

譚木匠控股有限公司^{*}

CARPENTER TAN HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 837



譚木匠

2025 INTERIM REPORT

^{*}For identification purpose only



CONTENTS

1	36
CONTENTS	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
2	37
CORPORATE INFORMATION	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
4	38
FINANCIAL HIGHLIGHTS	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
6	39
CHAIRMAN'S STATEMENT	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED
8	40
MANAGEMENT DISCUSSION AND ANALYSIS	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
31	41
OTHER INFORMATION	NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Tan Chuan Hua (*Chairman*)
Mr. Tan Di Fu
Mr. Luo Hongping
Mr. Tan Lizi (appointed on 1 February 2025)
Ms. Liu Kejia (appointed on 1 February 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Kam Wing, Donald
Ms. Liu Liting
Mr. Yang Tiannan

AUDIT COMMITTEE

Mr. Chau Kam Wing, Donald (*Chairman*)
Ms. Liu Liting
Mr. Yang Tiannan

REMUNERATION COMMITTEE

Mr. Chau Kam Wing, Donald (*Chairman*)
Ms. Liu Liting
Mr. Yang Tiannan

NOMINATION COMMITTEE

Mr. Chau Kam Wing, Donald (*Chairman*)
Ms. Liu Liting
Mr. Yang Tiannan

COMPANY SECRETARY

Mr. Chan Hon Wan *CA*

AUTHORISED REPRESENTATIVES

Mr. Chan Hon Wan *CA*
Mr. Tan Chuan Hua

REGISTERED OFFICE

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

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The PRC

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANKS

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The PRC

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The PRC

AUDITOR

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LEGAL ADVISORS TO THE COMPANY

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Hong Kong

STOCK CODE

837

COMPANY WEBSITE

www.ctans.com



FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS

	Six months ended 30 June		% Change
	2025	2024	Increase/
	(unaudited)	(unaudited)	(Decrease)
	RMB'000	RMB'000	
Financial Highlights			
Revenue	287,886	263,082	9.4%
Cost of sales	(110,089)	(100,837)	9.2%
Gross profit	177,797	162,245	9.6%
Gross profit margin	61.8%	61.7%	0.1% point
Profit before taxation	133,366	119,182	11.9%
Profit for the period	109,046	96,288	13.2%
Profit attributable to owners of the Company	109,046	96,288	13.2%
Basic earnings per share (RMB cents)	43.8	38.7	13.2%
	At 30 June	At 31 December	% Change
	2025	2024	Increase/
	(unaudited)	(audited)	(Decrease)
Liquidity and Gearing			
Current ratio ⁽¹⁾	5.42	5.48	(1.2)%
Quick ratio ⁽²⁾	1.97	2.50	(21.2)%
Gearing ratio ⁽³⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾	N/A ⁽⁴⁾

Notes:

- (1) Current ratio is calculated as current assets divided by current liabilities.
- (2) Quick ratio is calculated as current assets less inventories divided by current liabilities.
- (3) Gearing ratio is calculated as total interest-bearing bank borrowings, less cash and cash equivalents, divided by total equity as at the end of relevant period/year and multiplied by 100%.
- (4) As at 30 June 2025 and 31 December 2024, the Group did not have any interest-bearing bank borrowings, the calculation of gearing ratio is not meaningful.



CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Carpenter Tan Holdings Limited (the "Company"), I am pleased to present the interim report of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2025 (the "Reporting Period") to the shareholders (the "Shareholders") and potential investors for your review.

In the first half of 2025, under the influence of macro policy factors such as the decline in foreign trade driven by the China-U.S. tariff negotiations, the sluggish recovery of the real estate market, and reductions in national infrastructure project investments, surely everyone has noticed that market demand is weaker than in 2024, consumer confidence is more subdued, and the overall environment of soft growth is indeed not optimistic. Yet, the Group has remained firmly confident and committed to doing its own work well. Whether it is implementing the adjustment strategy of moving to better commercial districts and shopping malls, opening larger and better stores, or carrying out brand promotion campaigns like 'Garden of Combs' as well as the immersive hair-combing experience at the franchisee annual conference competition and further enhancing the customer service experience in specialty stores – the Group is even more passionate and confident in delivering solid results. Because of this, the Group still managed to achieve double-digit growth in net market retail performance in the first half of this year compared to the same period last year, especially the second quarter of last year, largely achieving the expected targets for the first half of this year.

Admittedly, the Group delivered relatively solid retail growth in the first half of the year. However, on the customer service front – from the Group's customer relations and public sentiment management to the genuine service provided by store owners, managers, and staff – there were clear shortcomings in customer care and empathy. The Group failed to adhere to the principle of 'treating customers as family, acting with honesty and kindness, and serving with attentiveness – making friends while upholding the bottom line of neither harming customers nor damaging the brand' to resolve conflicts with goodwill and serve customers sincerely. The Group must remain highly vigilant, conduct thorough introspection and review, and make concrete improvements from internal governance to the frontline service of store owners, managers, and staff.

In the second half of 2025, while practically implementing the key work directions and goals set at the beginning of the year, the Group will continue to properly execute the adjustment and upgrade of converting side counters and display cabinets into independent image stores, and will open flagship image stores in Beijing, Shanghai and Guangzhou-Shenzhen, prioritize opening large stores in super first-tier cities and new first-tier cities, and launch new international image specialty stores in Hong Kong and Singapore. These initiatives aim to boldly explore and lay groundwork for domestic and international market expansion while enhancing brand image, ultimately adding value and empowering our growth.

The Group will also organize the 10th Anniversary Retrospective Exhibition of the 'Beauty of Zhipei' Design Competition. We will continue to successfully execute the design competition and wood art exhibition, centering on the theme of 'Art of Wood + Humanities' to effectively carry out brand communication and promotion activities. These initiatives aim to drive broader engagement from higher education institutions, professional organizations, and the general public to build emotional connection with the future.

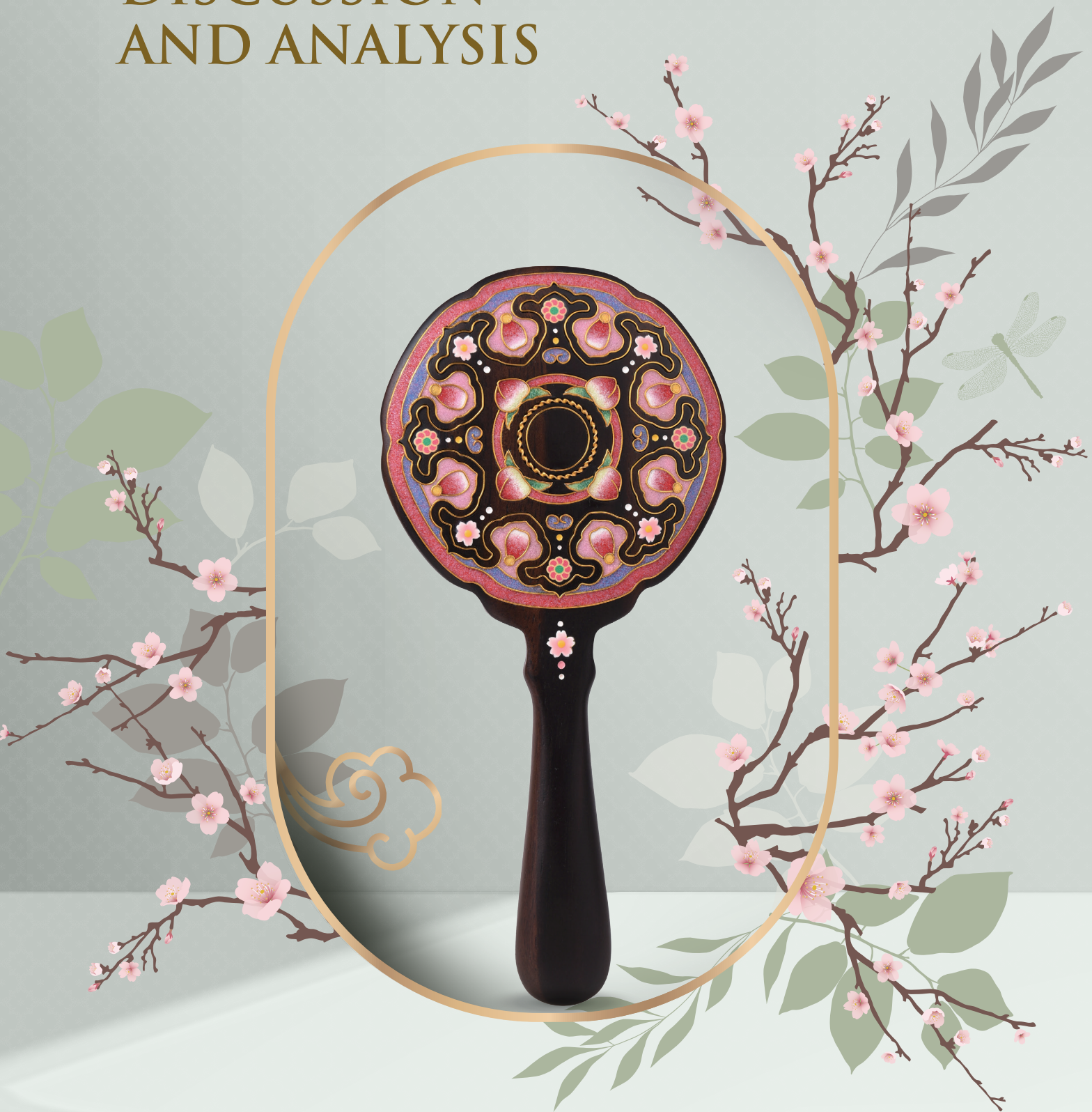
In the second half of 2025, – no turning back, eyes front, moving forward....

Mr. Tan Chuan Hua
Chairman of the Board

Hong Kong, 28 August 2025



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT REVIEW

At the beginning of 2025, the Group proposed business performance targets, key work directions and critical work measures, specifically including annual performance targets, market expansion and operations management, new intangible cultural heritage handicraft product development and craftsmanship inheritance, craft technology R&D and production efficiency improvement, brand enhancement and 'Garden of Combs' pop-up activities, new factory construction and logistics distribution center relocation, promotion of employment for people with disabilities and further improvement of accessibility equipment/facilities, market rectification and determined rights protection, along with other related work plans. The Group's management and all departments will strictly follow these business performance targets, key work directions and critical work measures with thorough execution and concrete results.

In the domestic market, we continued focusing on entering premium commercial districts (tourist areas, transportation hubs), high-quality shopping malls and optimal store locations, while upgrading suboptimal side counters and display cabinets into independent stores. Through the hair-combing competition at our franchisee annual conference, we promoted and implemented customer-engaging immersive hair-combing experiences. We carried out 'Garden of Combs' marketing campaigns and brand promotion activities, while advancing the work of opening larger stores to strengthen franchisee confidence and elevate brand perception. As of the first half of the year, in first-tier cities like Beijing, Shenzhen, Chongqing, Shenyang, Changsha and a few prefecture-level cities, there were only 20 stores totaling 50-80 square meters. Compared to the current focus on stores of around 20 square meters, both the quantity and quality of large independent stores remain far insufficient, and the brand's driving force and radiating influence are also significantly inadequate. The Group still needs to continue its efforts in terms of building confidence and gaining recognition from its clients. However, the Group believes 'a single spark can start a prairie fire'. With the advancement of plans to prioritize opening 200-300 square meter flagship stores in Beijing, Shanghai or Guangzhou-Shenzhen, franchisees' confidence in opening larger independent stores, clients' respect and recognition for the brand, as well as the brand's driving influence and market expansion environment, will all see significant improvement and enhancement.



For overseas market expansion, affected by the volatile and unpredictable U.S. tariff trade war and express parcel tax policies, while we've identified potential teams for our planned North American local warehouse establishment which aimed at enhancing customer service proximity, implementation remains pending further observation. Nevertheless, the Group has not stopped moving forward, still exploring channel trials such as Sam's Club and Costco with a domestic-first-then-overseas approach, while conducting operational pilots for agency authorization in the UK. Simultaneously, in the second half of the year, new concept stores will be opened in Hong Kong and Singapore.

Significant progress has been made in the research of intelligent polishing of comb teeth and the one-time molding process technology for automated milling of comb bodies and blanks, which has now entered the batch trial production stage. Some advancements have been achieved in intelligent defect detection for products and have been partially implemented, but further efforts are still needed in distinguishing and identifying pipe hole cracks and multi-dimensional defect detection. For traditional lacquer and filigree handicraft products, good results have been obtained in terms of surface hardness, brightness, smooth and soft silky texture, etc., and they are no longer affected by natural environments, enabling round-the-clock production operations. Yet, the exacting nature of manual craftsmanship mean that, we need to maintain calm focus in terms of mass production capacity – first ensuring quality before gradually guaranteeing supply quantity. Phase one infrastructure construction of the northern area of the new factory has been essentially completed, with the project joint inspection passed, now entering the property rights processing and audit settlement stage. The logistics distribution center and Wanzhou Factory's raw material preparation workshop will be fully relocated to the northern area of the new factory in the second half of the year. While completely resolving the fire safety risks associated with the original logistics distribution center's "three-in-one" design, this relocation creates favorable conditions for optimizing and integrating Wanzhou Factory's production processes and balanced curing of improved material properties. We believe that with the operational launch of phase one construction of the northern area of the new factory, significant improvements and substantial progress will be made in effective control of fire and production safety risks, optimization and integration of production processes, as well as material performance and quality technology – all of which will provide better assurance for both the quantity and quality of orders.

The steps of market rectification and rights protection continue without pause. Although there have been some governance issues internally and across our franchise system, the overall trend remains positive. Of course, the Group will not overlook any issues that have not been properly addressed. Rather than being blindly complacent, we remain self-vigilant, conduct thorough reviews, strengthen disciplinary measures, and improve protocols to ensure more standardized, sustainable and healthy corporate governance and franchise system.

During the Reporting Period, the Group maintained clear business performance targets, well-defined key work directions, and appropriate and effective implementation measures. In the first half of the year, the Group's retail performance and sales shipments largely achieved solid growth, while corporate governance remained generally effective and healthy.

BUSINESS REVIEW

I. OFFLINE BUSINESS

For the six months ended 30 June 2025, POS sales for our offline business reached 437.5 million, marking a year-on-year increase of 11.9% compared to the same period in 2024. Various business metrics, including product sales revenue, product sales volume, number of new stores, number of renovated stores, number of active members and average transaction value, once again reached new record highs. Looking back at the first half of 2025, offline business carried out a range of initiatives centered around three key aspects: "expanding sales channels", "refreshing store image", and "innovating service models". A series of improvement initiatives were implemented as planned in areas such as new store development, existing store image upgrades, empowerment of new retail model, expansion of traditional offline and key account channels, optimization and standardization of store services, offline implementation activities and enhancement of membership services. The enhancement work covering store space, experience and services which support the Group's brand elevation strategy have now entered the implementation phase. The multi-platform, multi-matrix development strategy with an offline focus has begun to take initial shape. Through product and service innovation, user scale has been further expanded and transaction volume increased, while same-store transaction growth and operational efficiency improvements have also delivered results.

MANAGEMENT DISCUSSION AND ANALYSIS

In the second half of the year, offline business will remain committed to winning consumers' long-term trust as its objective, with the overall strategy of "elevating the brand" as its key mission. We will not compromise for short-term gains and will persist in doing every small task well.

1. SPECIALTY STORES OVERVIEW

For the six months ended 30 June 2025, Carpenter Tan had a total of 1,278 franchised stores and 1 self-operated store in Mainland China, 5 franchised stores in other countries and regions, and 3 self-operated stores in Hong Kong. The total number of stores was 1,287. There was an increased by 33 stores as compared to 1,254 stores as of 31 December 2024. Among them, shopping mall stores, Morandi image stores and image stores of the third generation accounted for 72.54%, 51.56% and 47.34%, respectively.

Number of franchised stores, overseas stores and counters as at 30 June 2025:

	30 June 2025		31 December 2024	
	Franchised stores	Self-operated stores	Franchised stores	Self-operated stores
Mainland China	1,278	1	1,245	1
Hong Kong	–	3	–	3
Other countries and regions	5	–	5	–
Total	1,283	4	1,250	4

Number of franchised stores distribution in mainland China as at 30 June 2025:

Type of stores	30 June 2025		31 December 2024	
	Number of franchised stores	%	Number of franchised stores	%
Shopping mall	927	72.5%	875	70.3%
Street shop	223	17.4%	236	19.0%
Department store	57	4.5%	59	4.7%
Supermarket	10	0.8%	12	1.0%
Scenic spot	44	3.4%	46	3.7%
Transportation hub	10	0.8%	9	0.7%
Hotel	2	0.2%	2	0.2%
Others	5	0.4%	6	0.4%
Total	1,278	100.0%	1,245	100.0%

2. CHANNEL DEVELOPMENT

During the Reporting Period, the offline team adjusted its store development strategy to simultaneously pursue new store openings and renovations, supplemented by policy support. This aims to achieve rapid iteration and upgrading of store images, with the goal of providing consumers with better shopping environments and enhanced shopping experiences. The number of new stores reached 101, with shopping mall accounting for 93.07% of our store locations, averaging 21.50 m² per store and involving a collaborative network of over 55 partners. The number of renovated stores exceeded 100, enabling rapid phase out or upgrade of stores with small areas, poor locations or outdated images. Currently, the existing channels possess advantages of wide distribution, comprehensive coverage and deep cooperation.

3. *OFFLINE ACTIVITIES*

During the Reporting Period, the offline team provided substantial subsidies for advertising and promotion at regional DP points, with total subsidy amounts reaching RMB386,000. These subsidies not only covered multiple cities and regions, but also involved various types and formats of advertising and promotion projects, playing a significant role in enhancing brand image and expanding market influence. Moving forward, we will continue to strengthen brand promotion and market expansion efforts, while emphasizing cost control and effectiveness evaluation to ensure the rationality and effectiveness of advertising and promotion investments. Meanwhile, for certain key regions and important projects, we may further increase subsidy amounts and resource allocation to achieve better market results.

During the Reporting Period, the “Garden of Combs” pop-up brand campaign was successfully held in Changsha, Kunming, and Guangzhou. Through these pop-up events, Carpenter Tan not only effectively enhanced brand awareness and reputation, but also established a more distinctive and vibrant brand image among target consumer groups. In the second half of the year, the campaign will continue to meet participants in Nanjing, Hangzhou, Shenyang and other locations.

4. *MEMBERSHIP SERVICE*

During the Reporting Period, Carpenter Tan demonstrated outstanding performance in member expansion. Data shows that cumulative new members reached 171,917 during this period, representing a significant 34.51% growth compared to the 127,813 members during the same period in 2024. Currently, Carpenter Tan’s total membership now surpasses 1.4 million in its backend system.

5. *NEW PRODUCT LAUNCH*

During the Reporting Period, a total of 3 new product launches were carried out, with a total of 27 new products, including 10 new intangible cultural heritage handicraft products, 5 new products for Mother’s Day, 11 new summer products and 1 new scraping massage comb product. Among the 10 new intangible cultural heritage handicraft products, 5 drew inspiration from the art form of cloisonné enamel painting, inheriting and innovating upon the traditional cloisonné craftsmanship to create Carpenter Tan’s Cloisonné Enamel Series “Hua Cai Liu Nian (華彩流年)” new products; another 5 utilized the millennia-old lacquerware craftsmanship, adhering to the essence of ancient techniques and the spirit of craftsmanship, undergoing multiple processes to launch the “Qi Yun Dong Fang (漆韻東方)” series that blends traditional aesthetics with contemporary style. Among the new products for Mother’s Day, 4 new products feature upgraded designs based on mature inserted-tooth combs and ring combs. “Shuxin” and “Shunyi” adopt the shape of haircare combs with the tooth-insertion structure of ring combs, providing consumers with a comfortable hair-glide feel and scalp-hugging fit. Their bullet-head and ball-head tooth designs offer two distinct scalp massage experiences. “Jingbo” and “Qiyun” feature optimized tooth curvature and tooth shape, delivering better scalp-fit wrapping sensations without irritation. Among the 11 new summer products, designers integrated Eastern landscape culture with modern aesthetics, and combined the gentle subtlety of wood with the refined elegance of Hotan Jade and the delicate rosy luster of South Red Agate to design and create distinctive bracelets, bangles, pendants and hairpins. Consumers can wear these pieces individually as accessories to express personal style or pair them with both traditional Chinese and modern outfits to enhance their overall look. Additionally, 1 scraping massage comb features innovative materials and an optimized shape to deliver a more comfortable scalp massage experience.

MANAGEMENT DISCUSSION AND ANALYSIS

6. *STORE IMAGE ENHANCEMENT*

During the Reporting Period, a total of 199 store designs were completed, with design plans for 168 stores finalized and 129 stores renovated. Among these, 146 Morandi-style stores were located in shopping malls, accounting for 86% of completed projects, while 22 were the third-generation stores.

The image upgrade for Carpenter Tan's third-generation stores has been fully completed. Currently, the Company's directly operated stores have been renovated for more than half a year. Zhenhua Department Store in Yantai serves as the second store after testing, and the design details are being gradually refined and adjusted. At present, this image can continue to be used as a solution for image enhancement.

The Hong Kong Tommy Li design concept is implemented at Qinghe Mixc Mall in Qinghe, Beijing, which is currently under construction with expected completion by mid-August. Detailed studies of relevant materials and structures will commence after construction is completed.

The collaborative design project with LKKER is currently in progress, awaiting confirmation of preliminary directions before proceeding with subsequent system design plan.

7. *OFFLINE BUSINESS FOCUS IN THE SECOND HALF OF 2025*

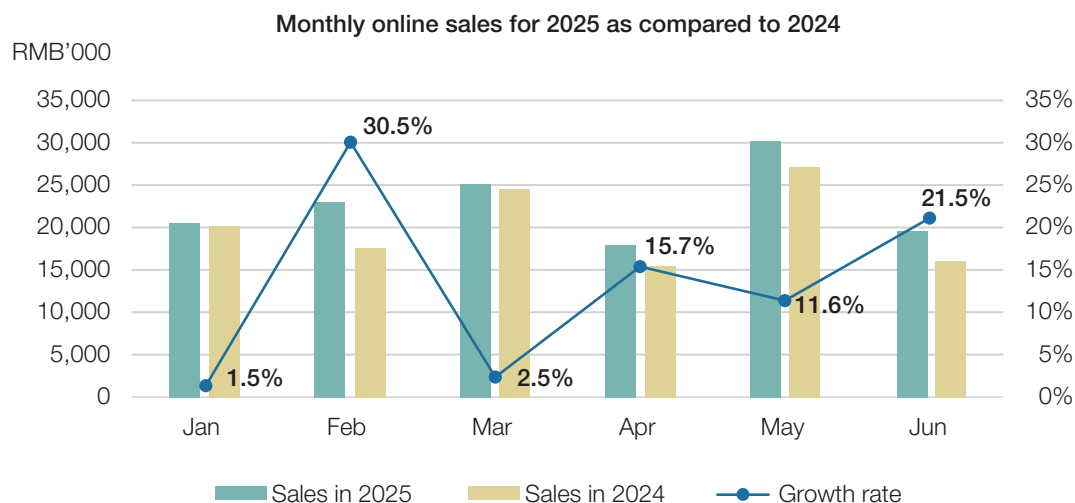
- (i). We will effectively execute new retail business training for both marketing management team and franchise team. We will also get prepared to develop offline franchisees with omni-channel operational capabilities and further increase promotional investments.
- (ii). We will implement store image design and display standard formulation and treat every store as a brand image showcase window to maintain brand consistency.
- (iii). We will build a franchise team that demonstrates both high loyalty and strong execution capabilities. The Group will spare no effort in supporting the franchise system, adhering to the mutual development strategy while implementing a merit-based operational mechanism to ensure enduring competitiveness.
- (iv). We will address the higher standards set by customers regarding product design, product quality, repair service, in-store service, combing experience, cleaning and maintenance, and cultural communication. By expanding feedback channels and establishing improvement mechanisms, we will ensure user and market voices are heard and implemented.



II. ONLINE BUSINESS

For the six months ended 30 June 2025, online business completed sales of RMB138 million, achieving 108% of the first half-yearly target and representing a year-on-year increase of 12.65% compared to the same period in 2024, and 56.19% of annual target has been completed.

Despite growth pressures from heightened market competition, consumer spending slowdowns, and abstaining from promotional activities, our online business team still maintained steady growth momentum in this fiercely competitive environment through continuous innovation in sales approaches, product line enrichment and customer experience improvements. In terms of product development, we placed greater emphasis on youthful designs while continuously expanding online-exclusive products to enhance differentiated product portfolio capabilities. Leveraging external content platforms like Douyin and Xiaohongshu, we increased exposure through short videos and live streams, aligning with major promotional events to attract a wide range of potential customers. By collaborating with multiple content channels to amplify brand visibility, we drove more consumers to our stores, and ultimately facilitated on-site conversions through traditional e-commerce platforms. We adapted to platforms' Real Experience Score mechanisms by introducing advanced customer service bots and implementing practical RPA robot scenarios to improve workforce efficiency and enhance service quality. Additionally, we optimized engraving and gold-tracing customization services to meet customers' gifting needs, while optimizing and retrofitting shipping facilities with assembly line equipment to enhance shipping efficiency.



MANAGEMENT DISCUSSION AND ANALYSIS

1. NEW PLATFORM AND NEW PROMOTION METHODS

During the Reporting Period, the online business established presence across 8 platform channels, covering nearly all mainstream traditional e-commerce platforms as well as new e-commerce platforms. In the first half of the year, we initiated collaboration discussions with Dewu Platform; however, due to its relatively high platform fees and stringent personalized shipping requirements, negotiations are still ongoing and official onboarding has not yet been completed. During the Reporting Period, the e-commerce team closely followed platform development trends by signing a JBP strategic partnership with Tmall and establishing a Q2 store live streaming collaboration, achieving corresponding sales targets that qualify for equivalent resource support. The team also upgraded the Follow-up Assistant's new module to re-engage users who had made purchases but not joined the platform by sending messages to 182,000 individuals, resulting in 42,000 message views and payment amount of RMB1.89 million following the views. For Xiaohongshu platform KOL live streaming, two sessions were conducted with Li Ruotong, achieving total live streaming exposure of 13.3 million viewers, with 1.576 million live viewers and payment amount of RMB349,000.

2. DOUYIN CHANNEL PROMOTION

Regarding Douyin channel promotion, we focused on brand culture dissemination. Through the release of rich content, cross-platform integration, profound brand culture and positive market feedback, we successfully enhanced brand influence and user stickiness. In the first half of the year, the Douyin keyword search index increased by 80.26% year-over-year and 48.15% quarter-over-quarter; the comprehensive keyword index rose by 80.65% year-over-year and 47.76% quarter-over-quarter; the content score increased by 27.51%, the dissemination score grew by 31%, and the search score improved by 48.14%. As of 30 June 2025, the total video views across all platforms reached 249.232 million. The total number of followers for the Douyin platform account was 298,000, with a total of 71 posts published. Through a promotion model combining self-operated account, creative video promotions through KOL accounts and topic promotions – all conducted simultaneously without live streaming – Carpenter Tan not only enhanced brand exposure but also to some extent contributed to overall product sales growth.

3. ON-SITE AND OFF-SITE CONTENT PROMOTION

Regarding both on-site and off-site content promotion, we consistently output content through platform on-site content channels and off-site Xiaohongshu channel to promote brand culture and strengthen emotional marketing. By sustaining the popularity around health wellness and hair care topics, and inviting professionals to appear on camera to explain hair care knowledge, we enhanced content professionalism and credibility by continuously adhering to the two-pronged approach of “expanding crowd assets + driving on-site conversion”. During the Reporting Period, off-site Xiaohongshu published 81 pieces of content, with a total exposure of more than 5.75 million times, a total click-through rate of more than 531,000 times, and a total interaction of more than 42,000 times. On-site content channel published a total of 328 pieces of KOL content, generating a total exposure of more than 1.269 million times and directing 225,000 visits to product detail pages. In the first half of the year, content-driven sales reached RMB3.083 million, representing 31.3% growth compared to RMB2.348 million during the same period last year. The brand has demonstrated strong competitive advantages in content marketing, with effective content conversion performance that plays a significant role in overall store transactions.

4. STORE SERVICE ENHANCEMENT

Regarding store service enhancement, we implemented Leyan chatbot software to add new Tmall customer service scenarios and review assistance modules, thereby enhancing reception service capabilities and alleviating some of the consultation pressure. This upgrade has played a crucial role in addressing the platform's “Real Experience Score” and increasingly high service standards, while reducing manual response time and improving Wangwang satisfaction rates. By implementing the ShiZai AI RPA bot, we established a new operational scenario for order returns and refunds, automating the refund process for confirmed return orders, significantly improving refund processing efficiency. This enhancement has enabled the store to maintain strong competitiveness in platform assessments, elevating overall service capabilities, and better meeting customer needs.



5. *POPULAR PRODUCTS CREATION*

In terms of creating popular products, during the Reporting Period, the online business team focused on 4 potential popular products, namely “lacquer comb Xiong You Cheng Zhu (熊有成竹)”, “lacquer comb Jie Jie Gao (節節高)”, “Long Yan Da Yue (龍顏大悅)” and “hair care comb Cui Ping (翠屏)”. After the operation and promotion, resources inclination and other means in the first half of the year, as of the end of June, “hair care comb Cui Ping (翠屏)” and “lacquer comb Xiong You Cheng Zhu (熊有成竹)” emerged as the most promising products.

6. *Tmall LIVE STREAMING*

During the Reporting Period, the online business team continued to deeply cultivate the Tmall live-streaming platform, conducting a total of 179 live streams, with a total duration reaching 1,417.5 hours. Operational data shows that the number of platform visitors remained stable, basically flat compared to the same period in 2024, while the ‘planting grass’ (product recommendation-driven) transaction amount achieved significant growth, increasing by 19.4% year-on-year, with penetration rising to 10.6%. User operations showed remarkable results, adding 10,600 new followers and 17,800 new members, with member transactions contributing prominently, accounting for 68%. Operational efficiency metrics performed exceptionally well, with an average hourly output reaching RMB9,243 and UV value hitting 879 yuan. The brand’s self-streaming data consistently achieved industry-leading performance.

7. *E-COMMERCE FACILITY OPTIMIZATION*

During the Reporting Period, the online business team reorganized the shipment areas, increased conveyor belt equipment, and added automated parcel sorting machines to optimize logistics services by enhancing warehouse operation efficiency, reducing manual operation errors, speeding up parcel turnover, and saving more manpower efficiency. The team established a complete warehouse management system and individual operation monitoring, strengthened training and management of logistics personnel, improved their professional skills and service awareness, implemented statistical analysis shipment performance data, raised employee work motivation and combined these efforts with upgraded equipment automation level, thereby driving growth in overall operational efficiency.

8. *BUSINESS FOCUS IN THE SECOND HALF OF 2025*

- (i). We will strengthen communication and connection across all platforms, conduct regular platform follow-ups and facilitate work exchanges. Targeting different consumption scenarios, we will provide high-quality and personalized design product offerings such as platform IP collaboration editions. Simultaneously, we will enhance online and offline channel integration to create convenient and comfortable shopping experiences for customers. By utilizing digital employees like Follow-up Assistant to conduct secondary follow-ups with inquiry-lost customers and invite customers who have purchased but not joined the membership program, we can save labor costs and improve customer conversion rates. We will leverage the advantages of each platform while optimizing JD.com self-operated warehouse product matrix. Our Group will rationally allocate traffic-driving products and profit-generating products. By employing new methods and technologies, we aim to explore business potential through both horizontal expansion and vertical deepening. Throughout this process, we remain committed to preserving Carpenter tan’s distinctive brand identity, maintaining our strategic focus within the specialty market, and continuously enhancing the brand’s overall value proposition. Through planning and executing key marketing campaigns, coordinating with on-site content channels and off-site promotional channels including Xiaohongshu and Douyin to speak with one voice, we will amplify brand impact. By utilizing platform tools for precise audience targeting, we will guide potential customer conversions. We will continuously engage with and maintain collaborations with top-rated live streamers and accounts with good reputations to drive sales growth while expanding the brand’s discussion value and exposure.

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii). We aim to integrate the LeYan customer service bot into the Pinduoduo store platform to provide 24/7 online service, enabling round-the-clock automated responses to buyer inquiries and ensuring merchants can deliver uninterrupted high-quality service to improve store ratings. Leveraging natural language processing, knowledge graphs and deep learning technologies, the intelligent customer service bot can accurately comprehend and respond to buyer questions. This persistent online presence helps enhance customer satisfaction and response speed. Beyond basic consultation services, it can also make intelligent recommendations based on user behavior to drive sales conversions, while utilizing data analytics tools to identify potential customer segments to facilitate precision operations. At that time, Pinduoduo and Tmall's LeYan chatbots will be merged for unified customer service, reducing the pressure of logging into multiple software programs on a single computer. By integrating chat interfaces, all e-commerce platforms can be managed under the same chat software, shortening the time customer service representatives spent switching between software. It will also enable consistent response standards across multiple platforms, while consolidating product knowledge bases and quick-reply settings onto a single server, thereby improving overall service performance ratings.
- (iii). We will explore the feasibility of conducting AI digital human live streaming for stores. Unlike human streamers requiring high salaries, AI digital humans only need one-time investment in development and maintenance costs. They can be highly customized to our requirements – including appearance, voice and linguistic style – ensuring the appeal of the live streaming. Compared to human streamers, AI digital humans aren't constrained by time, location or physical conditions, enabling 24/7 uninterrupted live streaming without missing any peak traffic periods, significantly improving streaming efficiency while reducing operational costs. Utilizing advanced natural language processing technology and machine learning algorithms, AI digital humans can comprehend viewer comments and questions in real-time, delivering prompt and humorous responses that enhance interactivity and connectivity during live streaming. During live streaming, AI digital humans demonstrate superior stability and controllability, unaffected by emotional fluctuations, health issues, or other unpredictable variables that could compromise live streaming quality. Simultaneously, the AI digital human live streaming technology enables rapid product uploads and customizable streaming scripts, while collecting user feedback to identify high-potential items. It tracks in-store browsing behavior on mobile devices in real time, prioritizing responses to visitors with deeper engagement. Combined with diverse components within the live streaming room, this approach effectively drives sales conversion.
- (iv). We will persistently optimize private domain customer operations by continuously adding existing historical customers as WeCom (WeChat Work) contacts to conduct membership recruitment and user follow-ups. In compliance with the new user acquisition strategies of both the WeChat ecosystem and Xiaohongshu ecosystem, we will attract potential customers into the brand's private traffic pool through content including but not limited to event notifications, product information, usage guides and after-sales service communications. We will refine daily customer relationship maintenance by regularly optimizing content such as care messages, holiday greetings and event notifications, while planning targeted engagement activities such as point-based interactions, KOC campaign executions and content platform creation. By understanding and fulfilling users' social-emotional needs, we aim to establish a good interactive atmosphere that enhances brand loyalty, ultimately driving repeat purchases and accumulating a loyal customer base.



III. OVERSEAS BUSINESS

For the six months ended 30 June 2025, our offline overseas business recorded a total of shipment of RMB1,812,000, representing a year-on-year increase of 1.02%. The sales of cross-border e-commerce platform amounted to RMB453,000 with a year-on-year increase of 2.6%. The self-operated stores in Hong Kong achieved a sale of HK\$2,025,000, representing a year-on-year decrease of 7.11%.

OVERVIEW OF THE STATUS OF KEY OVERSEAS WORK:

1. Establishment of new overseas self-operated stores: the overseas business expansion plan includes opening 1 self-operated store each in Hong Kong and Singapore. Among them, the Hong Kong self-operated store adopts a brand-new store image designed by the team of Hong Kong designer Tommy's Li for implementation and verification, while the Singapore self-operated store still adopts a mature image. In the first half of the year, the overseas business team has successfully signed contracts with Festival Walk in Hong Kong and VivoCity in Singapore for store location. Currently, intensive preparations are under way. It is expected that the two stores will be able to start normal operation by the end of October.
2. Establishment of overseas warehouse sites: this year, we originally planned to establish 1 overseas warehouse site based on our existing business scale and consideration of future development. However, it has been postponed due to the U.S.-China tariff issue. The overseas business team will continue to monitor the situation closely and will activate the plan as soon as conditions allow.
3. Overseas key exhibition activities: we plan to carry out two overseas exhibition activities this year. In March, we participated in the ASD Market Week in Las Vegas, USA again, and added product trial and consumer questionnaires sessions to the exhibition, so as to accumulate relevant experience for the subsequent development of North American products. In September of the second half of the year, the overseas business team will participate in the 100th Tokyo Gift Show in Japan. The exhibition will feature a redesigned image and activity plan, with the primary objective of expansion.
4. Rebuild and upgrade of the U.S. official website: in order to unify the overseas brand name and enhance the brand recognition, the overseas business team has rebuilt and upgraded the domain name tanmujiang.com as the new U.S. brand official website and ensured a smooth bridging and redirecting from the original domain name ctansusa.com. Currently, the construction of function framework has been completed and the entire website is expected to be launched in September.

IV. INNOVATIVE RESEARCH AND DEVELOPMENT

During the Reporting Period, the creative R&D team combined their analysis of the existing product system with a deep understanding of market demand, and explored product design and R&D directions focusing on new structures, new materials and new styles in response to current wood stock situation and feasibility of processing technology.

In terms of product structure and category innovation, we focused on the design and R&D of tooth hair-care comb (Shu Xin (舒心), Shun Yi (順意)). In terms of the full utilization of materials, we carried out the design and R&D of new inserted comb product for Qixi Festival (Xiang Jian Huan (相見歡), Ru Wo Yi (如我意), etc.), along with the upgrade and development of accessories products that integrated different materials (Qing Yu An (青玉案), Xiao Chun Feng (笑春風), etc.).

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, key projects carried out by the creative R&D team included:

1. Tooth hair-care comb project: we restructured the existing ring-shaped tooth comb and hair-care comb. Building upon the strengths of the above two comb products, we matched ball tooth and torch tooth to cater to the needs of different consumer groups. Two new products were launched.
2. Inserted comb supplementary design and development project: by fully understanding the current wood stock status and making full use of wood, we combined product system upgrade requirements to optimize product user experience and pattern craftsmanship expression. Four new products were launched.
3. Different materials integration project: we explored the design and development direction of combining carbon filter and ABS as the main materials with wood. Building on traditional craftsmanship, we expanded the use of new materials in combination with wood to create a new style of product appearance. New materials, including South Red Agate and Hotan Jade, were combined with sandalwood and small-leaf rosewood to create a series of high-end new Chinese-style accessories. Four new products were launched.
4. Joint product development: the product and packaging designs of the “Family Affection Series” and “Time Series” jointly developed by Hong Kong illustrators Thomas Siu and Li Chi Tak were completed and launched. A total of 13 new products were launched.
5. Overseas market-oriented product development: considering the cultural customs and natural scenery characteristics of the Southeast Asia region and in response to the demand for supplementing beard comb in the North American market, we have developed products tailored for the Southeast Asian market and beard comb products tailored for the North American market respectively. This development aimed at meeting the needs of consumers in overseas market and facilitating the expansion of our brand’s overseas business.
6. Design upgrade of new packaging system: taking Tommy Li’s collaborative packaging as the main line, we have extended the design to various packaging models and completed implementation, prototyping and cost estimation of the full packaging system.

INNOVATIVE RESEARCH AND DEVELOPMENT OUTLOOK

1. The creative R&D team will focus on the goal of “enhancing brand image” and will carry out design improvements and matching work in areas such as new product research and development, packaging system upgrade and design, graphic visual promotion materials and store image support.
2. We will explore the application of new materials, new techniques and new structures, and refine the working methods and processes of design innovation to improve the efficiency of self-developed projects from design to implementation. We will pay attention to the sales dynamics of product system and strive to effectively control costs or increase the added value of products without sacrificing quality and innovation, so as to improve the overall gross profit margin of new products/products.
3. We will gain a thorough understanding of market demand and proactively incorporate the market feedback collection and analysis into the design and R&D process, so as to better adapt to the usage needs of consumers and the sales demand in the first-tier market and achieve the objective of creating hit products.



V. PRODUCTION TECHNOLOGY

During the Reporting Period, the volume of production orders remained relatively stable as compared with the corresponding period, but changes in product process structures led to increased processing difficulties. The production organization team continued to be guided by the principle of “the value of the factory’s existence”, continuously promoting “cost reduction and efficiency improvements”. Adhering to the principle of “making full use of our human resources, and training employees to be diligent and capable”, we have implemented various measures such as one post with multiple skills, factory collaboration, mutual adjustment of personnel and product, equipment acquisition and capacity expansion and processing technique enhancement. These measures have effectively ensured the supply of market orders. While steadily promoting safety stock replenishment, we have also been able to meet the guaranteed supply for contingency bulk orders in a timely manner. In the first half of the year, the actual delivery volume was 2.8372 million units, representing a year-on-year decrease of approximately 50,000 units, and the comprehensive production efficiency per working hour increased by 10.78%.

Technological innovations and improvements of craftsmanship and equipment mainly include:

The construction of the “Basic Database for Carpenter Tan Product Type Inspection” has been completed and put into use. By analyzing current quality standards, past quality issues and error cases, we established, refined and optimized type inspection data that aligned with the Group’s quality and brand positioning. This enabled proactive judgment and prevention, as well as enhanced classification and utilization to provide proactive optimization recommendations for the design and development, marketing and other departments.

The production of prototype equipment and function verification of the project of automatic profile milling technology for combs have been completed. The prototype equipment has achieved the expected objectives in terms of improving production efficiency and safe operation, and is currently entering the formal production stage.

Breakthrough have been made in product surface adhesion through efforts in two areas: enhancing the performance of existing media and developing and replacing with new and superior media. After undergoing type inspection and small-scale trial production, the products have demonstrated superior performance advantages and practical operational feasibility, and have entered the stage of trial production verification with order-based quantity.

The structure optimization and upgrading of the comb teeth and the plastic-free accessories of the plastic-free tooth comb structure products have been completed. After type inspection, the quality issue of product tooth loss has been significantly improved, and the structure will be put into production and application in the second half of the year.

The raw material precision processing project has been completed and submitted to the technical committee for acceptance and approval. All indicators, such as sheet surface quality, thickness and dimensional accuracy and processing efficiency have been achieved. At the same time, the material yield has been improved and the indicators such as raw material resource conservation and technical precision processing have been achieved with remarkable results.

For material and product stability improvement technology project, based on the positive results obtained in the early stage of small-scale market launch, the scale of improvements will be expanded and the project will continue to be put into market for market effectiveness verification.

We conducted the development of the processing technology project for wood-comb natural herb-dyeing products and have completed the extraction of 10 different natural herbal pigments and the dyeing tests on wood combs. After comparison and verification, the color fading rate after dyeing has been significantly slowed down. Currently, multiple colors are being developed, but there are still difficulties in achieving the goal of actual application of the technology.

MANAGEMENT DISCUSSION AND ANALYSIS

VI. LOGISTICS AND DISTRIBUTION AND AFTER SALES REPAIR

During the Reporting Period, the logistics and distribution team produced and distributed a total of 3.0337 million units, representing a year-on-year increase of 9.79%, ensuring the effective fulfillment of market orders and maintaining appropriate safety stock levels in a timely and effective manner.

For product after-sales repair services, the Group's repair stations completed a total of 156,357 repairs during the Review Reporting Period, representing a year-on-year increase of 14.66%.

Since the establishment of repair stations, we have been learning from our mistakes, summarizing experiences and improving continuously through collecting customers' complaints, opinions and feedback. This has gradually led to the formation of a relatively comprehensive repair quality assurance system. The main measures are as follows:

1. We start from the source. Repair stations are required to inspect repair items carefully upon receipt, including whether the product can be repaired, whether the repair requirements match the actual condition of the product, and whether the repair is beyond the scope of repair, etc. Problems should be communicated in advance and customer opinions should be sought as much as possible to meet the customer needs within the scope of repair.
2. We strengthen the skills improvement of employees and improve repair standards as much as possible while ensuring that tasks are completed. Combs should not only be repaired to a usable condition, but should also with minimal damages or wear to the product pattern, thereby reducing customer complaints about the appearance after repairs.
3. We strengthen post-repair inspection efforts. The repair team leader conducts a full inspection of the repaired products, with each product undergoing a separate comprehensive inspection. The after-sale supervisor conducts a random re-inspection of the products before they are returned to the store and the quality management unit of the logistics center conducts a sampling inspection on the repaired products every week. Any defective products discovered during the random inspection shall be immediately reworked and rectified on site. Photos and descriptions of the reworked products should be shared to the internal work group for all employees of the repair stations to learn from, so as to avoid similar situations from occurring again.
4. In 2025, we revise, adjust and supplement the list of "Return, Exchange and Repair Service for Specialty Stores", which clarifies the specific repair marks that exist during repairs. Through prior public notice, customers' complaints of dissatisfaction with the repair results have been reduced.
5. According to the provisions of the "Operation Measures for After-Sales Repair Management", we conduct irregular inspections of the repair technology and repair quality of authorized repair stations. Authorized repair stations that receive valid complaints for 2 consecutive months may have their authorization revoked.

Customer satisfaction has been the pursuit of our repair services. However, we acknowledge that there may be a certain gap between our services and customers' ideal expectations. Therefore, we are committed to infusing our services with more care, intention and responsibility, so that each repair can truly meet customer expectations.



VII. BRAND BUILDING

During the Reporting Period, in March 2025, the theme event of “Garden of Combs” by Carpenter Tan appeared for the first time on Guojin Street in Changsha with a brand-new image. The event venue was themed around “nature and emotion”, with a warm and healing “garden” atmosphere created through natural wood tones, streamlined layout, and the key visual floral backdrop. The event featured four core sections, showcasing Carpenter Tan’s brand image from different perspectives:

Wood materials display section: this section selected the fine wood materials of Carpenter Tan, supplemented by craftsmanship explanation, allowing visitors to intuitively experience the gifts of nature and the wisdom of craftsmen behind the “birth of a wooden comb”.

Classic works exhibition section: this exhibition showcased Carpenter Tan’s widely loved representative works over the years, including products from the Carpenter Tan Design Competition, co-branded products, products with carved images and wedding gift combs, highlighting the brand’s innovative interpretation of traditional culture.

Wooden comb making experience section: visitors could participate in the wooden comb making with their own hands, starting from a small comb blank, experiencing the delicacy and concentration of the craftsmanship, and creating an exclusive emotional token.

Hair combing experience section: this section provided free hair combing experience, conveying the healthy living philosophy of “comb as a courtesy, refreshing body and mind”.

Emotional cards and matching packaging themed on “Family Love, Friendship, Romance, and Self-Love” were specially provided at the event venue, and the audience could freely choose the themes to imbue the wooden combs with emotional significance.

Since its debut in Changsha, the “Garden of Combs” event has also been held at Tongde Plaza in Kunming and Grandview Mall in Guangzhou for a limited time, receiving high praise from both the visitors and the mall operators. With this young and artistic image of “Garden of Combs”, Carpenter Tan will travel to more cities across the country to deeply interact with consumers.

During the Reporting Period, the 9th “Beauty of Zhipei – Carpenter Tan Design Competition” was successfully concluded. With the theme of “Symbiosis Between the Beauty of Humanity and Design”, this competition received a total of 528 works (groups) of combs and accessories. It attracted active participation from students and teachers from schools across the country as well as numerous design agencies, independent designers, intangible cultural heritage inheritors, and craft enthusiasts.

During the competition, the brand actively interacted with participating colleges and universities, and was invited to give themed lectures at Guangzhou Academy of Fine Arts, Zhengzhou University of Light Industry, and Sichuan Fine Arts Institute, sharing the profound cultural connotation of combs and Chinese traditional culture, and introducing the design philosophy and craftsmanship of Carpenter Tan’s products. These efforts have built a bridge for cooperation between schools and enterprises, as well as communication between the brand and the younger generation.

After a series of evaluation processes, including public review and expert review, the following awards were granted: 1 First Prize, 2 Second Prizes, 10 Third Prizes, and 50 Merit Awards. Additionally, 1 Popularity Award and 1 Young Sprout Award were also given.

During the Reporting Period, the brand received the following major honors:

Carpenter Tan’s “Comb and Shanshui” series of wooden combs won the Merit Award at the 11th “Zijin Award” Cultural and Creative Design Competition for their unique cultural connotations and artistic design.

MANAGEMENT DISCUSSION AND ANALYSIS

The “Customized Gift Box: Chongqing Impressions” product won the Silver Award at the 2025 China Tourism Commodities Competition.

The Intangible Cultural Heritage Comb Industrial Design Center of Chongqing Carpenter Tan Handicrafts Company Limited was designated as a Chongqing Municipal-Level Outstanding Industrial Design Center.

The “Carpenter Tan Brand” was selected for the “Chongqing Gifts (Yubanli)” Chongqing TOP10 list of Fine Crafts.

Chongqing Carpenter Tan Handicrafts Company Limited was included in the 2024 China Brand Value Evaluation List under the Independent Innovation Category.

VIII. HUMAN RESOURCES AND COMPREHENSIVE GOVERNANCE

As the Chairman reiterated the requirement of “integrity and kindness” in both personal conduct and business operations at the annual meeting of franchisees this year, the Group has clearly outlined the corporate governance policies that must be adhered to, specifically including “upholding the core values of ‘honesty, hard work and happiness’ and the ethical standards of ‘kindness, humility, and craftsmanship’”. The Group aims to establish a fair market expansion mechanism, break down territorialism, never protect the laggards, and achieve appropriate and healthy competition and harmonious development. The Group adheres to a long-term brand-centric strategy – never engaging in price wars, never offering discounts, never compromising quality, and never taking the initiative to participate in any disguised price-based marketing activities while ensuring prompt withdrawal, removal, or penalties if encountered. With the belief that fine agarwood becomes more valuable with time, the Group focuses wholeheartedly on crafting a fine comb and uses the comb to make friends. By cultivating the brand deeply and empowering it with culture, the Group does not pursue short-term gains at the expense of the Group’s long-term interests, enabling the Group to go further. The Group maintains a simple, clean, transparent, close, warm, and principled cooperative relationship, adheres to professional ethics agreements, purifies the market environment, establishes a healthy franchise system, and achieves sustainable development. At the same time, the Group has outlined the tasks that both the Group and the franchise system must undertake, specifically including “reject complacency, maintain a beginner’s mindset, pursue learning and growth, confront crises head-on, build confidence, seize opportunities; constantly promote the unified brand image with a focus on brightness, cleanliness, and tidiness; firmly regulate and rectify the market, increase efforts to protect rights; strengthen and facilitate the succession and development of the second generation of the Tan family; foster heartfelt recognition and alignment with the Group’s vision. It “sets the rules” for the establishment of the franchising system and the sustainable development of the Group, while clearly defining specific work measures and implementation details.

The Group still adheres to the governance philosophy of “honesty and kindness, tolerance but not indulgence” to timely identify, point out and punish inappropriate thoughts and behaviors, whether they are internal violations of the Group’s culture and behavior standards, or the lack of service philosophy or inadequate service in specialty stores. In the first half of the year, the Group internally investigated and issued public criticisms across 4 cases involving a total of 10 individuals for issues including inadequate “6S” implementation, plagiarism in job evaluations, and improper handling of public opinions, while issuing public commendations to 3 departments. For the behaviors of specialty stores in Guangzhou and Yiwu that lacked empathy, failed to provide warm customer service, violated the service philosophy of “customers are our family”, and harmed customers and the brand, the Group imposed penalties such as deduction of credit guarantees and store closures. The Group will also simultaneously improve the management contract for the franchise system. For cases with malicious nature where a single franchise store provides poor service, breaches contract terms, or commits serious violations of regulations, the Group will establish a classification system for handling such cases, including investigation and punishment of single stores, rectification within a specified time limit, closure of single stores, and withdrawal from the franchise system, which ensures that the franchise system complies with regulations and operates in a healthy manner, and prevents the Group from unexpected risks. At the same time, the Group will also improve the primary accountability mechanism for regional managers and franchise owners, ensuring full compliance with the Group’s service standards all the way to the last mile at stores.





MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of the year, the Group continuously encouraged employees at all levels to propose reasonable suggestions for improvement and promote change and innovation as an important measure to drive the Group towards higher and better development. During the first half of the year, the Group received a total of 443 reasonable improvement suggestions, of which 151 were adopted, with an adoption rate of 34%. Among these, 94 suggestions have been fully implemented, including 57 newly adopted suggestions from the second quarter that are currently being implemented. These suggestions include optimization adjustments to the sizes and specifications of small-size packaging bags and two types of car accessory tote bags proposed by specialty stores, with these simple and practical changes eliminating inventory backlog and reducing overall costs. Additionally, employees from the Wanzhou factory proposed replacing screw-fixed cutting molds with bushing- adjustable positioning, which effectively improved production efficiency and processing quality. This is an excellent suggestion demonstrating how a small idea can bring about significant improvements.

The Group 's efforts to rectify the market and protect its rights have not stopped. In the first half of the year, the Group collected 23 cases of violations and illegal acts, with evidence gathered and preserved for 22 cases. 16 cases filed before 2025 proceeded to claim resolution, with an awarded compensation of RMB268,500. As the Group intensifies its internal and external market rectification efforts, while ensuring compliant, honest, and lawful operation of the offline franchise system, the Group will continue to escalate crackdowns on illegal online sales, sale of counterfeit, shoddy products as well as trademark-infringing white-label products, rigorously enforcing the “swatting both tigers and flies” principle in order to further safeguard the market operating environment and brand reputation.

As of 30 June 2025, the Group held of a total of 765 valid trademarks. Among them, Carpenter Tan (including Chong Tan (重譚) and Xiang Tan (香譚)) owned 384 registered trademarks in China, as well as 128 registered trademarks in Hong Kong, Macau, Taiwan and overseas. Mujianggu (木匠谷) owned 233 registered trademarks in China and 20 registered trademarks in Hong Kong, Macau, Taiwan and overseas.

As of 30 June 2025, the Group had the following effective patents: 16 invention patents, 55 utility model patents and 50 design patents.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group holds safety production and operation risk meetings every quarter to summarize, rectify and prevent risk issues in a timely manner. The Group insists on carrying out fire safety and emergency evacuation drills every six months. Wanzhou factory carried out an unannounced emergency drill, including assisted evacuation procedures for disabled employees which were completed within two minutes. During the Reporting Period, there were no violations of labor rights protection laws, no labor disputes or litigation, no environmental protection or occupational health accidents, and no cases of toxic side effects or allergic reactions. However, two production safety incidents occurred in which employees working at heights without safety harnesses who slipped and fell while retrieving materials, resulting in injuries. These incidents served as a profound lesson for the Group.

The Group has remained committed to promoting and safeguarding the employment of the disabled, constantly improved and enhanced the conditions of venues and facilities for the rehabilitation of the disabled, and further improved the barrier-free production and living facilities in a more people-oriented and humane manner, so that more people with disabilities could come to the Group. This act has fully demonstrated the Group's humanitarian care and social responsibility. During the Reporting Period, the Group has completed the construction of barrier-free facilities throughout the new factory, and has basically completed the improvement of barrier-free passages in the dormitory of the old factory and the enhancement of the special operation equipment for employees in wheelchairs. The Group is currently planning to renovate the passenger capacity of the factory elevators and piloting a humanistic plan in the factory, aiming to achieve barrier-free access and humanistic improvements throughout the old factory as soon as possible. As of the end of June this year, compared with the end of 2024, there were 18 new employees with disabilities and 8 retired persons with disabilities, resulting in a net increase of 10 persons with disabilities in employment. Currently, the number of disabled employees is 357, and more than 60 employees with disabilities have retired from the Group and now enjoy secure and pension-supported retirements.

The Group continuously carried out charity activities such as organizing employees to visit local nursing homes for Spring Festival and Dragon Boat Festival, with activities including cleaning the premises, chatting with the elderly, writing and painting Chinese blessings, cutting and pasting window decorations, making dumplings, and distributing festival gifts. The Group also organized employees to visit local special education schools and carry out the June 1st Children's Day event themed "Warm with Love, Let Every Child Shine", engaging in fun games with the children to celebrate a joyful Children's Day.

While continuously carrying out the pop-up event "Garden of Combs" and increasing brand exposure, the Group investigated into the improper handling of public opinions by the Group and the franchise system, and made public announcements within the Group, the franchise system, and in the Carpenter Tan's Quarterly. The Group honestly confronted existing shortcomings in its work, reviewed and reflected on them, and urged improvements. The Group's serious stance is directly communicated to every employee and store clerk. The Group is always on the way pursuing the principle of moral and uprightness, a standardized and regulated market, and the sincere customer service.



FINANCIAL REVIEW

1. REVENUE

The Group recorded revenue of approximately RMB287,886,000 for the six months ended 30 June 2025, representing an increase of approximately RMB24,804,000 or 9.4% as compared to approximately RMB263,082,000 for the six months ended 30 June 2024. The increase in revenue was mainly due to the gradual market recovery during the Reporting Period as compared to the six months ended 30 June 2024.

	For the six months ended 30 June			
	2025		2024	
	(unaudited) (RMB'000)	%	(unaudited) (RMB'000)	%
Sales				
– Combs	21,134	7.3	20,201	7.7
– Mirrors	230	0.1	267	0.1
– Box sets	264,014	91.7	240,437	91.3
– Other accessories*	2,215	0.8	1,715	0.7
Franchise joining fee income	293	0.1	462	0.2
Total	<u>287,886</u>	<u>100.0</u>	<u>263,082</u>	<u>100.0</u>

* Other accessories include hair decoration, bracelet and small home accessories

2. COST OF SALES

The cost of sales of the Group was approximately RMB110,089,000 for the six months ended 30 June 2025, representing an increase of approximately RMB9,252,000 or 9.2% as compared to approximately RMB100,837,000 for the six months ended 30 June 2024. The increase in cost of sales was in line with the increase in sales volume and the change in product mix for the Reporting Period.

3. GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2025, gross profit of the Group was approximately RMB177,797,000, representing an increase of approximately RMB15,552,000 or 9.6% as compared to approximately RMB162,245,000 for the six months ended 30 June 2024. The gross profit margin increased from approximately 61.7% in 2024 to 61.8% in 2025. The increase in gross profit margin was mainly due to the change in sales mix which led to the increase in proportion of revenue for the products with higher gross profit margin for the Reporting Period.

4. OTHER INCOME

Other income was mainly comprised of PRC VAT concession refunds, interest income from financial assets, change in fair value of financial assets at fair value through profit or loss, government grants and rental income. Other income was approximately RMB22,762,000 for the six months ended 30 June 2025, representing an increase of approximately RMB1,242,000 or 5.8% as compared to approximately RMB21,520,000 for the six months ended 30 June 2024. The increase was mainly due to an increase in PRC VAT concession refunds and government grants. Details of other income are set forth in Note 6 to the unaudited interim financial report.

MANAGEMENT DISCUSSION AND ANALYSIS

5. SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses, mainly including advertising, marketing and promotion expenses, rental expenses, salaries and benefits, transportation fee and travelling expenses, amounted to approximately RMB46,012,000 for the six months ended 30 June 2025, representing an increase of approximately RMB2,626,000 or 6.1% as compared to approximately RMB43,386,000 for the six months ended 30 June 2024. This increase was mainly a result of the increase in advertising expenses, delivery charges and staff costs for the Reporting Period.

6. ADMINISTRATIVE EXPENSES

The administrative expenses of the Group were approximately RMB17,673,000 for the six months ended 30 June 2025, representing a decrease of approximately RMB497,000 or 2.7% as compared to approximately RMB18,170,000 for the six months ended 30 June 2024. The decrease was primarily due to the decrease in consultancy fee for the Reporting Period.

7. PROFIT FROM OPERATIONS

For the six months ended 30 June 2025, profit from operations for the Group amounted to approximately RMB133,654,000, increased by approximately RMB14,163,000 or 11.9% when compared to approximately RMB119,491,000 for the six months ended 30 June 2024. The increase in profit from operations was mainly due to the offsetting by the increase in gross profit of approximately RMB15,552,000 for the six months ended 30 June 2025.

8. FINANCE EXPENSES

For the six months ended 30 June 2025 and 2024, the Group did not have any interest expenses, respectively as there were no bank borrowings during both periods. The finance expenses of approximately RMB288,000 and RMB309,000 for the Reporting Period and for the six months ended 30 June 2024 were related to finance expenses as the Group started to apply the new HKFRS 16 from 1 January 2019.

9. PROFIT BEFORE TAXATION

For the six months ended 30 June 2025, profit before taxation for the Group amounted to approximately RMB133,366,000, increasing by approximately RMB14,184,000 or 11.9% when compared to approximately RMB119,182,000 for the six months ended 30 June 2024. The increase in profit before taxation was mainly due to the increase in profit from operations of approximately RMB14,163,000 for the Reporting Period.

10. INCOME TAX EXPENSES

For the six months ended 30 June 2025, income tax expenses for the Group amounted to approximately RMB24,320,000, increasing by approximately RMB1,426,000 or 6.2% when compared to approximately RMB22,894,000 for the six months ended 30 June 2024. This increase was mainly due to the increase in profit before taxation and provision for deferred tax for the Reporting Period.

The effective tax rate for the Reporting Period was 18.2% which was lower than 19.2% for the six months ended 30 June 2024 by 1.0 percentage point. Details of income tax expenses are set forth in Note 8 to the unaudited interim financial report.

11. PROFIT FOR THE PERIOD

As a result of the foregoing, the profit for the six months ended 30 June 2025 was approximately RMB109,046,000, representing an increase of approximately RMB12,758,000 or 13.2% as compared to approximately RMB96,288,000 in the corresponding period of 2024.



12. LIQUIDITY AND CAPITAL RESOURCES

The Group has met its working capital needs mainly through cash generated from operations and various long-short-term bank loan when required. During the Reporting Period, the Group did not have any bank loan. Taking into account the cash flow generated from operations and the bank loan facilities available to the Group, the Directors are of the view that the Group has sufficient working capital to meet its current liquidity demand and the liquidity demand within at least 12 months from the date of publication of this report.

As at 30 June 2025, the Group had cash and bank balances of RMB116,530,000 (as at 31 December 2024: approximately RMB41,714,000) mainly generated from operations of the Group.

13. CASH FLOWS

The Group's cash is primarily used to meet the demand of financing its working capital requirement, repay interest and principal due on its indebtedness and provide funds for capital expenditures and growth of the Group's operations.

During the Reporting Period, the Group's cash and cash equivalents increased by approximately RMB74,816,000, which mainly comprised the net cash generated from operating activities with the amount of approximately RMB98,627,000, net cash generated from investing activities with the amount of approximately RMB56,796,000, net cash used in financing activities with the amount of approximately RMB86,435,000, and the positive effect of foreign exchange of approximately RMB5,828,000. The cash flow details of the Group are set out in page 40 under "Condensed Consolidated Statement of Cash Flows" in this report.

14. CAPITAL STRUCTURE

INDEBTEDNESS

As at 30 June 2025 and during the Reporting Period, the Group did not have any bank loan.

GEARING RATIO

As at 30 June 2025 and 31 December 2024, the Group did not have any interest-bearing bank borrowings, the calculation of gearing ratio was not meaningful.

PLEDGE OF ASSETS

As at 30 June 2025, the Group did not have any pledged assets to the bank (as at 31 December 2024: RMB nil).

CAPITAL EXPENDITURE

The capital expenditures of the Group primarily included purchases of plant and equipment, leasehold improvements and motor vehicles. The Group's capital expenditures amounted to RMB11,236,000 and RMB22,320,000 for the Reporting Period and the six months ended 30 June 2024 respectively.

FOREIGN EXCHANGE RISK

The major business of the Group has used RMB and HK\$ as the functional and operational currencies. The Group faces foreign exchange risk arising from RMB and HK\$. The Group has no major risks in changes for other currency exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

15. CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

Included in the Group's property, plant and equipment, there is a property located in Jurong, Jiangsu, with a carrying amount of approximately RMB22,735,000 as at 30 June 2025. The Group purchased the property from 蘇州建興置業有限公司 (the "Developer") in 2013. The Group has fully paid the cost of the buildings but as at 30 June 2025, the Group has not obtained the ownership certificate yet. The Group has litigations against the Developer in these few years. During the Reporting Period, the Developer was under liquidation procedure. The management has obtained legal opinion and assessed it is more probable that the liquidator will continue to execute the sales and purchase agreement between the Developer and the Group and complete the issue of ownership certificate. Therefore, there are no material adverse effect on the business operation and financial position of the Group.

Save as disclosed above, as at 30 June 2025, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

16. MAJOR ACQUISITION AND DISPOSAL

For the six months ended 30 June 2025, the Group has not made any significant acquisition and disposal.

17. GOING CONCERN

Based on the current financial position and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the financial statements were prepared on a "going concern" basis.

18. SIGNIFICANT INVESTMENTS HELD

INVESTMENT PROPERTIES

As at 30 June 2025, the Group's investment properties had a carrying value of approximately RMB84,100,000 (31 December 2024: approximately RMB84,100,000). The Group's investment properties were not revalued as of 30 June 2025 by independent valuers. The Directors were aware of the possible change in the conditions of the property market. The Directors considered that the carrying amount of the Group's investment properties did not differ significantly from the fair values as at 31 December 2024 carried out by independent qualified professional valuers. Consequently, no change in fair value of investment properties has been recognized in the Reporting Period. During the Reporting Period, the Group neither acquired nor disposed any investment properties.

Save as disclosed above and the investments in the subsidiaries and associates by the Company, the Group did not hold any significant investments during the Reporting Period.



FUTURE OUTLOOK

KEY FOCUS AREAS FOR THE SECOND HALF OF 2025

1. Continuously implement store renovations and upgrades and actively expand into commercial districts and shopping mall spaces; transform side counters and display cabinets into independent stores; provide policy support encouraging the opening of large stores in new first-tier cities.
2. Open Tommy Li's international image stores in Hong Kong and Singapore.
3. Design and launch flagship image stores in Beijing, Shanghai, Guangzhou, or Shenzhen, featuring the "Art of Wood + Humanities and Modern Song Dynasty Aesthetic" style.
4. Continue to carry out brand pop-up events "Garden of Combs"; hold the 10th Design Competition and the 10th Anniversary Retrospective Exhibition; revive and plan brand promotion activities for woodcraft exhibitions.
5. Relocate the logistics distribution center and the Wanzhou factory material preparation factory to the new factory area; complete construction of and operationalize the material property conditioning and balanced curing environment.
6. Achieve maturation and small-batch production of handcraft techniques such as lacquer, mother-of-pearl inlay, and cloisonné enamel; inherit and promote intangible cultural heritage skills; understand and apply health big data technology and information.
7. Upgrade the technology of product spraying processes and working environments to fundamentally solve quality and efficiency problems caused by paint particles and dust which lead to repeated rework.
8. Continuously improve and upgrade the barrier-free production and daily-living facilities in the existing plants for the disabled employees; launch pilot initiatives to improve and upgrade the brand humanistic image; develop conceptual design for the Carpenter Tan Museum.
9. Host the 10th staff sports meeting.

HUMAN RESOURCES AND TRAINING

As at 30 June 2025, the Group had a total of 1,007 employees in Mainland China, Hong Kong and overseas. In addition to providing job opportunities to the disabled, the Group has attached high emphasis to the self-upgrade of its staff. By holding various themed exhibitions, workshops, seminars and staff training, the working skills and marketing strategies, techniques and methods of the staff as well as their sense of belonging to the Group were further enhanced. During the Reporting Period, in order to develop team spirits, courtesy, production management and accounting practice of the staffs, the Group provided the staffs various on-job training in various forms such as face to face teaching and examination to consolidate and spread the corporate culture of Carpenter Tan. For the six months ended 30 June 2025, the Group's total remuneration paid to employees was approximately RMB54,939,000 (2024: approximately RMB51,346,000).

OTHER INFORMATION

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in (i) the design, manufacture and distribution of small size wooden accessories which are mainly made of natural wood and designed with traditional Chinese cultural features and with high artistic qualities; (ii) the operation of a franchise and distribution network primarily in China; and (iii) the operation of retailing shops for direct sale of its products in Hong Kong and China. The Group's products are mainly classified into four categories, namely (i) wooden or horn combs such as coloured drawing combs, grass-and-tree dyed wooden combs and carved combs; (ii) pocket-size wooden mirrors such as coloured drawing mirrors and carved mirrors; (iii) other wooden accessories and adornments such as bead bracelets (香珠手鏈), pendants (鏈墜), barrettes (髮夾), hair bobs (髮簪) and massage tools; and (iv) box sets which combine its different products featured in themes for gift purpose. The Group's products are mainly sold under the brand name of "Carpenter Tan" (譚木匠).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2025, none of the Directors was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN SECURITIES

(A) INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

(I) Interests in the shares of the Company:

Name of Director	Capacity/ Nature of interest	Number of securities	Approximate percentage of shareholding
Tan Chuan Hua (Note 1)	Interest in a controlled Corporation	167,700,000	67.43%
Yang Tiannan	Beneficial owner	2,480,000	0.99%

Note:

1. Tan Chuan Hua is deemed to be interested in 167,700,000 shares held by Lead Charm Investments Limited ("Lead Charm") by virtue of his 51% interest in Lead Charm under Part XV of the SFO.

(II) Interests in the shares of associated corporations:

Name of Directors	Name of associated corporations	Capacity/ Nature of interest	Approximate percentage of shareholding in associated corporations
Tan Chuan Hua	Lead Charm	Beneficial owner	51%



OTHER INFORMATION

(B) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, the interests and long positions of every person in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register maintained and kept by the Company under section 336 of the SFO were as below:

Interests in the shares of the Company:

Name	Capacity/ Nature of interest	Number of shares	Position	Approximate percentage of shareholding
Tan Chuan Hua (Note 1)	Interest in a controlled Corporation	167,700,000	Long	67.43%
Fan Cheng Qin (Note 2)	Interest in a controlled Corporation	167,700,000	Long	67.43%
Lead Charm (Note 3)	Beneficial owner	167,700,000	Long	67.43%

Notes:

1. Tan Chuan Hua is deemed to be interested in 167,700,000 shares held by Lead Charm by virtue of his 51% interest in Lead Charm under Part XV of the SFO. Mr. Tan is a controlling shareholder within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the "Listing Rules").
2. Fan Cheng Qin is deemed to be interested in 167,700,000 shares held by Lead Charm by virtue of her 49% interest in Lead Charm under Part XV of the SFO. Ms. Fan is a controlling shareholder within the meaning of the Listing Rules.
3. Lead Charm is a controlling shareholder within the meaning or otherwise by virtue of the Listing Rules.

OTHER INFORMATION

CAPITAL COMMITMENT

As at 30 June 2025, the Group had capital commitments contracted but not provided for acquisition of property, plant and equipment of approximately RMB20,588,000 (as at 31 December 2024: RMB20,718,000).

PUBLIC FLOAT

According to information disclosed publicly and as far as the Directors of the Company are aware, during the Reporting Period and up to the date of this report, at least 25% issued shares of the Company has been held by public shareholders.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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





OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, and adopted various measures to enhance the internal control system, the Directors’ continuing professional training and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards. During the Reporting Period, the Company complied with the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code governing securities transactions of the Directors. Each of the Directors has confirmed his or her compliance with the Model Code for the six months ended 30 June 2025. The Company has also adopted written guidelines on no less exacting terms than the Model Code for the relevant employees. The senior management, who, because of their office in the Company, is likely to be in possession of unpublished inside information, has been requested to comply with the written guidelines. No incidence of non-compliance of the employees’ written guidelines by the relevant employees was noted by the Company during the Reporting Period.

NOMINATION COMMITTEE

The Company established a nomination committee on 17 November 2009 with written terms of reference, which was amended and adopted by the Board on 30 June 2025 and the contents of which are in compliance with the provisions of the CG Code. Please refer to the announcement of the Company dated 30 June 2025 for details. There are three members for the Nomination Committee which includes Ms. Liu Liting, Mr. Yang Tiannan and Mr. Chau Kam Wing, Donald, who are all independent non-executive Directors. The chairman of the Nomination Committee is Mr. Chau Kam Wing, Donald.

AUDIT COMMITTEE

The Company has established an audit committee on 17 November 2009 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The primary duties of the audit committee are (among other things) to provide an independent review and supervision of financial reporting, and examine the effectiveness of the internal controls of the Group and to ensure the external auditors are independent and the audit process is effective. The audit committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal controls, risk management and financial reporting. The audit committee also serves as a channel of communication between the Board and the external auditors.

The audit committee currently comprises the three independent non-executive Directors, namely, Mr. Yang Tiannan, Ms. Liu Liting and Mr. Chau Kam Wing, Donald. Mr. Chau is the chairman of the audit committee, and he possesses recognised professional qualifications in accounting as required by the Listing Rules.

The financial information in this interim report has not been audited by the auditor of the Company. The audit committee has reviewed the Company’s unaudited condensed consolidated interim financial information, the results announcement and this interim report of the Company for the six months ended 30 June 2025 with the management of the Group and agreed with the accounting treatment adopted by the Company, and was of the opinion that the preparation of the financial statements in this interim report complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

OTHER INFORMATION

DIVIDENDS

Pursuant to a resolution passed by the shareholders of the Company on 23 May 2025, the Company declared a final dividend of HK\$36.63 cents per share for the year ended 31 December 2024 amounting to an aggregate of approximately HK\$91,104,000 (equivalent to approximately RMB85,632,000) to the shareholders of the Company. The final dividend was paid on 30 June 2025 by the internal cash resources of the Company.

The Board resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil)

APPOINTMENT OF EXECUTIVE DIRECTORS

The Board has approved the appointments of Mr. Tan Lizi (譚力子) and Ms. Liu Kejia (劉珂佳), each as an executive Director of the Company with effect from 1 February 2025. Please refer to the announcement of the Company dated 28 January 2025 for details.

EVENTS AFTER THE REPORTING PERIOD

There are no material events after the Reporting Period as at the date of this report.

DISCLOSURE OF INFORMATION

The interim report for the six months ended 30 June 2025 will be duly despatched to shareholders of the Company and published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ctans.com>).

By order of the Board
Carpenter Tan Holdings Limited
Tan Chuan Hua
Chairman

Hong Kong, 28 August 2025





CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
	Notes	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Revenue	6(a)	287,886	263,082
Cost of sales		(110,089)	(100,837)
Gross profit		177,797	162,245
Other income	6(b)	22,762	21,520
Selling and distribution expenses		(46,012)	(43,386)
Administrative expenses		(17,673)	(18,170)
Other operating expenses		(3,220)	(2,718)
Profit from operations		133,654	119,491
Finance costs		(288)	(309)
Profit before taxation	7	133,366	119,182
Income tax	8	(24,320)	(22,894)
Profit for the period		109,046	96,288
Attributable to			
Owners of the Company		109,046	96,288
Non-controlling interests		–	–
Profit for the period		109,046	96,288
Earnings per share	9		
Basic		RMB43.8 cents	RMB38.7 cents
Diluted		N/A	N/A

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Profit for the period	109,046	96,288
Other comprehensive income for the period		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translation from functional currency to presentation currency	(3,530)	5,787
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	9,358	(7,692)
Other comprehensive income/(loss) for the period, net of nil income tax	5,828	(1,905)
Total comprehensive income for the period	114,874	94,383
Attributable to		
Owners of the Company	114,874	94,383
Non-controlling interests	–	–
Total comprehensive income for the period	114,874	94,383

The accompanying notes form part of these condensed consolidated financial statements.





CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
Non-current assets			
Property, plant and equipment	10(a)	139,903	132,355
Right-of-use assets		34,400	36,233
Investment properties	10(b)	84,100	84,100
Intangible assets		–	–
Non-pledged fixed bank deposit		306,000	218,000
Other receivables, deposits and prepayments		1,137	624
		<u>565,540</u>	<u>471,312</u>
Current assets			
Inventories		296,535	292,498
Trade receivables	11	10,540	7,153
Other receivables, deposits and prepayments		12,006	10,656
Financial assets at fair value through profit or loss	12	10,000	80,791
Non-pledged fixed bank deposit (maturity over 3 months but within 1 year)		20,000	105,000
Cash and cash equivalents		116,530	41,714
		<u>465,611</u>	<u>537,812</u>
Current liabilities			
Trade payables	13	7,738	9,507
Other payables and accruals		46,353	47,798
Income tax payable		29,642	38,595
Lease liabilities		2,175	2,161
		<u>(85,908)</u>	<u>(98,061)</u>
Net current assets		<u>379,703</u>	<u>439,751</u>
Total assets less current liabilities		<u>945,243</u>	<u>911,063</u>
Non-current liabilities			
Deferred tax liabilities		22,197	16,654
Deferred income		487	497
Lease liabilities		9,358	9,953
		<u>(32,042)</u>	<u>(27,104)</u>
NET ASSETS		<u>913,201</u>	<u>883,959</u>
Capital and reserves			
Share capital	15	2,189	2,189
Reserves		911,012	881,770
Equity attributable to owners of the Company		<u>913,201</u>	<u>883,959</u>
Non-controlling interests		<u>–</u>	<u>–</u>
TOTAL EQUITY		<u>913,201</u>	<u>883,959</u>

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2025

Attributable to owners of the Company												
							Equity settled					
		Share capital	Share premium	Capital reserve	Statutory reserves	Other reserves	Property revaluation reserve	share-based payment reserve	Currency translation reserve	Retained profits	Non-controlling interests	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024		2,189	110,503	10,275	58,658	17,542	12,245	—	(21,479)	614,452	4,099	808,484
Profit for the period		—	—	—	—	—	—	—	—	96,288	—	96,288
Exchange differences on translation from functional currency to presentation currency		—	—	—	—	—	—	—	5,787	—	—	5,787
Exchange differences arising on translation of foreign operations		—	—	—	—	—	—	—	(7,692)	—	—	(7,692)
Total comprehensive income for the period		—	—	—	—	—	—	—	(1,905)	96,288	—	94,383
Dividends	14	—	—	—	—	—	—	—	—	(87,000)	—	(87,000)
Acquisition of additional interest in subsidiary		—	—	—	—	—	—	—	—	(345)	(4,099)	(4,444)
At 30 June 2024		<u>2,189</u>	<u>110,503</u>	<u>10,275</u>	<u>58,658</u>	<u>17,542</u>	<u>12,245</u>	<u>—</u>	<u>(23,384)</u>	<u>623,395</u>	<u>—</u>	<u>811,423</u>
At 1 January 2025		2,189	110,503	10,275	58,676	17,309	12,245	—	(23,042)	695,804	—	883,959
Profit for the period		—	—	—	—	—	—	—	—	109,046	—	109,046
Exchange differences on translation from functional currency to presentation currency		—	—	—	—	—	—	—	(3,530)	—	—	(3,530)
Exchange differences arising on translation of foreign operations		—	—	—	—	—	—	—	9,358	—	—	9,358
Total comprehensive income for the period		—	—	—	—	—	—	—	5,828	109,046	—	114,874
Dividends	14	—	—	—	—	—	—	—	—	(85,632)	—	(85,632)
At 30 June 2025		<u>2,189</u>	<u>110,503</u>	<u>10,275</u>	<u>58,676</u>	<u>17,309</u>	<u>12,245</u>	<u>—</u>	<u>(17,214)</u>	<u>719,218</u>	<u>—</u>	<u>913,201</u>

The accompanying notes form part of these condensed consolidated financial statements.





CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Operating activities		
Cash generated from operations	130,450	77,506
Interest received	1,450	5,336
Income tax paid	(28,347)	(24,474)
Withholding tax paid	(4,926)	(4,838)
Net cash generated from operating activities	98,627	53,530
Investing activities		
Payment for purchase of property, plant and equipment	(11,236)	(22,320)
Proceeds from disposal of property, plant and equipment	16	14
Payment for purchase of financial assets at fair value through profit or loss	(80,000)	–
Proceeds from sale of financial assets at fair value through profit or loss	151,016	10,025
Placement of non-pledged fixed bank deposit	(88,000)	(60,000)
Withdrawal of non-pledged fixed bank deposit	85,000	150,000
Net cash generated from investing activities	56,796	77,719
Financing activities		
Dividend paid to owners of the Company	(85,632)	(87,000)
Payment of principal element of lease liabilities	(515)	(665)
Interest paid	(288)	(309)
Payment to non-controlling interests for additional interests in existing subsidiary	–	(4,444)
Net cash used in financing activities	(86,435)	(92,418)
Net increase in cash and cash equivalents	68,988	38,831
Cash and cash equivalents at 1 January	41,714	67,381
Effect of foreign exchange rate changes, net	5,828	(1,908)
Cash and cash equivalents at 30 June	116,530	104,304

The accompanying notes form part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION

Carpenter Tan Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 20 June 2006 as an exempted company with limited liability under the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the Company’s registered office and the principal place of business are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and Type A Factory Building, Longbao Shuanghekou, Light Industry Park, Wanzhou District, Chongqing, the People’s Republic of China (the “PRC”) respectively.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(A) STATEMENT OF COMPLIANCE

The unaudited interim financial report for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(B) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss which are measured at fair values. The condensed consolidated interim financial statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024. They do not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the consolidated financial statements for the year ended 31 December 2024.

The interim financial report is unaudited, but has been reviewed by the Company’s audit committee. The condensed consolidated interim financial statements were authorised for issue by the Company’s board of directors on 28 August 2025.





NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(C) MATERIAL ACCOUNTING POLICY INFORMATION

Other than new accounting policies resulting from application of amendments to HKFRS, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2024.

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025, for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The Group has not applied any new standard or amendment that is not yet effective for the current accounting period. The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those described in the last annual consolidated financial statements.

4. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provide information about the components of the Group. The information is reported to and reviewed by the Board of Directors, which is the chief operating decision maker ("CODM") of the Group, for the purpose of resources allocation and performance assessment.

Management considers the business from a product perspective and assesses its performance based on revenues derived from a broad range of sales of wooden handicrafts and accessories. Over 90% of the Group's revenue, results and assets are derived from a single segment which is manufacture and sales of wooden handicrafts and accessories. No segment information is presented accordingly.

The Group's revenue and results from operations mainly derived from activities in the PRC. Activities outside the PRC are insignificant. The principal assets of the Group are located in the PRC. Accordingly, no geographical information is provided.

MAJOR CUSTOMERS

No analysis of the Group's revenue and contribution from operations by major customers has been presented as there are no transactions with a single external customer equal to or greater than 10% of the Group's total revenue.

5. SEASONALITY OF OPERATIONS

In general, the Group has experienced seasonal fluctuations in sales. It records higher sales in March to April and September to December, while lower sales are recorded in July. The directors consider that such seasonality effect is the result of the increased purchases made by the franchisees prior to festivals/holidays so as to prepare for the peak seasons of their retail business during festivals/holidays in May (Mother's Day), September (Teacher Day), October (National Day), November (Double Eleven) and December (Christmas and New Year).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

6. REVENUE AND OTHER INCOME

The principal activities of the Group are design, manufacture and distribution of small wooden handicrafts and accessories under the brand name of “Carpenter Tan”; the operation of a franchise and distribution network primarily in the PRC; and the operation of retail shops for direct sale of the Group’s products in Hong Kong and the PRC. Revenue represents the sales value of goods supplied to customers (net of value-added tax, other sales tax and discounts), and franchise joining fee income within the scope of HKFRS 15. An analysis of the Group’s revenue and other income for the period is as follows:

(A) REVENUE

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2025 (unaudited) RMB’000	2024 (unaudited) RMB’000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of goods	287,593	262,620
Franchise joining fee income	293	462
	<u>287,886</u>	<u>263,082</u>

The timing of revenue recognition of all revenue from contracts with customers is at a point in time.

(B) OTHER INCOME

	Six months ended 30 June	
	2025 (unaudited) RMB’000	2024 (unaudited) RMB’000
Government grants (note (i))	2,459	–
Interest income on financial assets measured at amortised cost – bank interest income	1,450	5,336
Gain from change in fair value of financial assets mandatorily measured at fair value through profit or loss	225	25
PRC VAT concession refunds (note 8 (v))	16,412	12,298
Rental income from investment properties	1,095	2,267
Net foreign exchange gain	15	52
Reversal of loss allowance on other receivables	10	–
Others	1,096	1,542
	<u>22,762</u>	<u>21,520</u>

Note

- (i) In 2025, among the government grants, approximately RMB2,459,000 (2024: approximately RMB nil) was for the PRC subsidiaries of the Group. It was for funding support from Chongqing Regulatory Bureau, Ministry of Finance and Chongqing Provincial Human Resources and Social Security Department (the “Funds”). The purposes of the Funds are to encourage the involvement in overseas marketing by granting financial assistance to commercial entities who have involved in certain marketing activities outside the PRC; and to promote a stable employment environment and prevent unemployment risks by granting financial assistance to commercial entities whose structure, lay off rate, contributions to unemployment insurance meet certain criteria.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Carrying amount of inventories sold (Reversal of write-down)/Write-down of inventories	111,087 (998)	101,430 (593)
Cost of inventories (note (i))	110,089	100,837
Depreciation		
– property, plant and equipment	3,665	2,515
– right-of-use assets	1,769	1,847
Expense relating to short-term leases	535	400
Impairment losses recognised on trade receivables	25	12
Net loss on disposal of property, plant and equipment	7	34
Staff costs (including directors' emoluments)	54,939	51,346
Provision for sales returns	164	82
Gross rental income from investment properties	(953)	(2,267)
Less: Direct outgoings incurred for investment properties that generated rental income during the period	230	327
Net rental income	(723)	(1,940)

Note:

- (i) Cost of inventories includes approximately RMB35,232,000 (2024: RMB33,380,000) relating to staff costs and depreciation, which are included in the respective total amounts disclosed separately above.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

8. INCOME TAX

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Current tax		
PRC Enterprise Income Tax (note (i))	18,678	19,135
Hong Kong profits tax (note (iii))	–	–
Withholding tax on dividends (note (iv))	–	–
– Provision for the period	–	–
	18,678	19,135
Deferred tax		
Transfer to current tax upon distribution of dividends	–	–
Provision for the period (note (iv))	5,642	3,759
Total	24,320	22,894

Income tax expense is recognised in the current period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in the current period may have to be adjusted in a subsequent interim period of the current financial year if the estimate of the annual income tax rate changes.

Notes:

- (i) The provision for PRC income tax is calculated on the assessable profits of the Group's subsidiaries incorporated in the PRC at a statutory income tax rate of 25% (2024: 25%), except for Chongqing Carpenter Tan Handicrafts Co., Ltd ("Carpenter Tan") which is eligible to enjoy concessionary Enterprise Income Tax rate of 15% according to the preferential tax policies.
- (ii) The Company is incorporated in the Cayman Islands and is exempted from income tax in the Cayman Islands. The Company's subsidiary established in the British Virgin Islands is exempted from income tax in the British Virgin Islands.
- (iii) No provision for Hong Kong profits tax has been made for the period ended 30 June 2025 and 2024 as the subsidiaries did not have assessable profits subject to Hong Kong profits tax for these periods.
- (iv) Under the Enterprise Income Tax Law of the PRC, with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business in the PRC will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 1 January 2007, the withholding income tax rate will be reduced to 5% if the investment by the Hong Kong investor in the investee entities in the PRC is not less than 25%. On 22 February 2008, the State Administration of Taxation of the PRC (the "SAT") approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained earnings of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax.

The Group enjoyed the reduced 5% tax rate prior to 31 December 2013. In 2014, the Group applied again for the reduced rate and was requested to meet certain additional review procedures that were not required in previous years.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

8. INCOME TAX *(Continued)*

Notes: *(Continued)*

(iv) (Continued)

As at the date of the financial statements, the relevant formalities for the reduced tax rate have been completed. The management consulted with PRC lawyers and assessed that the Group is entitled to 5% withholding income tax rate since 2019.

(v) Pursuant to the notice on preferential tax policies to entities with disabilities issued by the SAT, Ministry of Finance of the PRC that Carpenter Tan, a wholly-owned subsidiary of the Group, is entitled to income tax concessions on a double deduction of salaries paid to its employees with disabilities, and VAT refund which is equivalent to the number of employees with disabilities multiplied by a specified annual cap amount as determined by the SAT since 24 November 2016.

The Group recognised the VAT refund in the Group's condensed consolidated statement of profit or loss on an accrual basis. The amounts of the VAT refunded to the Group during the period are detailed in note 6(B).

9. EARNINGS PER SHARE

A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period:

i) PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Earnings used in calculating basic earnings per share	<u>109,046</u>	<u>96,288</u>

ii) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	Number of shares Six months ended 30 June	
	2025 (unaudited) '000	2024 (unaudited) '000
Weighted average number of ordinary shares in issue	<u>248,714</u>	<u>248,714</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>248,714</u>	<u>248,714</u>

B) DILUTED EARNINGS PER SHARE

No diluted earnings per share for the six months ended 30 June 2025 and 2024 is presented as there was no potential ordinary share in issue for the period.





NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

10. FIXED ASSETS

A) ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of RMB11,236,000 (six months ended 30 June 2024: RMB22,320,000). Items of property, plant and equipment with a total carrying amount of RMB23,000 (six months ended 30 June 2024: RMB48,000) were disposed of during the six months ended 30 June 2025.

B) VALUATION

The Group's investment properties were not revalued as at 30 June 2025 by independent valuers. The directors were aware of the possible change in the conditions of the property market. The directors considered that the carrying amount of the Group's investment properties did not differ significantly from the fair values as at 31 December 2024 carried out by independent qualified professional valuers. Consequently, no change in fair value of investment properties has been recognized in the current period. During the Reporting Period, the Group neither acquired nor disposed any investment properties.

11. TRADE RECEIVABLES

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
Trade receivables from contracts with customers	10,634	7,222
Less: allowance for credit losses	(94)	(69)
	<u>10,540</u>	<u>7,153</u>

Ageing analysis of trade receivables net of loss allowance based on invoice date, which approximates the respective revenue recognition date, is as follows:

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
0 to 30 days	8,551	5,617
31 to 60 days	744	799
61 to 90 days	201	315
91 to 180 days	290	52
181 to 365 days	655	163
Over 1 year	99	207
	<u>10,540</u>	<u>7,153</u>

Customers are generally required to make payments for orders prior to delivery of goods. Credit terms within 30 days are granted to those customers with high credibility.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
Principal Guaranteed Wealth Management Products, at fair value (Note)	10,000	80,791

Note: The amount represents investment in principal guaranteed wealth management products issued by licensed banks in the PRC with expected return at 1.40% to 2.18% per annum (31 December 2024: 1.50% to 2.37% per annum). Financial assets at fair value through profit or loss of RMB10,000,000 (31 December 2024: RMB80,791,000) are with maturity of within one year.

13. TRADE PAYABLES

The credit terms granted by the suppliers are generally 30 days. Ageing analysis of trade payables presented based on the invoice date is as follows:

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
0 to 30 days	6,292	5,209
31 to 60 days	869	3,211
61 to 90 days	49	777
91 to 180 days	333	104
181 to 365 days	81	95
Over 1 year	114	111
	7,738	9,507





NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. DIVIDENDS

- i) The Board resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).
- ii) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Final dividend in respect of the financial year ended 31 December 2024, approved and paid during the current interim period, of HK36.63 cents, equivalent to RMB34.43 cents per ordinary share (2024: in respect of the financial year ended 31 December 2023, approved and paid during the period ended 30 June 2024, of HK38.64 cents, equivalent to RMB34.98 cents per ordinary share)	85,632	87,000

15. SHARE CAPITAL

	Number of shares	Amount HK\$	Amount equivalent to RMB
Ordinary shares of HK\$0.01			
Authorised:			
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	<u>10,000,000,000</u>	<u>100,000,000</u>	<u>87,926,000</u>
Issued and fully paid:			
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	<u>248,714,000</u>	<u>2,487,140</u>	<u>2,189,160</u>

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(A) FINANCIAL ASSETS MEASURED AT FAIR VALUE

FAIR VALUE HIERARCHY

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value is measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value is measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value is measured using significant unobservable inputs.

	Fair value measurements at 30 June 2025 categorised into			
	Fair value at 30 June 2025	Level 1	Level 2	Level 3
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss				
– Principal guaranteed wealth management products	10,000	–	–	10,000



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(A) FINANCIAL ASSETS MEASURED AT FAIR VALUE *(Continued)*

FAIR VALUE HIERARCHY (Continued)

	Fair value measurements at 31 December 2024 categorised into			
	Fair value at 31 December 2024 (audited) RMB'000	Level 1 (audited) RMB'000	Level 2 (audited) RMB'000	Level 3 (audited) RMB'000
Recurring fair value measurement				
Assets				
Financial assets at fair value through profit or loss				
– Principal guaranteed wealth management products	80,791	—	—	80,791

During the six months ended 30 June 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of the fair value hierarchy at the end of the reporting period in which they occur.

(B) INFORMATION ABOUT LEVEL 3 FAIR VALUE MEASUREMENTS

The fair value of the Group's financial assets at fair value through profit or loss in Level 3 is determined by discounting the contractual price of financial assets. The discount rate used is derived from the expected return which is significant unobservable inputs and is nil at 30 June 2025 (At 31 December 2024: 1.50% to 2.37%). The fair value measurement is positively correlated to the expected returns. There is no change in valuation technique at 30 June 2025 and 31 December 2024.

The movements during the six months ended 30 June 2025 and 2024 in the balance of Level 3 fair value measurements are as follows:

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
At the beginning of the period	80,791	10,000
Purchased	80,000	—
Total gains/(loss) recognised in the condensed consolidated statement of profit or loss included in other income*	225	25
Disposals	(151,016)	(10,025)
At the end of the period	10,000	—

* The total gains recognised in the condensed consolidated statement of profit or loss includes unrealised gains or losses of RMB nil (2024: RMB nil) attributable to balance held at the end of the reporting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(C) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values at 30 June 2025 and 31 December 2024.

17. ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARY

During the six months ended 30 June 2024, the Group acquired additional 5% equity interest in Jiangsu Mujiangu Tourism Development Company Limited, increasing its equity interest to 100%, for a cash consideration of RMB4,444,000. The effect on the equity attributable to owners of the Company is as follows:

	RMB'000
Consideration	4,444
Carrying amount of non-controlling interests acquired	(4,099)
Difference debited to retained profits	345

18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2025 and 31 December 2024.

19. CAPITAL COMMITMENTS

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
Contracted but not provided for in the financial statements:		
– acquisition of property, plant and equipment	20,558	20,718





NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, during the period is as follows:

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Short-term employee benefits	2,744	2,367
Post-employment benefits	115	89
	<u>2,859</u>	<u>2,456</u>

21. POSSIBLE IMPACT OF AMENDMENTS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2025

Up to the date of issue of these interim financial statements, the HKICPA has issued a number of amendments which are not yet effective for the six months ended 30 June 2025 and which have not been adopted in these interim financial statements. These include the following which may be relevant to the Group.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Annual Improvements to HKFRS	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹
Accounting Standards 2024	
HKFRS 18 and consequential	Presentation and Disclosure in Financial Statements ²
amendments to other HKFRSs	
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the condensed consolidated financial statements.