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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 CONNECTED TRANSACTION - GRANT OF SHARE AWARDS TO CONNECTED PERSONS

This announcement is made pursuant to Rules 14A.68, 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 22 December 2023, an aggregate of 1,437,500 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 of the Share Award Grantees. A summary of the Awards is set out below:

Date of grant	:	22 December 2023
Consideration for the Awards	:	Nil
Total number of Awards granted	:	1,437,500
Closing price of the Shares on the date of grant	:	HK\$92.50 per Share
Vesting of the Awards	:	For the Chairman and the Executive Directors other than the Chief Executive Officer (“CEO”), to be vested on the 3 rd anniversary of the date of grant, subject to performance criteria For the CEO, to be vested on the 1 st anniversary of the date of grant, subject to performance criteria For Non-executive Director and Independent Non-executive Directors, to be vested on the 1 st anniversary of the date of grant

Among the Awards granted, 125,000 Shares, 75,000 Shares, 1,000,000 Shares, 75,000 Shares, 75,000 Shares and 12,500 Shares were granted to Chairman Mr. Horst Julius Pudwill, Mr. Stephan Horst Pudwill, CEO Mr. Joseph Galli Jr. (“Mr. Galli”), Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo respectively, all of whom are Executive Directors; 12,500 Shares were granted to Prof. Roy Chi Ping Chung GBS BBS JP, who is an Non-Executive Director; and 12,500 Shares, 12,500 Shares, 12,500 Shares, 12,500 Shares and 12,500 Shares were granted to Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding and Ms. Caroline Christina Kracht 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 the 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 Grantees, 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 each Executive Director’s roles and functions.

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

None of the Awards granted to the Non-Executive Director and 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 14 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 the Non-executive Director and 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.

Immediately after the above grant of Awards and on the assumption that no other award or option will be granted under any other share schemes of the Company, a maximum of 163,085,794 Shares would be available for future grant of Awards pursuant to the Share Award Scheme.

REASONS AND BENEFITS OF THE AWARDS

The Share Award Scheme was adopted before the corresponding new requirements under Chapter 17 of the Listing Rules which became effective on 1 January 2023, and was subsequently amended and restated on 12 May 2023. Such grants aligned with the purpose of the Share Award 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 these are not in the ordinary and usual course of business.

Save as disclosed herein, (i) none of the Share Award Grantees is a director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them; (ii) none of the Share Award Grantees is a participant with the Awards granted and to be granted exceeding the 1% individual limit under the Listing Rules; (iii) none of the Share Award Grantees is a related entity participant or a service provider (as defined under the Listing Rules).

INFORMATION OF THE GROUP

The principal business of the Group is the manufacturing and trading of electrical and electronic products, including power tools, outdoor power equipment and floorcare and cleaning equipment, for the consumer, professional and industrial users in the home, construction, maintenance, industrial and infrastructure industries.

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 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. Save for the share awards granted to Mr. Galli (see the details below), 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 (except Mr. Galli) is fully exempted from the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

SHARE AWARDS TO MR. GALLI

The grant of share awards to Mr. Galli as disclosed in this announcement is exempted from the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules as all the applicable percentage ratios are less than 0.1% on a stand-alone basis and is made on normal commercial terms.

Pursuant to Rule 14A.81 of the Listing Rules, the current transaction should be aggregated with the grant of award of 1,000,000 Shares to Mr. Galli made on 30 December 2022 and the grant of 750,000 share options to Mr. Galli made on 22 August 2023 for the purpose of calculating the percentage ratios. As the highest applicable aggregated percentage ratio in respect thereof is more than 0.1% but less than 5%, the current transaction is subject to the reporting and the announcement requirements but is exempted from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The 1,000,000 Shares awarded to Mr. Galli as disclosed in this announcement represent a value of HK\$92,500,000, taking into account the closing price of HK\$92.50 per Share on the date of the grant.

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

Hong Kong, 22 December 2023

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. Joseph Galli Jr. (Chief Executive Officer), Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo, one Non-executive Director, namely, Prof. Roy Chi Ping Chung GBS BBS JP and five Independent Non-executive Directors, namely, Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding and Ms. Caroline Christina Kracht.