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TECHTRONIC INDUSTRIES COMPANY LIMITED

創科實業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 669)

GRANT OF SHARE AWARDS AND SHARE OPTIONS

This announcement is made pursuant to Rules 14A.76, 17.06A, 17.06B and 17.06C of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

GRANT OF SHARE AWARDS

The board of directors (the “Board”) of Techtronic Industries Company Limited (the “Company”, and together with its subsidiaries, the “Group”) announces that on 8 August 2024, an aggregate of 920,000 shares in the Company (the “Shares”) have been granted as share awards (the “Awards”) to certain directors of the Company (the “Share Award Grantees”) pursuant to the Share Award Scheme adopted by the Company on 17 January 2018 (as amended and restated on 12 May 2023) (the “Share Award Scheme”), subject to acceptance by the Share Award Grantee. A summary of the Awards is set out below:

Date of grant	:	8 August 2024
Consideration for the Awards	:	Nil
Total number of Awards granted	:	920,000
Closing price of the Shares on the date of grant	:	HK\$97.70 per Share
Vesting of the Awards	:	For the Chairman and the Executive Directors, scheduled to be vested on the 3 rd anniversary of the date of grant, subject to performance targets For Independent Non-executive Directors, the entirety scheduled to be vested on the 1 st anniversary of the date of grant

Among the Awards granted, 250,000 Shares, 150,000 Shares, 150,000 Shares, 150,000 Shares and 100,000 Shares were granted to Chairman Mr. Horst Julius Pudwill, Mr. Stephan Horst Pudwill, Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo respectively, all of whom are Executive Directors; and 20,000 Shares, 20,000 Shares, 20,000 Shares, 20,000 Shares, 20,000 Shares and 20,000 Shares were granted to Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding, Ms. Caroline Christina Kracht and Mr. Andrew Philip Roberts respectively, all of whom are Independent Non-Executive Directors. Each of such Awards was approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Directors who are the Share Award Grantees of the respective Awards).

Performance targets of the Awards granted to Executive Directors

The performance targets of the Awards granted to Executive Directors are generally assessed at two respective levels, namely the individual level and the Group's level.

For performance targets at the individual level, the assessment criteria are based on, but not limited to, his/her contribution to the Group in terms of revenue contribution and business operation and development, his/her work performance based on year-end/periodic appraisal results and customer feedbacks, the feasibility and complexity of implementation and satisfaction of relevant targets from a nationwide legal, regulatory or tax perspective applicable to individual Share Award Grantee, as well as other specific personal factors that the Board may consider relevant.

For performance targets at the Group's level, the assessment criteria are based on, but not limited to, the backdrop of the period-to-period macroeconomic condition and the overall market, industry and competition condition, the period-to-period business and financial performance of the Group assessed by a range of key performance indicators, such as revenue, return on equity, total shareholders' return and customer satisfaction metrics, as well as the Group's Environmental, Social and Governance performance and improvement.

The Board or the Remuneration Committee of the Company (as the case may be) will carefully assess whether the performance targets, if any, are satisfied before vesting of the Awards on an individual basis with different weighting based on Executive Director's roles and functions.

No Performance targets of Awards granted to Independent Non-executive Directors

None of the Awards granted to the Independent Non-executive Directors are subject to any performance targets assessment by the Company. The Remuneration Committee of the Company believes that such an arrangement is appropriate as under code provision E1.9 of Appendix C1 to the Listing Rules, issuers generally should not grant equity-based remuneration with performance-related elements to independent non-executive directors to ensure their objectivity and independence. Besides, the Awards granted to each of the Independent Non-executive Directors have been fixed at the same amount of Shares as a recognition of their continuous contributions for objective and independent insights to the Board and the Board's committees for enhancing the sustainability of the Company's business development.

Clawback mechanism for the Awards granted

Notwithstanding the terms and conditions of the Share Award Scheme, during the vesting period, the Directors have the authority to provide that any Awards shall be subject to a clawback or a longer vesting period if any of the following events occurs: (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement, or (ii) the Share Award Grantee(s) being guilty of fraud or dishonesty or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or (iii) if the Awards are linked to any performance targets and the Directors are of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner.

Upon occurrence of any of the above events, the Directors may by notice in writing to the relevant Share Award Grantee(s) (i) claw back all or a specified part of the Awards and/or the Awarded Shares as the Directors may consider appropriate; or (ii) extend the vesting period (regardless of whether the initial vesting period has occurred) in relation to all or a specified part of the Awards and/or the Awarded Shares (to the extent not already disposed of) to such longer period as the Directors may consider appropriate.

In addition, in the event that (i) the Share Award Grantee who is an employee of the Company ceases to be an employee of the Company; (ii) the Share Award Grantee who is a non-executive Director of the Company ceases to be a non-executive Director of the Company; or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, the Awards shall, unless the Board otherwise agrees, lapse.

GRANT OF SHARE OPTIONS

The Board also announces that on 8 August 2024, an aggregate of 920,000 share options (the “Options”) has been granted to certain directors of the Company (the “Share Option Grantees”) to subscribe for Shares pursuant to the Share Option Scheme adopted by the Company on 19 May 2017 (as amended and restated on 12 May 2023) (the “Share Option Scheme”), subject to acceptance of the Share Option Grantees. A summary of the Options granted is set out below:

Date of grant	:	8 August 2024
Exercise price of Options granted	:	HK\$97.70 per Share
Total number of Options granted	:	920,000
Closing price of the Shares on the date of grant	:	HK\$97.70 per Share
Exercise period of the Options	:	from the respective vesting date to 7 August 2034 (both days inclusive)
Vesting of the Options	:	For the Chairman and the Executive Directors, scheduled to be vested in three batches on the 1 st anniversary, 2 nd anniversary and 3 rd anniversary of the date of grant respectively For Independent Non-executive Directors, the entirety scheduled to be vested on the 1 st anniversary of the date of grant

Among the Options granted, 250,000 Options, 150,000 Options, 150,000 Options, 150,000 Options and 100,000 Options were granted to Chairman Mr. Horst Julius Pudwill, Mr. Stephan Horst Pudwill, Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo respectively, all of whom are Executive Directors; and 20,000 Options, 20,000 Options, 20,000 Options, 20,000 Options, 20,000 Options and 20,000 Options were granted to Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding, Ms. Caroline Christina Kracht and Mr. Andrew Philip Roberts respectively, all of whom are Independent Non-Executive Directors. Each of such grants was approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Directors who are the Share Option Grantees of the respective Options).

The Group has not provided, and will not provide, any financial assistance to the Share Option Grantees for exercising the Options under the Share Option Scheme.

Performance targets of the Options granted

None of the Options granted to the Share Option Grantees are subject to any performance targets assessment by the Company as the Remuneration Committee of the Company considers that (i) the grant of Options has already taken into account of the ability of each Share Option Grantees’ past and future potential contributions to the overall management, operations, development and long-term growth of the Group, as well as the recognition of his/her industry experience and tenure with the Group; and (ii) the Options are time-vesting and subject to the clawback mechanism as detailed below and the value of Options is linked to the future Share price and performance of the Group and thus aligns the interests of the Share Option Grantees with the purpose of the Company’s Share Option Scheme.

Clawback mechanism for the Options granted

Notwithstanding the terms and conditions of the Share Option Scheme, during the option period, the Directors have the authority to provide that any Options shall be subject to a clawback or a longer vesting period if any of the following events occurs: (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement, or (ii) the Share Option Grantee being guilty of fraud or dishonesty or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or (iii) if a grant or the exercise of any options is linked to any performance targets and the Directors are of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner.

Upon occurrence of any of the above events, the Directors may by notice in writing to the relevant Share Option Grantee(s) (i) claw back such number of options (to the extent not being exercised) granted as the Directors may consider appropriate; or (ii) extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the options (to the extent not being exercised) to such longer period as the Directors may consider appropriate.

In addition, in the event that (i) the Share Option Grantee who is an employee of the Company ceases to be an employee of the Company; (ii) the Share Option Grantee who is a non-executive Director of the Company ceases to be a non-executive Director of the Company; or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, the Options shall, unless the Board otherwise agrees, lapse.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANTS

Immediately after the grant of Awards and Options and on the assumption that no other award or option will be granted under any other share schemes of the Company, a maximum of 159,611,294 Shares would be available for future grant pursuant to the Share Award Scheme and Share Option Scheme. A maximum of 18,347,979 Shares would be available for future grant to the Service Providers (as defined in the rules of the Share Option Scheme) thereunder. Since the adoption of Share Option Scheme on 19 May 2017, no share option was granted to any service provider of the Company. The maximum number of share options can be granted to service providers of the Company is 1% of the issued shares of the Company as at the date of approval of the amendments to the Share Option Scheme on 12 May 2023.

REASONS AND BENEFITS OF THE AWARDS AND OPTIONS

The Share Award Scheme and Share Option Scheme were adopted before the corresponding new requirements under Chapter 17 of the Listing Rules which became effective on 1 January 2023, and were subsequently amended and restated on 12 May 2023. Such grants aligned with the purpose of the Share Award Scheme and Share Option Scheme as a recognition and reward of the grantees' contributions to the Company's continuing operation and development, the terms of which are fair and reasonable and in turn is beneficial to and in the interest of the shareholders and the Company as a whole from a business sustainability and stability perspective despite the grant of Awards and Options are not in the ordinary and usual course of business.

Save as disclosed herein, (i) the Share Award Grantees and Share Option Grantees are directors of the Company; (ii) none of the Share Award Grantees or Share Option Grantees is a participant with the Awards or Options granted and to be granted exceeding the 1% individual limit under the Listing Rules; (iii) none of the Share Award Grantees or Share Option Grantees is a related entity participant or a service provider (as defined under the Listing Rules).

FULLY EXEMPTED CONNECTED TRANSACTIONS REGARDING THE GRANT OF SHARE AWARDS TO CONNECTED PERSONS

The Awards, being Shares to be purchased on the market, will be funded by the Company from its available cash and will be held on trust for the benefit of the Share Award Grantees by the trustee of the Share Award Scheme (the “Trustee”). The Trustee shall vest and transfer the awarded Shares to the Share Award Grantees upon the Company’s instruction in accordance with the rules of the Share Award Scheme. Accordingly, no new shares will be issued and allotted by the Company to satisfy the grant or vesting of Awards and therefore would not result in any dilution effect on the shareholdings of the existing shareholders of the Company.

The grant of the Awards to the Share Award Grantees has been approved by the Remuneration Committee of the Company and the Board (including the Independent Non-executive Directors), except the relevant Director has abstained from voting on the relevant Board resolutions in deciding the grant to himself or herself.

The grant of Awards to the Share Award Grantees (all of whom are directors and hence are Connected Persons (as defined under the Listing Rules) of the Company) constitutes connected transactions of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (as defined under the Listing Rules) are less than 0.1% and the Awards are on normal commercial terms, each grant of the Awards to the Connected Persons of the Company is fully exempted from the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

By Order of the Board
Techtronic Industries Company Limited
Veronica Ka Po Ng
Company Secretary

Hong Kong, 8 August 2024

As at the date of this announcement, the Board comprises six Group Executive Directors, namely Mr. Horst Julius Pudwill (Chairman), Mr. Stephan Horst Pudwill (Vice Chairman), Mr. Steven Philip Richman (Chief Executive Officer), Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo, and six Independent Non-executive Directors, namely, Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding, Ms. Caroline Christina Kracht and Mr. Andrew Philip Roberts.