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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, 2024

FINANCIAL HIGHLIGHTS

	Year ended December 31,		Changes
	2024	2023	
	US\$'000	US\$'000	
Revenue	1,773,773	1,374,714	29.0%
Gross profit margin	34.7%	28.1%	660bps
Profit/(loss) for the year	112,708	(37,150)	N/A
Non-HKFRSs measure: Adjusted			
Net Profit/(Loss)	135,740	(36,654)	N/A
Net cash generated from/(used in) operating activities	167,684	(173,701)	N/A
Basic earnings per share	0.22	(0.07)	N/A

- Revenue increased by 29% to US\$1,773.8 million.
- Gross profit margin improved from 28.1% to 34.7%.
- Profit for the year in 2024 amounted to US\$112.7 million, while adjusted net profit in 2024 amounted to US\$135.7 million.
- Net cash generated from operating activities amounted to US\$167.7 million, up from net cash used in operating activities of US\$173.7 million.

FINAL DIVIDEND

- The Board has recommended the payment of a final dividend of US\$0.0802 per ordinary share (equivalent to HK\$0.6258 per ordinary share) for the year ended December 31, 2024 (2023: Nil).

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, 2024 (the “**Reporting Period**”) together with the comparative figures for the year ended December 31, 2023 as set out below. The Annual Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS OVERVIEW AND OUTLOOK

Business Overview

In 2024, the Group has demonstrated great performance and enhanced profitability. Our revenue increased by 29.0% to US\$1,773.8 million in 2024, benefiting from our strong points-of-sales (“**POS**”) performance and higher volume of customer orders after the destocking cycle. Our strong brand appeal and effective promotional activities further accelerated end consumer demand. We achieved a 403.4% growth in net profit during the Reporting Period as compared to 2023 with recovered revenue scale and improved efficiency.

We saw revenue growth from all regions and segments. The business from North America, Europe, China and the rest of the world increased by 37.5%, 11.2%, 9.8% and 8.9%, respectively. In addition, we experienced growth across all channels, with revenue from online channels significantly exceeding expectations. Revenue from our outdoor power equipment (“**OPE**”) segment increased by 24.2% while revenue from our power tools segment increased by 36.3%.

Our overall gross profit margin improved from 28.1% in 2023 to 34.7% in 2024, primarily driven by scale restoration and operational efficiency enhancement, as well as favorable raw material costs and exchange rates. By optimizing operating expenses in a balanced and efficient manner, we also recorded a net profit of approximately US\$112.7 million in 2024, as compared to a net loss of US\$37.2 million in 2023.

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 about 200 new products in 2024. Lithium-ion battery powered products accounted for approximately 90% of the new products.

EGO

EGO has firmly established itself as a premium brand, achieving rapid market share expansion through years of strategic execution. Our POS growth continues to outpace overall industry performance, positioning *EGO* among the market’s top-tier brands in terms of penetration and consumer recognition.

EGO maintains a disciplined yet dynamic product strategy, continuously expanding its portfolio with cutting-edge innovations across both core and lifestyle product categories. This approach has strengthened our competitive positioning and reinforced brand value. Concurrently, our steadfast commitment to advancing lithium battery technology has enabled us to establish a formidable presence in these domains. We have amassed a noteworthy portfolio of patents, which collectively fortify our competitive edge and underpin our trajectory of sustained differentiation and innovation. In addition, we remain committed to the strategy of Power by *EGO* and are steadily acquiring new customers.

EGO enjoys exceptional brand recognition, bolstered by strong consumer engagement and high visibility across digital and social media platforms. Our market presence extends beyond North America and Europe, as we accelerate global expansion efforts. A well-diversified channel strategy has been instrumental in unlocking further growth potential, with sustained momentum across traditional retail channels and particularly strong performance in online channels. We continue to lean in with our key strategic partner, Lowes, winning their Innovation Partner Award and driving continuous success at stores. We also won the CTR Seasonal & Garden Innovation Excellence Award, and the ACE Vendor of the Year in 2024. Chervon upgraded our cooperation with Amazon to MARQUEE PARTNER and was honored with the Amazon Think Big Award. These accolades reflect our unwavering commitment to innovation and excellence in both product development and market performance.

As the largest single outdoor power equipment (OPE) platform and the fastest-growing brand in the sector, *EGO* is well-positioned to capitalize on the ongoing shift toward lithium electrification and intelligent technologies. With a highly scalable channel network, strong brand value, and industry-leading R&D capabilities, we remain confident in our ability to sustain growth and drive long-term value. Supported by disciplined execution and a clear strategic roadmap, *EGO* is committed to delivering consistent financial performance and reinforcing its leadership in the industry.

FLEX

In 2024, *FLEX* delivered strong financial performance with a growth rate exceeding 50% and continued to innovate by expanding its offering of next-generation power tool solutions tailored for professionals, with more than 50 new products launched last year, including the cordless nailer and benchtop range. Nine new nailers and staplers that were launched in 2024, perfectly aligning to our focus on carpentry. Our flagship category product – *FLEX*'s polishers won the 2024 Plus X Award, which is one of the world's largest innovation award. It is worth noting that *FLEX* has acquired *FLEX* Scandinavia AB from the Ahlsell Group on May 31, 2024. This strategic acquisition expands our presence primarily in the Swedish and Scandinavian markets and we believe is a significant step forward. During the past year, while the market in Europe was shrinking, *FLEX* achieved a double-digit growth in our Europe market.

SKIL

SKIL has achieved its centennial milestone, symbolizing our enduring leadership and excellence in the market. Despite industry challenges in the DIY segment, *SKIL* has continued to grow, outpacing the overall weakened market during the Reporting Period. In addition, *SKIL* has strengthened its influences across social media platforms. Looking ahead, we remain committed to delivering comprehensive and innovative product solutions while continuously expanding our channel partnerships to optimize our market strategy and drive sustained growth for *SKIL* products.

DEVON

In 2024, our sales performance has remained notably more resilient than the market overall. *DEVON* has won Annual New Talent Award from JD group, which is one of the biggest E-commerce platform in China. The launch of our new 12V product line on the lithium battery platform has been exceptionally successful during the Reporting Period. Additionally, *DEVON* continued its digital marketing strategy through social media platforms. *DEVON* created a marketing matrix that linked hundreds of professional KOLs (Key Opinion Leaders) and has accumulated rich marketing experience in the field of digital marketing. We now lead with the largest and most engaged followers among power tools brands on Douyin, highlighting our significant impact and strong presence in the digital arena.

Manufacturing Capability

In 2024, we have strengthened our global manufacturing capabilities. This included accelerating the expansion of production capacity at our Chervon Vietnam Plant, thereby augmenting our overseas factory footprint. Against the backdrop of the China-U.S. tariffs, the Company will comprehensively accelerate the relocation of production capacity from Nanjing to Vietnam in 2025, with a significant increase in Vietnam's production capacity expected by the end of 2025. And as part of the Group's strategic realignment initiative to ensure its long-term competitiveness, FLEX-Elektrowerkzeuge GmbH, an indirect wholly-owned subsidiary of the Company, plans to relocate its production from Steinheim facility in Germany to Nanjing, China. The repositioning aligns with the Group's broader strategy to optimize its global manufacturing footprint. As the Group continues to expand its production capacity in Vietnam, our highly efficient production facilities in China may be better utilized to support our business globally and enhance overall manufacturing efficiency. We believe these initiatives will further support our ability to build a more flexible and resilient supply chain.

Prospects

In 2024, we are pleased to report a year of exceptional performance, marked by substantial revenue growth, expanded market share, and enhanced operational efficiency. This solid foundation positions us well for the future as we navigate through opportunities and challenges ahead. While we recognize the potential uncertainties in 2025 – ranging from macroeconomic volatility to risks associated with China-U.S. tariffs – we remain confident in our ability to mitigate these risks. To address the impact of tariffs, we have accelerated and will continue to strategically diversify our production capacity and implement adaptive pricing strategies, ensuring resilience and competitiveness in a shifting trade landscape.

Looking ahead, we will optimise our strategic focus by divesting non-core and non-operational assets, thereby enabling more effective resource allocation to high-potential core businesses. Through asset optimization, we aim to enhance shareholder returns and drive sustainable growth. Our long-term capabilities in product, technology, channel and brand form the foundation for future success, positioning us to embrace key industry trends – such as electrification, intelligent technologies, and e-commerce – to create lasting value and strengthen our competitive edge.

FINANCIAL REVIEW

Financial Results

Revenue

The Group's revenue increased by 29.0% from US\$1,374.7 million in 2023 to US\$1,773.8 million in 2024, primarily driven by our strong points-of-sales performance and higher volume of customer orders after the destocking cycle. Our strong brand appeal and effective promotional activities further accelerated end consumer demand.

Revenue by product category

Revenue from the sales of OPE products increased by 24.2% from US\$811.4 million in 2023 to US\$1,007.5 million in 2024, primarily driven by the accelerated destocking process and an increase in customer orders, especially in our *EGO* brand.

Revenue from the sales of power tools increased by 36.3% from US\$548.5 million in 2023 to US\$747.6 million in 2024, after several years of rapid growth, mainly driven by the recovery and expansion of our *FLEX* and ODM business.

Revenue by geographic location

Our revenue generated from North America increased by 37.5% from US\$940.2 million in 2023 to US\$1,293.1 million in 2024. Our revenue from Europe increased by 11.2% from US\$282.4 million in 2023 to US\$314.1 million in 2024. Our revenue from China increased by 9.8% from US\$100.6 million in 2023 to US\$110.5 million in 2024. Our revenue from rest of the world increased by 8.9% from US\$51.5 million in 2023 to US\$56.1 million in 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased by 59.2% from US\$386.8 million in 2023 to US\$615.7 million in 2024. During the same years, our overall gross profit margin increased from 28.1% to 34.7%, primarily driven by scale restoration and operational efficiency enhancement, favorable raw material costs and currency exchange rates.

Other Revenue

Our other revenue, which primarily consisted of government grants, sale of scrap materials and rental income, amounted to US\$4.9 million in 2024, as compared to US\$5.8 million in 2023.

Other Net Loss

We had other net loss of US\$14.8 million in 2024, as compared to other net loss of US\$8.3 million in 2023. Our other net loss in 2024 was primarily attributable to net realized and unrealized gain on derivative financial instruments and net foreign exchange gain in amount to US\$6.3 million as well as restructuring cost provision in amount to US\$23 million.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 7.5% from US\$244.1 million in 2023 to US\$262.3 million in 2024, primarily attributable to an increase in our marketing expenses and investments in expanding channels, especially in our online channels as well as investments in talent.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased by 8.3% from US\$96.8 million in 2023 to US\$104.8 million in 2024, primarily due to an increase in investment in talent development and global manufacturing footprint.

Research and Development Costs

Our research and development costs increased by 18.0% from US\$70.7 million in 2023 to US\$83.4 million in 2024, primarily attributable to the Company's continued investment in research and product development, particularly in commercial and robotic technology OPE segment.

Net Finance Costs

Our net finance costs amounted to US\$5.3 million in 2024, as compared to US\$3.3 million in 2023 primarily due to higher U.S. dollar interest income generated from placement in 2023, while increased interest expenses result from declining RMB deposit interest rate and the Company's expanded loan portfolio in 2024.

Share of Loss of an Associate

We had a share of loss of an associate of US\$17.3 million in 2024, as compared to a share of loss of an associate of US\$18.3 million in 2023, which were primarily attributable to our 23.75% equity interest in Nanjing Chervon Auto Precision Technology Co., Ltd. (南京泉峰汽車精密技術股份有限公司) (“**Chervon Auto Precision Technology**”).

Profit Before Taxation

As a result of the foregoing, we recorded profit before taxation of US\$132.8 million in 2024, as compared to a loss before taxation of US\$48.9 million in 2023.

Income Tax Expense

Our income tax expense was US\$20.1 million in 2024, as compared to a tax income of US\$11.7 million in 2023. Our effective tax rate was 15.1% (2023: inapplicable tax rate as we incurred loss before taxation). Our income tax expense in 2024 is primarily resulted from the status of Nanjing Chervon Industry Co., Ltd (南京泉峰科技有限公司) (“**Nanjing Chervon Industry**”) as a High and New Technology Enterprise (國家高新技術企業), which is entitled to an enterprise income tax rate of 15%.

Profit For The Year

As a result of the foregoing, we recorded a profit for the year of US\$112.7 million in 2024, as compared to a loss for the year of US\$37.2 million in 2023. We had a net profit margin of 6.4% in 2024, as compared to a net loss margin of 2.7% in 2023.

Non-HKFRSs Measures: Adjusted Net Loss/Profit

To supplement our consolidated results which are prepared and presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), we utilize non-HKFRSs adjusted net profit/loss (“**Adjusted Net Profit/Loss**”) as an additional financial measure. We derive Adjusted Net Profit from profit for the year by excluding the non-recurring costs associated with the repositioning of the Group’s Steinheim facility in Germany.

Adjusted Net Loss/Profit is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of non-HKFRSs measures when shown in conjunction with the corresponding HKFRSs 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-HKFRSs measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-HKFRSs 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 HKFRSs. In addition, this non-HKFRSs 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/Loss for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs, which is profit for the year:

	Year Ended December 31,	
	2024	2023
	US\$’000	US\$’000
Profit/(loss) for the year	112,708	(37,150)
Add:		
Restructuring costs ⁽¹⁾	23,032	–
Net realized and unrealized losses on convertible bonds ⁽²⁾	–	630
Income tax effects of non-HKFRSs adjustments ⁽³⁾	–	(134)
Adjusted Net Profit/(Loss)	<u>135,740</u>	<u>(36,654)</u>

Notes:

- (1) Represents the non-recurring costs associated with the repositioning of the Group’s Steinheim facility in Germany.
- (2) Represents the net realized and unrealized losses on our investment, net of income tax effects, in the convertible bond issued by Chervon Auto Precision Technology in 2023.
- (3) Represents income tax effects of non-HKFRSs adjustments.

Liquidity and Financial Resources

Financial Position

The Group continued to maintain a strong financial position. As of December 31, 2024, the Group had US\$328.8 million in cash and cash equivalents (December 31, 2023: US\$296.3 million). 34.8%, 54.6%, 4.3% and 6.3% of the cash and cash equivalents as of December 31, 2024 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, 2024, the Group had bank loans of US\$295.6 million (December 31, 2023: US\$323.6 million), which were primarily denominated in RMB, and lease liabilities of US\$13.9 million (December 31, 2023: US\$12.4 million). As of the same date, fixed-rate and floating-rate loans account for 53.4% and 46.6%, respectively, of the Group's total bank loans.

As of December 31, 2024, short-term bank loans and current portion of long-term bank loans collectively accounted for 65.2% of the total bank loans (December 31, 2023: 61.2%).

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, 2024 which has remained consistent compared to the same period in 2023.

Working Capital

Our inventories amounted to US\$608.3 million as of December 31, 2024 as compared to US\$531.0 million as of December 31, 2023. Our inventory turnover days decreased to 180 days in 2024, as compared to 209 days in 2023, primarily due to the improvement in our operational efficiency.

Our trade and bills receivables turnover days were at 87 days in 2024, as compared to 77 days in 2023, which is in line with the credit terms we granted to our customers. The increase primarily resulted from strong sales performance in the fourth quarter of 2024 that led to an increase in the balances of our trade and bills receivables as well as a decrease in our use of customer supply chain financing to mitigate the impact of higher U.S. dollar-denominated interest rates.

Our trade and bills payables turnover days were 86 days in 2024, as compared to 96 days in 2023, which is in line with the credit terms that we obtained from suppliers.

Capital Expenditures

Our capital expenditures in 2024 amounted to US\$63.0 million (2023: US\$77.1 million), primarily due to our investments in upgrading smart manufacturing systems and advancing digital transformation.

Capital Commitments

As of December 31, 2024, our capital commitments (including those contracted for and authorized but not contracted for) for the construction of plant and buildings and acquisition of machinery and equipment amounted to US\$63.7 million (2023: US\$67.5 million) primarily 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:

	As of December 31,	
	2024	2023
	US\$'000	US\$'000
Plant and buildings	–	31,740
Leasehold land	–	21,852
Inventories	16,427	16,565
Trade and bills receivables	1,921	1,538
Pledged deposits	15,424	14,511
Interest in an associate	13,226	17,069
	<hr/>	<hr/>
Total	46,998	103,275
	<hr/> <hr/>	<hr/> <hr/>

As of December 31, 2024, the Group had pledged deposits of US\$20.2 million (December 31, 2023: US\$18.2 million), which will be released upon the settlement of letters of credit and bills payable and 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, 2024, the maximum guarantee amount was US\$21.6 million (December 31, 2023: US\$21.9 million) and the guarantee issued was US\$8.1 million (December 31, 2023: US\$8.5 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, 2024).

Material Acquisitions and Disposals of Subsidiaries and Associates

During the Reporting Period, the Group did not have material acquisitions or disposals of subsidiaries or associates.

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 in the section headed “–Use of Net Proceeds from our Global Offering” in this announcement and 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 2024 amounted to US\$2.1 million, as compared to a net foreign exchange gain of US\$4.9 million in 2023. Our net realized and unrealized gain on derivative financial instruments (which primarily include foreign exchange forward contracts) in 2024 amounted to US\$4.1 million, as compared to a net realized and unrealized loss on derivative financial instruments of US\$12.2 million in 2023.

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 2024, the Group’s largest customer and five largest customers accounted for approximately 39.1% and 63.3% (2023: 34.5% and 59.3%) respectively of the Group’s total revenue; and the Group’s largest supplier and five largest suppliers accounted for approximately 9.6% and 23.1% respectively of the Group’s total purchases (2023: 21.7% and 33.8%).

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 6,481 as of December 31, 2024 (December 31, 2023: 6,173). The total staff costs for the Reporting Period amounted to US\$240.2 million as compared to US\$208.9 million in 2023. 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, 2024, the male-to-female ratio of the Group's employees is approximately 1.55 to 1 (December 31, 2023: 1.56:1). 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

USE OF NET PROCEEDS FROM OUR GLOBAL OFFERING

The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from its global offering completed in December 2021, including the full exercise of the over-allotment option, of approximately HK\$3,470.1 million (the “**2021 Net Proceeds**”).

As of December 31, 2023, the balance of the 2021 Net Proceeds amounted to approximately HK\$339.7 million. As set out in the Prospectus of the Company dated December 17, 2021, it was the Company's plan that 66.5% of the 2021 Net Proceeds would be used for expanding and upgrading production facilities. After due and careful consideration of Group's business strategy and evolving market environment and customer needs, the Board has resolved on August 28, 2023 to approve the reallocation of the 2021 Net Proceeds that remained unutilized as of June 30, 2023 and the updated timeframe. For details of the reallocation, please refer to the announcement of the Company dated August 28, 2023.

During the Reporting Period, we have fully utilized the balance of the 2021 Net Proceeds as set out below:

Intended Use of Net Proceeds	Updated Allocation of Remaining 2021 Net Proceeds as of December 31, 2023	Percentage of Updated Allocation of Remaining 2021 Net Proceeds	Balance of 2021 Net Proceeds Unutilized as of December 31, 2024	Updated Timeframe for Use of the Unutilized 2021 Net Proceeds
Expanding and upgrading production facilities	HK\$192.8 million	56.8%	Nil	Fully utilized during the Reporting Period
Researching and developing products	HK\$146.9 million	43.2%	Nil	Fully utilized during the Reporting Period
Enhancing sales and distribution channels	Nil	Nil	Nil	Fully utilized in 2023
Paying interest-bearing bank borrowings	Nil	Nil	Nil	Fully utilized in 2023
Working capital and other general corporate purposes	Nil	Nil	Nil	Fully utilized in 2023
Total	HK\$339.7 million	100%	Nil	

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of US\$0.0802 per ordinary share (equivalent to HK\$0.6258 per ordinary share) for the year ended December 31, 2024 (2023: Nil). 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 Thursday, May 22, 2025, and the final dividend is expected to be payable on or before Monday, June 23, 2025 to those Shareholders whose names appear on the Company’s register of members as of Thursday, May 29, 2025.

CLOSURE OF REGISTER OF MEMBERS/RECORD DATE

The register of members of the Company will be closed from Monday, May 19, 2025 to Thursday, May 22, 2025, 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 Friday, May 16, 2025.

Record date for determining the entitlement of the Shareholders to the final dividend (if approved by the Shareholders in the AGM) is Thursday, May 29, 2025. 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 Tuesday, May 27, 2025. The register of members of the Company will be closed from Wednesday, May 28, 2025 to Thursday, May 29, 2025, 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.

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.

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.

ADOPTION OF 2024 SHARE SCHEME

On January 29, 2024, the Board proposed to adopt a share scheme under Chapter 17 of the Listing Rules (the “**2024 Share Scheme**”). The purposes of the 2024 Share Scheme are (1) to bind the interests of shareholders, the Company and employees to focus on the realization of the Company’s strategic development objectives and to drive the performance growth; and (2) to improve our long-term incentive mechanism to attract and retain outstanding talents and to fully mobilize the senior management team and core employees. On February 20, 2024, the resolution for adopting the 2024 Share Scheme was passed in an extraordinary general meeting. As of the date of this announcement, no share was granted, exercised, cancelled or lapsed under the 2024 Share Scheme. For further details regarding the 2024 Share Scheme, please refer to the Company’s circular dated February 2, 2024.

Between June 27, 2024 and July 3, 2024, the trustee for the 2024 Share Scheme purchased a total of 1,106,100 shares on the market, accounting for approximately 0.22% of the total number of the Company’s shares. For details regarding the purchase on-market by the Company’s trustee for the 2024 Share Scheme, please refer to the Company’s announcements dated June 27, June 28, July 2 and July 3, 2024, respectively.

EVENT AFTER THE REPORTING PERIOD

On March 26, 2025, the Company has entered into an equity transfer agreement with Chervon Precision Technology Holdings Company Limited (“**Chervon Precision Technology**”), an indirect subsidiary of Panmercy Holdings Limited, our controlling shareholder, pursuant to which the Company has conditionally agreed to sell the entire equity interest in Chervon (China) Investment Co., Ltd. (“**Chervon (China) Investment**”) at a cash consideration of RMB 570,000,000 or HK\$ equivalent. The disposal constitutes a discloseable and connected transaction of the Company under Chapter 14 and Chapter 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), 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 in relation to the disposal and the proposed special dividend on March 26, 2025.

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. Tian Ming and Mr. Jiang Li. 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, 2024.

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, 2024 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 2024 ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at 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, 2024 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 26, 2025

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 Mr. Tian Ming, Dr. Li Minghui and Mr. Jiang Li as independent non-executive Directors.

RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

		Year ended December 31,	
	Note	2024	2023
		US\$'000	US\$'000
Revenue	2	1,773,773	1,374,714
Cost of sales		<u>(1,158,092)</u>	<u>(987,881)</u>
Gross profit		615,681	386,833
Other revenue	3	4,893	5,787
Other net loss	4	(14,798)	(8,333)
Selling and distribution expenses		(262,251)	(244,052)
Administrative and other operating expenses		(104,758)	(96,787)
Research and development costs		<u>(83,410)</u>	<u>(70,673)</u>
Profit/(loss) from operations		155,357	(27,225)
Net finance costs	5	(5,250)	(3,290)
Share of loss of an associate		<u>(17,344)</u>	<u>(18,341)</u>
Profit/(loss) before taxation	6	132,763	(48,856)
Income tax expense	7	<u>(20,055)</u>	<u>11,706</u>
Profit/(loss) for the year		<u>112,708</u>	<u>(37,150)</u>
Attributable to:			
Equity shareholders of the Company		112,474	(37,137)
Non-controlling interests		<u>234</u>	<u>(13)</u>
Profit/(loss) for the year		<u>112,708</u>	<u>(37,150)</u>
Earnings/(losses) per share	9		
Basic (US\$)		<u>0.22</u>	<u>(0.07)</u>
Diluted (US\$)		<u>0.22</u>	<u>(0.07)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Year ended December 31,	
Note	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(loss) for the year	112,708	(37,150)
Other comprehensive income for the year (after tax adjustments)		
<i>Item that will not be reclassified to profit or loss:</i>		
Remeasurement of net defined benefit plan obligations	15	21
<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	<u>(15,245)</u>	<u>(10,861)</u>
Other comprehensive income for the year	<u>(15,230)</u>	<u>(10,840)</u>
Total comprehensive income/(loss) for the year	<u>97,478</u>	<u>(47,990)</u>
Attributable to:		
Equity shareholders of the Company	97,244	(47,977)
Non-controlling interests	<u>234</u>	<u>(13)</u>
Total comprehensive income/(loss) for the year	<u>97,478</u>	<u>(47,990)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2024

	<i>Note</i>	As of December 31,	
		2024	2023
		US\$'000	US\$'000
Non-current assets			
Properties, plants and equipment	<i>10</i>	282,495	276,555
Right-of-use assets		57,511	57,982
Intangible assets		2,259	882
Goodwill		2,963	–
Interest in an associate	<i>11</i>	67,348	86,921
Prepayments, deposits and other receivables		7,824	4,637
Financial assets at fair value through profit or loss (“FVPL”)	<i>12</i>	6,586	6,393
Deferred tax assets		51,781	47,804
		<u>478,767</u>	<u>481,174</u>
Current assets			
Derivative financial instruments	<i>13</i>	6,411	2,553
Inventories		608,304	530,951
Right to returned goods asset		16,516	26,248
Trade and bills receivables	<i>14</i>	489,473	359,011
Prepayments, deposits and other receivables		42,122	70,895
Taxation recoverable		1,757	10,972
Pledged deposits		20,189	18,244
Cash and cash equivalents		328,758	296,337
		<u>1,513,530</u>	<u>1,315,211</u>
Current liabilities			
Bank loans		192,619	198,185
Derivative financial instruments	<i>13</i>	6,392	2,335
Lease liabilities		5,157	2,690
Trade and bills payables	<i>15</i>	317,942	224,954
Other payables and accruals	<i>16</i>	196,600	142,507
Taxation payable		8,265	7,033
Warranty provision		32,313	49,617
Refund liabilities from right of return		23,680	36,104
		<u>782,968</u>	<u>663,425</u>

	<i>Note</i>	As of December 31,	
		2024	2023
		US\$'000	US\$'000
Net current assets		730,562	651,786
		<u>730,562</u>	<u>651,786</u>
Total assets less current liabilities		1,209,329	1,132,960
		<u>1,209,329</u>	<u>1,132,960</u>
Non-current liabilities			
Bank loans		102,935	125,455
Lease liabilities		8,767	9,691
Warranty provision		38,916	20,060
Deferred income		4,503	3,558
Defined benefit plan obligations		354	434
Deferred tax liabilities		17,161	13,141
		<u>172,636</u>	<u>172,339</u>
		<u>172,636</u>	<u>172,339</u>
NET ASSETS		1,036,693	960,621
		<u>1,036,693</u>	<u>960,621</u>
CAPITAL AND RESERVES			
Share capital		601,859	601,859
Reserves		434,704	358,866
		<u>434,704</u>	<u>358,866</u>
Total equity attributable to equity shareholders of the Company		1,036,563	960,725
Non-controlling interests		130	(104)
		<u>130</u>	<u>(104)</u>
TOTAL EQUITY		1,036,693	960,621
		<u>1,036,693</u>	<u>960,621</u>

CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2024

	Year ended December 31,	
	2024	2023
	USD'000	USD'000
Operating activities		
Cash generated from/(used in) operations	177,671	(161,357)
Tax paid	(14,507)	(16,331)
Tax refund	4,520	3,987
	<u>167,684</u>	<u>(173,701)</u>
Investing activities		
Payment for the acquisition of properties, plants and equipment	(73,731)	(88,342)
Proceeds from disposal of properties, plants and equipment	2,896	3,690
Payment for disposal of leases	–	(1,226)
Proceeds from disposal of convertible bonds	–	19,317
Proceeds from disposal of financial assets measured at FVPL other than convertible bonds	116,247	244,619
Payment for acquisition of financial assets measured at FVPL other than convertible bonds	(115,925)	(243,862)
Acquisition of a subsidiary, net of cash acquired	(6,907)	–
Interest received	7,005	7,844
	<u>(70,415)</u>	<u>(57,960)</u>
Financing activities		
Capital element of lease rental paid	(4,071)	(6,346)
Interest element of lease rental paid	(515)	(590)
Proceeds from new bank loans	433,682	346,345
Repayment of bank loans	(457,772)	(348,834)
Interest paid	(10,571)	(8,816)
(Increase)/decrease in pledged deposits for banking facilities	(913)	16,829
Proceeds from issuance of ordinary shares	–	100,168
Share issuance costs paid	–	(963)
Dividends paid to equity shareholders of the Company	(18,091)	(36,691)
Payment for purchase of shares for share award scheme	(2,557)	–
	<u>(60,808)</u>	<u>61,102</u>
Net cash (used in)/generated from financing activities	<u>(60,808)</u>	<u>61,102</u>
Net increase/(decrease) in cash and cash equivalents	36,461	(170,559)
Cash and cash equivalents at the beginning of the year	296,337	466,713
Effect of foreign exchange rate changes	(4,040)	183
Cash and cash equivalents at the end of the year	<u>328,758</u>	<u>296,337</u>

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, 2023 and 2024 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, 2023 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, 2024 in due course.
- The Company's auditor has reported on the consolidated financial statements of the Group for the years ended December 31, 2023 and 2024. 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 HKFRSs which collective term includes all applicable individual 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, 2024 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 the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("**2022 amendments**")
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. 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,	
	2024	2023
	US\$'000	US\$'000
Power tools	747,638	548,544
OPE	1,007,478	811,408
Others	18,657	14,762
	<u>1,773,773</u>	<u>1,374,714</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,	
	2024	2023
	US\$'000	US\$'000
North America	1,293,059	940,197
Europe	314,119	282,359
China	110,519	100,615
Rest of the World	56,076	51,543
	<u>1,773,773</u>	<u>1,374,714</u>

3 OTHER REVENUE

Our other revenue in the years ended December 31, 2024 and 2023 mainly comprises of government grants, sale of scrap materials and rental income.

4 OTHER NET LOSS

	Year ended December 31,	
	2024 US\$'000	2023 US\$'000
Net foreign exchange gain	2,136	4,863
Gain/(loss) on disposal of properties, plants and equipment	286	(46)
Net loss on disposal of leases	(605)	(1,226)
Net realized and unrealized loss on convertible bonds	–	(630)
Net realized and unrealized gain on financial assets at FVPL other than convertible bonds	515	948
Net realized and unrealized gain/(loss) on derivative financial instruments	4,120	(12,181)
Restructuring costs	(23,032)	–
Others	1,782	(61)
	<u>14,798</u>	<u>(8,333)</u>

5 NET FINANCE COSTS

	Year ended December 31,	
	2024 US\$'000	2023 US\$'000
Interest income from bank deposits	<u>(7,005)</u>	<u>(7,844)</u>
Finance income	<u>(7,005)</u>	<u>(7,844)</u>
Interest on bank loans	10,466	8,819
Other financing cost	1,274	1,725
Interest on lease liabilities	<u>515</u>	<u>590</u>
Finance costs	<u>12,255</u>	<u>11,134</u>
Net finance costs	<u>5,250</u>	<u>3,290</u>

6 PROFIT/(LOSS) BEFORE TAXATION

	Year ended December 31,	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(Loss) before taxation is arrived at after charging:		
Net finance costs	5,250	3,290
Staff costs	240,176	208,949
Depreciation charge	55,563	35,901
Amortization of intangible assets	401	280
Research and development costs	83,410	70,673
Provision for impairment loss on trade and other receivables	2,180	1,172
Provision for write-down of inventories	1,284	47,058
Cost of inventories sold	1,158,092	987,881
	<u>1,158,092</u>	<u>987,881</u>

7 INCOME TAX EXPENSE

Taxation in the consolidated statements of profit or loss represents:

	Year ended December 31,	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Current tax		
<i>PRC Corporate Income Tax</i>		
Provision for the year	10,296	–
Over-provision in respect of prior years	53	226
	<u>10,349</u>	226
<i>Hong Kong Profits Tax</i>		
Provision for the year	5,612	–
<i>Tax jurisdictions outside PRC and Hong Kong</i>		
Provision for the year	4,499	3,786
Deferred tax		
Origination and reversal of temporary differences	(405)	(15,718)
Total income tax expense	<u>20,055</u>	<u>(11,706)</u>

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, 2023 and 2024. 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. 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, 2023 and 2024, dividends payable to equity shareholders of the Company attributable to the previous financial years were US\$36,691,000 and US\$18,091,000, respectively.

Subsequent of the end of the Reporting Period, the Board recommended the payment of a final dividend of US\$0.0802 per ordinary share (equivalent to HK\$0.6258 per ordinary share) for the year ended December 31, 2024. This proposed final dividend is subject to the approval of the Shareholders at the forthcoming AGM.

9 EARNINGS/(LOSSES) PER SHARE

Basic Earnings/(Losses) Per Share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of US\$112,474,000 (2023: loss attributable to equity shareholders of the Company of US\$37,137,000) and the weighted average of ordinary shares calculated as follows:

Weighted Average Number of Ordinary Shares

	Year ended December 31,	
	2024	2023
Ordinary shares at the beginning of the year	511,053,811	490,218,811
Effect of shares issued, net of issuance costs	–	19,750,438
Effect of shares purchased	(561,045)	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at the end of the year	<u>510,492,766</u>	<u>509,969,249</u>

Diluted Earnings/(Losses) Per Share

There were no dilutive potential ordinary shares in existence for the years ended December 31, 2023 and 2024. The calculated diluted earnings per share equals the basic earnings per share at December 31, 2023 and 2024, respectively.

10 ADDITIONS OF PROPERTIES, PLANTS AND EQUIPMENT

During the Reporting Period, the Group spent approximately US\$63.0 million (2023: US\$77.1 million) on the acquisition of property, plant and equipment.

11 INTEREST IN AN ASSOCIATE

Our interest in an associate as of December 31, 2024 primarily consisted of our 23.75% interest in Chervon Auto Precision Technology.

12 FINANCIAL ASSETS AT FVPL

Our financial assets at FVPL as of December 31, 2024 and 2023 primarily consisted of a life insurance product issued by an independent third-party insurance company, which is held by the Group for trading purposes.

13 DERIVATIVE FINANCIAL INSTRUMENTS

Our derivative financial instruments as of December 31, 2024 and 2023 primarily consisted of foreign currency forward contracts and foreign currency option contracts. We also had an interest rate swap contract as of December 31, 2024.

14 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,	
	2024	2023
	US\$'000	US\$'000
Trade debtors and bills receivable, net of loss allowance		
– measured at amortized cost		
Trade receivables	480,599	351,628
Bills receivables	4,136	2,424
– measured at fair value through other comprehensive income		
Trade receivables	4,738	4,959
	<u>489,473</u>	<u>359,011</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,	
	2024	2023
	US\$'000	US\$'000
Within 6 months	480,763	347,589
Over 6 months but within 12 months	3,414	6,160
Over 12 months	558	303
	<u>484,735</u>	<u>354,052</u>

15 TRADE AND BILLS PAYABLES

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

	As of December 31,	
	2024	2023
	US\$'000	US\$'000
Trade payables	294,758	206,781
Bills payable	23,184	18,173
	<u>317,942</u>	<u>224,954</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,	
	2024	2023
	US\$'000	US\$'000
Within 3 months	253,734	156,043
3 to 12 months	64,208	68,911
	<u>317,942</u>	<u>224,954</u>

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

16 OTHER PAYABLES AND ACCRUALS

	As of December 31,	
	2024	2023
	US\$'000	US\$'000
Other payables and accrued charges (<i>Note</i>)	132,312	95,766
Salaries, wages, bonus and benefits payable	38,642	13,988
Payables for purchase of properties, plants and equipment	8,190	16,543
Interest payables	347	452
Other tax payables	17,109	15,758
	<u>196,600</u>	<u>142,507</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.

17 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,	
	2024	2023
	US\$'000	US\$'000
Contracted for	28,290	46,511
Authorised but not contracted for	35,408	20,944
	<u>63,698</u>	<u>67,455</u>
Represented by:		
Construction of plant and buildings	62,540	66,435
Acquisition of machinery and equipment	1,158	1,020
	<u>63,698</u>	<u>67,455</u>