

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**Chervon Holdings Limited**

**泉峰控股有限公司**

(Incorporated in Hong Kong with limited liability)

(Stock code: 2285)

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**FINANCIAL HIGHLIGHTS**

	Year ended December 31		Changes
	2025	2024	
	US\$'000	US\$'000	
Revenue	<b>1,627,785</b>	1,773,773	<b>(8.2)%</b>
Gross profit margin	<b>32.9%</b>	34.7%	<b>– 180bps</b>
Profit for the year	<b>97,693</b>	112,708	<b>(13.3)%</b>
Non-HKFRS measure: Adjusted			
Net Profit	<b>78,453</b>	135,740	<b>(42.2)%</b>
Net cash generated from operating activities	<b>229,355</b>	167,684	<b>36.8%</b>
Basic earnings per share	<b>0.19</b>	0.22	<b>(13.6)%</b>

- Revenue decreased by 8.2% to US\$1,627.8 million as customers adopted a more prudent procurement strategies amid China-U.S. tariff tensions. Despite tariff-related market pressures, we further strengthened our market position and achieved overall sell-through growth, primarily driven by double-digit growth in our flagship brand *EGO*.
- Gross profit margin decreased from 34.7% to 32.9%, remaining at a relatively high level over the past few years.
- Profit for the year in 2025 amounted to US\$97.7 million, reflecting a resilient profit level.
- We recorded high operating cash flow, contributed by our improved operational efficiency.

**SPECIAL AND FINAL DIVIDEND**

- A special dividend of HK\$1.1905 per ordinary share was approved by the Shareholders on May 22, 2025 and paid on June 12, 2025.
- The Board has further resolved a final dividend of HK\$0.4469 per ordinary share for the year ended December 31, 2025 (2024: HK\$0.6258 per ordinary share).

The board (the “**Board**”) of directors (the “**Directors**”) of Chervon Holdings Limited (the “**Company**”) hereby announces the consolidated annual results (“**Annual Results**”) of the Company and its subsidiaries (collectively, the “**Group**,” “**we**,” “**us**” or “**our**”) for the year ended December 31, 2025 (the “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2024 as set out below. The Annual Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## **BUSINESS REVIEW AND OUTLOOK**

### **Business Review**

In 2025, our revenue recorded a periodic decline, representing a decrease of 8.2% to US\$1,627.8 million, as our customers adopted more prudent procurement strategies amid the heightened economic uncertainty resulting from the China-U.S. tariff tensions.

Our net profit also experienced a decrease of 13.3% as compared to 2024 primarily driven by the decrease in our revenue and gross profit margin.

Revenue from our outdoor power equipment (“**OPE**”) segment increased by 0.1%, and revenue from our power tools segment decreased by 18.3%. Revenue from our original brand manufacturing (“**OBM**”) business accounted for 76.7% of our total revenue in 2025. By region, our business from North America and China decreased by 11.5% and 3.8%, respectively, and business from Europe and the rest of the world increased by 0.9% and 6.8%, respectively.

Our gross margin decreased by 180 basis points to 32.9% in 2025, while remaining at a healthy level relative to historical performance and industry benchmarks.

We continue to focus on our customers, bringing to market new power tool and OPE products to meet their diverse needs. Leveraging our research and development capability, we continued to innovate by introducing nearly 200 new products during the Reporting Period. Lithium-ion battery powered products accounted for around 89% of the new products.

### ***EGO***

In 2025, against the backdrop of overall weak industry performance, *EGO* significantly outperformed the industry average, achieving single-digit revenue growth and double-digit growth in POS sales in the North American market, which fully demonstrates its strong brand competitiveness. *EGO* has made solid progress across multiple strategic directions.

*EGO* maintains a focused and flexible product strategy, continuously enhancing its product portfolio with innovative development across both core and lifestyle product categories, especially the launch of the super composite deck mower as a flagship innovation, which further strengthened its competitive positioning and brand value. Several of our product categories, including walk-behind mowers, snow blowers and rider mowers, ranked first in terms of market share in the North American market for lithium-ion battery-powered OPE products. In particular, *EGO* also achieved the number one position across all product categories in the Canadian market.

In addition, the number of *EGO* stock keeping units (“**SKUs**”) has continued to increase, and battery pack sales have also grown at an accelerated pace. As of December 31, 2025, *EGO* platform has offered over 110 tools, with new product launches across all core categories including Mowers, String trimmers, Chainsaws and Multi-Head tools. This has further solidified our 56V platform as the largest single-battery OPE platform globally, generating enhanced platform-wide synergies. Meanwhile, as a key extended product category, high-pressure washers have achieved remarkable success, marking solid progress in *EGO*’s category expansion. *EGO* has also earned various industry recognitions in 2025, including the *2025 New York Times Wirecutter Best Lawn Mower Award and the 2025 Forbes Vetted Awards*.

Benefiting from the steady development momentum of our diversified channel strategy, *EGO* achieved meaningful progress across all major channels in 2025. For example, our collaboration with strategic partner John Deere made tangible progress. During the Reporting Period, we jointly launched with John Deere the Z370RS Electric ZTrak™ Mower powered by *EGO* 56V ARC Lithium™ batteries, representing a milestone in our strategic product collaboration, as well as further expanding and enriching the broader *EGO* battery ecosystem. *EGO* also continued to retain its position as the No. 1 OPE brand on the world's largest e-commerce platform. Moreover, we strategically expanded *EGO*'s footprint in Europe by selectively acquiring distribution channels and opening flagship stores, strengthening brand presence and accelerating market penetration.

As the largest single OPE platform with strong growth momentum, *EGO* is well positioned to capture opportunities arising from the adoption of lithium-ion electrification and intelligent technologies. We have achieved breakthroughs in Internet of Things (“**IoT**”), AI recognition, visual positioning and multi-sensor navigation, laying a solid foundation for the future expansion of our intelligent business. Leveraging the latest market-leading technology, our first automated wireless lawn mower robot is set to launch in Europe in 2026 spring season, with plans to progressively expand into other major markets. Guided by a clear strategic roadmap and disciplined execution, *EGO* remains committed to delivering strong financial performance while reinforcing its leadership in the industry.

## ***FLEX***

Recognized as the “No. 1 Specialist Trade Partner” by market intern, *FLEX* delivered a strong performance amid the overall sluggish European market, fully demonstrating its recognition and influence. *FLEX* continued to strengthen its focus on core trades and professional users, delivering innovative solutions that enhance productivity and reinforce its competitive positioning. For example, *FLEX* launched a new generation of drywall sanders, recognized as the lightest in the world and honored with the IF Design Award 2025. By directly addressing the key issue of heavy tool weight during extended overhead sanding on walls and ceilings for drywallers and painters, this innovation improves efficiency and reduces fatigue, delivering clear value to professional users. *FLEX* successfully entered into major professional tool chain channels targeting tradesmen in Australia, demonstrating strong competitiveness of our professional tools in the high-end markets. In terms of marketing, *FLEX* has also strengthened its presence across major social media channels, effectively enhancing brand exposure with a steadily expanding follower base. Looking ahead, we will implement a comprehensive strategic optimization for *FLEX* covering both channels and product portfolios. We plan to focus on developing our professional tools (PRO) business through traditional dealer networks and adopting a more targeted trade strategy. This will enable *FLEX* to unlock greater market potential and build stronger long-term growth momentum.

## ***SKIL***

In 2025, *SKIL* continued to gain strong market recognition. This momentum was driven by award-winning products, including multiple 2025 PTIA Innovation Award winners, and high-impact branding initiatives. For example, we sponsored VISMA, the Tour de France-winning cycling team in Europe, to boost brand awareness and reputation. Strategically, we expanded our footprint by securing partnerships with leading retailers like Walmart and Tractor Supply Company, with a rollout to thousands of stores planned for 2026. We also accelerated our digital direct-to-consumer (“**DTC**”) strategy with new e-commerce platforms in North America and Europe. These efforts significantly broadened *SKIL*'s market reach and strengthened brand equity, laying a solid foundation for long-term growth. We will continue to build on this momentum with an unwavering focus on innovation and customer value creation.

## **DEVON**

*DEVON* achieved business growth in 2025, despite a notable downturn in China's real estate market and ongoing contraction in the power tools industry, out-performing the industry average and further strengthening its position in the domestic market. *DEVON* maintained stable offline channels through improved management and incentive measures. At the same time, it promoted its online business development and gradually expanded its business in Asia through strengthening e-commerce operations and supporting distributors. *DEVON* continued to expand its portfolio with user-driven innovations, launching a new generation of drill drivers and impact drivers with an improved power-to-weight ratio and enhanced control precision tailored for installation professionals, while also raising brand awareness through social media and diversified marketing activities. During the Reporting Period, *DEVON* has won the "Annual Trendsetting New Product Award" on TikTok E-commerce and "2025 Strategic Beacon Product" on JD.com, highlighting its competitive edge across major platforms. We were also awarded the "Supply Chain Excellence Contribution Award" at JD Industrial's 2025 Business Partner Conference and Annual Awards Ceremony.

### **Supply Chain and Manufacturing**

During the Reporting Period, we have strengthened our global manufacturing capabilities including accelerating the relocation of part of our production capacity from Nanjing to Vietnam. Our production capacity in Vietnam increased significantly in 2025, which provide us flexibility to mitigate the uncertainty of tariff tensions. At the same time, the relocation of our production from the Steinheim facility in Germany to Nanjing was completed in 2025. This was part of the Group's strategic realignment initiative intended to reduce manufacturing costs and strengthen our long-term competitiveness. Looking ahead, we are actively evaluating broader global capacity deployment plans, which is in line with the Group's global strategy to further enhance the flexibility and cost efficiency of our supply chain.

### **Prospects**

2025 was a challenging year for our Group. Against a backdrop of evolving tariff policies and transition pressures associated with our production relocation, our Group faced certain operational headwinds, while maintaining overall operational stability. In the fourth quarter of 2025, we observed an improvement in market conditions, accompanied by a rebound in both order volume and shipment volume.

The volatility experienced during the year provided valuable experience and further strengthened our resilience in addressing future challenges. Through production capacity diversification and improved operational efficiency, we reduced our exposure to external risks and further demonstrated the resilience of our organization and the recognition of our products in end markets.

Looking ahead to 2026, we will stay focused and remain confident in our ability to resume sustainable growth.

## **FINANCIAL REVIEW**

### **Financial Results**

The Group's revenue decreased by 8.2% from US\$1,773.8 million in 2024 to US\$1,627.8 million in 2025, primarily driven by a decrease in market demand in light of the China-U.S. tariff tensions.

We recorded a profit for the year of US\$97.7 million in 2025, as compared to US\$112.7 million in 2024. We had a net profit margin of 6.0% in 2025, as compared to 6.4% in 2024.

Profit attributable to equity shareholders of the Company decreased by 13.2% from US\$112.5 million in 2024 to US\$97.6 million in 2025.

Basic earnings per share was at US\$0.19 (2024: US\$0.22), representing a decrease of 13.6%.

### **Result Analysis**

#### ***Gross Profit and Gross Profit Margin***

Our gross profit decreased by 13.0% from US\$615.7 million in 2024 to US\$535.9 million in 2025. During the same years, our overall gross profit margin decreased from 34.7% to 32.9%, primarily due to (i) the increase in cost of sales as a result of China-U.S. tariff tensions; and (ii) the higher fixed costs absorbed per unit as a result of lower production volume.

#### ***Other Net Gain/(Loss)***

We had other net gain of US\$32.3 million in 2025, as compared to other net loss of US\$14.8 million in 2024. Our other net gain in 2025 was primarily attributable to net foreign exchange gain in the amount of US\$7.9 million resulting from our effective foreign exchange management, as well as net gain on disposal of a subsidiary in the amount of US\$19.2 million.

#### ***Operating expenses***

Our total operating expenses (comprising selling and distribution expenses, administrative and other operating expenses and research and development costs) remained broadly stable, decreasing only marginally from US\$450.4 million in 2024 to US\$450.0 million in 2025, primarily due to (i) the stable administrative expenses as compared to the previous year, (ii) an increase in research and development expenses, and (iii) a decrease in selling and distribution expenses, which offset the increase in research and development expenses.

Our research and development costs increased by 2.9% from US\$83.4 million in 2024 to US\$85.8 million in 2025, representing 5.3% of turnover (2024: 4.7%). This is primarily due to our continued investment in research and product development, particularly in commercial and robotic technology OPE segment.

### ***Share of Loss of an Associate***

We had a share of loss of an associate of US\$3.9 million in 2025, as compared to a share of loss of an associate of US\$17.3 million in 2024. On June 25, 2025, upon completion of the disposal by the Company of the entire equity interest in Chervon (China) Investment Co., Ltd (泉峰(中國)投資有限公司) (the “**Chervon (China) Investment**”), a wholly-owned subsidiary of the Company whose principal business is the holding of equity interest in Chervon Auto Precision Technology, the Company’s equity interest in Chervon Auto Precision Technology ceased to be accounted as interest in associate. For further details, please refer to the section headed “—Material Acquisitions and Disposals of Subsidiaries and Associates” in this announcement.

### ***Income Tax Expense***

Our income tax expense was US\$17.4 million in 2025, representing a decrease of 13.2% from US\$20.1 million in 2024. Our effective tax rate was 15.1% for the Reporting Period (2024: 15.1%).

### ***Profit for the Reporting Period***

As a result of the foregoing, we recorded a profit for the year of US\$97.7 million in 2025, as compared to US\$112.7 million in 2024. We had a net profit margin of 6.0% in 2025, as compared to 6.4% in 2024.

### ***Non-HKFRS Measures: Adjusted Net Profit***

To supplement our consolidated results which are prepared and presented in accordance with HKFRS Accounting Standards, we utilize non-HKFRS adjusted net profit (“**Adjusted Net Profit**”) as an additional financial measure. We derive Adjusted Net Profit from profit for the year by excluding net gain on disposal Chervon (China) Investment for the year ended December 31, 2025.

Adjusted Net Profit is not required by, or presented in accordance with, HKFRS Accounting Standards. We believe that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS Accounting Standards measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance such as the impact of certain investment transactions. We also believe that the non-HKFRS measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-HKFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for the analysis of, our results of operations or financial conditions as reported under HKFRS Accounting Standards. In addition, this non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following table reconciles our Adjusted Net Profit for the year presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS Accounting Standards, which is profit for the year:

	<b>As of December 31,</b>	
	<b>2025</b>	2024
	<b>US\$'000</b>	US\$'000
Profit for the year	<b>97,693</b>	112,708
Adjusted by:		
Net gain on disposal of a subsidiary <sup>(1)</sup>	<b>(19,240)</b>	–
Restructuring costs <sup>(2)</sup>	<u>–</u>	<u>23,032</u>
<b>Adjusted Net Profit</b>	<b><u>78,453</u></b>	<b><u>135,740</u></b>

*Notes:*

- (1) Represents the non-recurring gain associated with the disposal of Chervon (China) Investment.
- (2) Represents the non-recurring costs associated with the repositioning of the Group's Steinheim facility in Germany.

## **Liquidity and Financial Resources**

### ***Financial Position***

The Group continued to maintain a strong financial position. As of December 31, 2025, the Group had US\$379.3 million in cash and cash equivalents (December 31, 2024: US\$328.8 million). 56.0%, 31.7%, 7.0% and 5.3% of the cash and cash equivalents as of December 31, 2025 were denominated in RMB, US dollar, Euro and other currencies, respectively.

### ***Funding and Treasury Policy***

The Group's funding and finance policy aims to maintain stable financial position and mitigate financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

### ***Borrowings and Gearing Ratio***

As of December 31, 2025, the Group had bank loans of US\$254.9 million (December 31, 2024: US\$295.6 million), which were primarily denominated in RMB, and lease liabilities of US\$25.6 million (December 31, 2024: US\$13.9 million). As of the same date, fixed-rate and floating-rate loans account for 48.2% and 51.8%, respectively, of the Group's total bank loans.

As of December 31, 2025, short-term bank loans accounted for 42.3% of the total bank loans (December 31, 2024: 65.2%).

The Group's gearing ratio (which equals total debt (including bank loans and lease liabilities) divided by total equity) was 0.3 as of December 31, 2025 which has remained consistent compared to the same period in 2024.

## ***Working Capital***

Our inventories amounted to US\$448.1 million as of December 31, 2025 as compared to US\$608.3 million as of December 31, 2024. Our inventory turnover days decreased to 177 days in 2025, as compared to 180 days in 2024, primarily due to our adoption of a prudent inventory stocking strategy which improved our inventory turnover conditions.

Our trade and bills receivables turnover days were at 106 days in 2025, as compared to 87 days in 2024, which is in line with the credit terms we granted to our customers. The increase is primarily due to the substantial sales growth at the end of 2025 which lead to a high ending balance of trade and bills receivables.

Our trade and bills payables turnover days were 90 days in 2025, as compared to 86 days in 2024, which is in line with the credit terms that we obtained from suppliers.

## ***Capital Expenditures***

Our capital expenditures in 2025 amounted to US\$59.9 million (2024: US\$63.0 million), primarily due to our investment in fixed assets and infrastructure projects.

## ***Capital Commitments***

As of December 31, 2025, our capital commitments (including those contracted for or authorized but not contracted for) for the construction of plant and buildings and acquisition of machinery and equipment amounted to US\$22.5 million (2024: US\$63.7 million), which were primarily used for the expansion of our production capacity in Vietnam.

## ***Pledge of Assets***

During the Reporting Period, certain assets of the Group were pledged as security for bank loans, as further detailed below:

	<b>As of December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Inventories	–	16,427
Trade and bills receivables	–	1,921
Pledged deposits	<b>16,357</b>	15,424
Interest in an associate	–	13,226
	<hr/>	<hr/>
<b>Total</b>	<b>16,357</b>	<b>46,998</b>
	<hr/> <hr/>	<hr/> <hr/>

As of December 31, 2025, the Group had pledged deposits of US\$19.5 million (December 31, 2024: US\$20.2 million), which will be released upon the settlement of letters of credit and bills payable by the Group or the expiry of relevant banking facilities.

## ***Contingent Liabilities***

During the Reporting Period, the Group issued guarantees to financial institutions in the People's Republic of China (“**PRC**”) for certain indebtedness of our independent third-party customers, who are typically qualified distributors of ours in the PRC. As of December 31, 2025, the maximum guarantee amount was US\$22.1 million (December 31, 2024: US\$21.6 million) and the guarantee issued was US\$1.9 million (December 31, 2024: US\$8.1 million).

## **Significant Investments Held**

During the Reporting Period, the Group did not hold any significant investments (including any investment in an investee company with a carrying amount of 5% or more of the Company's total assets as of December 31, 2025).

## **Material Acquisitions and Disposals of Subsidiaries and Associates**

On March 26, 2025, the Company (as vendor) entered into an equity transfer agreement with Chervon Precision Technology Holdings Company Limited, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in Chervon (China) Investment, a wholly-owned subsidiary of the Company whose principal business is the holding of equity interest in Chervon Auto Precision Technology, at a consideration of RMB570,000,000 or the HK\$ equivalent (the “**Disposal**”). The Disposal constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. In connection with the Disposal and subject to the satisfaction of the conditions of the special dividend (being the approval of the Disposal and the special dividend by the independent shareholders of the Company), the Board has recommended the payment of a special dividend of HK\$1.1905 per ordinary share. For further details, please refer to the Company's announcement and circular in relation to the Disposal and the special dividend dated March 26, 2025 and April 30, 2025, respectively.

The Disposal and the special dividend were approved by the shareholders of the Company at the extraordinary general meeting of the Company (“**EGM**”) held on May 22, 2025. Upon completion of the Disposal, Chervon (China) Investment ceased to be a wholly-owned subsidiary of the Company and its financial results was no longer consolidated into the Company's financial statements, in which the Company's equity interest in Chervon Auto Precision Technology ceased to be accounted as interest in associate. For further details, please refer to the Company's circular and EGM poll results announcement dated April 30, 2025 and May 22, 2025, respectively.

## **Future Plans for Major Investments and Capital Assets**

In the coming years, the Group intends to continue investing in expanding its manufacturing plant in Vietnam, including by building production facilities on a land lot owned by it with a total area exceeding 150,000 square meters.

During the Reporting Period, save for the expansion plans as disclosed above, the Group has no specific plans for major investment or acquisition for major capital assets or other businesses.

## **Exposure to Fluctuations in Foreign Exchange Rates**

The Group manufactures and sells its products in many countries throughout the world. As a result, there is exposure to foreign currency risk as the Group enters into transactions and makes investments denominated in multiple currencies. For example, changes in currency exchange rates may affect the relative prices at which the Group and its competitors sell products in the same market and the costs of products and services the Group requires for its operations. The Group's predominant exposures are in US dollar, Euro and RMB. The Group is subject to risks arising from the translation of balance sheets and income statements of its subsidiaries to US dollars as well as the risk arising from the export of products and sales outside the country of manufacturing.

The Group enters into foreign exchange forward contracts with financial institutions to mitigate its exposures to fluctuations in foreign exchange rates. Fluctuations in the foreign exchange rates may lead to losses resulting from the Group's exposure to foreign exchange forward contracts or similar arrangements. Our net foreign exchange gain in 2025 amounted to US\$7.9 million, as compared to a net foreign exchange gain of US\$2.1 million in 2024. Our net realized and unrealized gains on derivative financial instruments and financial assets at fair value through profit or loss ("FVPL") in 2025 was US\$4.4 million, as compared to US\$4.6 million in 2024.

## **Investment Risk Management**

Our investment strategy is grounded in the principles of compliance, prudence, safety and effectiveness. Each investment decision is made based on internal vetting and discussions, considering factors such as market dynamics, expected returns and risks involved. We believe that our internal strategy and policies regarding investments and the related risk management mechanisms are adequate, and that our investment decisions have been in full compliance with our investment strategy and policies.

## **Major Customers and Suppliers**

In 2025, the Group's largest customer and five largest customers accounted for approximately 34.6% and 58.0% (2024: 39.1% and 63.3%) respectively of the Group's total revenue; and the Group's largest supplier and five largest suppliers accounted for approximately 4.3% and 14.6% respectively of the Group's total purchases (2024: 9.6% and 23.1%).

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

## **HUMAN RESOURCES**

The number of employees of the Group was 6,887 as of December 31, 2025 (December 31, 2024: 6,481). The total staff costs for the year amounted to US\$228.8 million as compared to US\$240.2 million in 2024. We did not incur equity settled share-based expenses during the Reporting Period.

The Group is committed to hiring, retaining and promoting top talents across its global teams. As part of its retention strategy, the Group offers competitive remuneration packages to its employees, including salary and allowances, performance-based bonuses and long-term incentive programs. The Group also provides regular and specialized training tailored to the needs of its employees in different departments.

As of December 31, 2025, the male-to-female ratio of the Group's employees is approximately 1.50 to 1 (December 31, 2024: 1.55:1). The ratio is primarily driven by the nature of our business as we employ a higher portion of male engineers and front-line workers. While we consider such ratio to be in line with industry norms, we are firmly committed to offering equal employment opportunities to all qualified candidates based on merits and will seek to achieve relative balance between male and female employees going forward.

## **OTHER INFORMATION**

### **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of US\$0.0573 per ordinary share (equivalent to HK\$0.4469 per ordinary share) for the year ended December 31, 2025 (2024: US\$0.0802, equivalent to HK\$0.6258). This proposed final dividend is subject to the approval of the Shareholders at the annual general meeting of the Company (the "AGM") to be held on Monday, May 18, 2026, and the final dividend is expected to be payable on or before Monday, June 8, 2026 to those Shareholders whose names appear on the Company's register of members as of Tuesday, May 26, 2026.

### **SPECIAL DIVIDEND**

A special dividend of HK\$1.1905 per ordinary share was approved by the Shareholders on May 22, 2025 and paid on June 12, 2025.

### **CLOSURE OF REGISTER OF MEMBERS/RECORD DATE**

The register of members of the Company will be closed from Wednesday, May 13, 2026 to Monday, May 18, 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, May 12, 2026.

Record date for determining the entitlement of the Shareholders to the final dividend (if approved by the Shareholders in the AGM) is Tuesday, May 26, 2026. To qualify for the final dividend, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Thursday, May 21, 2026. The register of members of the Company will be closed from Friday, May 22, 2026 to Tuesday, May 26, 2026, both days inclusive, on which dates no share transfers will be registered.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance.

The amendments to the CG Code came into effect on July 1, 2025 and the requirements under the new CG Code will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after July 1, 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments.

During the Reporting Period, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the following provision.

Code provision C.2.1 in Part 2 of the CG Code, recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. Our Company deviates from this provision as Mr. Pan Longquan (“**Mr. Pan**”) performs both the roles of the Chairman of our Board and the chief executive officer of our Company. Mr. Pan is the principal founder of our Group and has extensive experience in the business operations and management of our Group. Our Board believes that vesting the roles of both chairman and chief executive officer to Mr. Pan has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of our Board, including the relevant Board committees, and three independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the Reporting Period, which will be made available on the respective websites of the Stock Exchange and the Company in due course.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions since December 30, 2021 (the “**Listing Date**”). Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Between June 11, 2025 and June 19, 2025, the trustee for the 2024 share scheme adopted by the Company ("**2024 Share Scheme**") purchased a total of 2,117,600 shares on the market, accounting for approximately 0.4% of the total number of the Company's shares. For details regarding the on-market share purchases by the Company's trustee pursuant to the 2024 Share Scheme, please refer to the Company's announcements dated June 13, June 16, June 17, June 18 and June 19, 2025, respectively.

## **EVENT AFTER THE REPORTING PERIOD**

Save as disclosed above, the Group has no important events which occurred after the end of the Reporting Period that are required to be disclosed.

## **AUDIT COMMITTEE**

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely, Dr. Li Minghui (Chairperson), Mr. Jiang Li and Dr. Fan Hao. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended December 31, 2025.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated cash flow statement and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND 2025 ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <https://global.chervongroup.com>. The annual report of the Company for the year ended December 31, 2025 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

By Order of the Board  
**Chervon Holdings Limited**  
**Pan Longquan**  
*Chairman*

Hong Kong, March 25, 2026

*As of the date of this announcement, the Board comprises Mr. Pan Longquan, Ms. Zhang Tong, Mr. Ke Zuqian and Mr. Michael John Clancy as executive Directors; and Dr. Li Minghui, Mr. Jiang Li and Dr. Fan Hao as independent non-executive Directors.*

## RESULTS SUMMARY

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

	<i>Note</i>	<b>As of December 31,</b>	
		<b>2025</b>	2024
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Revenue</b>	2	<b>1,627,785</b>	1,773,773
Cost of sales		<u>(1,091,901)</u>	<u>(1,158,092)</u>
<b>Gross profit</b>		<b>535,884</b>	615,681
Other revenue	3	<b>3,944</b>	4,893
Other net gain/(loss)	4	<b>32,336</b>	(14,798)
Selling and distribution expenses		<b>(258,799)</b>	(262,251)
Administrative and other operating expenses		<b>(105,367)</b>	(104,758)
Research and development costs		<u>(85,795)</u>	<u>(83,410)</u>
<b>Profit from operations</b>		<b>122,203</b>	155,357
Net finance costs	5	<b>(3,167)</b>	(5,250)
Share of loss of an associate		<u>(3,940)</u>	<u>(17,344)</u>
<b>Profit before taxation</b>	6	<b>115,096</b>	132,763
Income tax expense	7	<u>(17,403)</u>	<u>(20,055)</u>
<b>Profit for the year</b>		<u><b>97,693</b></u>	<u>112,708</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>97,600</b>	112,474
Non-controlling interests		<u>93</u>	<u>234</u>
<b>Profit for the year</b>		<u><b>97,693</b></u>	<u>112,708</u>
<b>Earnings per share</b>	9		
Basic (US\$)		<u><b>0.19</b></u>	<u>0.22</u>
Diluted (US\$)		<u><b>0.19</b></u>	<u>0.22</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025

	<i>Note</i>	<b>Year ended December 31,</b>	
		<b>2025</b>	2024
		<b>US\$'000</b>	US\$'000
<b>Profit for the year</b>		<b>97,693</b>	112,708
<b>Other comprehensive income for the year (after tax adjustments)</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit plan obligations		20	15
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of subsidiaries with functional currencies other than US dollar		<b>11,191</b>	(15,245)
<b>Other comprehensive income for the year</b>		<b>11,211</b>	(15,230)
<b>Total comprehensive income for the year</b>		<b>108,904</b>	97,478
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>108,811</b>	97,244
Non-controlling interests		<b>93</b>	234
<b>Total comprehensive income for the year</b>		<b>108,904</b>	97,478

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

	<i>Note</i>	<b>As of December 31,</b>	
		<b>2025</b>	<b>2024</b>
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>			
Properties, plants and equipment	<i>10</i>	<b>302,211</b>	282,495
Right-of-use assets		<b>68,480</b>	57,511
Intangible assets		<b>5,174</b>	2,259
Goodwill		<b>4,532</b>	2,963
Interest in an associate		–	67,348
Prepayments, deposits and other receivables		<b>29,517</b>	7,824
Financial assets at fair value through profit or loss (“FVPL”)	<i>11</i>	<b>6,778</b>	6,586
Deferred tax assets		<b>55,882</b>	51,781
		<u><b>472,574</b></u>	<u>478,767</u>
<b>Current assets</b>			
Derivative financial instruments	<i>12</i>	<b>4,045</b>	6,411
Inventories		<b>448,051</b>	608,304
Right to returned goods asset		<b>4,329</b>	16,516
Trade and bills receivables	<i>13</i>	<b>459,204</b>	489,473
Prepayments, deposits and other receivables		<b>41,749</b>	42,122
Taxation recoverable		<b>15,236</b>	1,757
Pledged deposits		<b>19,455</b>	20,189
Cash and cash equivalents		<b>379,292</b>	328,758
		<u><b>1,371,361</b></u>	<u>1,513,530</u>
<b>Current liabilities</b>			
Bank loans		<b>107,754</b>	192,619
Derivative financial instruments	<i>12</i>	<b>2,203</b>	6,392
Lease liabilities		<b>9,391</b>	5,157
Trade and bills payables	<i>14</i>	<b>222,899</b>	317,942
Other payables and accruals	<i>15</i>	<b>229,151</b>	196,600
Taxation payable		<b>8,729</b>	8,265
Provisions		<b>43,529</b>	32,313
Refund liabilities from right of return		<b>6,502</b>	23,680
		<u><b>630,158</b></u>	<u>782,968</u>
<b>Net current assets</b>		<u><b>741,203</b></u>	<u>730,562</u>
<b>Total assets less current liabilities</b>		<u><b>1,213,777</b></u>	<u>1,209,329</u>

	<i>Note</i>	<b>As of December 31,</b>	
		<b>2025</b>	2024
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current liabilities</b>			
Bank loans		<b>147,102</b>	102,935
Lease liabilities		<b>16,167</b>	8,767
Provisions		<b>9,653</b>	38,916
Deferred income		<b>7,167</b>	4,503
Defined benefit plan obligations		<b>329</b>	354
Deferred tax liabilities		<b>15,505</b>	17,161
		<u><b>195,923</b></u>	<u>172,636</u>
<b>NET ASSETS</b>		<u><b>1,017,854</b></u>	<u>1,036,693</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>601,859</b>	601,859
Reserves		<b>415,772</b>	434,704
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,017,631</b>	1,036,563
<b>Non-controlling interests</b>		<u><b>223</b></u>	<u>130</u>
<b>TOTAL EQUITY</b>		<u><b>1,017,854</b></u>	<u>1,036,693</u>

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2025

	As of December 31,	
	2025	2024
	US\$'000	US\$'000
<b>Operating activities</b>		
Cash generated from operations	265,560	177,671
Tax paid	(41,279)	(14,507)
Tax refund	5,074	4,520
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>229,355</b>	<b>167,684</b>
	<hr/>	<hr/>
<b>Investing activities</b>		
Payment for the acquisition of properties, plants and equipment and other long-term assets	(73,554)	(73,731)
Proceeds from disposal of properties, plants and equipment	3,250	2,896
Proceeds from disposal of financial assets measured at FVPL	1,189,536	116,247
Payment for acquisition of financial assets measured at FVPL	(1,187,638)	(115,925)
Acquisition of a subsidiary, net of cash acquired	(5,834)	(6,907)
Proceeds from disposal of a subsidiary, net of cash disposed of	78,546	–
Interest received	6,470	7,005
	<hr/>	<hr/>
<b>Net cash generated from/(used) in investing activities</b>	<b>10,776</b>	<b>(70,415)</b>
	<hr/>	<hr/>
<b>Financing activities</b>		
Capital element of lease rental paid	(8,000)	(4,071)
Interest element of lease rental paid	(637)	(515)
Proceeds from new bank loans	456,896	433,682
Repayment of bank loans	(506,550)	(457,772)
Interest paid	(8,252)	(10,571)
Increase in pledged deposits for banking facilities	(933)	(913)
Dividends paid to equity shareholders of the Company	(118,717)	(18,091)
Payment for purchase of shares for share award scheme	(4,049)	(2,557)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(190,242)</b>	<b>(60,808)</b>
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>49,889</b>	<b>36,461</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>328,758</b>	<b>296,337</b>
<b>Effect of foreign exchange rate changes</b>	<b>645</b>	<b>(4,040)</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>379,292</b>	<b>328,758</b>
	<hr/> <hr/>	<hr/> <hr/>

# 1 GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

## General Information

The Company was incorporated in Hong Kong on February 19, 1999 as a limited liability company with its registered office at Unit 04, 22/F, Saxon Tower, 7 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong. The Company's shares were listed on the Main Board of the Stock Exchange on the Listing Date.

The Company is an investment holding company. The Group is principally engaged in researching, developing, manufacturing, testing, sales, and after-sale services for power tools, outdoor power equipment and related products.

The financial information relating to the financial years ended December 31, 2024 and 2025 that is included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those financial years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) ("**Companies Ordinance**") is as follows:

- The Company has delivered the financial statements for the year ended December 31, 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended December 31, 2025 in due course.
- The Company's auditor has reported on the consolidated financial statements of the Group for the years ended December 31, 2024 and 2025. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## Statement of Compliance

These financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules.

The financial information relating to the financial year ended December 31, 2025 that is included in this announcement does not constitute the Company's annual consolidated financial statements for that financial year, but is derived from those financial statements.

## Changes in Accounting Policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2 REVENUE AND SEGMENT REPORTING

### Segment Information

The Group's reportable segments are as follows:

- Power tools: sales of power tools and power tool accessories for consumer, professional and industrial users. The products are available under the *FLEX*, *DEVON*, *SKIL* and *X-TRON* brands and through our ODM business.
- OPE: sales of outdoor tools and outdoor tool accessories for premium or professional and mass-market users. The products are available under the *EGO* and *SKIL* brands and through our ODM business.
- Others: sales of parts and components to a home appliances business.

Set forth below is a breakdown of the Group's revenue by reportable segment.

	Year ended December 31,	
	2025	2024
	US\$'000	US\$'000
Power tools	610,720	747,638
OPE	1,008,843	1,007,478
Others	8,222	18,657
	<u>1,627,785</u>	<u>1,773,773</u>

### Geographic Information

Set forth below is a breakdown of the Group's revenue by geographic information, which is based on the location of customers.

	Year ended December 31,	
	2025	2024
	US\$'000	US\$'000
North America	1,144,669	1,293,059
Europe	316,902	314,119
China	106,342	110,519
Rest of the World	59,872	56,076
	<u>1,627,785</u>	<u>1,773,773</u>

## 3 OTHER REVENUE

Our other revenue in the years ended December 31, 2025 and 2024 mainly comprises of government grants, sale of scrap materials and rental income.

**4 OTHER NET GAIN/(LOSS)**

	Year ended December 31,	
	2025	2024
	US\$'000	US\$'000
Net foreign exchange gain	7,871	2,136
Gain on disposal of properties, plants and equipment	92	286
Net loss on disposal of leases	–	(605)
Net realized and unrealized gains on financial assets at FVPL	2,090	515
Net realized and unrealized gains on derivative financial instruments	2,269	4,120
Restructuring costs	–	(23,032)
Net gain on disposal of a subsidiary	19,240	–
Others	774	1,782
	<u>32,336</u>	<u>(14,798)</u>

**5 NET FINANCE COSTS**

	Year ended December 31,	
	2025	2024
	US\$'000	US\$'000
Interest income from bank deposits	<u>(6,470)</u>	<u>(7,005)</u>
Finance income	<u>(6,470)</u>	<u>(7,005)</u>
Interest on bank loans	8,060	10,466
Other financing cost	940	1,274
Interest on lease liabilities	<u>637</u>	<u>515</u>
Finance costs	<u>9,637</u>	<u>12,255</u>
Net finance costs	<u>3,167</u>	<u>5,250</u>

## 6 PROFIT BEFORE TAXATION

	Year ended December 31,	
	2025	2024
	US\$'000	US\$'000
Profit before taxation is arrived at after charging:		
Net finance costs	3,167	5,250
Staff costs	228,777	240,176
Depreciation charge	52,826	55,563
Amortization of intangible assets	549	401
Research and development costs	85,795	83,410
(Reversal of)/provision for impairment loss on trade and other receivables	(290)	2,180
Provision for write-down of inventories	8,270	1,284
Cost of inventories sold	1,091,901	1,158,092

## 7 INCOME TAX EXPENSE

Taxation in the consolidated statements of profit or loss represents:

	Year ended December 31,	
	2025	2024
	US\$'000	US\$'000
<b>Current tax</b>		
<i>PRC Corporate Income Tax</i>		
Provision for the year	3,692	10,296
Over-provision in respect of prior years	719	53
	4,411	10,349
<i>Hong Kong Profits Tax</i>		
Provision for the year	4,322	5,612
<i>Tax jurisdictions outside PRC and Hong Kong</i>		
Provision for the year	11,694	4,499
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(3,024)	(405)
<b>Total income tax expense</b>	<b>17,403</b>	<b>20,055</b>

Notes:

Pursuant to the income tax rules and regulations of Hong Kong, the Company and the subsidiary in Hong Kong were liable to the Hong Kong Profits Tax at a rate of 16.5% during the years ended December 31, 2024 and 2025. The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax at a statutory rate of 25%, except for Nanjing Chervon Industry, which obtained the qualification as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% for the years from 2022 to 2025. Nanjing Chervon Industry Co., Ltd. renewed the qualification in December 19, 2025 and was entitled to a preferential income tax rate of 15% for the next three years. Taxation arising from jurisdictions outside PRC and Hong Kong is calculated at the rates prevailing in the relevant jurisdictions.

## 8 DIVIDENDS

In the years ended December 31, 2024 and 2025, dividends payable to equity shareholders of the Company attributable to the previous financial years were US\$18,091,000 and US\$118,717,000, respectively.

Subsequent of the end of the Reporting Period, the Board recommended the payment of a final dividend of US\$0.0573 per ordinary share (equivalent to HK\$0.4469 per ordinary share) for the year ended December 31, 2025. This proposed final dividend is subject to the approval of the Shareholders at the forthcoming AGM.

## 9 EARNINGS PER SHARE

### Basic Earnings Per Share

The calculation of basic and diluted earnings per share is based on the profits attributable to equity shareholders of the Company of US\$97,600,000 (2024: profit attributable to equity shareholders of the Company of US\$112,474,000) and the weighted average of ordinary shares calculated as follows:

### Weighted Average Number of Ordinary Shares

	As of December 31,	
	2025	2024
	'000	'000
Ordinary shares at the beginning of the year	511,053,811	511,053,811
Effect of shares held for share award scheme at the beginning of the year	(1,106,100)	–
Effect of shares purchased	(1,152,267)	(561,045)
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the year	<b>508,795,444</b>	510,492,766
	<hr/> <hr/>	<hr/> <hr/>

### Diluted Earnings Per Share

There were no dilutive potential ordinary shares in existence for the years ended December 31, 2024 and 2025. The calculated diluted earnings per share equals the basic earnings per share at December 31, 2024 and 2025, respectively.

## 10 ADDITIONS OF PROPERTIES, PLANTS AND EQUIPMENT

During the Reporting Period, the Group had approximately US\$59.9 million (2024: US\$63.0 million) on the acquisition of property, plant and equipment.

## 11 FINANCIAL ASSETS AT FVPL

Our financial assets at FVPL as of December 31, 2025 and 2024 primarily consisted of a life insurance product issued by an independent third-party insurance company, which is held by the Group for trading purposes.

## 12 DERIVATIVE FINANCIAL INSTRUMENTS

Our derivative financial instruments as of December 31, 2025 and 2024 primarily consisted of foreign currency forward contracts and foreign currency option contracts. We also had an interest rate swap contract as of December 31, 2025.

### 13 TRADE AND BILLS RECEIVABLES

Trade and bills receivables are typically due within 30 to 180 days from the date of billing. Set forth below is a breakdown of the Group's trade and bills receivables:

	As of December 31,	
	2025	2024
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Trade debtors and bills receivable, net of loss allowance</b>		
– measured at amortized cost		
Trade receivables	452,842	480,599
Bills receivables	2,298	4,136
– measured at fair value through other comprehensive income		
Trade receivables	4,064	4,738
	<u>459,204</u>	<u>489,473</u>

As of the end of the Reporting Period, the aging analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

	As of December 31,	
	2025	2024
	<i>US\$ '000</i>	<i>US\$ '000</i>
Within 6 months	449,843	480,763
Over 6 months but within 12 months	4,552	3,414
Over 12 months	745	558
	<u>455,140</u>	<u>484,735</u>

### 14 TRADE AND BILLS PAYABLES

Set forth below is a breakdown of the Group's trade and bills payables:

	As of December 31,	
	2025	2024
	<i>US\$ '000</i>	<i>US\$ '000</i>
Trade payables	208,257	294,758
Bills payable	14,642	23,184
	<u>222,899</u>	<u>317,942</u>

As of the end of the Reporting Period, the aging analysis of trade and bills payables, based on the invoice date, is as follows:

	As of December 31,	
	2025	2024
	<i>US\$ '000</i>	<i>US\$ '000</i>
Within 3 months	186,244	253,734
3 to 12 months	36,655	64,208
	<u>222,899</u>	<u>317,942</u>

All of the trade and bills payables are expected to be settled within one year or repayable on demand.

## 15 OTHER PAYABLES AND ACCRUALS

	As of December 31,	
	2025	2024
	US\$'000	US\$'000
Other payables and accrued charges ( <i>Note</i> )	173,971	132,312
Salaries, wages, bonus and benefits payable	26,308	38,642
Payables for purchase of properties, plants and equipment	15,953	8,190
Interest payables	155	347
Other tax payables	12,764	17,109
	<u>229,151</u>	<u>196,600</u>

*Note:* Other payables and accrued charges primarily comprise accruals for marketing and advertising fee, utility expenses, service fee and other expenses.

All of the other payables and accruals are expected to be settled within one year or repayable on demand.

## 16 CAPITAL COMMITMENTS

Capital commitments outstanding at the respective year end not provided for in the consolidated financial statements are as follows:

	As of December 31,	
	2025	2024
	US\$'000	US\$'000
Contracted for	9,360	28,290
Authorised but not contracted for	13,111	35,408
	<u>22,471</u>	<u>63,698</u>
Represented by:		
Construction of plant and buildings	21,577	62,540
Acquisition of machinery and equipment	894	1,158
	<u>22,471</u>	<u>63,698</u>