



ANNUAL REPORT 2025



M18 FUEL BRANCH CONDUIT BENDER W/ AUTO-ZERO

Our M18 FUEL Branch Conduit Bender w/ AUTO-ZERO is the industry's first portable, battery-powered conduit bender optimized for branch installations up to 1" EMT and 3/4" RMC. It enables electricians to make bends directly at the point of installation – working anywhere the job takes them. The bender delivers the fastest bends from start to finish and elevates bend consistency with AUTO-ZERO Technology, which automatically senses 0° before every bend. The result: unrivaled bend accuracy from pipe to pipe for the life of the tool.

AUTO-ZERO

Always senses zero,
most consistent bends

CONTROL INTERFACE

Easy access to bend controls and
preset angle settings

BACKFORMER

Eliminates rippling and kinking





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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 48,000 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.

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

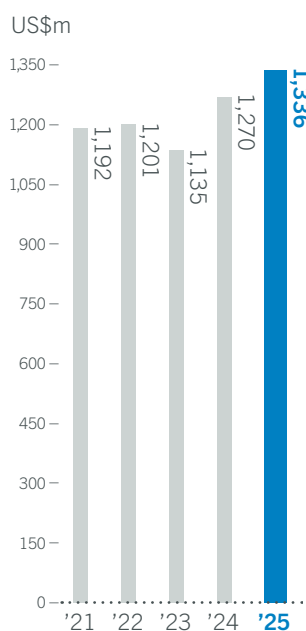
	2025 US\$' million	2024 US\$' million	Changes
Revenue	15,260	14,622	+4.4%
Gross profit margin	41.2%	40.3%	+91 bps
EBIT	1,336	1,270	+5.2%
Profit attributable to Owners of the Company	1,198	1,122	+6.8%
Basic Earnings per share (US cents)	65.61	61.43	+6.8%
Dividend per share (approx. US cents)	33.08	29.09	+13.7%

EBIT

5.2%↑

US\$1,336 million

Grew 5.2% to
US\$1,336 million

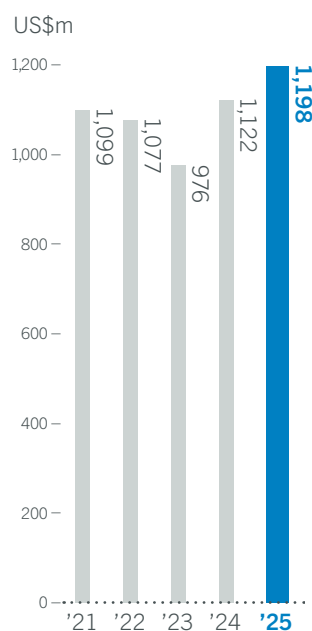


Profit attributable to Owners of the Company

6.8%↑

US\$1,198 million

Increased 6.8% to
US\$1,198 million

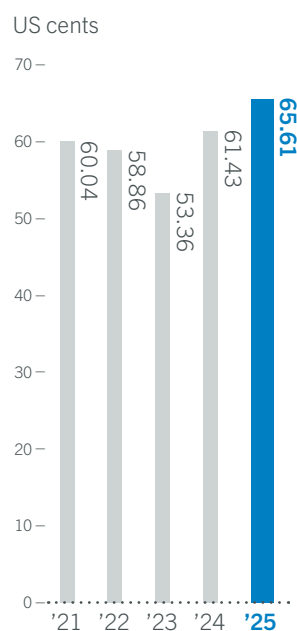


Basic Earnings per share

6.8%↑

US65.61 cents

Improved 6.8% to
US65.61 cents

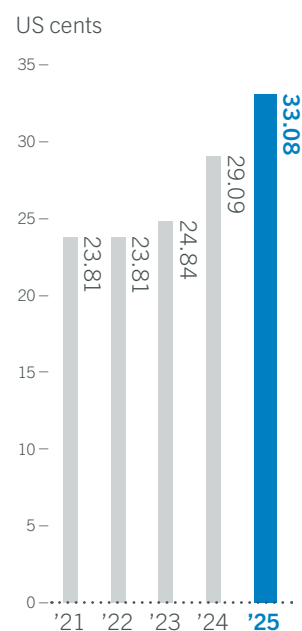


Dividend per share

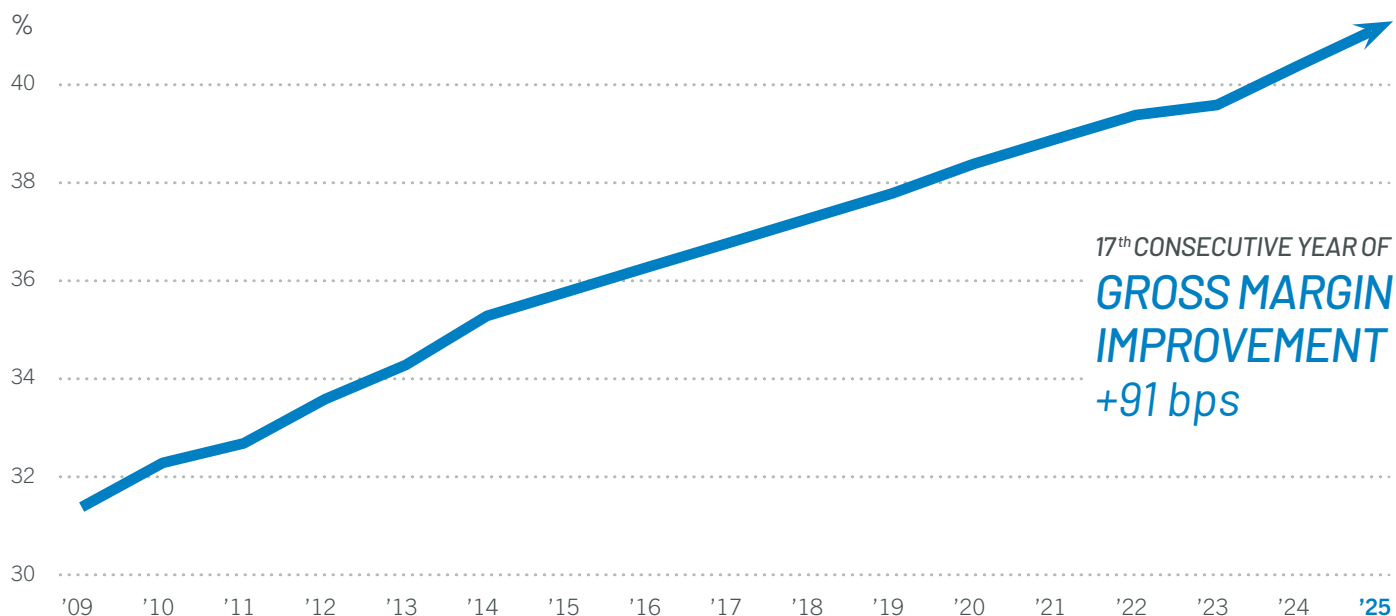
13.7%↑

US33.08 cents

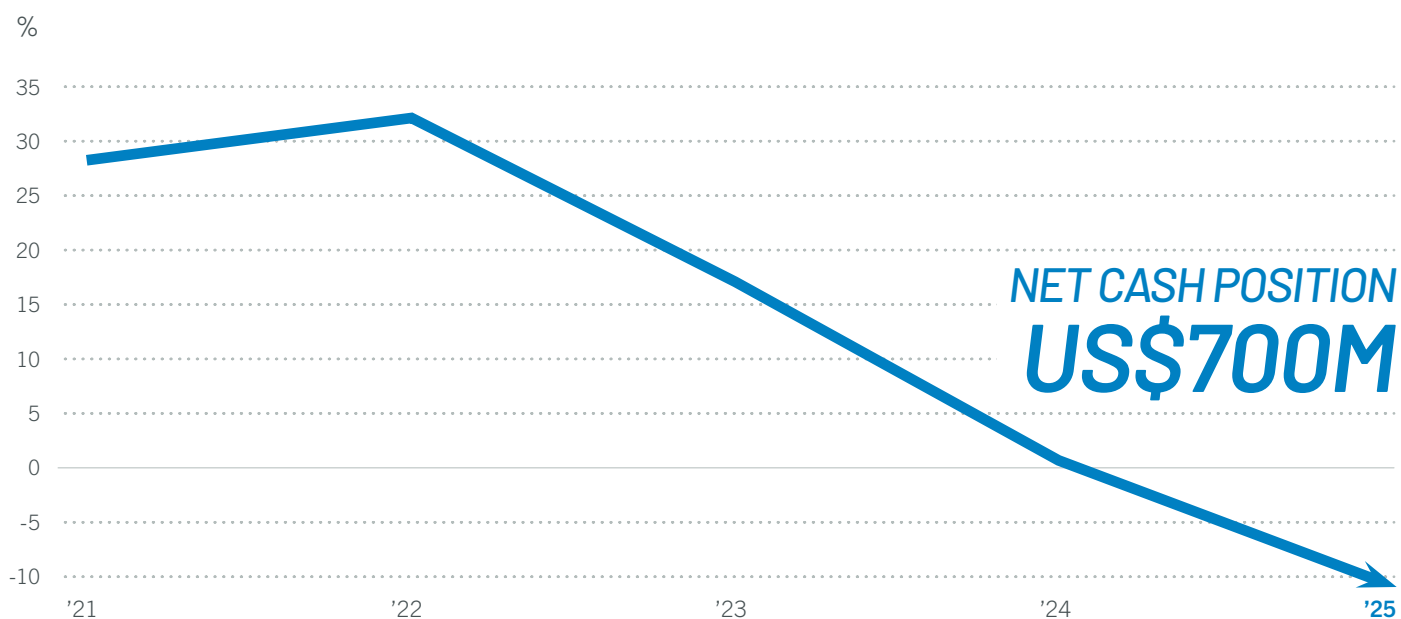
Full-year dividend increased
13.7% against US29.09 cents
per share in 2024



Gross Profit Margin



Gearing



Business Growth

in local currency



+7.9%



+5.4%

For the year ended December 31, 2025

EXECUTIVE CHAIRMAN'S STATEMENT

With the healthiest balance sheet in the Company's history, a diversified global manufacturing footprint, and stable capital spending requirements, we are confident in our ability to further increase returns to shareholders in the years to come.



TTI delivered record sales of US\$15.3 billion in 2025, growing 4.4% on a reported basis and 4.1% in local currency. On an underlying basis, sales grew 5.7% in local currency in 2025.

In North America, we delivered 3.5% sales growth in local currency. Europe grew 9.0%, while Rest of World decreased 0.3% in local currency.

Our two leading brands, MILWAUKEE and RYOBI, both delivered solid performances in 2025 with MILWAUKEE growing 7.9% and RYOBI growing 5.4% in local currency. Our noncore businesses, representing 9.1% of global revenue, declined 20.4% in local currency mainly due to the planned exit of the HART business and the market softness and rationalization of sales in our Floorcare business.

MILWAUKEE sales growth in North America was impacted by our decision (made at peak tariff levels) to suspend certain product sales and promotions in the second half of 2025 that were disproportionately affected by tariffs. By the end of 2025, MILWAUKEE optimized its manufacturing footprint by migrating the impacted products to lower tariff jurisdictions. As a result, we expect the impact from the sales suspension on revenue growth to be non-recurring in 2026. Adjusting for these one-time events, the underlying MILWAUKEE business grew sales by 10.3% in local currency.

Gross margin improved 91 basis points to 41.2% in 2025. The increase reflects the positive mix impact of our high margin MILWAUKEE business, productivity enhancements, and operational efficiencies created in our RYOBI and other Consumer businesses. Margin expansion accelerated as tariff mitigation efforts materialized in the second half of the year.

As a percentage of sales, total SG&A expenses increased by 80 basis points to 32.5%. The increase reflects continued investment in new product development, field resources, and one-time write-offs of intangible assets, mainly related to the HART exit and other underperforming product lines.

Financial Performance

EBIT grew 5.2% to US\$1.3 billion, while EBIT margin increased 7 basis points to 8.8%.

Net Profit increased 6.8% to US\$1.2 billion and earnings per share rose 6.8% to US\$65.61 cents.

As a percentage of sales, working capital rose 109 bps to 15.5%. Inventory days on hand increased 4 days to 106 days and remain at a very comfortable level. Receivables decreased 1 day to 46 days, while payable days held flat at 96 days.

Capex spend for 2025 was US\$289 million, or 1.9% of sales. This spend includes investments in new products, manufacturing network rebalancing, automation and productivity initiatives around the globe. Overall capital spending requirements are expected to remain in the current range in the coming years.

The Company generated nearly US\$1.4 billion in positive Free Cash Flow in 2025, ending the period in a US\$700 million net cash position. The strength and consistency of our Free Cash Flow leaves TTI well positioned to continue investing and growing the business, while increasing returns to shareholders.

The Board is recommending a final dividend of HK132.00 cents (approximately US16.99 cents) per share. Together, with the interim dividend of HK125 cents (approximately US16.09 cents) per share, this will result in a full-year dividend of HK257.00 cents (approximately US33.08 cents) per share, an increase of 13.7%.

TTI's capital allocation strategy is designed to strengthen our core business, expand enterprise value, and deliver attractive long-term returns to shareholders. Our number one priority is to invest in our core businesses to drive sustainable growth and continued profit margin expansion. We will also take a balanced approach to evaluating

strategic acquisitions that will create growth opportunities and synergies with our existing core businesses to unlock shareholder value. The Board will also assess opportunities for increasing shareholder return through our dividend policy and structured share repurchase programs, while maintaining working capital requirements and prudent cash management.

Outlook

With the #1 Professional and Consumer brands in the World, TTI is off to a strong start in 2026 and we look forward to another year of solid results. On a blended basis, we expect the core MILWAUKEE and RYOBI businesses to grow revenue mid-to-high single digits. This will be partially offset by the voluntary exit of the HART business (US\$156 million in 2025) and continued rationalization of the Floorcare business.

In 2026, we expect to make good progress towards our internal target of 10% EBIT margin by 2027. TTI also expects to deliver a fourth consecutive year of over US\$1.0 billion in annual Free Cash Flow generation. This outlook does not include any impact from the US Supreme Court's decision to strike down IEEPA tariffs on February 20, 2026 and the US administration's follow-on introduction of flat minimum tariff on its global trading partners.

With the healthiest balance sheet in the Company's history, a diversified global manufacturing footprint, and stable capital spending requirements, we are confident in our ability to further increase returns to shareholders in the years to come.



Horst Julius Pudwill
Executive Chairman
March 3, 2026

CHIEF EXECUTIVE OFFICER'S MESSAGE

We are aligned as one team, sharing best practices and resources across the organization to drive process improvement, and to scale for continued future growth.



TTI delivered record sales of approximately US\$15.3 billion in 2025, growing 4.1% in local currency, while further strengthening profitability. EBIT margin expanded to 8.8%, supported by gross margin improvement and continued focus on operating effectiveness. I am extremely proud of the performance our teams have delivered in 2025.

MILWAUKEE continued to extend its market leadership with 7.9% local currency sales growth, and RYOBI delivered solid growth of 5.4% in local currency, underscoring the strength and balance of our portfolio.

This performance reflects more than a strong year; it reflects the strength of our strategy, execution, and people. We have carried this momentum into the early months of 2026, and we look forward to sharing our first-half results later this year.

Delivering Performance in a More Complex Environment

The global environment continues to grow more complex. We have taken deliberate steps to position the company for sustained success amid evolving global trade and regulatory dynamics. Through the continued diversification of our global sourcing and manufacturing footprint, including expanded capacity in lower-tariff regions, we have reduced concentration risk while protecting continuity, margins, and our ability to execute consistently across markets. These were strategic choices that allowed us to remain focused on serving our customers and partners in a more demanding environment.

Driving Increased Profitability

Driving sustained profitability is a core priority for TTI, and we are taking deliberate actions to strengthen the business as we scale.

One of our greatest advantages is our global growth. As the company has expanded, we have increased our ability to leverage that scale to improve efficiency, reduce complexity, and achieve cost effectiveness across the business. We are aligned as one team, sharing best practices and resources across the organization to drive process improvement, and to scale for continued future growth.

At the same time, improving performance requires a willingness to make difficult decisions. In 2025, we took deliberate actions in areas of the business that were underperforming. We strengthened profitability and positioned TTI for long-term growth. These decisions are never easy, but they were essential to ensure the company remained focused, competitive, and well-positioned for the future.

Together, these actions reflected a clear focus on strengthening performance while continuing to invest strategically in the capabilities that support our long-term growth.

Technology as a Catalyst for Growth

At TTI, technology is not an initiative. It is how we compete, how we scale, and how we win!

Technology is a powerful driver of our growth, enabling stronger execution, disruptive solutions, and sustained financial performance across the company. Internally, we are investing in advanced manufacturing, system architecture, digital operations, AI and machine learning, and R&D capabilities that improve innovation, productivity, speed, and quality at scale.

Externally, technology continues to reshape the end markets that drive our growth — from data centers and grid infrastructure to professional and consumer applications. Our ability to invest strategically and ahead of demand positions TTI to benefit from long-term investment cycles that rely on advanced, technology-driven solutions.

Our Foundation: People and Culture

Everything we deliver at TTI begins with our people and our culture. Our success depends on the strength of our teams, the depth of our leadership bench, and our continued investment in developing talent across the organization. By creating meaningful opportunities for growth, learning, and leadership, we are building a strong pipeline of talent that supports both today's execution and tomorrow's innovation.

Our people are also the engine behind the innovation that differentiates TTI from our competitors. Deep understanding of our users, combined with a culture of ownership and relentless improvement drives the development of disruptive solutions that fuel growth across our portfolio. Our culture enables us to move quickly, collaborate effectively, and remain focused on delivering value to our customers and partners. It is not just what we do, but how we do it, that continues to set TTI apart.

Looking Ahead

As we look forward, we do so with confidence, focus, and an unwavering belief in our future. We see strong growth opportunities across our MILWAUKEE and RYOBI businesses, while continuing to strengthen areas of the portfolio that require focus. We are clear on the actions needed to do so, and will continue to invest ahead of the curve, challenge ourselves to improve, and stay grounded in the fundamentals that have defined TTI's success.

Sincere thanks to our employees throughout TTI for delivering outstanding results to our shareholders, and for enabling the innovation, performance, and reliability that our end users have come to expect. To our customers and distribution partners, thank you for your valued partnership and trust, and to our Executive Chairman — Horst Pudwill, Executive Vice Chairman — Stephan Pudwill, and our Board for their continued leadership and guidance.

Together, we are building a company that not only delivers the best products and productivity solutions today, but for generations to come.



Steven P. Richman
Chief Executive Officer
March 3, 2026

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



ENERGY



MINING





**PORTABLE PRODUCTIVITY
TRADE FOCUSED
SYSTEM WIDE**

150+ TOOLS

The M12 System is the leading sub-compact cordless system on the market, delivering professional-grade solutions that provide portable productivity and performance.

In 2025, the M12 portfolio expanded with trade-dedicated M12 FUEL tools designed to solve specific jobsite challenges and increase productivity in confined environments. For technicians working in tight spaces, the M12 FUEL 3/8" Ratchet delivers compact, high-torque fastening performance with optimized ergonomics for access and control. Inspection and diagnostic workflows are enhanced by the M12 85' High Flex Compact Inspection Camera, enabling precise navigation and high-clarity imaging in tight lines. Across a wide range of trades, the M12 Subcompact Brushless 3/8" Drill/Driver provides versatile drilling and fastening performance across wood, metal, and other common materials.

At the core of these solutions is M12 FUEL, the flagship performance line within the M12 platform, engineered to meet the most demanding needs of professional users. Every M12 FUEL product integrates three MILWAUKEE-exclusive innovations — the POWERSTATE Brushless Motor, REDLITHIUM Battery Pack, and REDLINK PLUS Intelligence hardware and software — delivering extreme performance, optimized run-time, and long-term durability. Together, these technologies enable M12 FUEL tools to outperform higher-voltage systems in a more compact form factor, reinforcing leadership in the sub-compact category.



NEW PRODUCTS



M12 Subcompact Brushless
3/8" Drill/Driver



M12 FUEL
3/8" Subcompact Impact Wrench



M12 Subcompact Brushless
1/4" Hex Impact Driver



M12 85' High Flex Ultra Flex
Compact Inspection Camera



M12 FUEL
Extended Reach 3/8" Ratchet



M12 FUEL
3/8" Ratchet



M12 Wireless Monitor





**PERFORMANCE DRIVEN
TRADE FOCUSED
SYSTEM WIDE**

300+ TOOLS

Designed for the most demanding applications, the M18 platform continues to evolve, redefining performance and productivity while maintaining full system compatibility. In 2025, advancements across the M18 FUEL lineup translated directly into jobsite impact, enabling professionals to work faster, more accurately, and more safely in high-demand environments.

For electricians, the M18 FUEL Branch Conduit Bender with AUTO-ZERO enables fast, consistent branch bends at the point of installation, improving accuracy while reducing rework and physical strain. For carpenters and general contractors, the M18 FUEL 7-1/4" Circular Saw with ONE-KEY delivers class-leading cutting performance while enhancing user protection through AUTOSTOP Advanced Kickback Protection, which detects severe kickback events and automatically shuts the tool down to help reduce injury risk.

Extending cordless capability beyond tools, the M18 FUEL NEXUS 6-Gallon Wet/Dry Vacuum delivers corded-level cleanup performance while integrating VACLINK Wireless Dust Control, enabling compatible tools and remotes to activate the vacuum automatically. Full PACKOUT compatibility further connects cleanup, transport, and storage into a more efficient, integrated jobsite workflow.

Within the M18 platform, M18 FUEL represents the flagship performance tier, engineered to deliver maximum power, run-time, and durability for the most demanding professional applications. These advancements build on MILWAUKEE's continued investment in core technologies — motors, batteries, electronics, and charging — while maintaining full compatibility across the more than 300 solutions within the M18 System.



NEW PRODUCTS



M18 FUEL
Branch Conduit Bender
w/ AUTO-ZERO



M18 Brushless Refrigerant
Recovery Machine



M18 FUEL
1-9/16" SDS Max Rotary
Hammer Kit w/ ONE-KEY



M18 FUEL
NEXUS 6 Gallon Wet/Dry Vacuum
w/ PACKOUT Compatibility & VACLINK



M18 Brushless
Precision Blower



M18 FUEL SURGE
1/4" Hex Hydraulic Driver



M18 FUEL
Covered Conductor Cable Stripper



M18 FUEL
7-1/4" Rear Handle Circular Saw
w/ ONE-KEY



M18 HOTSHOT
Jump Starter



M18 and M12
Gangbox Rapid Charger





**EQUIPMENT REDEFINED
TRADE FOCUSED
SYSTEM WIDE**

25+ SOLUTIONS

MILWAUKEE continues to challenge what's possible with battery-powered light equipment, delivering solutions that replace gas and corded alternatives without compromising performance. The MX FUEL Electrofusion Processor enables reliable fusion of up to 8" couplings and 12" saddles, eliminating the need for generators or extension cords. The MX FUEL 27lb SDS MAX Demolition Hammer delivers corded-level demolition capability, providing the power to remove concrete, block, and tile on walls and floors while eliminating cords, generators, and outlet dependency. For outdoor and grounds applications, the MX FUEL Backpack Blower delivers blowing force exceeding 63cc gas, clearing heavier debris faster while operating at lower noise levels. Multiple power modes allow users to optimize performance and run-time, with added control, tracking, and security enabled through ONE-KEY.

The MX FUEL platform is designed as a fully compatible system, with all equipment powered by MX FUEL Batteries for maximum jobsite flexibility. MX FUEL REDLITHIUM FORGE Batteries deliver the most powerful, fastest-charging, and longest-life batteries MILWAUKEE has ever built, with patented COOL-CYCLE Active Cooling Technology reducing downtime and supporting continuous work in demanding environments. Advanced motor and control technologies, paired with REDLINK Intelligence, integrate hardware and software to enable full-system communication — maximizing efficiency, performance, durability, and run-time across the MX FUEL platform.

With 25+ solutions and a growing portfolio, MX FUEL is the largest, highest-performing light equipment battery system in the industry, expanding battery-powered capabilities into applications historically dominated by gas and corded equipment.



NEW PRODUCTS



MX FUEL
Electrofusion Processor



MX FUEL
27lb SDS MAX
Demolition Hammer



MX FUEL
Backpack Blower





OUTDOOR POWER EQUIPMENT

MILWAUKEE provides innovative solutions that enhance productivity and safety for professionals in the outdoor trades. Built on the M12, M18, and MX FUEL Systems, MILWAUKEE's outdoor equipment is designed to meet the rigorous demands of landscape maintenance, landscape construction, tree care, and snow removal. Full battery compatibility within each system allows operators to seamlessly switch batteries between equipment — eliminating the common frustrations of gas-powered tools, including pull starts, excessive noise, emissions, and routine engine maintenance.

The M18 FUEL 21" Auger Propelled Dual Battery Single Stage Snow Blower delivers the most powerful performance in its class, generating 7.5 HP peak power to clear deep, heavy snow without stalling. With instant startup, auger propulsion, improved visibility, and reduced noise compared to gas alternatives, it enables faster, more controlled snow removal from start to finish. The M18 4-Gallon Backpack Sprayer with SWITCH TANK delivers precise, consistent pressure without manual pumping, while its interchangeable tank design helps eliminate cross-chemical contamination and improve efficiency across a wide range of spraying tasks.

These solutions exemplify MILWAUKEE's commitment to delivering professional-grade, battery-powered equipment that increase user safety and productivity.



NEW PRODUCTS



M18 FUEL
21" Auger Propelled Dual Battery
Single Stage Snow Blower



M18 Brushless Blower



M18 4-Gallon Backpack
Sprayer w/ SWITCH TANK



Power Manager —
15A Circuit



M18 FUEL Edger



M18 FUEL
Pole Articulating
Hedge Trimmer



M18 FUEL
Extended Pole Articulating
Hedge Trimmer





POWER TOOL ACCESSORIES

MILWAUKEE is committed to providing professional users with a comprehensive range of accessory solutions designed to enhance productivity and complement the latest advancements in MILWAUKEE power tools. Engineered for maximum life, durability, and speed, these solutions reflect our continued investment in advanced materials, proprietary technologies, and best-in-class manufacturing capabilities.

As a result of MILWAUKEE's leadership in carbide technology, in 2025 we delivered new levels of performance across key cutting categories. The AX with NITRUS Carbide SAWZALL Blade for Wood with Nails & Screws provides unmatched life and the fastest cuts in residential remodeling and demolition applications, delivering up to 2X life versus standard carbide teeth while cutting through nails, screws, and roofing materials with confidence.

MILWAUKEE also expanded our circular saw blade portfolio with the 7-1/4" 24T NITRUS Carbide Framing & Demolition Circular Saw Blade, delivering the fastest cutting and longest life in framing and demolition applications. Designed to move seamlessly from aggressive demolition back to clean wood cutting, this blade reduces blade changes and maximizes productivity by enabling users to demo and frame with a single blade.

In fastening and installation applications, the SHOCKWAVE Impact Duty 3/8" Threaded Rod Nut Runner delivers the fastest nut-running experience for trapeze systems, strut racks, and hanger assemblies — running nuts up to 9X faster than hand spinning while maintaining durability under high torque and load conditions.

Together, these solutions reinforce MILWAUKEE's position as a leader in professional accessories — delivering longer life, faster performance, and greater productivity across the trades.



NEW PRODUCTS



9" 5 TPI Wood AX w/ NITRUS
Carbide SAWZALL Blade



SHOCKWAVE Impact Duty 3/8"
Threaded Rod Nut Runner



4 Pc Solid Wire Stripper Set



Wire Nut Twister



#2 Phillips
SHOCKWAVE Impact Duty
2" Power Bit



3" SHOCKWAVE Impact Duty
Screw Holding Bit Holder



5 Pc 7/16" QUIK-LOK
Arbor Set



7-1/4" 24T NITRUS Carbide
Framing & Demolition
Circular Saw Blade



9 Pc Chainsaw Chain
Sharpening Set w/ PACKOUT
Low-Profile Compact Organizer





PACKOUT™

**MOST VERSATILE
DURABLE**
MODULAR STORAGE SYSTEM

The PACKOUT Modular Storage System is the most versatile and durable modular storage system in the industry. With 125+ fully interchangeable solutions, PACKOUT continues to expand to meet professionals' tool storage, transportation, and organization needs across jobsites, shops, and fleets.

In 2025, MILWAUKEE expanded the system with new solutions that enhance access, customization, and productivity. The PACKOUT Rack Kit delivers ultimate organization with sliding drawers that allow users to access tools without unstacking, while enabling full system customization across vans, trailers, CONEX boxes, and shop walls. For mobile storage, the PACKOUT Rolling Drawer Tool Box offers quick, one-handed access and a 250lb weight capacity, allowing users to transport and organize heavy tools more efficiently on the jobsite.

MILWAUKEE's M18 and M12 cordless solutions further extend PACKOUT's value by integrating power, lighting, and connectivity into the storage system. The M18 Bluetooth Jobsite Radio + Charger delivers powerful sound, device charging, and wireless connectivity as part of the M18 cordless portfolio, while seamlessly attaching to PACKOUT stacks for secure transport. The M12 ROVER Multi-Directional Flood Light with PACKOUT Compatibility provides targeted, adjustable lighting powered by the M12 system, offering reliable illumination wherever work is happening — while remaining securely mounted for easy movement around the jobsite.

Together, these solutions reinforce PACKOUT as more than storage — a system designed to work alongside MILWAUKEE's cordless platforms to help professionals stay organized, efficient, and productive on the site, in transit, and in the shop.



NEW PRODUCTS



M12 ROVER
Multi-Directional Flood Light



PACKOUT
Rack Kit



M12 Bluetooth
Jobsite Speaker w/ PACKOUT
Compatibility



M18 Bluetooth
Jobsite Radio + Charger



PACKOUT
Rolling Drawer Tool Box





PERSONAL PROTECTIVE EQUIPMENT

MILWAUKEE remains committed to providing solutions that help users STAY SAFE. STAY PRODUCTIVE. In 2025, MILWAUKEE continued to expand our PPE portfolio with solutions engineered to adapt to how professionals actually work.

In head protection, MILWAUKEE continued to raise the bar with our BOLT Safety Helmets. In 2025, the BOLT Safety Helmet with IMPACT ARMOR Liner and the BOLT Safety Helmet were rated #1 and #2 in effectiveness at reducing concussion and skull fracture risk in Virginia Tech's independent helmet safety study, widely regarded as the gold standard for science-based helmet evaluation. Both helmets earned rare 5-STAR ratings, validating our user-driven approach to safety innovation.

We also introduced polarized safety glasses with mirrored dual-coat lenses, including wrap-around and full-frame options with removable side shields, designed for all-day wear in outdoor environments. Featuring anti-scratch exterior hard coatings, fog-free interior coatings, and soft contact points for extended comfort, these ANSI Z87+ and CSA Z94.3-rated solutions deliver reduced glare, full coverage, and consistent visibility across demanding applications.

Additionally, our PPE offerings expanded with a range of kneepads including High Mobility Knee Pads, engineered to provide long-lasting comfort without bulk. Utilizing advanced cushioning technology, these knee pads deliver extended cushion life while maintaining flexibility and mobility, allowing users to work comfortably across a wide range of surfaces.



500+ SOLUTIONS

NEW PRODUCTS



Polarized Wrap Around
Safety Glasses



Mirrored Wrap Around
Safety Glasses



Full Frame Safety Glasses



Mirrored Full Frame
Safety Glasses



High Mobility
Knee Pad



Stabilizer
Knee Pad



Dynamic Flooring
Knee Pad



BOLT™
SECURE ACCESSORIES
SIMULTANEOUSLY

**FULL BRIM
SAFETY HELMET**

**THE LEADER
IN SAFETY HELMET
PERFORMANCE**

VIRGINIA TECH.
HELMET RATING

5 ★★★★★

2025





HAND TOOLS

In 2025, MILWAUKEE continued to expand our hand tools portfolio with trade-focused solutions designed for precision, durability, and productivity across demanding applications. Each new introduction reflects MILWAUKEE's commitment to solving real jobsite challenges with purpose-built design and uncompromising quality.

For the electrical trades, MILWAUKEE introduced the 8–20 AWG Dipped Grip Wire Stripper & Cutter, delivering clean, precise stripping and long-lasting cutting performance. Made in the USA with USA-sourced materials, this tool features better cutting edges, precision-ground stripping holes, bolt shears, and wire looping capability — backed by a complete Lifetime Guarantee.

We also expanded our fastening solutions with the introduction of new Pliers Wrenches, engineered to deliver faster setup and easy fastening. Combining the quick adjustment of fastening pliers with the parallel jaws of an adjustable wrench, these tools enable smooth, continuous ratcheting action across a wide range of fastener sizes.

Finally, for assembly and maintenance applications requiring precision torque, the new Click Torque Wrenches provide fast, accurate adjustments with high-contrast markings, clear and audible feedback, and reliable $\pm 3\%$ accuracy. These are just a few examples of the many trade-focused hand tools MILWAUKEE unveiled in 2025, all designed to meet the evolving needs of professionals.



NEW PRODUCTS



8-20 AWG Dipped Grip Wire Stripper & Cutter (USA)



8" Angled Head Diagonal Cutting Pliers (USA)



Pliers Wrenches



Pruners



2" Lopper



Click Torque Wrenches



Pruning Saws



Sledge Hammers





SETTING THE BAR HIGH AS THE #1 DIY TOOL BRAND

RYOBI Systems



RYOBI is the world's #1 DIY tool brand, offering a comprehensive portfolio of cordless solutions across home, outdoor, and on the go. The 18V ONE+ System, with battery compatibility dating back to 1996, is the flagship platform, serving users across the globe from entry-level DIYers to experienced professionals.

The USB Lithium platform, launched in 2022, has expanded from three to over 40 products, creating a rechargeable ecosystem that replaces disposable and internal battery-powered solutions for everyday applications. For users with larger outdoor power demands, the 40V System includes 85+ tools delivering gas-equivalent performance without fuel or emissions, while the 80V System delivers premium lawn care with a walk-behind and riding lawn mowers.

RYOBI HP Brushless products represent the highest performance tier across platforms, leveraging brushless motors, advanced electronics, and high-performance lithium technology to deliver increased power, runtime, durability, and speed.

Complementing the cordless RYOBI Systems, the RYOBI LINK Modular Storage System provides scalable, customizable solutions for organization, access, and transport through interconnected wall-mounted and mobile storage.

LIGHT DIY



HEAVY DIY



LAWN & GARDEN



LIFESTYLE & RECREATION



REMODEL



STORAGE & ORGANIZATION



TRANSPORTATION MAINTENANCE



CLEANING

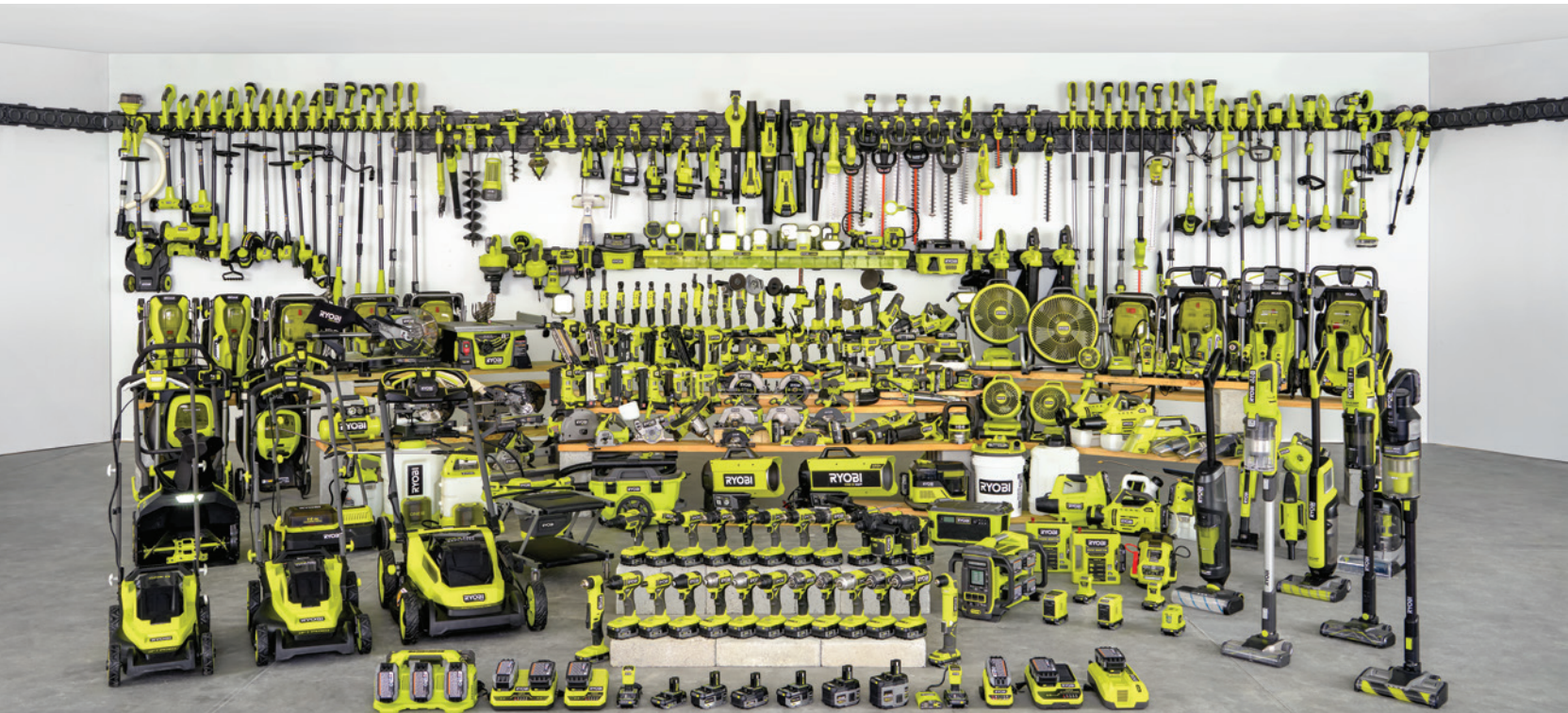




The RYOBI 18V ONE+ System is the most comprehensive and strategically differentiated cordless platform in the industry, encompassing over 300 tools designed to address a broad spectrum of consumer needs. This unmatched depth and breadth create a meaningful competitive advantage, enabling RYOBI to deliver consistently on its brand promise of The Power To Do More — driving versatility, convenience, and long-term value across home improvement, outdoor maintenance, and adjacent use cases.

A core and enduring differentiator of the 18V ONE+ System is its commitment to full backward compatibility. Every new 18V ONE+ tool and battery integrates seamlessly with products dating back to 1996. As the platform celebrates 30 years of compatibility, this design philosophy continues to reduce friction for consumers, lower the cost of entry into new categories, and significantly increase lifetime value through repeat and incremental purchases. The result is a powerful ecosystem effect that reinforces customer loyalty while accelerating platform expansion.

The scalability of the 18V ONE+ System allows it to serve a diverse user base, from everyday DIYers to skilled professionals, by delivering accessible, dependable performance that evolves alongside customer needs. Beyond traditional DIY and outdoor power applications, RYOBI has deliberately extended the 18V ONE+ platform into full product families spanning Cleaning, Recreation, and Lifestyle categories. This expansion further unlocks value from existing battery ownership, increases cross-category adoption, and strengthens the role of 18V ONE+ battery as a central power solution across the user's entire home and lifestyle.



NEW PRODUCTS



18V ONE+ 4.5" Circular Saw



18V ONE+ Cable Stapler



18V ONE+ HP 10" Chainsaw



18V ONE+ 35' Drain Auger



18V ONE+ Dual Function Lighted Creeper/Seat



18V ONE+ 150W Power Source





18V ONE+ HP

40V HP

80V HP

RYOBI HP Brushless tools are designed to deliver meaningful performance upgrades across the USB Lithium, 18V ONE+, 40V, and 80V product lines. More power, longer runtime, greater durability, and faster operation — through a combination of advanced motors, intelligent electronics, and lithium technology.

18V ONE+ HP Brushless and 40V HP Brushless products reach their full potential when paired with Lithium EDGE batteries. Both the 18V ONE+ and 40V Lithium EDGE batteries utilize premium cell technology and RYOBI's INTELICELL system to deliver up to twice the power and four times the runtime, ensuring consistently high performance in demanding applications across power tools and outdoor power equipment.

RYOBI's 2025 launch of the next generation HP Brushless Drill/Driver, Impact Driver, Circular Saw, and Reciprocating Saw marked a significant step forward for the 18V ONE+ platform as the most powerful 18V ONE+ tools RYOBI has produced to date in their categories. Delivering up to 45% faster drilling and driving and as much as three times faster cutting, this new lineup expands RYOBI's appeal to both professionals and high-demand DIY users, helping them work more efficiently and with greater confidence.

2025 also saw the introduction of RYOBI's most powerful 40V HP Leaf Blower and Chainsaw to date. The new 40V HP 800 CFM Blower delivers more power than a 31cc gasoline Leaf Blower while operating at a whisper-quiet 57dB, 82% quieter than gas. The 40V HP 20" Chainsaw can tackle cuts up to 36" in diameter while delivering more power than a 52cc gas chainsaw and over 100 cuts per charge.



NEW PRODUCTS



40V HP Brushless
16" Chainsaw



40V HP Brushless
800 CFM Blower



18V ONE+ HP Brushless
7-1/4" Circular Saw



18V ONE+ HP Brushless
Hybrid 9" Oscillating Fan



18V ONE+ HP Brushless
18" Single Stage Snow Blower



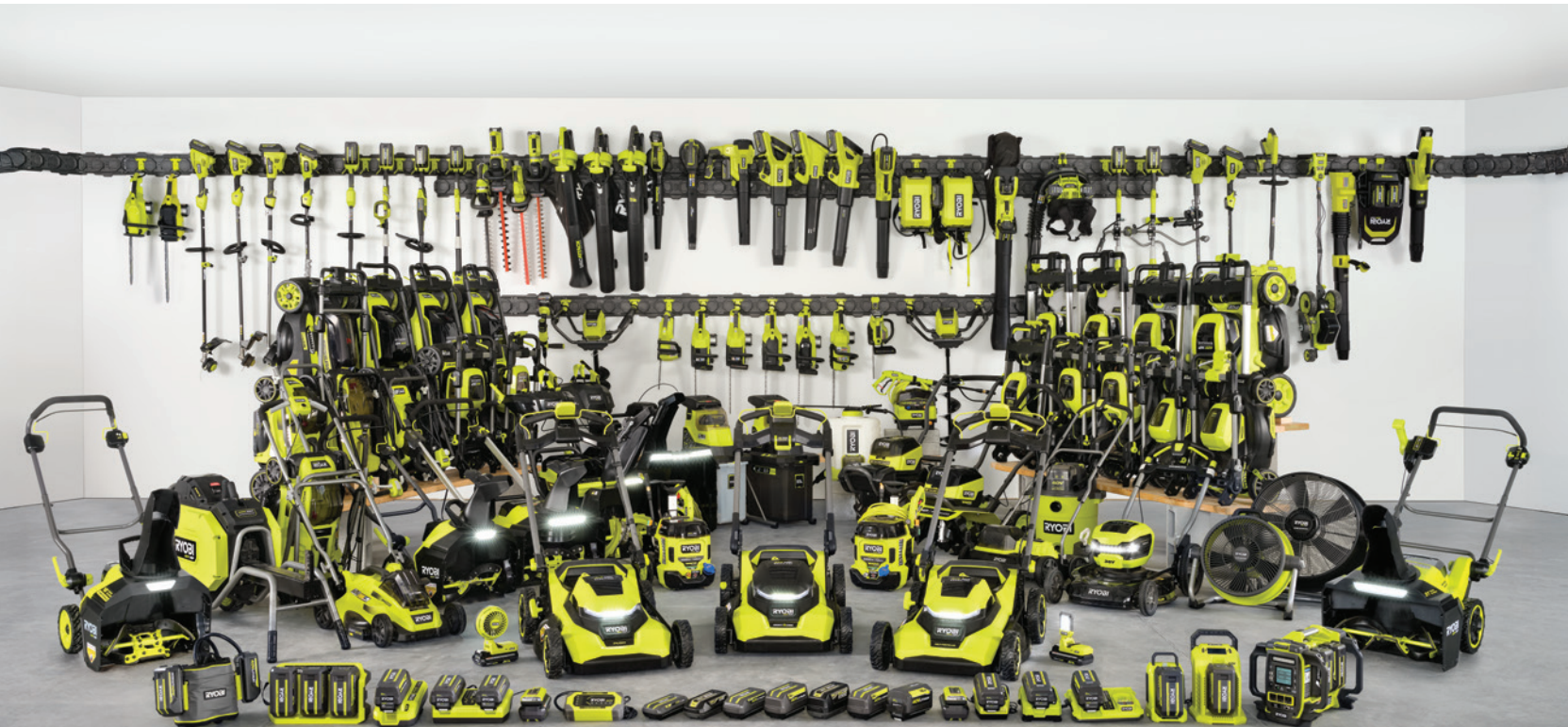


OUTDOOR POWER EQUIPMENT

40V

The RYOBI 40V System delivers exceptional power and long-lasting performance across a growing lineup of more than 85 innovative outdoor products. Every tool in the 40V family is engineered to provide gas-like performance with all the benefits of cordless convenience — no routine maintenance, no pull cords, and no more gas or oil. These tools are built to outperform gas alternatives and keep you ready for any outdoor task.

With a single RYOBI 40V Lithium Battery, you can power everything from mowers and blowers to string trimmers, chainsaws, augers, and even snow blowers. Less upkeep means more time to get work done and more opportunities to enjoy your yard. Offering unmatched variety and capability, the RYOBI 40V System continues to set the standard for outdoor versatility.



NEW PRODUCTS



40V HP Brushless
20" Self-Propelled
Multi-Blade Mower



40V HP Brushless
17" Attachment Capable
String Trimmer



40V HP Brushless
20" Chainsaw



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



40V HP Brushless 850 CFM
Backpack Blower





LAWN MOWERS

18V ONE+ HP

40V HP

80V HP

RYOBI's selection of mowers across the 18V ONE+, 40V, and 80V are critical to its success as the Number One Cordless Outdoor Power Brand. RYOBI continues to innovate and offer a mower for every yard, no matter the size.

In 2025, RYOBI introduced the next generation of the industry's only cordless all wheel drive lawn mower — the 40V HP Brushless 21" AWD Multi-Blade Mower. The brushless motor with 40V HP Technology gives this mower more power than a 196cc gas mower, and 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 additions to the 80V family, the R1 80V HP Brushless 30" Riding Lawn Mower and ZR3 80V HP Brushless 42" Zero Turn Riding Mower deliver more power than their gas equivalents using 80V HP Technology, providing cordless freedom from the hassle of gas, oil, belts, fumes, and engine maintenance. With up to two acres of runtime, these riding mowers provide the power to mow large lawns normally only able to be done by gas units with clean, convenient, cordless power.



NEW PRODUCTS



40V HP Brushless
20" Push Mower



40V HP Brushless
21" Push Multi-Blade Mower

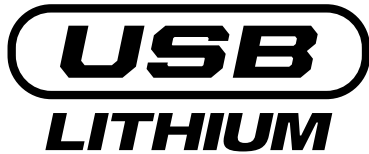


R1 80V HP Brushless
30" Riding Lawn Mower



ZR3 80V HP Brushless
42" Zero Turn Riding Lawn Mower





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 2025, RYOBI introduced two new cleaning products to the lineup: the USB Lithium HP Compact Hand Vacuum and the USB Lithium Telescoping Power Scrubber. The Hand Vacuum is the industry's most powerful hand vacuum weighing 1.3lbs or less, and its compact, lightweight design is ideal for picking up everyday messes. The Telescoping Scrubber allows users to experience faster cleaning with less effort in areas such as the kitchen, bathroom, outdoor patio, and more with an extendable reach of up to 47".

One of the most unique USB Lithium tools released in 2025 was the USB Lithium 3' Drain Auger, engineered to easily clear clogs up to 3' without the need for harsh chemicals. It is ideal for bathroom sinks, kitchen sinks, and bathtubs, and empowers DIYers to take on an at-home task that would normally require calling a professional.

The USB Lithium Misting Fan is the ultimate portable misting and cooling solution. Utilizing atomization disc technology, users can feel up to 10° cooler with light, fine mist, while remaining dry.



NEW PRODUCTS



USB Lithium 3' Drain Auger



USB Lithium Telescoping Power Scrubber



USB Lithium 3-Port Charger & Power Source



USB Lithium Pruning Shears



USB Lithium Glue Gun



USB Lithium Misting Fan





The RYOBI LINK Modular Storage System is built for organization, easy access, and seamless mobility. With a wide assortment of wall-mounted and portable options, LINK gives users the freedom to customize their storage setup and stay organized wherever the work takes them—from home to the jobsite and everywhere in between. LINK delivers durable, adaptable solutions that simplify how users store, transport, and manage their gear.

In 2025, RYOBI expanded its offerings of cordless products designed with LINK Wall System integration. RYOBI users can now organize lights, leaf blowers, string trimmers, drain augers, and more products directly on their LINK Wall Rail storage, allowing for a tidy workspace while having tools at the ready to tackle the next job.



RYOBI LINK COMPATIBLE CORDLESS PRODUCTS



40V HP Brushless
17" Attachment Capable
String Trimmer



18V ONE+ Hybrid Magnetic
LED Task Light



USB Lithium LED Magnetic
Clamp Light



18V ONE+ VERSE Hybrid
LINK Bluetooth Stereo



18V ONE+ 3 Gallon
Wet/Dry Vacuum



40V HP Brushless
800 CFM Blower





CORDLESS CLEANING

USB
LITHIUM

18V ONE+
40V

RYOBI offers the industry's most comprehensive range of cordless cleaning solutions across its USB Lithium, 18V ONE+, and 40V platforms. By replacing corded, alkaline-powered, internal-battery, and manual tools with removable rechargeable lithium options, RYOBI is modernizing an everyday category and expanding its addressable market.

A major advantage of RYOBI's approach is the use of removable, swappable batteries. Unlike products with fixed internal batteries — where users face hours of downtime while waiting for a recharge — RYOBI cleaning tools allow continuous operation simply by swapping in a fresh battery. This convenience strengthens the value of the broader RYOBI ecosystem and drives repeat engagement across platforms.

With products across three battery lineups, RYOBI continues to deliver innovative and effective solutions for any cleaning application. Designed to be easy to use and ergonomic, RYOBI has all cleaning needs covered — from vacuums to scrubbers, power washers, and more. Tackle any mess with ease and efficiency.



NEW PRODUCTS



40V HP Brushless 1200 PSI
1.0 GPM Pressure Washer



18V ONE+ Pool Vacuum



18V ONE+ 6 Gallon
Wet/Dry Vacuum



USB Lithium
Detail Scrubber



18V ONE+ HP SWIFTCLEAN
Carpet Washer



18V ONE+ HP
High Capacity Stick Vacuum





LIFESTYLE & RECREATION

USB
LITHIUM

18V ONE+
40V

RYOBI has expanded its leadership in cordless innovation into the lifestyle and recreation space, offering a full range of products that elevate outdoor experiences using the same batteries customers already rely on for their drills, saws, mowers, and blowers. With solutions across all RYOBI cordless battery platforms including portable power sources, fans, lighting, inflators, heaters, and more — RYOBI enables users to stay powered anywhere, without the need for separate or proprietary battery systems.

This approach extends the value of the existing RYOBI ecosystem while opening new, high-growth categories. Whether at the beach, campsite, park, or on the trail, RYOBI lifestyle products help users stay comfortable, stay connected, and get more out of every moment outdoors.

When the Power Goes Out, Stay Powered with RYOBI

When power outages occur, RYOBI provides a comprehensive range of solutions that help users stay prepared and connected. RYOBI Power Stations offer enough capacity to keep essential appliances such as refrigerators running, while smaller power sources can recharge mobile devices and maintain WiFi connectivity, ensuring users have access to information when they need it most. In addition, RYOBI lights and fans help maintain comfort and visibility, keeping spaces illuminated and air circulating even when the grid is down.



NEW PRODUCTS



USB Lithium
VERSE Compact Speaker



40V 300W Power
Source/Charger



18V ONE+ HP Brushless
Hybrid Forced Air Propane Heater



18V ONE+ 360° LED Light



40V Battery Topper Fan



40V HP 18" Hybrid
Misting Air Cannon





Advanced Cleaning Made Simple

Consumers choose HOOVER because our no-nonsense approach to cleaning is tried and true. For over a century, we have delivered best-in-class power and performance without the gimmicks – just smart, purposeful innovation that makes cleaning faster and easier. Built on a legacy of quality and reliability that defines our 100-year history, HOOVER continues to set the standard for trusted solutions in homes everywhere.

FLOORCARE & CLEANING

HOOVER FORMULAS

HOOVER formulas are crafted to tackle all your cleaning needs — from deep-cleaning carpets and removing tough stains to refreshing upholstery.



NEW PRODUCTS



SmartWash Pet XL
Carpet Washer



Excelerate
Cordless Stick Vacuum



CleanSlate XL
Carpet & Upholstery
Spot Cleaner



Rewind Pet
Upright Vacuum



WindTunnel
Swivel Pet
Upright Vacuum





FLOORCARE & CLEANING

In 2025, VAX continued to drive innovation and strengthen the performance of its ONEPWR cordless cleaning range. Leveraging its established market position, the brand further cemented its reputation for reliability, simplicity and consistently outstanding results.

Powered by the ONEPWR battery system, the VAX portfolio now offers even greater versatility across every cleaning task and surface. From Cordless Vacuums and Spot Cleaners to Hard Floor Cleaners and the UK's first Cordless Carpet Washer, VAX ONEPWR gives consumers a seamless, powerful and intuitive cleaning experience.

Alongside this, VAX launched the next generation of versatile and powerful LiftOut models within its upright portfolio. These uprights deliver innovative deep-cleaning performance with the added versatility of LiftOut capability, enabling convenient whole-home cleaning with greater ease than ever before.

Whatever the mess, wherever it happens, there is a VAX solution designed to get it done — quickly, effortlessly and with dependable high performance. This ongoing pipeline of innovation reinforces VAX's commitment to meeting real consumer needs while delivering strong, sustainable growth for the business.



NEW PRODUCTS



ONEPWR Carpet Cleaner



SmartWash XL Advanced Carpet Cleaner



LiftOut Reach Pet-Design Vacuum Cleaner



LiftOut Multi Pet-Design Vacuum Cleaner



MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Power Equipment

The TTI Power Equipment segment delivered sales of US\$14.4 billion in 2025, an increase of 5.3% in reported currency and 5.0% in local currency.

MILWAUKEE

On a reported basis, MILWAUKEE achieved 8.1% reported sales growth in 2025, finishing up 7.9% in local currency. By region, North America grew 7.5%, Europe grew 11.0%, and Rest of World grew 6.6% in local currency. Performance was driven by continued strength across our major categories, with personal protective equipment (PPE) strongly outperforming the portfolio average, as demand for productivity and safety solutions on jobsites remains strong. On an underlying basis, MILWAUKEE grew 10.3% in 2025, excluding the suspension of promotions in the second half of 2025.

Over the last several years, MILWAUKEE has made significant progress in diversifying its global production footprint into Vietnam, Mexico, and the US with new state-of-the-art facilities in Ho Chi Minh City, Vietnam and Torreon, Mexico as well as several new production sites in the US that strengthened our operational flexibility across regions. The business has also made a major investment in vertical integration to further enhance its competitive advantages in all key production regions, while leveraging our world-class product development capabilities within the Group.

MILWAUKEE continues its unwavering commitment to the skilled trades. Structural labor shortages in many of our key trades including electrical, plumbing, and power utility, facilitate growing end user demand for technology-driven solutions that enhance productivity and safety on the job site. These opportunities directly shape MILWAUKEE's innovation roadmap.

Looking at various end markets, a significant portion of MILWAUKEE sales are derived from hyper-growth segments including data centers and large-scale infrastructure projects that have long-term investment cycles. Additionally, MILWAUKEE benefits from various maintenance and repair activities across a broad spectrum of industries. These activities account for a significantly greater proportion of revenue than traditional residential construction.

A tangible example of this innovation is the M18 FUEL Branch Conduit Bender with AUTO ZERO, purpose-built for the scale of modern data center construction. Data centers require exponentially more power, driving significantly higher conduit volumes. The Branch Conduit Bender delivers up to a 34% productivity improvement versus hand

bending, with AUTO ZERO technology ensuring consistent, repeatable bends across large multi-raceway runs. Its cordless, portable design enables bending at the point of installation across sprawling campuses, while reducing fatigue and improving safety during high-volume conduit work.

Our approach is to continuously innovate by solving real jobsite challenges, expanding our presence within existing verticals, and entering additional markets where our solutions provide clear advantages. We estimate the current global Total Addressable Market (TAM) for MILWAUKEE is approximately US\$160 billion, representing markets we actively serve today, with meaningful expansion opportunities as we continue to expand into additional end user verticals and sub-verticals.

Geographically, MILWAUKEE continues to expand its global reach. The non-US portion of the business accounted for roughly 32% of MILWAUKEE sales in 2025. As this portion of the business grows at a slightly faster pace than the US, it drives overall gross margin accretion.

RYOBI

Our RYOBI business had another outstanding year, growing 5.4% in local currency and marking the second consecutive year of mid-single digit revenue growth following the post-pandemic adjustment period of 2022-23. In 2025, Power Tools and Outdoor both grew, with Power Tools rising high-single-digit and Outdoor growing low-single-digit as certain major storm events from 2024 did not occur in 2025.

We continue to focus on growing our strategic cordless battery platforms, with USB LITHIUM, 18V ONE+ and 40V. Globally, we have the largest installed base of users that continue to grow and expand their collection of RYOBI products. At the same time, we are putting millions of new users into these cordless platforms every year that will provide more opportunities for us to grow in the future. Across all RYOBI cordless platforms, we are committed to maintaining system compatibility while developing innovative new products.

In 2025, we continued to strengthen our core business along with driving outsized growth in new emerging categories. We launched the next generation of our ONE+ HP Brushless platform of drilling, fastening, and cutting tools. These new products deliver even more power, more run-time, and more durability for the user, while reducing size and weight.

In our Outdoor Power business, we launched "all-new" next generation 40V LITHIUM 21" mowers, delivering the industry's best cutting experience, giving users more power and performance than gas, without the noise and maintenance headaches.

Like the MILWAUKEE business, RYOBI has also diversified into several new product categories over the last few years, including lifestyle and recreation, hobby and craft, and cleaning. The success of this effort has enabled the business to further expand an already massive cordless installed base, gain share, and grow at a healthy pace despite modest US housing turnover.

RYOBI continues to work with the best distribution partners in the industry, including the Home Depot in North America, Bunnings in the Australia/New Zealand region, and top European retail partners. We will continue to grow the RYOBI business through our current geographic footprint, while driving additional expansion opportunities in Latin America and Asia in the future.

Lastly, the business has shown exceptional operational agility over the years, continuing to diversify our manufacturing footprint. This has further enhanced share gains as RYOBI has improved its cost position relative to key global competitors.

Floorcare & Cleaning

Sales for Floorcare and Cleaning fell 9.7% in 2025 due to weakness in the HOOVER, DIRT DEVIL, ORECK, and VAX brands. Floorcare has now been reorganized into a single global business, creating one world-class product development, marketing, manufacturing, and engineering team. Additionally, we have consolidated our North American Floorcare footprint by closing our Charlotte, NC facility and combining with our Consumer business in Anderson, SC. This is a good example of our efforts to balance innovation and drive improved profitability in the Floorcare business.

FINANCIAL REVIEW

Financial Results

Result Analysis

The Group's revenue for the year amounted to US\$15.3 billion, an increase of 4.4% as compared to US\$14.6 billion in 2024. EBIT amounted to US\$1,336 million, an increase of 5.2% as compared to US\$1,270 million in 2024.

Profit attributable to Owners of the Company amounted to US\$1,198 million as compared to US\$1,122 million in 2024, an increase of 6.8%.

Basic earnings per share for the year was at US65.61 cents as compared to US61.43 cents in 2024.

Gross Margin

Gross margin improved to 41.2% as compared to 40.3% last year. The margin improvement was the result of mix impact of high margin business, focused profitability on consumer brands and operational improvements across all global manufacturing operations.

Operating Expenses

Total operating expenses for the year amounted to US\$4,967 million as compared to US\$4,642 million in 2024, representing 32.5% of turnover (2024: 31.7%). The increase was mainly due to our strategic investments in new products and technologies and non-recurring exit costs of the HART business.

Our R&D expenses amounted to US\$757 million, representing 5.0% of turnover (2024: 4.4%) reflecting our continuous focus on innovation, new products and technology and the write-off of HART's intangible assets.

Net interest expense for the year amounted to US\$34 million as compared to US\$54 million in 2024, representing 0.2% of turnover (2024: 0.4%). 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 8.0% (2024: 7.8%). 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\$7.0 billion as compared to US\$6.4 billion in 2024. Book value per share was at US\$3.80 as compared to US\$3.47 last year, an increase of 9.5%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2025, the Group's cash and cash equivalents amounted to US\$1,678 million (2024: US\$1,232 million), of which 36.1%, 31.4%, 16.1%, and 16.4% were denominated in EUR, US\$, AUD and other currencies respectively.

The Group generated Free Cash Flow of US\$1,395 million for the year as compared to US\$1,591 million last year. (Free Cash Flow equals net cash from operating activities, less purchase of property, plant and equipment, less additions to intangible assets, and adds proceeds from disposal of property, plant and equipment).

The Group's net gearing, expressed as a percentage of total net borrowing to equity attributable to Owners of the Company, was net cash as compared to 0.7% in 2024.

Bank Borrowings

Long term borrowings accounted for 64.4% of total debts (2024: 59.8%).

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 80.2% of the total bank borrowings, the balance being floating rate debts.

Working Capital

Total inventory was at US\$4,452 million as compared to US\$4,076 million in 2024. Inventory days increased by 4 days from 102 days to 106 days. Finished goods inventory increased by 3 days mainly related to tariffs. Raw material inventory increased by 1 day to 16 days and work in progress inventory maintained at 3 days.

Trade receivable turnover days were at 46 days as compared to 47 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 maintained at 96 days.

Working capital as a percentage of sales was at 15.5% as compared to 14.4% in 2024.

Capital Expenditure

Total capital expenditures for the year amounted to US\$289 million (2024: US\$292 million) representing 1.9% of sales.

Capital Commitments and Guarantees

As at December 31, 2025, total capital commitments for the acquisition of property, plant and equipment and equity investment contracted for but not provided amounted to US\$153 million (2024: US\$167 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, 2025

- (i) the Group's largest customer and five largest customers accounted for approximately 45.4% and 53.3% respectively of the Group's total revenue; and
- (ii) the Group's largest supplier and five largest suppliers accounted for approximately 5.0% and 15.6% 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 48,318 employees as at December 31, 2025 (2024: 46,580) in Hong Kong and overseas. Total staff cost for the year under review amounted to US\$2,896 million (2024: US\$2,726 million).

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improve 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, share awards 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 products 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 enables 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 our 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 2,425,000 shares and 1,675,000 shares of the Company purchased on-market by the trustee for satisfying the awarded shares granted under the Company's share award scheme and the Employee Equity Incentive Plan (details of which will be set out in the Report of the Directors to be included in this Annual Report) respectively, a total of 3,500,000 ordinary shares were bought back by the Company during the year at prices ranging from HK\$83.55 to HK\$106.20 per share. The consideration paid by the Company for such buy-backs of the shares of approximately US\$41,728,000 was charged to 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. As at December 31, 2025, the Company did not hold any treasury shares.

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 a review of the Group's consolidated financial statements for the year ended December 31, 2025. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

Dividend

The Directors have recommended a final dividend of HK132.00 cents (approximately US16.99 cents) per share with a total of approximately US\$310,754,000 for the year ended December 31, 2025 (2024: HK118.00 cents (approximately US15.19 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 18, 2026. 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 26, 2026. This payment, together with the interim dividend of HK125.00 cents (approximately US16.09 cents) per share (2024: HK108.00 cents (approximately US13.90 cents)) paid on September 19, 2025, makes a total payment of HK257.00 cents (approximately US33.08 cents) per share for 2025 (2024: HK226.00 cents (approximately US29.09 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 2026 Annual General Meeting, the register of members of the Company will be closed from May 6, 2026 to May 8, 2026, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2026 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 5, 2026.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 18, 2026 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 15, 2026.

BOARD OF DIRECTORS

Group Executive Directors



Horst Julius Pudwill
MSc
Executive Chairman

Mr Horst Julius Pudwill, aged 81, is Executive 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 Executive Chairman, Mr Pudwill focuses on the strategic planning and development of the Group and continues to have oversight of the operations. 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, Executive Vice Chairman and Group Executive Director.



Stephan Horst Pudwill
Executive Vice Chairman

Mr Stephan Horst Pudwill, aged 49, joined the Group in 2004. Mr Pudwill was appointed as Executive Director in 2006 and subsequently was appointed as the Executive 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 66, 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 66, 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 Governing Board 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 72, 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 69, 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



Robert Hinman Getz
Lead Independent
Non-executive Director

Mr Robert Hinman Getz, aged 63, was appointed as an Independent Non-executive Director of the Company with effect from January 1, 2020 and subsequently was appointed as the lead Independent Non-executive Director of the Company on March 31, 2025. 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.



Peter David Sullivan

Mr Peter David Sullivan, aged 77, 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).

Independent Non-executive Directors (continued)



Johannes-Gerhard Hesse

Mr Johannes-Gerhard Hesse (commonly known as Hans-Gerd Hesse), aged 66, 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 (Diplom-Kaufmann) from the University of Cologne and has acquired extensive marketing, business management, strategy, leadership, corporate governance and stewardship experience throughout Europe and Asia.

Joining RJ Reynolds International, a division of RJR Nabisco Inc. in 1988, Mr Hesse held market research and marketing positions in Germany, its regional headquarters in Switzerland and the Czech Republic & Slovakia. In 1996, he was appointed General Manager Hungary and in 1998 Regional Vice President Marketing for the Commonwealth of Independent States & Baltics (i.e. Russia and all other former Soviet Union republics).

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. Since lifelong learning and the ability to anticipate and adapt to change are essential, he regularly participates in programs and seminars at renowned management schools. Mr Hesse is a member of the Swiss Institute of Directors as well as the Hong Kong Institute of Directors.



Virginia Davis Wilmerding

Ms Virginia Davis Wilmerding, aged 56, 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 Verbinen. 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), 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 53, 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, Europe and North America.

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 of GJWHF Ltd., a Hong Kong non-profit organization on the economic empowerment of women.



Andrew Philip Roberts

Mr Andrew Philip Roberts, aged 69, 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 45, 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 was the Chief Operating Officer of GRST Holdings Limited, a 2023 Earthshot Prize winning Li-ion battery materials and technology company till 2025. 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 58, 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 Advisory Board of Factify Technologies, a member of the Board of Directors of Poxel ai, a member of the Board of the Stanford Law School Venture Fund, 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" or "Directors") 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. A description of the share schemes of the Company can be found in the "Report of the Directors" section of this Annual Report. The above sections form part of this report.

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, 2025, 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 is essential in maintaining sustainability. The Board continuously reviews, monitors 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 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 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; and
- monitor and review compliance with the Corporate Governance Code.

Board of Directors

Roles and Responsibilities

The Board is collectively responsible for leading, supervising 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:

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

Delegation to Board committees and senior management of the Group with specific functions is continuously monitored by the Board with 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.

The Board considers that Board evaluation is essential to assess its performance, effectiveness and efficiency. An internal Board evaluation was conducted during the year with each Director completing a Board evaluation questionnaire providing comments on aspects including, but not limited to, Board performance, Board diversity, information flow, Board proceedings and ethics and conducts. The objective of the evaluation is to confirm that the Board and Board committees continue to operate effectively in fulfilling their expected duties and responsibilities, and to identify action plans for further improvement. Positive feedback was received in recognition of the Company's continuous efforts in the improvement of communication and information flow. Effective communication and timely information flow are crucial for the Board to perform its duties and formulate appropriate long-term strategies. Directors also expressed their satisfaction on the Executive Chairman's leadership and the Directors' active participation in Board and Board committee meetings. The Board is satisfied that it has fulfilled its performance objectives, and that each Director has made positive and meaningful contributions to the overall effectiveness of the Board and Board committees.

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:

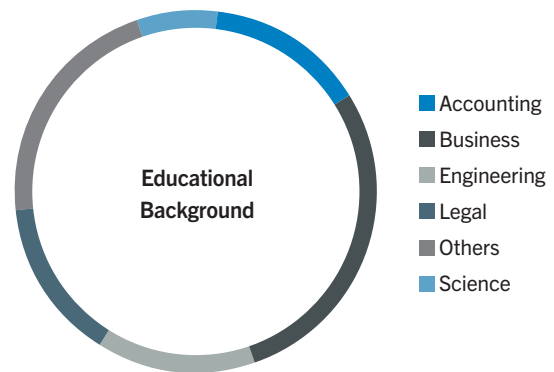
Group Executive Directors

Mr Horst Julius Pudwill (Executive Chairman)
 Mr Stephan Horst Pudwill (Executive Vice Chairman)
 Mr Steven Philip Richman (Chief Executive Officer)
 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)

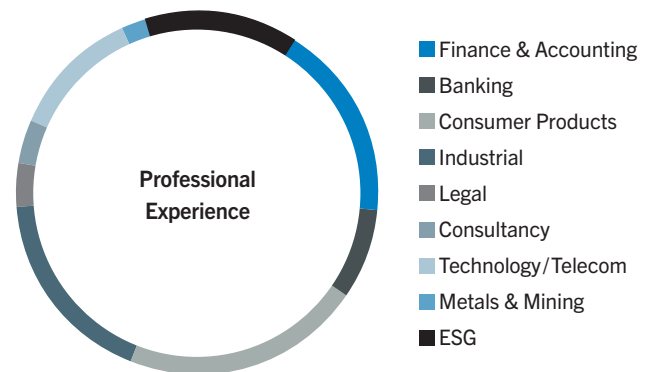
Independent Non-executive Directors

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

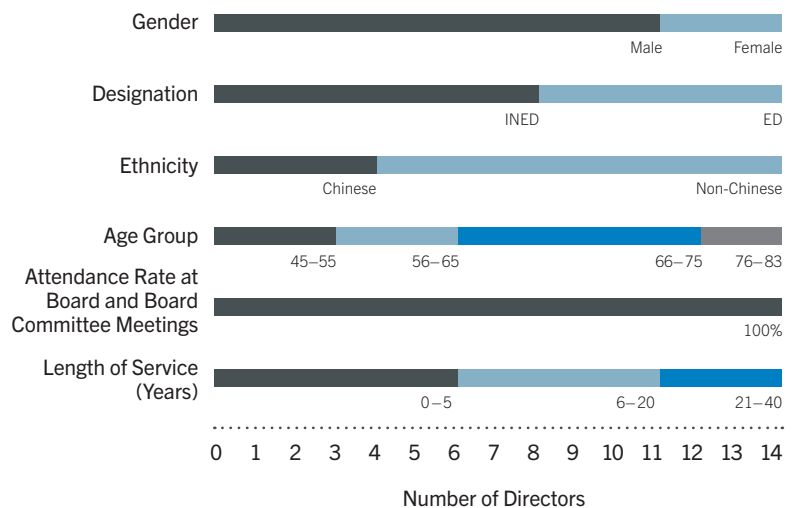
Biographical details and relevant relationships of the members of the Board are set out on pages 54 to 59 of this Annual Report. A list of Directors and their roles and functions are published on the Company's website (www.ttigroup.com) and the Stock Exchange's website (www.hkexnews.hk).



Remark: The above graph stated the information as at March 3, 2026 (i.e. the date of this report)



Remark: The above graph stated the information as at March 3, 2026 (i.e. the date of this report)



Remark: The above graph stated the information as at March 3, 2026 (i.e. the date of this report)

	6 ^{EDs} + 8 ^{INEDs}	3 ^{Female} + 11 ^{Male}	7 ^{INEDs} ≤ 9 ^{Years}	100% INED	83% INED	100% INED
	Board Composition			Board Committees		
	Designation	Gender	Length of Service (Years)	Audit	Nomination	Remuneration
Mr Horst Julius Pudwill	ED	Male	39		C	
Mr Stephan Horst Pudwill	ED	Male	19			
Mr Steven Philip Richman	ED	Male	1			
Mr Kin Wah Chan	ED	Male	35			
Mr Chi Chung Chan	ED	Male	34			
Mr Camille Jojo	ED	Male	10			
Mr Peter David Sullivan	INED	Male	18	C		M
Mr Johannes-Gerhard Hesse	INED	Male	9	M	M	
Mr Robert Hinman Getz	INED	Male	6	M	M	C
Ms Virginia Davis Wilmerding	INED	Female	4		M	M
Ms Caroline Christina Kracht	INED	Female	3	M	M	
Mr Andrew Philip Roberts	INED	Male	2	M		M
Ms Karen Ka Fai Ng	INED	Female	1			M
Mr Stephen Tsi Chuen Wong	INED	Male	1		M	

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

Remark: The above graph stated the information as at March 3, 2026 (i.e. the date of this report)

Board Composition Matrix

	Executive Directors						Independent Non-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	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
Skills / Experience														
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	•	•	•	•	•	•	•	•	•	•	•	•	•	•

Remark: The above graph stated the information as at March 3, 2026 (i.e. the date of this report)

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

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

- encourages all Directors to make full and active contributions to the Board's affairs to enhance the performance of the Board's responsibilities;
- ensures all Directors are properly briefed on issues arising at Board meetings and always receive clear, accurate and reliable information in a timely manner;
- oversees practices and procedures of the Group and ensures the Board works effectively;
- leads the Board to perform its responsibilities and acts in the best interests of the Company;
- provides guidance on the strategic plan and ensures alignment between the Board's vision and management's execution;
- oversees the performance of the CEO and senior management, and takes lead in planning CEO succession and management development; and
- enhances effective communication with shareholders and encourages that the views of shareholders are communicated to the Board as a whole.

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

- has direct responsibility for the day-to-day operations and overall performance of the Group's business;
- enhances the global sales potential of the Company's strong brand portfolio and facilitate the integration of acquisitions, if any;
- develops and implements the Company's strategic initiatives and management strategies, approved by the Board;
- ensures the effective implementation of Board decisions;
- manages the Company's resources, oversees its financial and operational performance, and drives profitability;
- builds and leads the executive team, communicating the Company's vision and ensuring a strong organizational culture; and
- maintains a regular dialogue with the Executive Chairman and the Executive Vice Chairman and ensures the Board receives timely and accurate information.

To ensure the Board performs effectively and enhances its diversity, appointment of directors is recommended by the Nomination Committee for approval by the Board. 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 receive 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 directors. Newly appointed first-time Director must also complete no less than 24 hours of continuous professional development upon their appointment. 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. 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 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 ensure 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 Rule 3.09F and 3.09G of the Listing Rules. During 2025, the Directors received at least 1.5 hours and up to 106.5 hours of training by way of, but not limited to, attending internal and external seminars and webinars, participating in panel discussion and in-person meetings, and self-studying reading materials on topics as set out in Rule 3.09G of the Listing Rules, representing an average of approximately 20.3 hours for each Director. According to the records of training provided by each Director to the Company, the training received by the Directors in 2025 is summarized in the following table:

Topics of Continuous Professional Development

	The Company's obligations and Directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments relevant to the discharge of such obligations and duties	The roles, functions and responsibilities of the Board, its committees and its Directors, and Board effectiveness	Corporate governance and ESG matters	Risk management and internal controls	Updates on industry-specific developments, business trends and strategies relevant to the Company	Approximate number of hours of training completed in 2025
Group Executive Directors						
Mr Horst Julius Pudwill	✓	✓	✓	✓	✓	1.5 hours
Mr Stephan Horst Pudwill	✓	✓	✓	✓	✓	1.5 hours
Mr Steven Philip Richman	✓	✓	✓	✓	✓	1.5 hours
Mr Kin Wah Chan	✓	✓	✓	✓	✓	30.5 hours
Mr Chi Chung Chan	✓	✓	✓	✓	✓	42 hours
Mr Camille Jojo	✓	✓	✓	✓	✓	17 hours
Independent Non-executive Directors						
Mr Peter David Sullivan	✓	✓	✓	✓	✓	1.5 hours
Mr Johannes-Gerhard Hesse	✓	✓	✓	✓	✓	8.5 hours
Mr Robert Hinman Getz	✓	✓	✓	✓	✓	3.5 hours
Ms Virginia Davis Wilmerding	✓	✓	✓	✓	✓	46 hours
Ms Caroline Christina Kracht	✓	✓	✓	✓	✓	10.5 hours
Mr Andrew Philip Roberts	✓	✓	✓	✓	✓	106.5 hours
Ms Karen Ka Fai Ng	✓	✓	✓	✓	✓	4.5 hours
Mr Stephen Tsi Chuen Wong	✓	✓	✓	✓	✓	9 hours

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, 2025.

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 success and growth, sustainability of the Group and creating shareholder value. 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 2025, a total of 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 2025” at the end of this report.

Board meeting, Board committee meeting and Annual General Meeting dates for 2026 were agreed upon at the Board meeting held in August 2025 with an aim to ensure maximum attendance of Directors and to facilitate the effectiveness of the Board. The meeting agendas are drawn up by the Executive Chairman in consultation with members of the Board to propose any other matters for inclusion in the agendas. 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 and makes them available for inspection by the Directors.

All Directors are provided with accurate, reliable and clear information 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 expense.

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 Directors continuously review the diversity and effectiveness of the Board. 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 2025” 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. (Note: Mr Andrew Philip Roberts has been appointed as the chairman of the Audit Committee with effect from March 9, 2026 while Mr Peter David Sullivan remains as a member of the Audit Committee. Mr Stephen Tsi Chuen Wong has also been appointed as a member of the Audit Committee with effect from March 9, 2026.) 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 plays an important role 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 2025 and performed duties summarized below:

- 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;
- 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; and
- 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 (Executive Chairman of the Board) with the other members being Mr Johannes-Gerhard Hesse, Mr Robert Hinman Getz, Ms Virginia Davis Wilmerding, Ms Caroline Christina Kracht (who has been appointed as a member of Nomination Committee with effect from March 31, 2025) and Mr Stephen Tsi Chuen Wong (who has been appointed as a member of Nomination Committee with effect from March 31, 2025). (Note: Ms Karen Ka Fai Ng has been appointed as a member of the Nomination Committee with effect from March 9, 2026.) 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, ethnicity, 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 three meetings in 2025. The works performed by the Nomination Committee in 2025, with sufficient resources provided by the Company and/or independent professional advice when necessary, included:

- review the size, composition, gender ratio and other diversity measures, structure and succession planning of the Board regularly;
- assess the independence of the Independent Non-executive Directors;
- 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 2025 Annual General Meeting; and
- 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 two Directors 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, time commitment 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 61 of this report. The Directors have demonstrated a strong commitment to the affairs of the Board and are fully aware of the expectation that they will devote sufficient time to the discharge of their Board responsibilities. In addition, Directors are required to disclose their other commitments, including directorships in other publicly listed companies and major appointments with the Company as well as keeping the Company informed of any subsequent changes.

Beyond dedication to employee well-being, the Company is firmly committed to actively advancing inclusive prosperity for the 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, Ms Virginia Davis Wilmerding, Mr Andrew Philip Roberts (who has been appointed as a member of Remuneration Committee with effect from March 31, 2025) and Ms Karen Ka Fai Ng (who has been appointed as a member of Remuneration Committee with effect from March 31, 2025). 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 Board ensures that the Remuneration Committee has access to sufficient internal and third-party resources, including professional advice, to fulfill its duties. The Group engages a global executive compensation firm, Willis Towers Watson, as an independent third-party to advise the Remuneration Committee on compensation matters, including providing assessments of the competitiveness of compensation of the executive directors and the non-executive directors of the Group.

The Remuneration Committee consults the Executive 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 2025 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 Employee Equity Incentive Plan; 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.

GROUP INCENTIVE COMPENSATION

The Remuneration Committee reviewed and recommended to the Board for approval the 2025 incentive bonus payouts for the Executive Chairman of the Board, the CEO and other Executive Directors commensurate with the strong absolute and relative financial and operating performance delivered by the Group in 2025. In 2025 the Group achieved record revenue of US\$15.3 billion, growing 4.1% in local currency and 4.4% at reported rates and earnings per share growth of 6.8%. The Company reported nearly US\$1.4 billion in free cash flow in 2025, marking the third consecutive year of over US\$1.2 billion in free cash flow and ending the year in a net cash position of US\$700 million. This strong overall financial performance is a direct result of the Company's investment in its powerful brands and global manufacturing footprint which positions the Group well for future growth, market share gains and continued profitability improvements.

Compensation delivered to the Executive Directors, including the CEO, is conditional 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 both short-term and long-term results and in shareholder value creation. Executive compensation also takes into account the Company's overall progress on key sustainability priorities. These include efforts to reduce environmental impact, enhance product safety, and promote employee health and well-being. The Board considers performance against these objectives as part of its holistic assessment when determining annual and long-term incentive outcomes.

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 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. Mr Richman previously served as the Senior Group President of the flagship Milwaukee Tool business ("Milwaukee Tool") for over 17 years. 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 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 Executive 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 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 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 annual 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 of 400,000 Share Options if, in the Board's determination, certain corporate and individual performance goals are achieved.

Mr Richman's total compensation package is structured to recognize both short-term performance and sustained long-term results. It is intended to reward strong financial performance throughout his tenure as CEO of the Group while incentivizing him to:

- achieve the Board's short-term and long-term financial and operational objectives;
- advance the Group's strategic priorities and its continued profitable growth;
- align his compensation outcomes with the creation of long-term shareholder value; and
- encourage his ongoing leadership and service to the Company in his role as CEO.

Change in Information of Directors

Mr Robert Hinman Getz, an Independent Non-executive Director, was appointed as the lead Independent Non-executive Director of the Company with effect from March 31, 2025.

Change in Directors' Emoluments

Ms Caroline Christina Kracht and Mr Stephen Tsi Chuen Wong, both being Independent Non-executive Directors, were appointed as members of the Nomination Committee of the Company with effect from March 31, 2025, and will be entitled to the Nomination Committee fee which has been fixed by the Board.

Mr Andrew Philip Roberts and Ms Karen Ka Fai Ng, both being Independent Non-executive Directors, were appointed as members of the Remuneration Committee of the Company with effect from March 31, 2025, and will be entitled to the Remuneration Committee fee which has been fixed by the Board.

Mr Robert Hinman Getz, an Independent Non-executive Director, was appointed as the lead Independent Non-executive Director of the Company with effect from March 31, 2025, and will be entitled to the annual lead Independent Non-executive Director fee of US\$45,000 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

Effective risk management and internal control systems are vital to achieve long term goals of the Group through identifying and evaluating the Group's risks and formulating appropriate mitigating controls. The Board is responsible for continuously monitoring and reviewing key internal control policies which include delegated authorities, non-audit services, treasury matters, policy on market disclosure and investor and media relations, as well as key risk management functions which include legal, insurance, human resources, capital management, treasury, IT, cyber security and Environmental, Health and Safety (EHS). 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 essential 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 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 conducts an annual risk assessment, supplemented by ongoing risk monitoring, to develop and adjust, as needed, the Group's audit plan.

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 any 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 2025 included:

- 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 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; and
- 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 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. The Board also confirms that the Group has adequate resources, qualified staff, appropriate experience, and sufficient budget for its accounting, financial reporting and internal audit functions.

External Auditor

Deloitte Touche Tohmatsu, the external auditor of the Group, provided the following audit and non-audit services to the Group in 2025:

Nature of Services	Amount (US\$ million)
External Audit Services	3.17
Taxation Services	0.41
Other Services	0.58

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 2025 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. In 2025, Directors and management of the Company conducted frequent meetings with investors and shareholders by means of roadshows, results announcements, conferences, private meetings and the Annual General Meeting. Such meetings offer shareholders an opportunity to express their views and engage with the Board and management of the Company, while the question-and-answer sessions at the Annual General Meeting promote constructive dialogue. 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

The Board proposed amendments to the Articles and a special resolution was passed at the 2025 Annual General Meeting for the purpose of (i) bringing the Articles in line with the latest legal and regulatory requirements under the Companies Ordinance and the Listing Rules which enable the Company to hold shares bought back in the treasury for future resell or transfer under certain conditions; (ii) allowing (but not requiring) general meetings to be convened and held as hybrid or electronic meetings; (iii) setting out the related powers of the Board and the chairman of the general meetings to make arrangements for attendance and voting at general meetings and to maintain the proper and orderly conduct at general meetings; (iv) removing the age limit of the Directors; and (v) making consequential and other housekeeping amendments to the Articles. 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;
- share buy-back programs and plans;
- 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 dividends 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 2025

A summary of attendance of Board, Board committee and general meetings in 2025 are detailed in the following table:

	Meetings attended/Held in 2025				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
Number of meeting(s) held during the year	5	4	3	4	1
Group Executive Directors					
Mr Horst Julius Pudwill	5/5		3/3		1/1
Mr Stephan Horst Pudwill	5/5				1/1
Mr Steven Philip Richman	5/5				1/1
Mr Kin Wah Chan	5/5				1/1
Mr Chi Chung Chan	5/5				1/1
Mr Camille Jojo	5/5				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	3/3		1/1
Mr Robert Hinman Getz	5/5	4/4	3/3	4/4	1/1
Ms Virginia Davis Wilmerding	5/5		3/3	4/4	1/1
Ms Caroline Christina Kracht ⁽¹⁾	5/5	4/4	2/2		1/1
Mr Andrew Philip Roberts ⁽²⁾	5/5	4/4		3/3	1/1
Ms Karen Ka Fai Ng ⁽³⁾	5/5			3/3	1/1
Mr Stephen Tsi Chuen Wong ⁽⁴⁾	5/5		2/2		1/1
Date(s) of meeting(s)	16.1.2025	3.3.2025	3.3.2025	3.3.2025	9.5.2025
	4.3.2025	8.5.2025	4.8.2025	8.5.2025	
	8.5.2025	4.8.2025	6.11.2025	4.8.2025	
	5.8.2025	6.11.2025		6.11.2025	
	6.11.2025				

Notes:

- (1) Ms Caroline Christina Kracht was appointed as a member of the Nomination Committee with effect from March 31, 2025.
- (2) Mr Andrew Philip Roberts was appointed as a member of the Remuneration Committee with effect from March 31, 2025.
- (3) Ms Karen Ka Fai Ng was appointed as a member of the Remuneration Committee with effect from March 31, 2025.
- (4) Mr Stephen Tsi Chuen Wong was appointed as a member of the Nomination Committee with effect from March 31, 2025.

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, 2025.

Principal Activities and Business Review

The Company acts as an investment holding company.

The respective principal activities, issued share capital and debt securities of the Company's principal subsidiaries and an associate are set out in Notes 50 and 51 to the consolidated financial statements.

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 "Executive Chairman's Statement", "Chief Executive Officer's Message", "Review of Operations", "Management's Discussion and Analysis", "Corporate Governance Report", "Consolidated Financial Statements", "Notes to the Consolidated Financial Statements" 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.

The following parts are set out in Notes 47, 38, 41 and 40 to the consolidated financial statements respectively: (i) related party transactions under Chapter 14A of the Listing Rules; (ii) particulars of loans and borrowings; (iii) information of pension schemes of the Company; and (iv) reserves available for distribution to the shareholders of the Company as at December 31, 2025.

During the year, there were no (i) advance to an entity under Rule 13.20 of the Listing Rules; (ii) loan agreements with covenants relating to specific performance of the controlling shareholders of the Company under Rule 13.21 of the Listing Rules; (iii) breach of loan agreements by the Company under Rule 13.21 of the Listing Rules; (iv) financial assistance and guarantees to affiliated companies of the Company under Rule 13.22 of the Listing Rules; (v) guarantee regarding the financial performance of a company or business acquired under Rule 14.36B and/or Rule 14A.63 of the Listing Rules; (vi) material difference between net income shown in the financial statements and any profit forecast published the Company; (vii) authorized loans under Schedule 4 to the Companies Ordinance; and (viii) issuance of debentures. Major customers and suppliers of the Company are set out in the "Management's Discussion and Analysis" section of this Annual Report, which includes discussion and analysis of the Group's performance.

Results and Appropriations

The results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 100. A comparative table of the published results and of the assets and liabilities of the Group for the last five financial years can be found in the "Financial Summary" section of this Annual Report.

An interim dividend of HK125.00 cents (approximately US16.09 cents) per share amounting to approximately US\$294,497,000 was paid to the shareholders during the year.

The directors recommend the payment of a final dividend of HK132.00 cents (approximately US16.99 cents) per share to the shareholders on the register of members on May 18, 2026, amounting to approximately US\$310,754,000.

Property, Plant and Equipment

The Group continued to expand its business and during the year spent approximately US\$727,000 on moulds and tooling, office equipment, furniture and fixtures for approximately US\$12,242,000 and plant and machinery for approximately US\$43,275,000. Details of these and other movements in the property, plant and equipment of the Group 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 and monthly breakdown of purchases of shares are set out in Notes 39 to the consolidated financial statements.

Other than 2,425,000 shares and 1,675,000 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 "Share Award Scheme" section in this Report of the Directors) and the Employee Equity Incentive Plan (details of which are set out in "Employee Equity Incentive Plan" section in this Report of the Directors) respectively, a total of 3,500,000 ordinary shares were bought back by the Company during the year at prices ranging from HK\$83.55 to HK\$106.20 per share. The consideration paid by the Company for such buy-backs of the shares of approximately US\$41,728,000 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.

During the year, no issue of shares nor sale of treasury shares for cash (other than under a share scheme that complies with Chapter 17 of the Listing Rules), and thus no proceeds were derived from such issue or sale. 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. As at December 31, 2025, the Company did not hold any treasury shares.

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, *Executive Chairman*
 Mr Stephan Horst Pudwill, *Executive Vice Chairman*
 Mr Steven Philip Richman, *Chief Executive Officer*
 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

In accordance with Article 107(A) of the Articles, Mr Horst Julius Pudwill, Mr Peter David Sullivan, Mr Johannes-Gerhard Hesse, Ms Virginia Davis Wilmerding and Mr Andrew Philip Roberts will retire at the forthcoming Annual General Meeting, 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.

Emoluments of the Directors (including agreement of waiver if any) and the five highest paid individuals of the Company for the year ended December 31, 2025 are set out in Notes 12 and 13 to the consolidated financial statements, respectively. Benefits of the Directors under Companies (Disclosure of Information about Benefits of Directors) Regulation (Chapter 622G of the Laws of Hong Kong) for the year ended December 31, 2025 are set out in Note 12 to the consolidated financial statements. During the year, no Director has resigned.

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, 2025 and during the period from January 1, 2026 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, 2025, 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	147,719,500 ⁽²⁾	1,305,500	399,952,294	21.86%
	Interests of spouse	34,767,500	—		
	Interests of controlled corporation	216,159,794 ⁽³⁾	—		
Mr Stephan Horst Pudwill	Beneficial owner	5,534,500 ⁽⁴⁾	5,550,000	11,084,500	0.61%
Mr Steven Philip Richman	Beneficial owner	1,278,775 ⁽⁵⁾	800,000	2,078,775	0.11%
Mr Kin Wah Chan	Beneficial owner	1,066,000 ⁽⁶⁾	5,250,000	6,316,000	0.35%
Mr Chi Chung Chan	Beneficial owner	1,425,000 ⁽⁷⁾	5,550,000	6,975,000	0.38%
Mr Camille Jojo	Beneficial owner	666,500 ⁽⁸⁾	501,000	1,167,500	0.06%
Mr Peter David Sullivan	Beneficial owner	430,000 ⁽⁹⁾	179,000	609,000	0.03%
Mr Johannes-Gerhard Hesse	Beneficial owner	210,000 ⁽¹⁰⁾	376,000	586,000	0.03%
Mr Robert Hinman Getz	Beneficial owner	140,674 ⁽¹¹⁾	254,000	394,674	0.02%
Ms Virginia Davis Wilmerding	Beneficial owner	65,000 ⁽¹²⁾	129,500	194,500	0.01%
Ms Caroline Christina Kracht	Beneficial owner	52,500 ⁽¹³⁾	100,000	152,500	0.01%
Mr Andrew Philip Roberts	Beneficial owner	40,000 ⁽¹⁴⁾	40,000	80,000	less than 0.01%
Ms Karen Ka Fai Ng	Beneficial owner	20,000 ⁽¹⁵⁾	20,000	40,000	less than 0.01%
Mr Stephen Tsi Chuen Wong	Beneficial owner	20,000 ⁽¹⁶⁾	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 662,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Horst Julius Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.

- (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 375,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Stephan Horst Pudwill's awarded shares are set out in the section headed "Share Award Scheme" below.

- (5) These included Mr Steven Philip Richman's interests in 1,000,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Steven Philip Richman's awarded shares are set out in the section headed "Share Award Scheme" below.
- (6) These included Mr Kin Wah Chan's interests in 375,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Kin Wah Chan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (7) These included Mr Chi Chung Chan's interests in 375,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Chi Chung Chan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (8) These included Mr Camille Jojo's interests in 561,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Camille Jojo's awarded shares are set out in the section headed "Share Award Scheme" below.
- (9) These included Mr Peter David Sullivan's interests in 20,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Peter David Sullivan's awarded shares are set out in the section headed "Share Award Scheme" below.
- (10) These included Mr Johannes-Gerhard Hesse's interests in 20,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Johannes-Gerhard Hesse's awarded shares are set out in the section headed "Share Award Scheme" below.
- (11) These included Mr Robert Hinman Getz's interests in 70,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Robert Hinman Getz's awarded shares are set out in the section headed "Share Award Scheme" below.
- (12) These included Ms Virginia Davis Wilmerding's interests in 65,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Ms Virginia Davis Wilmerding's awarded shares are set out in the section headed "Share Award Scheme" below.
- (13) These included Ms Caroline Christina Kracht's interests in 20,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Ms Caroline Christina Kracht's awarded shares are set out in the section headed "Share Award Scheme" below.
- (14) These included Mr Andrew Philip Roberts' interests in 40,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Andrew Philip Roberts' awarded shares are set out in the section headed "Share Award Scheme" below.
- (15) These included Ms Karen Ka Fai Ng's interests in 20,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Ms Karen Ka Fai Ng's awarded shares are set out in the section headed "Share Award Scheme" below.
- (16) These included Mr Stephen Tsi Chuen Wong's interests in 20,000 awarded shares which remained unvested under the share award scheme of the Company as of December 31, 2025. Details of Mr Stephen Tsi Chuen Wong's awarded shares are set out in the section headed "Share Award Scheme" below.

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, 2025. During the year, no incident of non-compliance of Rules 8.10(2)(b) and 8.10(2)(c) in directors' interests in competing business.

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 granted must be taken up within 21 days of the date of grant, upon payment of a 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: (i) the closing price of the shares on the date of offer of the share option; and (ii) 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, until the tenth anniversary of such date of grant. The exercise price is determined by the Directors of the Company, and shall 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:

Share Options (continued)

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 a 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 until the tenth anniversary of the date of grant. The subscription price shall be set at the highest of: (i) the closing price of the shares on the date of offer of the share option; and (ii) 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 amended scheme rules, 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 prudently 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 until 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⁾
	16.4.2025	E	—	250,000	—	—	250,000	74.900	16.4.2026 – 15.4.2035 ⁽⁹⁾
Mr Stephan Horst Pudwill	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⁾
	16.4.2025	E	—	150,000	—	—	150,000	74.900	16.4.2026 – 15.4.2035 ⁽⁵⁾
Mr Steven Philip Richman	19.8.2024	E	400,000	—	—	—	400,000	103.400	19.8.2025 – 18.8.2034 ⁽¹⁰⁾
	16.4.2025	E	—	400,000	—	—	400,000	74.900	16.4.2026 – 15.4.2035 ⁽¹⁰⁾
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	16.4.2025	E	—	150,000	—	—	150,000	74.900	16.4.2026 – 15.4.2035 ⁽⁵⁾
	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⁾
	16.4.2025	E	—	150,000	—	—	150,000	74.900	16.4.2026 – 15.4.2035 ⁽⁵⁾

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 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⁾
	16.4.2025	E	—	115,000	—	—	115,000	74.900	16.4.2026 – 15.4.2035 ⁽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⁾
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽³⁾
Mr Johannes-Gerhard Hesse	19.6.2017	E	95,000	—	(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⁾
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽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⁾
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽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⁾
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽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⁾
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽³⁾
Mr Andrew Philip Roberts	8.8.2024	E	20,000	—	—	—	20,000	97.700	8.8.2025 – 7.8.2034 ⁽³⁾
	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽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)									
Ms Karen Ka Fai Ng	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽³⁾
Mr Stephen Tsi Chuen Wong	16.4.2025	E	—	20,000	—	—	20,000	74.900	16.4.2026 – 15.4.2035 ⁽³⁾
Total for directors			19,045,000	1,375,000	(345,000)	—	20,075,000		
Employees									
	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 – 16.3.2027 ⁽⁴⁾
	14.3.2018	E	200,000	—	(60,000)	—	140,000	47.900	14.3.2019 – 13.3.2028 ⁽⁴⁾
	20.5.2019	E	194,000	—	—	—	194,000	51.080	20.5.2020 – 19.5.2029 ⁽⁴⁾
	22.12.2020	E	94,000	—	—	—	94,000	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⁾
	22.8.2023	E	750,000	—	—	—	750,000	81.050	20.5.2025 – 21.8.2033 ⁽¹¹⁾
	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⁾
	24.4.2025	E	—	150,000	—	—	150,000	78.050	24.4.2026 – 23.4.2035 ⁽⁵⁾
Total for employees			1,880,000	150,000	(60,000)	—	1,970,000		
Total for all categories			20,925,000	1,525,000	(405,000)	—	22,045,000		

Notes:

- (1) The number of options available for grant under Scheme D at the beginning and the end of the financial year ended December 31, 2025 was 117,281,565. The total number of shares available for issue under Scheme D are 117,281,565 shares, representing approximately 6.41% of the issued shares (excluding treasury shares) of the Company as at the date of this Annual Report.
- (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 options available for grant thereunder to service providers at the beginning and the end of the financial year ended December 31, 2025 was 18,347,979 shares. The number of options and awards available for grant under Scheme E and the 2018 Share Award Scheme (i) at the beginning and the end of the financial year ended December 31, 2025 were 158,011,294 and 154,461,294 respectively, and (ii) at the beginning and the end of the financial year ended December 31, 2024 were 163,085,794 and 158,011,294 respectively. The total number of shares available for issue under Scheme E are (i) 175,156,294 shares, representing approximately 9.58% of the issued shares (excluding treasury shares) of the Company as at the date of this Annual Report, and (ii) 177,336,294 shares, representing approximately 9.68% of the issued shares (excluding treasury shares) of the Company as at the date of the Annual Report for the financial year ended December 31, 2024.
- (3) All 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) 50% of the share options granted be vested on May 20, 2025 and the remaining 50% be vested on December 31, 2025.
- (12) The Company had 22,045,000 shares options outstanding, which represented approximately 1.21% of the issued shares of the Company as at December 31, 2025. 1,525,000 share options were granted during the year. No share option was cancelled or lapsed during the year. None of the grants of share options to any participants is in excess of the 1% individual limit.
- (13) The group recognized a total expenses of US\$6,528,000 (2024: US\$8,752,000) for the year ended December 31, 2025 in relation to share options granted by the Company.

Share Options (continued)

- (14) 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 “Share Award Scheme” section) and share options granted under Scheme E during the year divided by the weighted average number of shares in issue (excluding treasury shares, if any) for the year is 0.19%.
- (15) The weighted average closing price of the Company’s shares immediately before the various dates on which the share options were granted during 2025 was HK\$75.86 (2024: HK\$99.91).
- (16) The closing price of the Company’s shares immediately before the various dates on which the share options were granted ranged from HK\$75.50 to HK\$79.20 in 2025 (2024: ranged from HK\$94.75 to HK\$120.90).
- (17) The weighted average closing prices of the Company’s shares immediately before various dates during 2025 and 2024 on which the share options was exercised were HK\$95.70 (2024: HK\$98.68) respectively.
- (18) The fair value of the share options granted in 2025 measured at various dates on which the share options were granted was ranged from HK\$19.88 to HK\$20.78 (2024: ranged from HK\$26.91 to HK\$32.12). The weighted average fair value of the share options granted in 2025 was HK\$19.97 (2024: HK\$27.89) per option.

Save as disclosed above, no other person was granted share options for the year ended December 31, 2025.

Arrangements to Purchase Shares or Debentures

Other than as disclosed above and for satisfying the awarded shares granted under the Company’s 2018 Share Award Scheme and the Employee Equity Incentive Plan (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.

Shareholders’ Interests in Contracts of Significance, Dividends and Pledging of Shares

During the year, there are no (i) contracts of significance between the Company, or one of its subsidiary companies, and a controlling shareholder of the Company or any of its subsidiaries; (ii) arrangements under which a shareholder of the Company has waived or agreed to waive any dividends of the Company; and (iii) pledging of shares by the controlling shareholders of the Company under Rule 13.21 of the Listing Rules.

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 2018 Share Award Scheme and the Employee Equity Incentive Plan (details of which are set out in this Annual Report), the Group has not entered into any equity-linked agreements during the year.

Share Award Scheme

The Board currently has the 2018 Share Award Scheme in operation. 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). For 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 prudently assess whether performance targets, if any, are satisfied before vesting of awarded shares.

Share Award Scheme (continued)

Since the 2018 Adoption Date and up to December 31, 2025, a total of 19,725,500 shares had been awarded under the 2018 Share Award Scheme, representing 1.08% 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\$26,784,000. During the year ended December 31, 2025, a total of 2,025,000 shares had been awarded under the 2018 Share Award Scheme to fourteen Directors and one Selected Grantee of the Company, representing an aggregate of 0.11% 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\$24,653,000. In addition, during the year ended December 31, 2025, a total of 6,019,500 shares were transferred to six Directors and three Selected Grantees upon vesting under the 2018 Share Award Scheme. As at December 31, 2025, 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					Closing price at the Date of Award (HK\$)	Purchase price (HK\$)	
				As at January 1, 2025	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2025			
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	—	(18,500)	—	37,000	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
	16.4.2025	2018	250,000	—	250,000	—	—	250,000	16.4.2028	74.85	95.04
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
	16.4.2025	2018	150,000	—	150,000	—	—	150,000	16.4.2028	74.85	95.04
Mr Steven Philip Richman	19.8.2024	2018	800,000	800,000	—	(600,000)	—	200,000	19.8.2025 – 19.8.2026	103.40	108.29
	16.4.2025	2018	800,000	—	800,000	—	—	800,000	16.4.2026 – 16.4.2028	74.85	95.04
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
	16.4.2025	2018	150,000	—	150,000	—	—	150,000	16.4.2028	74.85	95.04
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
	16.4.2025	2018	150,000	—	150,000	—	—	150,000	16.4.2028	74.85	95.04

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares					Vesting Period	Closing price at the Date of Award (HK\$)	Purchase price (HK\$)
				As at January 1, 2025	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2025			
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	—	(166,500)	—	333,500	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
	16.4.2025	2018	115,000	—	115,000	—	—	115,000	16.4.2028	74.85	95.04
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	—	—	—	—	—	22.12.2024	92.50	111.23
	8.8.2024	2018	20,000	20,000	—	(20,000)	—	—	8.8.2025	97.70	113.76
	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04
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	—	—	—	—	—	2.5.2024 ⁽⁶⁾	154.90	115.13
	22.12.2023	2018	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
	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04
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	N/A ⁽¹⁰⁾	97.70	113.76
	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04
Ms Virginia Davis Wilmerding	30.12.2021	2018	12,500	12,500	—	—	—	12,500	N/A ⁽¹¹⁾	154.90	115.13
	22.12.2023	2018	12,500	12,500	—	—	—	12,500	N/A ⁽¹²⁾	92.50	111.23
	8.8.2024	2018	20,000	20,000	—	—	—	20,000	N/A ⁽¹³⁾	97.70	113.76
	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04
Ms Caroline Christina Kracht	22.12.2023	2018	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
	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04

Share Award Scheme (continued)

Share awards holders	Date of Award	Share award scheme category	Number of awarded shares	Number of awarded shares					Vesting Period	Closing price at the Date of Award (HK\$)	Purchase price (HK\$)
				As at January 1, 2025	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2025			
Directors (continued)											
Mr Andrew Philip Roberts	8.8.2024	2018	20,000	20,000	—	—	—	20,000	N/A ⁽¹⁴⁾	97.70	113.76
	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04
Ms Karen Ka Fai Ng	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04
Mr Stephen Tsi Chuen Wong	16.4.2025	2018	20,000	—	20,000	—	—	20,000	16.4.2026	74.85	95.04
Total for directors			7,477,500	2,693,000	1,775,000	(845,000)	—	3,623,000			
Employees	21.3.2018	2018	514,000	—	—	—	—	—	15.3.2019 – 15.3.2022	47.00	30.29
	20.5.2019	2018	1,100,000	—	—	—	—	—	20.5.2020 – 20.5.2024	50.20	45.30
	3.1.2020	2018	1,000,000	1,000,000	—	(1,000,000)	—	—	5.1.2025 ⁽¹⁵⁾	64.70	44.38
	21.12.2020	2018	1,000,000	—	—	—	—	—	21.12.2020 ⁽¹⁵⁾	107.00	44.55
	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
	21.12.2020	2018	10,000	—	—	—	—	—	21.12.2021 – 21.12.2022	107.00	44.55
	4.3.2021	2018	1,000,000	—	—	—	—	—	4.3.2021 ⁽¹⁵⁾	121.40	80.25
	4.3.2021	2018	1,000,000	1,000,000	—	(1,000,000)	—	—	5.1.2025 ⁽¹⁵⁾	121.40	80.25
	30.12.2021	2018	12,500	—	—	—	—	—	30.12.2022	154.90	115.13
	31.12.2021	2018	1,000,000	1,000,000	—	(1,000,000)	—	—	5.1.2025 ⁽¹⁵⁾	155.20	121.14
	3.3.2022	2018	1,000,000	—	—	—	—	—	3.3.2022 ⁽¹⁵⁾	136.10	130.19
	3.3.2022	2018	1,000,000	—	—	—	—	—	23.3.2023 ⁽¹⁵⁾	136.10	130.19
	30.12.2022	2018	1,000,000	1,000,000	—	(1,000,000)	—	—	5.1.2025 ⁽¹⁵⁾	87.10	142.95
	22.12.2023	2018	1,000,000	—	—	—	—	—	22.12.2024	92.50	111.23
	22.12.2023	2018	12,500	12,500	—	(12,500)	—	—	10.5.2025	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
	30.9.2024	2018	250,000	250,000	—	(83,000)	—	167,000	30.9.2025 – 30.9.2027	118.10	105.21
	24.4.2025	2018	250,000	—	250,000	—	—	250,000	24.4.2026 – 24.4.2028	78.05	91.45
Total for employees			12,248,000	5,341,500	250,000	(5,174,500)	—	417,000			
Total for all categories			19,725,500	8,034,500	2,025,000	(6,019,500)	—	4,040,000			

Notes:

- (1) All the awarded shares are purchased on-market. All awarded shares were granted to both Directors and the Selected Grantee during the year ended December 31, 2025. No share awards were cancelled or lapsed during the year ended December 31, 2025.
- (2) At the end of the year, the average fair value per share is HK\$101.68. The average fair value of the awarded shares is based on the average purchase cost.
- (3) During the reporting year, a total of 2,425,000 shares were purchased at an aggregate consideration of US\$29,174,000 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 and 2025 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 and 2025 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 20,000 shares which were awarded to Mr Robert Hinman Getz from August 8, 2025 to upon his 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 30, 2022 to upon her cessation as a director of the Company.
- (12) 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.
- (13) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 20,000 shares which were awarded to Ms Virginia Davis Wilmerding from August 8, 2025 to upon her cessation as a director of the Company.
- (14) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 20,000 shares which were awarded to Mr Andrew Philip Roberts from August 8, 2025 to upon his cessation as a director of the Company.
- (15) These 8,000,000 shares in aggregate were granted before January 1, 2023 and were subject to performance-based targets and clawback mechanisms.

The closing price of the Company's shares immediately before the various dates on which the share awards were granted ranged from HK\$75.50 to HK\$79.20 in 2025. The fair value of awarded shares at the date of grant in 2025 was ranged from HK\$91.45 to HK\$95.04.

The weighted average closing price of the Company's shares immediately before the various dates on which the share awards were vested during 2025 was HK\$101.23. 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 "Share Options" section) during 2025 divided by the weighted average number of shares in issue (excluding treasury shares, if any) for the year is 0.19%.

The total number of shares available for issue under the 2018 Share Award Scheme (i) are 158,471,294 shares, representing approximately 8.66% of the issued share (excluding treasury shares) of the Company as at the date of this Annual Report, and (ii) 162,015,794 shares, representing approximately 8.84% of the issued shares (excluding treasury shares) of the Company as at the date of the Annual Report for the financial year ended 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.

Share Award Scheme (continued)

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 (15) on page 87. 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 under the 2018 Share Award Scheme for the year ended December 31, 2025.

Employee Equity Incentive Plan

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

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

The Employee Equity Incentive Plan shall be administered by the Board or, in its sole discretion, by the Remuneration Committee of the Board or its delegate, in accordance with the terms of the Employee Equity Incentive Plan and subject to applicable law. The Board (or its delegate) will have full authority in its sole discretion and based on such factors as it shall consider relevant to, inter alia, (i) determine the eligibility of, and to select, any Employee to participate in the Employee Equity Incentive Plan (the "Selected Participant"); (ii) the terms and conditions of any awards to be granted (including when an award are to be granted under the Employee Equity Incentive Plan and the applicable date of grant) (the "Grant Date"); (iii) the number of shares to be made subject to each award; and (iv) the vesting date of each award (the "Vesting Date").

The total number of shares which may be awarded under the Employee Equity Incentive Plan shall not exceed 2.00% of the shares in issue as at the Adoption Date (i.e. 36,631,498 Shares). Since the Adoption Date and up to December 31, 2025, a total of 1,680,943 shares had been awarded under the Employee Equity Incentive Plan. The maximum number of shares which may be awarded to any single Selected Participant under the Employee Equity Incentive Plan shall not exceed 1.00% of the shares in issue as at the Adoption Date (i.e. 18,315,749 Shares).

Awards may be granted under the Employee Equity Incentive Plan in the form of Restricted Stock Units (“RSUs”) or Performance Share Units (“PSUs”). A RSU is an award of hypothetical shares units valued at the higher of (i) closing price per share as quoted on the Stock Exchange on the Grant Date; and (ii) the average closing prices per share as quoted on the Stock Exchange for the five business days in Hong Kong immediately preceding the Grant Date (the “Fair Market Value”) of an identical number of shares as at the relevant Grant Date. The number of RSUs awarded to a Selected Participant will be determined by dividing the monetary value of the RSUs by the Fair Market Value of the shares represented thereby as at the Grant Date. A PSU is an award of hypothetical shares units valued at the Fair Market Value of an identical number of shares as at the relevant Grant Date. The number of PSUs awarded to a Selected Participant will be determined by dividing the monetary value of the PSUs by the Fair Market Value of the shares represented thereby as at the Grant Date.

Subject to the Selected Participant’s continuous service as an employee of a member of the Group (“Continuous Service”) from the Grant Date through the end of the vesting period identified in the award agreement and such other conditions as may be reflected therein, RSUs will generally vest over a three-year period commencing from the Grant Date as follows (unless otherwise stated in the award agreement): (i) 33% of the RSUs will vest on the first anniversary of the Grant Date; (ii) 33% of the RSUs will vest on the second anniversary of the Grant Date; and (iii) the remaining 34% of the RSUs will vest on the third anniversary of the Grant Date. The Board shall have the discretion to determine the number of shares subject to a PSU and the vesting conditions thereof that must be satisfied for a Selected Participant, including (i) the attainment of specified performance goals established by the Board for the relevant performance period based on business criteria or other performance measures determined by the Board (the “Performance Requirement”); and (ii) the Selected Participant’s Continuous Service from the Grant Date through the end of such performance period. Subject to any applicable law, the Board may provide for an acceleration of vesting of all or as specified part of an award immediately upon termination of a Selected Participant’s service or employment due to death, disability or terminal illness, or the occurrence of any other out of control events.

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

Subject to the Board’s approval and the availability of sufficient funds in the trust, a Selected Participant may elect to receive, in lieu of the delivery of a portion of the vested shares otherwise deliverable under an award on the Vesting Date, a cash amount equivalent to such Selected Participant’s estimated tax or withholding obligations related to the granting, vesting or settlement of such award, or the

Employee Equity Incentive Plan (continued)

transfer of the vested shares (the “Cash Equivalent”) by written notice no less than 20 business days in Hong Kong prior to the relevant Vesting Date (the “Cash Election”). The Cash Equivalent shall be calculated based on the closing price per share on the relevant Vesting Date as quoted on the Stock Exchange, multiplied by the number of shares that would otherwise have been so vested to the Selected Participant.

If approved by the Board in its sole discretion, it will (i) instruct the trustee to pay the Cash Equivalent directly to the Selected

Participant (except to the extent necessary to meet any governmental withholding obligation of the Company, the trust or an affiliate of the Company) entirely out of the funds in the trust; and (ii) correspondingly reduce the number of vested shares deliverable to the Selected Participant on the relevant Vesting Date. If a Cash Election is not submitted, or is rejected or deemed invalid, the award will remain to be vested in shares.

As at December 31, 2025, details of the awarded shares granted under the Employee Equity Incentive Plan were as follows:

Share awards holders	Date of Award	Category	Number of awarded shares						Vesting Period	Closing price at the Date of Award	Purchase price
			Number of awarded shares	As at January 1, 2025	Awarded during the year	Vested during the year	Lapsed during the year	As at December 31, 2025		(HK\$)	(HK\$)
Directors	N/A	N/A	—	—	—	—	—	—	N/A	N/A	N/A
Five highest paid individuals during 2025	3.7.2025	RSUs	501,626	—	501,626	—	—	501,626	3.7.2025 – 3.7.2028	88.55	91.40
Other employees in aggregate	3.7.2025	RSUs	1,179,317	—	1,179,317	—	—	1,179,317	3.7.2025 – 3.7.2028	88.55	91.40
Total			1,680,943	—	1,680,943	—	—	1,680,943			

Notes:

- (1) All the awarded shares under the Employee Equity Incentive Plan are purchased on-market.
- (2) All the awarded shares granted under the Employee Equity Incentive Plan during the year ended December 31, 2025 were RSUs. No PSUs were awarded under the Employee Equity Incentive Plan during the year ended December 31, 2025. No share awards under the Employee Equity Incentive Plan were cancelled or lapsed during the year ended December 31, 2025.
- (3) At the end of the year, the average fair value per share under the Employee Equity Incentive Plan is HK\$91.40. The average fair value of the awarded shares is based on the average purchase cost.
- (4) During the reporting year, a total of 1,675,000 shares were purchased at an aggregate consideration of US\$19,705,000 for satisfying the awards granted pursuant to the Employee Equity Incentive Plan.

The closing price of the Company's shares immediately before the various dates on which the share awards under the Employee Equity Incentive Plan were granted was HK\$87.50 in 2025. The fair value of awarded shares under the Employee Equity Incentive Plan at the date of grant in 2025 was HK\$91.40.

The total number of shares available for grant under the Employee Equity Incentive Plan as at the date of this Annual Report is 34,950,555 shares, which represents (i) approximately 1.91% of the issued share capital of the Company as at December 31, 2025; and (ii) approximately 1.91% of the issued share capital of the Company as at the date of this Annual Report.

Save as disclosed above, no other person was granted share awards under the Employee Equity Incentive Plan for the year ended December 31, 2025.

Substantial Shareholders' Interests

As at December 31, 2025, 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⁾	161,133,830	(L)	8.81%
	2,732,221	(S)	0.15%
	107,436,326	(LP)	5.87%
The Bank of New York Mellon Corporation ⁽²⁾	139,955,933	(L)	7.65%
	53,212,995	(S)	2.91%
	82,176,444	(LP)	4.49%
BlackRock, Inc. ⁽³⁾	92,602,298	(L)	5.06%
	980,000	(S)	0.05%

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

Notes:

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

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
JPMorgan Chase & Co.	(1a)	—	—	161,133,830	(L)	8.81%
		—	—	2,732,221	(S)	0.15%
		—	—	107,436,326	(LP)	5.87%
JPMorgan Asset Management (Taiwan) Limited	(1b)	47,000	(L)	—	—	0.00%
55I, LLC	(1b)	1,105	(L)	—	—	0.00%
J.P. Morgan SE	(1b)	6,000	(L)	—	—	0.00%
J.P. MORGAN MARKETS LIMITED	(1b)	438	(L)	—	—	0.00%
J.P. Morgan Securities LLC	(1b)	5,669,779	(L)	—	—	0.31%
		1,565	(S)	—	—	0.00%
JPMORGAN ASSET MANAGEMENT (UK) LIMITED	(1b)	1,661,913	(L)	—	—	0.09%
		160	(S)	—	—	0.00%
J.P. Morgan Investment Management Inc.	(1b)	35,617,144	(L)	—	—	1.95%
J.P. Morgan Prime Inc.	(1b)	362,780	(L)	—	—	0.02%
		335,500	(S)	—	—	0.02%
JPMorgan Asset Management (Japan) Limited	(1b)	120,700	(L)	—	—	0.01%
J.P. Morgan Trust Company of Delaware	(1b)	83,743	(L)	—	—	0.00%
JPMorgan Chase Bank, National Association	(1b)	109,415,717	(L)	—	—	5.98%
J.P. Morgan Alternative Asset Management, Inc.	(1b)	1,000	(S)	—	—	0.00%
JPMorgan Asset Management (Asia Pacific) Limited	(1b)	1	(L)	—	—	0.00%
		1	(S)	—	—	0.00%
J.P. Morgan (Suisse) SA	(1b)	55,500	(L)	—	—	0.00%
J.P. MORGAN SECURITIES PLC	(1b)	8,092,010	(L)	—	—	0.44%
		2,393,995	(S)	—	—	0.13%
JPMorgan Asset Management (Asia) Inc.	(1b)	—	—	167,701	(L)	0.01%
		—	—	1	(S)	0.00%
JPMorgan Asset Management Holdings Inc.	(1b)	—	—	37,447,863	(L)	2.05%
		—	—	1,161	(S)	0.00%

Substantial Shareholders' Interests (continued)

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
JPMorgan Chase Holdings LLC	(1b)	—	—	43,564,603	(L)	2.38%
		—	—	338,226	(S)	0.02%
55 Institutional Partners, LLC	(1b)	—	—	1,105	(L)	0.00%
J.P. Morgan International Finance Limited	(1b)	—	—	8,153,510	(L)	0.45%
		—	—	2,393,995	(S)	0.13%
JPMorgan Chase Bank, National Association	(1b)	—	—	8,153,510	(L)	0.45%
		—	—	2,393,995	(S)	0.13%
J.P. MORGAN FINANCIAL INVESTMENTS LIMITED	(1b)	—	—	438	(L)	0.00%
J.P. Morgan Broker-Dealer Holdings Inc.	(1b)	—	—	6,032,559	(L)	0.33%
		—	—	337,065	(S)	0.02%
JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED	(1b)	—	—	1,661,913	(L)	0.09%
		—	—	160	(S)	0.00%
J.P. Morgan Securities LLC	(1b)	—	—	362,780	(L)	0.02%
		—	—	335,500	(S)	0.02%
J.P. MORGAN CAPITAL HOLDINGS LIMITED	(1b)	—	—	8,092,010	(L)	0.44%
		—	—	2,393,995	(S)	0.13%

Remarks:

- (1a) JPMorgan Chase & Co. is listed on New York Stock Exchange. The capacity of JPMorgan Chase & Co. in holding the 161,133,830 shares of long position, 2,732,221 shares of short position and 107,436,326 shares of lending pool respectively was as controlled corporation.
- (1b) JPMorgan Asset Management (Taiwan) Limited, 55I, LLC, J.P. Morgan SE, J.P. MORGAN MARKETS LIMITED, J.P. Morgan Securities LLC, JPMORGAN ASSET MANAGEMENT (UK) LIMITED, J.P. Morgan Investment Management Inc., J.P. Morgan Prime Inc., JPMorgan Asset Management (Japan) Limited, J.P. Morgan Trust Company of Delaware, JPMorgan Chase Bank, National Association, J.P. Morgan Alternative

Asset Management, Inc., 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 FINANCIAL INVESTMENTS LIMITED, J.P. Morgan Broker-Dealer Holdings Inc., JPMORGAN ASSET MANAGEMENT INTERNATIONAL LIMITED, J.P. Morgan Securities LLC 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:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
The Bank of New York Mellon Corporation	(2a)	—	—	139,955,933	(L)	7.65%
		—	—	53,212,995	(S)	2.91%
		—	—	82,176,444	(LP)	4.49%
The Bank of New York Mellon	(2b)	139,603,278	(L)	—	—	7.63%
		53,212,995	(S)	—	—	2.91%
BNY Mellon, National Association	(2b)	79,110	(L)	—	—	0.00%
B.N.Y. Holdings (Delaware) Corporation	(2b)	—	—	525	(L)	0.00%
BNY Mellon Trust of Delaware	(2b)	525	(L)	—	—	0.00%
The Bank of New York Mellon	(2b)	—	—	273,020	(L)	0.01%
BNY International Financing Corporation	(2b)	—	—	273,020	(L)	0.01%
BNY Mellon Corporate Trustee Services Limited	(2b)	273,020	(L)	—	—	0.01%

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 139,955,933 shares of long position, 53,212,995 shares of short position and 82,176,444 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, BNY Mellon Trust of Delaware, The Bank of New York Mellon, BNY International Financing Corporation and BNY Mellon Corporate Trustee Services Limited 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 BlackRock, Inc.:

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
BlackRock, Inc.	(3a)	—	—	92,602,298	(L)	5.06%
		—	—	980,000	(S)	0.05%
BlackRock Finance, Inc.	(3b)	—	—	92,602,298	(L)	5.06%
		—	—	980,000	(S)	0.05%
Trident Merger, LLC	(3b)	—	—	2,709,206	(L)	0.15%
BlackRock Investment Management, LLC	(3b)	—	—	1,356,306	(L)	0.07%
		1,352,500	(L)	—	—	0.07%
BlackRock Holdco 2, Inc.	(3b)	—	—	89,893,092	(L)	4.91%
		—	—	980,000	(S)	0.05%
BlackRock Financial Management, Inc.	(3b)	—	—	86,484,436	(L)	4.73%
		—	—	217,500	(S)	0.01%
		3,408,656	(L)	—	—	0.19%
		762,500	(S)	—	—	0.04%
BlackRock Holdco 4, LLC	(3b)	—	—	46,246,392	(L)	2.53%
		—	—	217,500	(S)	0.01%
BlackRock Holdco 6, LLC	(3b)	—	—	46,246,392	(L)	2.53%
		—	—	217,500	(S)	0.01%
BlackRock Delaware Holdings Inc.	(3b)	—	—	46,246,392	(L)	2.53%
		—	—	217,500	(S)	0.01%
BlackRock Institutional Trust Company, National Association	(3b)	20,229,112	(L)	—	—	1.11%
		217,500	(S)	—	—	0.01%
BlackRock Fund Advisors	(3b)	26,017,280	(L)	—	—	1.42%
BlackRock Capital Holdings, Inc.	(3b)	—	—	5,555,131	(L)	0.30%
BlackRock Advisors, LLC	(3b)	5,555,131	(L)	—	—	0.30%
BlackRock International Holdings, Inc.	(3b)	—	—	34,682,913	(L)	1.90%
BR Jersey International Holdings L.P.	(3b)	—	—	33,146,322	(L)	1.81%
BlackRock Lux Finco S.à r.l.	(3b)	—	—	4,692,360	(L)	0.26%
BlackRock Japan Holdings GK	(3b)	—	—	4,692,360	(L)	0.26%
BlackRock Japan Co., Ltd.	(3b)	4,692,360	(L)	—	—	0.26%
BlackRock Holdco 3, LLC	(3b)	—	—	22,869,548	(L)	1.25%
BlackRock Canada Holdings ULC	(3b)	—	—	1,536,591	(L)	0.08%
BlackRock Asset Management Canada Limited	(3b)	1,536,591	(L)	—	—	0.08%
BlackRock Australia Holdco Pty. Ltd.	(3b)	—	—	1,801,000	(L)	0.10%
BlackRock Investment Management (Australia) Limited	(3b)	1,801,000	(L)	—	—	0.10%
BlackRock (Singapore) Holdco Pte. Ltd.	(3b)	—	—	8,475,774	(L)	0.46%
BlackRock HK Holdco Limited	(3b)	—	—	7,876,833	(L)	0.43%
BlackRock Asset Management North Asia Limited	(3b)	3,184,473	(L)	—	—	0.17%
BlackRock Cayman 1 LP	(3b)	—	—	22,869,548	(L)	1.25%
BlackRock Cayman West Bay Finco Limited	(3b)	—	—	22,869,548	(L)	1.25%
BlackRock Cayman West Bay IV Limited	(3b)	—	—	22,869,548	(L)	1.25%
BlackRock Group Limited	(3b)	—	—	22,869,548	(L)	1.25%
BlackRock Finance Europe Limited	(3b)	—	—	12,882,775	(L)	0.70%
BlackRock (Netherlands) B.V.	(3b)	3,585,683	(L)	—	—	0.20%

Name	Remarks	Total interests in shares				Approximate percentage of interests
		Direct interests	(L/S/LP)*	Deemed interests	(L/S/LP)*	
BlackRock Advisors (UK) Limited	(3b)	419,802	(L)	—	—	0.02%
BlackRock International Limited	(3b)	—	—	610,894	(L)	0.03%
		41,500	(L)	—	—	0.00%
BlackRock France SAS	(3b)	3,500	(L)	—	—	0.00%
BlackRock Group Limited-Luxembourg Branch	(3b)	—	—	9,330,879	(L)	0.51%
BlackRock Luxembourg Holdco S.à r.l.	(3b)	—	—	9,330,879	(L)	0.51%
BlackRock Investment Management Ireland Holdings Unlimited Company	(3b)	—	—	7,394,879	(L)	0.40%
BlackRock Asset Management Ireland Limited	(3b)	7,394,879	(L)	—	—	0.40%
BLACKROCK (Luxembourg) S.A.	(3b)	1,873,000	(L)	—	—	0.10%
BlackRock Investment Management (UK) Limited	(3b)	—	—	5,072,808	(L)	0.28%
		3,804,482	(L)	—	—	0.21%
BlackRock Fund Managers Limited	(3b)	5,072,808	(L)	—	—	0.28%
BlackRock Life Limited	(3b)	610,894	(L)	—	—	0.03%
BlackRock (Singapore) Limited	(3b)	598,941	(L)	—	—	0.03%
BlackRock UK Holdco Limited	(3b)	—	—	63,000	(L)	0.00%
BlackRock Asset Management Schweiz AG	(3b)	63,000	(L)	—	—	0.00%
EG Holdings Blocker, LLC	(3b)	—	—	1,356,306	(L)	0.07%
Amethyst Intermediate, LLC	(3b)	—	—	1,356,306	(L)	0.07%
Aperio Holdings, LLC	(3b)	—	—	1,356,306	(L)	0.07%
		—	—	1,356,306	(L)	0.07%
Aperio Group, LLC	(3b)	1,356,306	(L)	—	—	0.07%
Web Holdings, LLC	(3b)	—	—	400	(L)	0.00%
SpiderRock Advisors, LLC	(3b)	400	(L)	—	—	0.00%

Remarks:

- (3a) BlackRock, Inc. is listed on New York Stock Exchange. The capacity of BlackRock, Inc. in holding the 92,602,298 shares of long position and 980,000 shares of short position respectively was as controlled corporation.
- (3b) BlackRock Finance, Inc., Trident Merger, LLC, BlackRock Investment Management, LLC, BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Institutional Trust Company, National Association, BlackRock Fund Advisors, BlackRock Capital Holdings, Inc., BlackRock Advisors, LLC, BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Lux Finco S.à r.l., BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd., BlackRock Holdco 3, LLC, BlackRock Canada Holdings ULC, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited, BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman

West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock (Netherlands) B.V., BlackRock Advisors (UK) Limited, BlackRock International Limited, BlackRock France SAS, BlackRock Group Limited-Luxembourg Branch, BlackRock Luxembourg Holdco S.à r.l., BlackRock Investment Management Ireland Holdings Unlimited Company, BlackRock Asset Management Ireland Limited, BLACKROCK (Luxembourg) S.A., BlackRock Investment Management (UK) Limited, BlackRock Fund Managers Limited, BlackRock Life Limited, BlackRock (Singapore) Limited, BlackRock UK Holdco Limited, BlackRock Asset Management Schweiz AG, EG Holdings Blocker, LLC, Amethyst Intermediate, LLC, Aperio Holdings, LLC, Aperio Group, LLC, Web Holdings, LLC and SpiderRock Advisors, LLC were all directly or indirectly owned by BlackRock, Inc. and by virtue of the SFO, BlackRock, 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, 2025.

Connected Transactions

On April 16, 2025, 800,000 shares in the Company have been granted as awarded shares under the 2018 Share Award Scheme of the Company to Chief Executive Officer, Mr Steven Philip Richman, 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 awards of 800,000 shares to him on August 19, 2024. The awarded shares are to be vested on the 1st anniversary, 2nd anniversary and 3rd anniversary of the date of grant respectively, subject to performance targets. Details of such grant and the vesting terms are set out in the “Share Award Scheme” section and the Company’s announcement dated April 16, 2025.

The above grant serve as a recognition and reward of Mr Richman’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, 2025.

Donations

During the year, the Group made charitable and other donations totalling US\$1,940,000.

Auditor

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs Deloitte Touche Tohmatsu as auditor of the Company. There is no change of auditor of the Company in preceding three years.

Horst Julius Pudwill

Executive Chairman

Hong Kong

March 3, 2026

INDEPENDENT AUDITOR'S REPORT



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 178, which comprise the consolidated statement of financial position as at December 31, 2025, 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, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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”), as applicable to audits of financial statements of public interest entities. We have also 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

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 are associated with a high degree of estimation and judgement.

As disclosed in Note 10 to the consolidated financial statements, as at December 31, 2025, the Group has recognized US\$104.2 million of income tax expense in the consolidated statement of profit or loss.

How our Audit Addressed the Key Audit Matter

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 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; and
- Evaluating and challenging the adequacy of management's key assumptions with the assistance of our tax specialists and read the latest correspondence with the tax authorities to assess management's estimates.

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 HKFRS Accounting Standards as 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 HKSA's 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 HKSA's, 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. Keung, To Wai, David (practicing certificated number: P04578).

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
March 3, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

	Notes	2025 US\$'000	2024 US\$'000
Revenue	6	15,259,533	14,621,616
Cost of sales		(8,967,596)	(8,726,060)
Gross profit		6,291,937	5,895,556
Other income	7	11,049	16,416
Interest income	8	63,032	72,295
Selling, distribution and advertising expenses		(2,718,771)	(2,503,697)
Administrative expenses		(1,491,139)	(1,489,877)
Research and development costs		(756,983)	(648,103)
Finance costs	9	(96,633)	(126,165)
Profit before share of result of an associate and taxation		1,302,492	1,216,425
Share of result of an associate		(10)	(31)
Profit before taxation		1,302,482	1,216,394
Taxation charge	10	(104,188)	(94,714)
Profit for the year attributable to Owners of the Company	11	1,198,294	1,121,680
Other comprehensive income (loss):			
Item that will not be reclassified subsequently to profit or loss, net of related income tax:			
Remeasurement of defined benefit obligations		1,513	(861)
Items that may be reclassified subsequently to profit or loss, net of related income tax:			
Fair value (loss) income on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting		(143,318)	97,960
Exchange differences on translation of foreign operations		160,548	(101,896)
Other comprehensive income (loss) for the year		18,743	(4,797)
Total comprehensive income for the year attributable to Owners of the Company		1,217,037	1,116,883
Earnings per share (US cents)	15		
Basic		65.61	61.43
Diluted		65.41	61.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	Notes	2025 US\$'000	2024 US\$'000
Non-current assets			
Property, plant and equipment	16	2,244,108	2,248,541
Right of use assets	17	739,047	797,097
Goodwill	18	606,699	602,899
Intangible assets	19	1,247,924	1,369,494
Interest in an associate	21	2,015	2,025
Financial assets at fair value through profit or loss	22	8,790	8,769
Deposits		69,000	90,500
Finance lease receivables	23	—	3,685
Derivative financial instruments	29	8,800	8,785
Deferred tax assets	42	82,521	59,330
		5,008,904	5,191,125
Current assets			
Inventories	24	4,451,941	4,076,210
Right to returned goods asset	25	12,209	14,208
Trade and other receivables	26	2,005,331	1,993,138
Deposits and prepayments		193,542	199,440
Bills receivable	27	11,009	11,770
Finance lease receivables	23	3,721	7,566
Tax recoverable		13,510	3,950
Trade receivables from an associate	28	11,071	6,031
Derivative financial instruments	29	8,287	132,133
Financial assets at fair value through profit or loss	22	31,750	22,571
Bank balances, deposits and cash	30	1,677,729	1,232,347
		8,420,100	7,699,364
Current liabilities			
Trade and other payables	31	4,019,452	3,849,627
Bills payable	32	13,201	21,420
Warranty provision	33	287,327	252,752
Tax payable		133,039	90,830
Derivative financial instruments	29	52,973	17,119
Lease liabilities	34	155,024	150,844
Discounted bills with recourse	35	2,589	3,238
Unsecured borrowings – due within one year	38	345,063	509,850
Refund liabilities from right of return	25	25,153	23,354
		5,033,821	4,919,034
Net current assets		3,386,279	2,780,330
Total assets less current liabilities		8,395,183	7,971,455

	Notes	2025 US\$'000	2024 US\$'000
Capital and Reserves			
Share capital	39	691,887	689,684
Reserves		6,266,567	5,673,913
Equity attributable to Owners of the Company and total equity		6,958,454	6,363,597
Non-current Liabilities			
Lease liabilities	34	626,586	682,603
Unsecured borrowings – due after one year	38	629,671	763,650
Retirement benefit obligations	41	45,713	43,570
Other payables	31	103,732	87,997
Deferred tax liabilities	42	31,027	30,038
		1,436,729	1,607,858
Total equity and non-current liabilities		8,395,183	7,971,455

The consolidated financial statements on pages 100 to 178 were approved and authorized for issue by the Board of Directors on March 3, 2026 and are signed on its behalf by:

Chi Chung Chan
Group Executive Director

Stephan Horst Pudwill
Executive Vice Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

	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, 2024	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
Profit for the year	—	—	—	—	—	—	1,198,294	1,198,294
Remeasurement of defined benefit obligations	—	—	—	—	1,619	—	—	1,619
Fair value loss on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting	—	—	—	—	—	(151,692)	—	(151,692)
Deferred tax liability on remeasurement of defined benefit obligations	—	—	—	—	(106)	—	—	(106)
Deferred tax asset on hedging reserve	—	—	—	—	—	8,374	—	8,374
Exchange differences on translation of foreign operations	—	—	160,548	—	—	—	—	160,548
Other comprehensive income (loss) for the year	—	—	160,548	—	1,513	(143,318)	—	18,743
Total comprehensive income (loss) for the year	—	—	160,548	—	1,513	(143,318)	1,198,294	1,217,037
Shares issued on exercise of options	2,203	—	—	(435)	—	—	—	1,768
Buy-back and cancellation of shares	—	—	—	—	—	—	(41,728)	(41,728)
Vesting of awarded shares	—	77,189	—	(77,189)	—	—	—	—
Shares for share award scheme	—	(48,879)	—	—	—	—	—	(48,879)
Recognition of share-based payments	—	—	—	39,310	—	—	—	39,310
Final dividend – 2024	—	—	—	—	—	—	(278,154)	(278,154)
Interim dividend – 2025	—	—	—	—	—	—	(294,497)	(294,497)
At December 31, 2025	691,887	(77,096)	(191,827)	91,620	8,209	(45,378)	6,481,039	6,958,454

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025 US\$'000	2024 US\$'000
Operating Activities		
Profit before taxation	1,302,482	1,216,394
Adjustments for:		
Amortization/write-off of intangible assets	422,597	323,801
Depreciation of property, plant and equipment	278,888	281,198
Depreciation of right of use assets	167,921	174,517
Fair value loss (gain) on foreign currency forward contracts	7,966	(10,217)
Fair value gain on acquisition right of certain property, plant and equipment	(15)	(701)
Impairment loss of property, plant and equipment	1,409	13,342
Fair value (gain) loss on listed equity securities	(4,655)	5,947
Finance costs	96,633	126,165
Gain on disposal of listed equity securities	(137)	—
Gain on early termination of leases	(111)	(95)
Loss on sub-lease modification	—	1,331
Impairment loss on right of use assets	1,574	—
Impairment loss on trade receivables under expected credit loss model	23,510	31,828
Interest income	(63,032)	(72,295)
Loss on disposal of property, plant and equipment	18,496	17,541
Share-based payments expense	39,310	58,811
Share of result of an associate	10	31
Write down of inventories	78,919	41,376
Operating cash flows before movements in working capital	2,371,765	2,208,974
Increase in inventories	(387,780)	(68,437)
Decrease (increase) in trade and other receivables, deposits and prepayments	20,915	(231,683)
Decrease (increase) in right to returned goods asset	1,999	(5,474)
Decrease (increase) in bills receivable	761	(3,347)
(Increase) decrease in trade receivables from an associate	(5,040)	896
Increase in trade and other payables	181,044	562,813
Increase in refund liabilities from right of return	1,799	7,139
(Decrease) increase in bills payable	(8,219)	2,996
Increase in warranty provision	22,756	22,177
Increase (decrease) in retirement benefit obligations	3,762	(3,809)
Net payment for purchase of shares for share award scheme	(48,879)	(39,448)
Cash generated from operations	2,154,883	2,452,797
Interest paid	(96,633)	(126,165)
Hong Kong Profits Tax paid	(1,043)	(1,992)
Overseas tax paid	(79,253)	(58,902)
Hong Kong Profits Tax refunded	176	11
Overseas tax refunded	1,051	1,897
Net Cash from Operating Activities	1,979,181	2,267,646

	Note	2025 US\$'000	2024 US\$'000
Investing Activities			
Additions to intangible assets		(300,904)	(394,905)
Interest received		63,032	72,295
Payment for early termination of leases		(577)	(592)
Proceeds from disposal of listed equity securities		246	—
Proceeds from disposal of property, plant and equipment		5,798	9,493
Purchase of club membership debentures		(32)	(53)
Purchase of listed equity securities		(4,633)	(2,404)
Purchase of property, plant and equipment		(288,961)	(291,503)
Repayment in finance lease receivables		7,530	1,432
Net Cash used in Investing Activities		(518,501)	(606,237)
Financing Activities			
(Decrease) increase in discounted bills with recourse		(649)	530
Dividends paid	14	(572,651)	(486,103)
New unsecured borrowings obtained		4,674,289	4,451,895
Proceeds from issue of shares		1,768	3,425
Repayment of lease liabilities		(161,822)	(164,020)
Repayment of unsecured borrowings		(4,980,524)	(5,100,986)
Payment for buy-back of shares		(41,728)	(37,521)
Net Cash used in Financing Activities		(1,081,317)	(1,332,780)
Net Increase in Cash and Cash Equivalents		379,363	328,629
Cash and Cash Equivalents at Beginning of the Year		1,232,347	953,240
Effect of Foreign Exchange Rate Changes		66,019	(49,522)
Cash and Cash Equivalents at End of the Year		1,677,729	1,232,347
Analysis of the Balances of Cash and Cash Equivalents			
Represented by:			
Bank balances, deposits and cash		1,677,729	1,232,347
		1,677,729	1,232,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. General Information

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

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

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

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

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

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

Amendments to HKAS 21

Lack of Exchangeability

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

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

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

Amendments to HKAS 21

Translation to a Hyperinflationary Presentation Currency³

Amendments to HKFRS 9 and HKFRS 7

Amendments to the Classification and Measurement of Financial Instruments²

Amendments to HKFRS 9 and HKFRS 7

Contracts Referencing Nature Dependent Electricity²

Amendment to HKFRS 10 and HKAS 28

Sales or Contribution of Assets between an Investor and its Associate or Joint Venture¹

Amendments to HKFRS Accounting Standards

Annual Improvements to HKFRS Accounting Standards – Volume 11²

HKFRS 18

Presentation and Disclosure in Financial Statements³

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, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

Basis of Preparation of Consolidated Financial Statements

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

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

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

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

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

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

Material Accounting Policy Information

BASIS OF CONSOLIDATION

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

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

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

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

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

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

BUSINESS COMBINATIONS

Business Combinations

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

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

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

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

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

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

Material Accounting Policy Information (continued)

BUSINESS COMBINATIONS (continued)

Business Combinations (continued)

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

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

Goodwill

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

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

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

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

INTEREST IN AN ASSOCIATE

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

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

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

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

Material Accounting Policy Information (continued)

INTANGIBLE ASSETS

Intangible Assets Acquired Separately

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

Intangible Assets Acquired in a Business Combination

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

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

Internally-Generated Intangible Assets – Research and Development Expenditure

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

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

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

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

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

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

LEASES

Definition of a Lease

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

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

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

Material Accounting Policy Information (continued)

LEASES (continued)

The Group as a Lessee

Short-term Leases and Leases of Low-value Assets

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

ROU Assets

The cost of ROU assets includes:

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

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

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

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

Refundable Rental Deposits

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

Lease Liabilities

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

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

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

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

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

Material Accounting Policy Information (continued)

LEASES (continued)

The Group as a Lessee (continued)

Lease Modifications

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

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

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

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

The Group as a Lessor

Classification and measurement of leases

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

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

Sublease

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

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

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

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

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

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

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

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

Material Accounting Policy Information (continued)

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

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

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

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

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

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

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

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

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

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS

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

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

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

Financial Assets

Classification and Subsequent Measurement of Financial Assets

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

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

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

Amortized Cost and Interest Income

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

Financial Assets at FVTPL

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

Impairment of Financial Assets Subject to Impairment Assessment under HKFRS 9

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

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

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

Classification and Subsequent Measurement of Financial Assets (continued)

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

The Group always recognizes lifetime ECL for trade receivables.

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

(i) Significant Increase in Credit Risk

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

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

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

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

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

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

(ii) Definition of Default

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

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

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

Classification and Subsequent Measurement of Financial Assets (continued)

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

(iii) Credit-impaired Financial Assets

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

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

(iv) Write-off Policy

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

(v) Measurement and Recognition of ECL

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

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

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

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

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

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

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

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

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

Foreign exchange gains and losses

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

Specifically:

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

Financial Liabilities and Equity

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

Equity Instrument

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

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

Financial Liabilities at Amortized Cost

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

Financial Liabilities at FVTPL

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

A financial liability is held for trading if:

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

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS (continued)

Financial Liabilities and Equity (continued)

Financial Liabilities at FVTPL (continued)

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

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

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

Foreign exchange gains and losses

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

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

Derivative Financial Instruments

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

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

Hedge Accounting

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

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

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS (continued)

Financial Liabilities and Equity (continued)

Assessment of Hedging Relationship and Effectiveness

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

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

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

Cash Flow Hedges

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

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

Discontinuation of Hedge Accounting

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

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

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

Material Accounting Policy Information (continued)

FINANCIAL INSTRUMENTS (continued)

Derecognition of Financial Assets and Liabilities

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

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

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

PROVISIONS

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

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

INVENTORIES

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

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

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

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

Material Accounting Policy Information (continued)

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

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

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

REFUND LIABILITIES

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

SALE WITH A RIGHT OF RETURN/EXCHANGE

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

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

TAXATION

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

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

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

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

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

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

Material Accounting Policy Information (continued)

TAXATION (continued)

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

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

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

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

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

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

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

FOREIGN CURRENCIES

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

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

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

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

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

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

Material Accounting Policy Information (continued)

BORROWING COSTS

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

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

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

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

RETIREMENT BENEFIT SCHEMES

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

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

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

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

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

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

Material Accounting Policy Information (continued)

RETIREMENT BENEFIT SCHEMES (continued)

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

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

Defined benefit costs are categorized as follows:

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

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

SHORT-TERM AND OTHER LONG-TERM EMPLOYEE BENEFITS

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

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

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

4. Key Sources of Accounting Estimates

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

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

Key Sources of Estimation Uncertainty

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

Capitalization, Useful Lives and Estimated Impairment of Deferred Development Costs

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

Income Taxes

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

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

5. Segment Information

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

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

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

Segment Revenue and Results

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

For the year ended December 31, 2025

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

Inter-segment sales are charged at prevailing market rates.

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

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

5. Segment Information (continued)

Segment Revenue and Results (continued)

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

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

Other Segment Information

For the year ended December 31, 2025

Amounts included in the measure of segment results:

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

For the year ended December 31, 2024

Amounts included in the measure of segment results:

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

Revenue from Major Products

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

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

5. Segment Information (continued)

Geographical Information

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

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

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

Information about Major Customer

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

6. Revenue

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

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

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

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

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

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

7. Other Income

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

8. Interest Income

Interest income represents interest earned on bank deposits.

9. Finance Costs

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

10. Taxation Charge

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

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

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

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

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

10. Taxation Charge (continued)

The taxation charge for the year is reconciled as follows:

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

Details of deferred tax are set out in Note 42.

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

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

11. Profit for the Year

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

12. Directors' Emoluments

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

For the year ended December 31, 2025

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

For the year ended December 31, 2024

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

12. Directors' Emoluments (continued)

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

The bonuses were based on past performance of the Group.

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

13. Employees' Emoluments

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

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

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

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

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

14. Dividends

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

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

15. Earnings per Share

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

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

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

16. Property, Plant and Equipment

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

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

16. Property, Plant and Equipment (continued)

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

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

The carrying amounts of properties shown above comprise:

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

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

17. Right of Use Assets

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

17. Right of Use Assets (continued)

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

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

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

Leases Committed

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

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

18. Goodwill

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

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

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

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

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

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

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

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

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

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

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

Power Equipment – MET (“MET”)

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

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

Power Equipment – TTI OPE (“TTI OPE”)

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

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

Power Equipment – Drebo (“Drebo”)

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

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

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

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

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

21. Interest in an Associate

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

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

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

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

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

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

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

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

22. Financial Assets at FVTPL

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

Notes:

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

23. Finance Lease Receivables

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

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

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

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

Details of impairment assessment are set out in Note 37.2.4.

24. Inventories

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

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

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

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

26. Trade and Other Receivables

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

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

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

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

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

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

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

27. Bills Receivable

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

28. Trade Receivables from an Associate

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

29. Derivative Financial Instruments

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

Acquisition Right of Certain PP&E

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

Foreign Currency Forward Contracts

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

Foreign Currency Forward Contracts under Hedge Accounting

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

29. Derivative Financial Instruments (continued)

Foreign Currency Forward Contracts under Hedge Accounting (continued)

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

2025

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

2024

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

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

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

Foreign Currency Forward Contracts not under Hedge Accounting

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

2025

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

2024

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

30. Bank Balances, Deposits and Cash

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

31. Trade and Other Payables

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

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

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

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

32. Bills Payable

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

33. Warranty Provision

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

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

34. Lease Liabilities

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

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

35. Discounted Bills with Recourse

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

36. Capital Risk Management

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

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

Gearing Ratio

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

The gearing ratio at the year end was as follows:

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

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

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

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

37. Financial Instruments

37.1 Categories of Financial Instruments

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

37. Financial Instruments (continued)

37.2 Financial Risk Management Objectives and Policies

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

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

37.2.1 FOREIGN CURRENCY RISK MANAGEMENT

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

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

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

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

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

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

37. Financial Instruments (continued)

37.2 Financial Risk Management Objectives and Policies (continued)

37.2.1 FOREIGN CURRENCY RISK MANAGEMENT (continued)

Sensitivity Analysis

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

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

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

37.2.2 INTEREST RATE RISK MANAGEMENT

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

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

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

37. Financial Instruments (continued)**37.2 Financial Risk Management Objectives and Policies** (continued)**37.2.2 INTEREST RATE RISK MANAGEMENT** (continued)**Sensitivity analysis**

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

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

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

37.2.3 OTHER PRICE RISK

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

Sensitivity analysis

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

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

37.2.4 CREDIT RISK MANAGEMENT AND IMPAIRMENT ASSESSMENT

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

Trade receivables arising from contracts with customers

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

37. Financial Instruments (continued)**37.2 Financial Risk Management Objectives and Policies** (continued)**37.2.4 CREDIT RISK MANAGEMENT AND IMPAIRMENT ASSESSMENT** (continued)**Trade receivables arising from contracts with customers** (continued)

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

Bank balances and deposits

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

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

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

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

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

Notes:

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

37. Financial Instruments (continued)**37.2 Financial Risk Management Objectives and Policies** (continued)**37.2.4 CREDIT RISK MANAGEMENT AND IMPAIRMENT ASSESSMENT** (continued)

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

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

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

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

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

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

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

37. Financial Instruments (continued)

37.2 Financial Risk Management Objectives and Policies (continued)

37.2.5 LIQUIDITY RISK MANAGEMENT

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

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

Liquidity Tables

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

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

37. Financial Instruments (continued)

37.2 Financial Risk Management Objectives and Policies (continued)

37.2.5 LIQUIDITY RISK MANAGEMENT (continued)

Liquidity Tables (continued)

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

37. Financial Instruments (continued)

37.2 Financial Risk Management Objectives and Policies (continued)

37.2.5 LIQUIDITY RISK MANAGEMENT (continued)

Liquidity Tables (continued)

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

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

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

37. Financial Instruments (continued)

37.3 Fair Value

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

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

FAIR VALUE MEASUREMENTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

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

37. Financial Instruments (continued)

37.3 Fair Value (continued)

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

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

37. Financial Instruments (continued)

37.3 Fair Value (continued)

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

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
2025			
Financial assets			
Acquisition right of certain property, plant and equipment	—	8,800	8,800
Foreign currency forward contracts	—	8,287	8,287
Financial assets at FVTPL	31,750	8,790	40,540
Total	31,750	25,877	57,627
Financial liabilities			
Foreign currency forward contracts	—	(52,973)	(52,973)
Total	—	(52,973)	(52,973)
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)

37.4 Transfers of financial assets

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

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

	2025 US\$'000	2024 US\$'000
Carrying amount of transferred assets	2,589	3,238
Carrying amount of associated liabilities	(2,589)	(3,238)
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

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

The borrowings of the Group are repayable as follows:

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

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

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

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

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

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

Loan covenants

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

39. Share Capital

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

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

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

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

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

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

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

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

40. Reserves

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

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

41. Retirement Benefit Obligations

Defined Contribution Plans:

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

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

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

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

Defined Benefit Plans:

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

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

Note i: Pension plan obligations

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

Note ii: Life and medical insurance plan

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

41. Retirement Benefit Obligations (continued)

Defined Benefit Plans: (continued)

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

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

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

The main actuarial assumptions used were as follows:

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

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

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

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

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

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

41. Retirement Benefit Obligations (continued)

Defined Benefit Plans: (continued)

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

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

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

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

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

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

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

Last monthly wages (before termination of employment) $\times$ 2/3 $\times$ Years of service

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

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

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

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

42. Deferred Tax Assets (Liabilities)

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

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

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

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

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

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

43. Guarantees

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

44. Share Options

Share Option Schemes

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

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

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

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

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

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

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

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

44. Share Options (continued)

Share Option Schemes (continued)

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

2025

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

44. Share Options (continued)

Share Option Schemes (continued)

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

2025

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

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
Mr Peter David Sullivan	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 – 21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 – 29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 – 21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 – 7.8.2034

44. Share Options (continued)

Share Option Schemes (continued)

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

2024

	Date of share options granted	Share option scheme category	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of the year	Subscription price HK\$	Exercise period	
Directors (continued)										
Mr Johannes-Gerhard Hesse	19.6.2017	E	135,000	—	(40,000)	—	95,000	36.300	19.6.2018 –	18.6.2027
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 –	13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 –	19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 –	21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 –	29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 –	21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 –	7.8.2034
Mr Robert Hinman Getz	15.5.2020	E	75,000	—	—	—	75,000	65.250	15.5.2021 –	14.5.2030
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 –	21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 –	29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 –	21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 –	7.8.2034
Ms Virginia Davis Wilmerding	19.8.2021	E	29,500	—	—	—	29,500	167.200	19.8.2022 –	18.8.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 –	21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 –	7.8.2034
Ms Caroline Christina Kracht	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 –	21.8.2033
	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 –	7.8.2034
Mr Andrew Philip Roberts (appointed on January 1, 2024)	8.8.2024	E	—	20,000	—	—	20,000	97.700	8.8.2025 –	7.8.2034
Mr Joseph Galli Jr (resigned effective from May 20, 2024)	22.8.2023	E	750,000	—	—	—	750,000	81.050	20.5.2025 –	21.8.2033
Prof Roy Chi Ping Chung GBS BBS JP (retired after the conclusion of the annual general meeting of the Company held on May 10, 2024)	17.3.2017	D	150,000	—	—	—	150,000	32.100	17.3.2018 –	16.3.2027
	14.3.2018	E	100,000	—	—	—	100,000	47.900	14.3.2019 –	13.3.2028
	20.5.2019	E	97,000	—	—	—	97,000	51.080	20.5.2020 –	19.5.2029
	22.12.2020	E	47,000	—	—	—	47,000	105.500	22.12.2021 –	21.12.2030
	30.12.2021	E	32,000	—	—	—	32,000	154.900	30.12.2022 –	29.12.2031
	22.8.2023	E	60,000	—	—	—	60,000	81.050	22.8.2024 –	21.8.2033
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 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, 2025					
16.4.2025	74.90	3 years	39%	1.50%	2.742%
24.4.2025	78.05	3 years	39%	1.50%	2.775%
For the year ended December 31, 2024					
8.8.2024	97.70	3 years	40%	1.50%	3.079%
19.8.2024	103.40	3 years	40%	1.50%	3.160%
30.9.2024	118.10	3 years	40%	1.50%	2.742%

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

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

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

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

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

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

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

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

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

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

45. Share Award Scheme and Employee Equity Incentive Plan

Share Award Scheme

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

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

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

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

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

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

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

Notes:

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

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

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

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

Employee Equity Incentive Plan

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

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

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

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

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

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

Notes:

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

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

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

46. Capital Commitments

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

47. Related Party Transactions

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

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

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

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

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

48. Reconciliation of Liabilities Arising from Financing Activities

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

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

49. Statement of Financial Position of the Company

As at December 31, 2025

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

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

Chi Chung Chan
Group Executive Director

Stephan Horst Pudwill
Executive Vice Chairman

50. Particulars of Principal Subsidiaries

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

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

50. Particulars of Principal Subsidiaries (continued)

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

* Exempt from the obligation to publish local financial statements.

A wholly foreign owned enterprise.

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

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

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

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

51. Particulars of an Associate

Particulars of an associate are as follows:

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

FINANCIAL SUMMARY

Results

	Year ended December 31				
	2021 US\$'000	2022 US\$'000	2023 US\$'000	2024 US\$'000	2025 US\$'000
Revenue	13,203,161	13,253,917	13,731,411	14,621,616	15,259,533
Profit before taxation	1,181,825	1,156,897	1,055,616	1,216,394	1,302,482
Taxation charge	(82,724)	(79,747)	(79,276)	(94,714)	(104,188)
Profit for the year	1,099,101	1,077,150	976,340	1,121,680	1,198,294
Attributable to:					
Owners of the Company	1,099,003	1,077,150	976,340	1,121,680	1,198,294
Non-controlling interests	98	—	—	—	—
Profit for the year	1,099,101	1,077,150	976,340	1,121,680	1,198,294
Basic earnings per share (US cents)	60.04	58.86	53.36	61.43	65.61

Assets and Liabilities

	As at December 31				
	2021 US\$'000	2022 US\$'000	2023 US\$'000	2024 US\$'000	2025 US\$'000
Total assets	13,007,545	13,315,598	12,401,983	12,890,489	13,429,004
Total liabilities	8,285,027	8,110,117	6,654,433	6,526,892	6,470,550
	4,722,518	5,205,481	5,747,550	6,363,597	6,958,454
Equity attributable to Owners of the Company	4,722,518	5,205,481	5,747,550	6,363,597	6,958,454
Non-controlling interests	—	—	—	—	—
	4,722,518	5,205,481	5,747,550	6,363,597	6,958,454

CORPORATE INFORMATION

Board of Directors

Group Executive Directors

Mr Horst Julius Pudwill
Executive Chairman

Mr Stephan Horst Pudwill
Executive 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 Robert Hinman Getz
Lead Independent Non-executive Director

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

Financial Calendar 2026

March 3	: Announcement of 2025 annual results
May 5	: Last day to register for the entitlement to attend and vote at Annual General Meeting
May 6-8	: Book closure period for the entitlement to attend and vote at Annual General Meeting
May 8	: Annual General Meeting
May 15	: Last day to register for 2025 final dividend
May 18	: Book closure period for 2025 final dividend
May 18	: Record date of 2025 final dividend
June 26	: Final dividend payment
June 30	: Six months interim period end
December 31	: Financial year end

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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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