

# CORPORATE GOVERNANCE REPORT

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

## Compliance with the Corporate Governance Code

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

## Corporate Governance Policy

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

- review and monitor the compliance of the Model Code for Securities Transactions by Directors, the Code for Securities Transactions by Relevant Employees and other codes of conduct of the Company.
- review the disclosure set out in this Corporate Governance Report.

- monitor and review the Directors' and the senior management's training, continuous professional development and succession plans.
- review and monitor compliance of the Corporate Governance Code.

## Board of Directors

### Roles and Responsibilities

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

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

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

## Board Composition

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

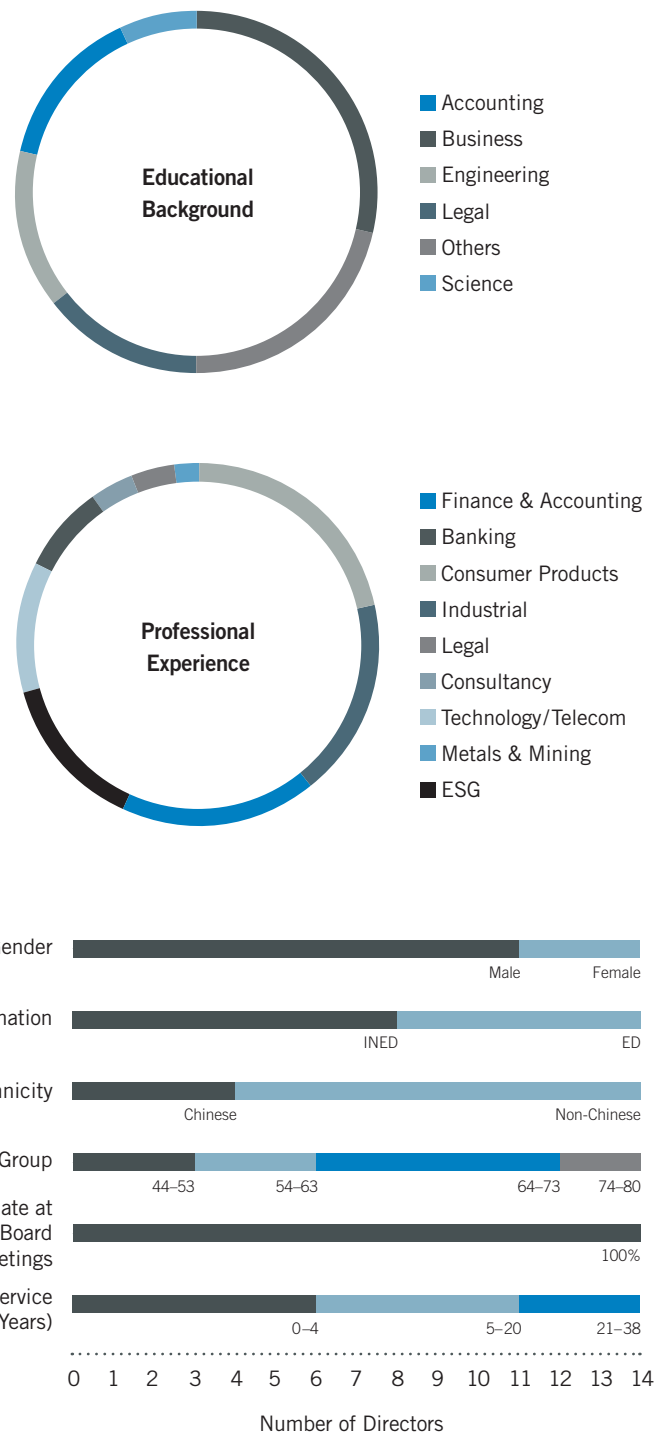
### Group Executive Directors

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

### Independent Non-executive Directors

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

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



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

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

## Board Composition Matrix

Skills / Experience	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
C-suite equivalent experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Global operations experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Manufacturing experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Risk management and compliance	•	•	•	•	•	•	•	•	•	•	•	•	•	•
M&A and corporate strategy	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Finance experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Accounting experience	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Technology/Engineering	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Marketing and branding	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Human capital	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Government, legal and regulatory	•	•	•	•	•	•	•	•	•	•	•	•	•	•
ESG/Sustainability	•	•	•	•	•	•	•	•	•	•	•	•	•	•

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

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

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

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

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

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

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

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

## Directors' Continuous Professional Development

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

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

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

## Compliance with the Codes for Securities Transactions

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

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

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

## Board Meetings

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

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

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

## Board Committees

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

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

### Audit Committee

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

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

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

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

### Nomination Committee

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

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

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

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



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

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

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

## Remuneration Committee

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

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

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

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

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

## GROUP INCENTIVE COMPENSATION

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

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

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

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

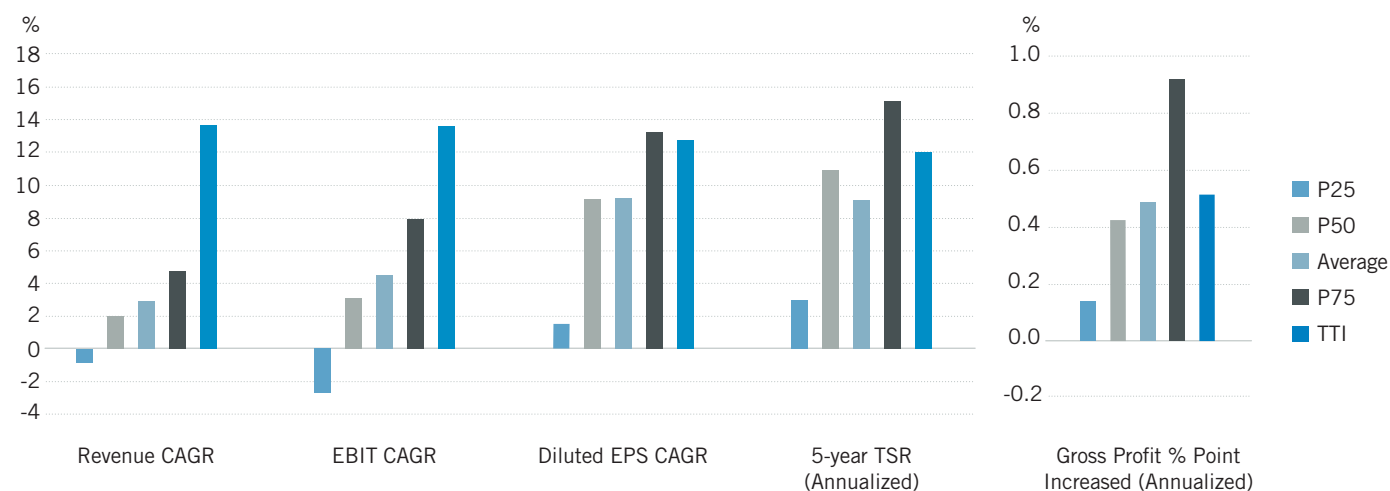
## GROUP CEO COMPENSATION

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

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

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

**Chart 1: TTI's Five Year Financial Performance as Compared to 16 Peer Companies <sup>(1)</sup>**



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



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

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

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

## EQUITY PLAN DESCRIPTIONS

The Board has one share award scheme in operation, namely the 2018 Share Award Scheme. Following the expiry of the previous share award scheme adopted in 2008, the 2018 Share Award Scheme was first adopted with effect from January 17, 2018 (the “2018 Adoption Date”), and was subsequently amended and restated on May 12, 2023 (the “Share Award Scheme Amendment Date”), and shall be terminated on the earlier of the 10<sup>th</sup> 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 10<sup>th</sup> anniversary date of the adoption date of the scheme. Details of the 2018 Share Award Scheme were announced by the Company on its adoption date.

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

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

any other share scheme(s) of the Company to an Independent Non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all share options and awarded shares granted (excluding any share options and awarded shares lapsed in accordance with the terms of the 2018 Share Award Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.10% of the total issued share capital of the Company as at the Share Award Scheme Amendment Date, such grant of awarded shares must be approved by the shareholders in a general meeting with such Selected Grantee, his/her associates and all core connected persons of the Company abstaining from voting at such general meeting. The total issued share capital of the Company as at the Share Award Scheme Amendment Date was 1,834,797,941 shares.

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

the Board may take into account for imposing performance targets and clawback mechanisms include, but are not limited to the Group's level and the individual's level. The Board or the Remuneration Committee (as the case may be) will carefully assess whether performance targets, if any, are satisfied before vesting of awarded shares.

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

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

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

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

## Notes:

- (1) All the awarded shares are purchased on-market. All awarded shares were granted to both Directors and Selected Grantee during the year ended December 31, 2024. 575,000 share awards were cancelled and no share awards were lapsed during the year ended December 31, 2024.
- (2) At the end of the year, the average fair value per share is HK\$101.94. The average fair value of the awarded shares is based on the average purchase cost.
- (3) During the reporting year, a total of 2,872,500 shares were purchased at an aggregate consideration of US\$39,448,000 for satisfying the awards granted pursuant to the 2018 Share Award Scheme.
- (4) The performance targets of the awarded shares granted in 2023 to Executive Directors are generally assessed at two respective levels, namely the individual level and the Group's level. None of the awarded shares granted in 2023 to the Non-executive Director and the Independent Non-executive Directors are subject to any performance targets assessment by the Company.

- (5) The performance targets of the awarded shares granted in 2024 to Executive Directors and Selected Grantee are generally assessed at two respective levels, namely the individual level and the Group's level. None of the awarded shares granted in 2024 to the Independent Non-executive Directors are subject to any performance targets assessment by the Company.
- (6) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Johannes-Gerhard Hesse from December 30, 2022 to May 2, 2024.
- (7) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 5,000 shares which were awarded to Mr Robert Hinman Getz from December 21, 2022 to upon his cessation as a director of the Company.
- (8) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Robert Hinman Getz from December 30, 2022 to upon his cessation as a director of the Company.
- (9) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Mr Robert Hinman Getz from December 22, 2024 to upon his cessation as a director of the Company.
- (10) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Ms Virginia Davis Wilmerding from December 30, 2022 to upon her cessation as a director of the Company.
- (11) The Board has exercised its discretion under the scheme rules to amend the vesting date of the 12,500 shares which were awarded to Ms Virginia Davis Wilmerding from December 22, 2024 to upon her cessation as a director of the Company.
- (12) As to the agreement for the separate 5,000,000 awarded shares to be granted to Mr Joseph Galli Jr between 2020 to 2024 in five equal tranches (i.e. 1,000,000 awarded shares per year) provided the Company meets certain performance criteria each year, all tranches were awarded to Mr Galli on January 3, 2020, March 4, 2021, December 31, 2021, December 30, 2022 and January 5, 2024 respectively. These shares were vested to Mr Galli on January 5, 2025. The above mentioned performance criteria are set out in the "Remuneration Committee" section in the Company's 2023 Corporate Governance Report.
- As to the agreement for the 5,000,000 shares might be granted subject to, inter alia, the achievement of performance criteria (i.e. reaching a specific EBIT target each year) for the years between 2022 to 2026 respectively, the 1,000,000 shares for 2022 were awarded to Mr Galli on March 3, 2022 and vested on March 23, 2023. The 1,000,000 shares for the year 2023 were awarded to Mr Galli on December 22, 2023 and 425,000 shares were vested on December 22, 2024 with the Board's discretion. Due to his resignation with effect from May 20, 2024, the awards of the remaining 3,000,000 shares were lapsed as a result and no further shares will be granted to Mr Galli. The above mentioned performance criteria are set out in the "Remuneration Committee" section in the Company's 2023 Corporate Governance Report.
- (13) Pursuant to the scheme rules of 2018 Share Award Scheme, the vesting date of the 12,500 shares which were awarded to Prof Roy Chi Ping Chung GBS BBS JP has been amended from December 22, 2024 to May 10, 2025, i.e. the expiry of a period of 12 months commencing from the date of his retirement.

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

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

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

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

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



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

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

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

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

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

## Change in Directors' Emoluments

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

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

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

## Company Secretary

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

## Accountability and Audit

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

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

## Risk Management and Internal Controls

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

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

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

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

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

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

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

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

## External Auditor

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

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

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

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

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

## Investor Relations and Shareholder Communications

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

## Shareholders Communication Policy

The Board has adopted the Shareholders Communication Policy on March 22, 2012, which primarily covers the current practices for communicating with shareholders and is published on the Company's website ([www.ttigroup.com](http://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](http://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](http://www.ttigroup.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). In addition, the Company holds regular meetings with institutional shareholders and analysts and encourages shareholders to attend annual general meetings to communicate with Directors and management of the Company directly. Important shareholders' dates in the coming financial year are set out in the section headed "Corporate Information" of this annual report. The Board reviews the implementation of the Shareholders Communication Policy on a regular basis (including steps taken at the general meetings, the handling of queries received and the multiple channels of communication and engagement in place) and considered it has been properly and effectively implemented during the year.

A Policy on Market Disclosure, Investor and Media Relations, published on the Company's website ([www.ttigroup.com](http://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](http://www.ttigroup.com)).

### PROCEDURE FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

### PROCEDURE FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

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

## Constitutional Document

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

## Dividend Policy

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

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

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

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

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

## Board, Board Committee and General Meetings in 2024

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

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

Notes:

- (1) Mr Steven Philip Richman was appointed as Executive Director with effect from August 6, 2024.
- (2) Mr Joseph Galli Jr resigned as Executive Director with effect from May 20, 2024.
- (3) Prof Roy Chi Ping Chung GBS BBS JP retired as Non-executive Director after the conclusion of the 2024 Annual General Meeting.
- (4) Mr Andrew Philip Roberts was appointed as Independent Non-executive Director and a member of the Audit Committee with effect from January 1, 2024 and May 1, 2024 respectively.
- (5) Ms Karen Ka Fai Ng was appointed as Independent Non-executive Director with effect from October 7, 2024.
- (6) Mr Stephen Tsi Chuen Wong was appointed as Independent Non-executive Director with effect from October 7, 2024.