying amount of US$1,437,975,000	57,848
Write-offs	(10,943)
As at December 31, 2023	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**

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, 2024, the Group has available unutilized overdrafts facilities and short and medium term bank loan facilities of approximately US$285 million (2023: US$307 million) and US$4,608 million (2023: US$5,468 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, 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

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, 2023 US$'000
2023								
Non-derivative financial liabilities								
Trade and other payables	—	(2,239,051)	(841,826)	(292,354)	(27,702)	(3,828)	(3,404,761)	(3,404,761)
Bills payable	—	(1,568)	(5,692)	(11,164)	—	—	(18,424)	(18,424)
Lease liabilities	1.10%-4.90%	(12,794)	(25,715)	(117,733)	(142,446)	(631,837)	(930,525)	(887,892)
Discounted bills with recourse	5.14%	(124)	(2,607)	—	—	—	(2,731)	(2,708)
Unsecured borrowings	0.31%-6.47%	(585,282)	(143,808)	(196,747)	(283,853)	(807,711)	(2,017,401)	(1,951,122)
Refund liabilities from right of return	—	(7,226)	—	(8,989)	—	—	(16,215)	(16,215)
		(2,846,045)	(1,019,648)	(626,987)	(454,001)	(1,443,376)	(6,390,057)	(6,281,122)
2023								
Derivatives – net settlement								
Acquisition right of certain property, plant and equipment	—	—	—	—	—	8,084	8,084	8,084
Cross-currency interest rate swaps contracts	—	872	1,657	1,853	1,259	—	5,641	5,342
Foreign currency forward contracts – US$	—	—	282	(1,990)	—	—	(1,708)	(1,708)
		872	1,939	(137)	1,259	8,084	12,017	11,718
Derivatives – gross settlement								
Foreign currency forward contracts								
– inflow								
– EUR	—	13,746	24,779	68,672	—	—	107,197	107,197
– RMB	—	—	—	266,179	—	—	266,179	266,179
– GBP	—	6,592	12,282	53,009	—	—	71,883	71,883
– US$	—	122,629	559,778	656,477	99,625	—	1,438,509	1,438,509
– AUD	—	4,650	12,720	10,908	—	—	28,278	28,278
– NZD	—	6,067	10,940	31,755	—	—	48,762	48,762
		153,684	620,499	1,087,000	99,625	—	1,960,808	1,960,808
– outflow								
– EUR	—	(13,865)	(24,948)	(68,876)	—	—	(107,689)	(107,689)
– RMB	—	—	—	(266,909)	—	—	(266,909)	(266,909)
– GBP	—	(6,628)	(12,368)	(53,643)	—	—	(72,639)	(72,639)
– US$	—	(123,942)	(558,486)	(659,497)	(99,255)	—	(1,441,180)	(1,441,180)
– AUD	—	(4,361)	(11,966)	(11,302)	—	—	(27,629)	(27,629)
– NZD	—	(6,130)	(11,043)	(32,830)	—	—	(50,003)	(50,003)
		(154,926)	(618,811)	(1,093,057)	(99,255)	—	(1,966,049)	(1,966,049)
		(1,242)	1,688	(6,057)	370	—	(5,241)	(5,241)

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 that include inputs for the asset or liability that are not based on observable market data (unobservable 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 2024	Fair value as at 2023	Fair value hierarchy	Valuation techniques and key inputs
1)	Acquisition right of certain property, plant and equipment classified as derivative financial instruments in the consolidated statement of financial position	**Acquisition right of certain property, plant and equipment: US$8,785,000**	Acquisition right of certain property, plant and equipment: US$8,084,000	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	**Assets – US$130,955,000; and Liabilities – US$12,740,000**	Assets – US$9,113,000; and Liabilities – US$16,062,000	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	**Listed shares: US$22,571,000**	Listed shares: US$26,114,000	Level 1	Quoted bid prices in an active market.
4)	Other financial assets classified as financial assets at FVTPL in the consolidated statement of financial position	**Club membership debentures: US$4,924,000**	Club membership debentures: US$4,887,000	Level 2	The fair value was arrived at with reference to recent transaction prices for similar comparables with similar characteristics.
		Unlisted equity securities: US$3,800,000	Unlisted equity securities: US$3,800,000	Level 2	The fair value was arrived at with reference to the latest purchase price per share arising on subscribing for the shares in private market.
		Other: US$45,000	Other: US$45,000	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	**Assets – US$1,178,000; and Liabilities – US$4,379,000**	Assets – US$5,342,000; and Liabilities – Nil	Level 2	Measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between US$ 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
2024			
Financial assets			
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**
Total	**22,571**	**149,687**	**172,258**
Financial liabilities			
Foreign currency forward contracts	**—**	**(12,740)**	**(12,740)**
Cross-currency interest rate swaps	**—**	**(4,379)**	**(4,379)**
Total	**—**	**(17,119)**	**(17,119)**
2023			
Financial assets			
Acquisition right of certain property, plant and equipment	—	8,084	8,084
Foreign currency forward contracts	—	9,113	9,113
Cross-currency interest rate swaps	—	5,342	5,342
Financial assets at FVTPL	26,114	8,732	34,846
Total	26,114	31,271	57,385
Financial liabilities			
Foreign currency forward contracts	—	(16,062)	(16,062)
Total	—	(16,062)	(16,062)

37.4 Transfers of financial assets

The following were the Group's financial assets as at December 31, 2024 that were transferred to banks by discounting or factoring 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:

	2024 US$'000	2023 US$'000
Carrying amount of transferred assets	**3,238**	22,208
Carrying amount of associated liabilities	**(3,238)**	(22,208)
Net position	**—**	—

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

38. Unsecured Borrowings

	2024 **US$'000**	2023 US$'000
Bank advance from Factored Trade Receivables	**—**	19,500
Bank loans	**1,013,620**	1,668,763
Medium term notes	**259,880**	262,859
Total borrowings	**1,273,500**	1,951,122

The borrowings of the Group are repayable as follows:

	2024 **US$'000**	2023 US$'000
Fixed-rate		
Within one year	**151,374**	124,959
In more than one year but not more than two years	**241,572**	151,166
In more than two years but not more than five years	**307,146**	551,621
More than five years	**99,149**	99,020
Variable-rate		
Within one year	**358,476**	795,192
In more than one year but not more than two years	**27,901**	123,380
In more than two years but not more than five years	**87,882**	105,784
	1,273,500	1,951,122
Less: Amount due within one year shown under current liabilities	**(509,850)**	(920,151)
Amount due after one year	**763,650**	1,030,971

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

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	**0.73% to 3.66%**	0.73% to 3.66%
Variable-rate borrowings	**0.93% to 5.56%**	0.31% to 6.47%

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
As at December 31, 2024	**178,181**
As at December 31, 2023	698,826

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$763,650,000 as at December 31, 2024 (2023: US$1,030,971,000), 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

	2024 Number of shares	2023 Number of shares	**2024 US$'000**	2023 US$'000
Ordinary shares				
Issued and fully paid:				
At the beginning of the year	**1,834,317,941**	1,834,697,941	**685,392**	684,710
Issue of shares upon exercise of share options	**987,000**	120,000	**4,292**	682
Buy-back of shares	**(3,000,000)**	(500,000)	**—**	—
At the end of the year	**1,832,304,941**	1,834,317,941	**689,684**	685,392

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

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

	No. of ordinary	**Price per share**		**Aggregate consideration**
	shares	**Highest**	**Lowest**	**Paid**
Month of buy-back		**HK$**	**HK$**	**US$'000**
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 shares bought back were settled and cancelled during the year. The consideration paid on the buy-back of the shares of approximately US$37,521,000 was charged to retained profits.

During 2023, the Company bought back and cancelled its own shares through the Stock Exchange as follows:

	No. of ordinary	Price per share		Aggregate consideration
	shares	Highest	Lowest	paid
Month of buy-back		HK$	HK$	US$'000
October 2023	500,000	68.70	67.90	4,408

The shares bought back were settled and cancelled during 2023. The consideration paid on the buy-back of the shares of approximately US$4,408,000 was charged to retained profits.

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
The Company					
At January 1, 2023	(93,885)	56,778	(7,317)	22,838,030	22,793,606
Loss for the year	—	—	—	(240,354)	(240,354)
Fair value gain on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	9,591	—	9,591
Total comprehensive income (loss) for the year	—	—	9,591	(240,354)	(230,763)
Shares issued on exercise of options	—	(132)	—	—	(132)
Buy-back and cancellation of shares	—	—	—	(4,408)	(4,408)
Vesting of awarded shares	23,479	(23,479)	—	—	—
Shares for share award scheme	(3,525)	—	—	—	(3,525)
Recognition of share-based payments	—	46,945	—	—	46,945
Final dividend – 2022	—	—	—	(212,525)	(212,525)
Interim dividend – 2023	—	—	—	(224,334)	(224,334)
At December 31, 2023	(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**

As at December 31, 2024, the Company's reserves available for distribution to shareholders comprised the retained profits of US$21,432,292,000 (2023: US$22,156,409,000).

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 (2023: 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$39,129,000 (2023: US$34,391,000) 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 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:

	2024 US$'000	2023 US$'000
Pension plan obligations (Note i)	**42,499**	47,015
Life and medical insurance plan (Note ii)	**102**	57
Others	**969**	753
	43,570	47,825

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, 2025, by BDO AG Wirtschaftsprufungsgesellschaft, 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, 2024 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	
	2024	2023	**2024**	2023
Discount rate	**3.45%**	3.40%	**4.84%**	4.54%
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	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Current service cost and interest cost	**N/A**	N/A	**3**	—
Accumulated post-employment benefit obligations for medical costs	**N/A**	N/A	**56**	3

41. Retirement Benefit Obligations (continued)

Defined Benefit Plans: (continued)

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

	Pension plan		Life & medical Insurance plan	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Service cost:				
Current service cost	**308**	331	**—**	—
Net interest expense on defined benefit liabilities	**1,736**	1,716	**2**	35
Components of defined benefit costs recognized in profit or loss	**2,044**	2,047	**2**	35
Remeasurement on the net defined benefit liability:				
Actuarial (gains) losses arising from changes in financial assumptions	**(495)**	710	**49**	(872)
Components of defined benefit costs recognized in other comprehensive income	**(495)**	710	**49**	(872)
Total	**1,549**	2,757	**51**	(837)

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

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	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
Present value of unfunded obligations	**42,499**	47,015	**102**	57

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	
	2024	2023	**2024**	2023
	US$'000	US$'000	**US$'000**	US$'000
At January 1	**47,015**	46,107	**57**	900
Exchange realignment	**(2,846)**	1,428	**—**	—
Current service cost	**308**	331	**—**	—
Actuarial (gains) losses	**(495)**	710	**49**	(872)
Interest cost	**1,736**	1,716	**2**	35
Benefit paid	**(3,219)**	(3,277)	**(6)**	(6)
At December 31	**42,499**	47,015	**102**	57

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.

41. Retirement Benefit Obligations (continued)

Defined Benefit Plans: (continued)

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, 2023	(106,716)	31,255	64,051	52,761	(47,882)	71,391	64,860
Currency realignment	(16)	226	112	21	(916)	920	347
Charge to hedging reserve	—	—	—	—	—	655	655
(Charge) credit to profit or loss	(29,782)	5,594	13,945	18,865	(24,198)	(13,332)	(28,908)
Change in tax rates	387	—	102	—	(137)	(21)	331
Credit to other comprehensive income	—	—	(200)	—	—	—	(200)
At December 31, 2023	(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)**
Credit 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**
Credit 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**

42. Deferred Tax Assets (Liabilities) (continued)

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:

	2024 **US$'000**	2023 US$'000
Deferred tax assets	**59,330**	63,354
Deferred tax liabilities	**(30,038)**	(26,269)
	29,292	37,085

At the end of the reporting period, the Group has unused tax losses of US$4,640 million (2023: US$4,337 million) available for offset against future taxable profits. Of the US$4,640 million of unused losses approximately US$443 million expire over the next 4 to 13 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$4,445 million (2023: US$4,046 million) due to the lack of probable future taxable profits.

In respect of all unrepatriated foreign earnings, the Group has provided deferred taxes of US$22 million (2023: US$19 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, 2024 amounted to US$64,582,000 (2023: US$152,487,000).

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:

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									
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

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									
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
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	19.08.2021	E	29,500	—	—	—	29,500	167.200	19.08.2022 – 18.08.2031
	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
Total for directors			19,751,000	1,320,000	(790,000)	—	20,281,000		
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
Total for employees			738,000	150,000	(197,000)	(47,000)	644,000		
Total for all categories			20,489,000	1,470,000	(987,000)	(47,000)	20,925,000		
Exercisable at the end of the year							17,080,000		

44. Share Options (continued)

Share Option Schemes (continued)

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

2023

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									
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
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
Mr Joseph Galli Jr	22.8.2023	E	—	750,000	—	—	750,000	81.050	22.8.2024 – 21.8.2033
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
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
Mr Camille Jojo (re-designated from Non-executive Director to Executive Director with effect from December 1, 2023)	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

44. Share Options (continued)

Share Option Schemes (continued)

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

2023

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									
Prof Roy Chi Ping Chung GBS BBS JP	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
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
Mr Johannes-Gerhard Hesse	19.6.2017	E	135,000	—	—	—	135,000	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
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
Ms Virginia Davis Wilmerding	19.08.2021	E	29,500	—	—	—	29,500	167.200	19.08.2022 – 18.08.2031
	22.8.2023	E	—	60,000	—	—	60,000	81.050	22.8.2024 – 21.8.2033
Ms Caroline Christina Kracht	22.8.2023	E	—	60,000	—	—	60,000	81.050	22.8.2024 – 21.8.2033
Total for directors			16,331,000	3,420,000	—	—	19,751,000		
Employees	17.3.2017	D	70,000	—	(20,000)	—	50,000	32.100	17.3.2018 – 16.3.2027
	19.6.2017	E	100,000	—	(100,000)	—	—	36.300	19.6.2018 – 18.6.2027
	14.3.2018	E	150,000	—	—	—	150,000	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
	22.11.2023	E	—	250,000	—	—	250,000	81.480	22.11.2024 – 21.11.2033
Total for employees			608,000	250,000	(120,000)	—	738,000		
Total for all categories			16,939,000	3,670,000	(120,000)	—	20,489,000		
Exercisable at the end of the year							15,799,000		

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**
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%**

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
For the year ended December 31, 2023					
22.8.2023	81.05	3 years	40%	1.50%	4.019%
22.11.2023	81.48	3 years	40%	1.50%	4.088%

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 2024 was HK$99.91 (2023: HK$78.81).

The closing price of the Company's shares immediately before the various dates on which the share options were granted ranged from HK$94.75 to HK$120.90 in 2024 (2023: HK$78.60 to HK$81.75).

The weighted average closing prices of the Company's shares immediately before various dates during 2024 and 2023 on which the share options was exercised were HK$98.68 (2023: HK$81.33) respectively.

The Group recognized a total expense of US$8,752,000 (2023: US$8,829,000) for the year ended December 31, 2024 in relation to share options granted by the Company.

The fair value of the share options granted in 2024 measured at various dates on which the share options were granted was ranged from HK$26.91 to HK$32.12 (2023: HK$23.12 to HK$23.15). The weighted average fair value of the share options granted in 2024 was HK$27.89 per option (2023: HK$23.12).

The Company had 20,925,000 share options outstanding (2023: 20,489,000), which represented approximately 1.14% (2023: 1.12%) of the issued share capital of the Company as at December 31, 2024. 1,470,000 option (2023: 3,670,000 option) was granted, no option (2023: Nil) was cancelled and 47,000 share options (2023: Nil) was lapsed during the year.

44. Share Options (continued)

Share Option Schemes (continued)

The total number of shares available for issue in respect of which share options may be granted under Scheme D are 117,281,565 shares, which represented approximately 6.40% of the issued shares of the Company as at December 31, 2024. The total number of shares available for issue in respect of which share options may be granted under Scheme E are 158,011,294 shares, which represented approximately 8.62% of the issued shares of the Company as at December 31, 2024.

45. 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$50,059,000 (2023: US$38,116,000). During the year ended December 31, 2024, 675,000 shares (2023: 1,575,000 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	
	2024	2023
At January 1	**5,680,000**	5,817,500
Awarded (Note (a))	**3,604,500**	1,437,500
Vested	**(675,000)**	(1,575,000)
Cancelled	**(575,000)**	—
At December 31 (Note (b))	**8,034,500**	5,680,000

Notes:

(a) All the awarded shares were purchased from the market with the average price of HK$106.17.

(b) At the end of the year, the average fair value per share is HK$101.94 (2023: HK$98.98). The average fair value of the awarded shares is based on the average purchase cost.

45. Share Award Scheme (continued)

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

	Number of awarded shares	
	2024	2023
Less than 1 year	**6,079,500**	1,287,500
More than 1 year	**1,955,000**	4,392,500
	8,034,500	5,680,000

46. Capital Commitments

	2024 US$'000	2023 US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and equity interest in a subsidiary contracted for but not provided in the consolidated financial statements	**166,875**	177,975

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:

	2024 US$'000	2023 US$'000
Sales income	**64,865**	59,638

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

	2024 US$'000	2023 US$'000
Short-term benefits	**132,166**	104,052
Post-employment benefits	**1,835**	1,470
Share-based payments	**27,414**	28,720
	161,415	134,242

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	Unsecured borrowings Note 38	Discounted bills with recourse Note 35	Lease liabilities Note 34	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
At January 1, 2023	—	3,150,949	2,003	705,081	3,858,033
Currency realignment	—	1,883	—	2,149	4,032
Financing cash flows	(436,859)	(1,201,710)	705	(159,919)	(1,797,783)
New leases entered	—	—	—	355,804	355,804
Early termination of leases	—	—	—	(15,390)	(15,390)
Interest expenses	—	104,625	—	19,431	124,056
Interest paid	—	(104,625)	—	(19,431)	(124,056)
Dividends declared	436,859	—	—	—	436,859
Acquisition of a subsidiary	—	—	—	167	167
At December 31, 2023	—	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**

49. Statement of Financial Position of the Company

As at December 31, 2024

	Note	2024 US$'000	2023 US$'000
Non-current assets			
Property, plant and equipment		**1,748**	2,043
Right of use assets		**204**	1,242
Intangible assets		**15**	28
Investments in subsidiaries		**32,353,442**	27,765,164
Loans to subsidiaries		**4,431**	10,856
Financial assets at FVTPL		**3,662**	3,622
Deposits		**65,500**	87,000
		32,429,002	27,869,955
Current assets			
Deposits and prepayments		**45,423**	37,913
Financial assets at FVTPL		**22,571**	26,114
Derivative financial instruments		**85,396**	12,271
Amounts due from subsidiaries		**1,227,609**	2,083,796
Bank balances, deposits and cash		**235,642**	6,377
		1,616,641	2,166,471
Current liabilities			
Trade and other payables		**154,907**	158,854
Derivative financial instruments		**11,617**	9,997
Lease liabilities		**212**	1,045
Amounts due to subsidiaries		**9,760,038**	5,031,284
Unsecured borrowings – due within one year		**479,850**	788,797
		10,406,624	5,989,977
Net current liabilities		**(8,789,983)**	(3,823,506)
Total assets less current liabilities		**23,639,019**	24,046,449
Capital and Reserves			
Share capital		**689,684**	685,392
Reserves	40	**21,530,600**	22,164,864
Total equity		**22,220,284**	22,850,256
Non-current Liabilities			
Lease liabilities		**1**	214
Unsecured borrowings – due after one year		**753,726**	1,030,971
Amount due to a subsidiary		**665,008**	165,008
Total equity and non-current liabilities		**23,639,019**	24,046,449

The Company's statement of financial position was approved and authorized for issue by the Board of Directors on March 4, 2025 and are signed on its behalf by:

Chi Chung Chan
Group Executive Director

Stephan Horst Pudwill
Vice Chairman

50. Particulars of Principal Subsidiaries

Particulars of the principal subsidiaries of the Company as at December 31, 2024 and December 31, 2023 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
			2024		2023		
			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
Hart Consumer Products, Inc.	US	US$10	**—**	**100**	—	100	Trading of power equipment and 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	US$200	**—**	**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) MXN596,964,358 (Serie II)	**—**	**100**	—	100	Trading of power equipment, floorcare and outdoor power equipment products
Techtronic Industries Co. Mexico, S. De R.L. de C.V.	Mexico	MXN223,746,470	**—**	**100**	—	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 Co. Ltd.	Vietnam	VND2,395,225,515,600 (2023: VND1,000,000,000,000)	**—**	**100**	—	100	Manufacture of power equipment and outdoor power equipment products
Techtronic Industries Vietnam Manufacturing Co. Ltd.	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
Techtronic Trading Limited	Hong Kong	HK$2	**—**	**100**	—	100	Trading of power equipment, floorcare and outdoor power equipment products

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
			2024		2023		
			Directly %	**Indirectly %**	Directly %	Indirectly %	
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 (2023: US$6,169,310,060)	**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	
		2024	2023
Manufacture of power equipment, floorcare and outdoor power equipment products	Europe, PRC, US and others	**6**	9
Trading of power equipment, floorcare and outdoor power equipment product	Canada, Europe, Hong Kong, Latin America, PRC, US and others	**47**	47
Investment holding	Australia, BVI, Europe, Hong Kong, US	**19**	20
Dormant	BVI, Europe, Hong Kong, US	**20**	18

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
			2024 %	2023 %	
Wuerth Master Power Tools Limited	Hong Kong	US$3,000,000	**49.0**	49.0	Manufacture and sale of power equipment

FINANCIAL SUMMARY

Results

	Year ended December 31				
	2020 US$'000	2021 US$'000	2022 US$'000	2023 US$'000	**2024** **US$'000**
Revenue	9,811,941	13,203,161	13,253,917	13,731,411	**14,621,616**
Profit before taxation	861,254	1,181,825	1,156,897	1,055,616	**1,216,394**
Taxation charge	(60,258)	(82,724)	(79,747)	(79,276)	**(94,714)**
Profit for the year	800,996	1,099,101	1,077,150	976,340	**1,121,680**
Attributable to:					
Owners of the Company	800,760	1,099,003	1,077,150	976,340	**1,121,680**
Non-controlling interests	236	98	—	—	**—**
Profit for the year	800,996	1,099,101	1,077,150	976,340	**1,121,680**
Basic earnings per share (US cents)	43.80	60.04	58.86	53.36	**61.43**

Assets and Liabilities

	As at December 31				
	2020 US$'000	2021 US$'000	2022 US$'000	2023 US$'000	**2024** **US$'000**
Total assets	9,390,402	13,007,545	13,315,598	12,401,983	**12,890,489**
Total liabilities	5,487,495	8,285,027	8,110,117	6,654,433	**6,526,892**
	3,902,907	4,722,518	5,205,481	5,747,550	**6,363,597**
Equity attributable to Owners of the Company	3,903,005	4,722,518	5,205,481	5,747,550	**6,363,597**
Non-controlling interests	(98)	—	—	—	**—**
	3,902,907	4,722,518	5,205,481	5,747,550	**6,363,597**

CORPORATE INFORMATION

Board of Directors

Group Executive Directors

Mr Horst Julius Pudwill
Chairman

Mr Stephan Horst Pudwill
Vice Chairman

Mr Steven Philip Richman
Chief Executive Officer

Mr Patrick Kin Wah Chan
Mr Frank Chi Chung Chan
Mr Camille Jojo

Independent Non-executive Directors

Mr Peter David Sullivan
Mr Johannes-Gerhard Hesse
Mr Robert Hinman Getz
Ms Virginia Davis Wilmerding
Ms Caroline Christina Kracht
Mr Andrew Philip Roberts
Ms Karen Ka Fai Ng
Mr Stephen Tsi Chuen Wong

Financial Calendar 2025

March 4	:	Announcement of 2024 annual results
May 6	:	Last day to register for the entitlement to attend and vote at Annual General Meeting
May 7-9	:	Book closure period for the entitlement to attend and vote at Annual General Meeting
May 9	:	Annual General Meeting
May 16	:	Last day to register for 2024 final dividend
May 19	:	Book closure period for 2024 final dividend
June 27	:	Final dividend payment
June 30	:	Six months interim period end
December 31	:	Financial year end

Investor Relations Contact

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Email: ir@tti.com.hk

Website

www.ttigroup.com
Earnings results, annual/interim reports are available online.

Listing Information

The Stock Exchange of Hong Kong Limited
Ordinary Shares (stock code: 669)
ADR Level 1 Programme (symbol: TTNDY)
U.S. Foreign Ordinary Shares (symbol: TTNDF)

Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1333

ADR Depositary

BNY Mellon

Solicitors

Vincent T.K. Cheung, Yap & Co.

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Company Secretary

Ms Veronica Ka Po Ng

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Forward-Looking Statements

This report contains certain forward-looking statements or uses certain forward-looking terminologies which are based on the current expectations, estimates, projections, beliefs and assumptions of TTI about the businesses and the markets in which the Group operates and reflect TTI's views as of the date of this report. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of TTI. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this report.

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TTi

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