譚木匠

CARPENTER TAN HOLDINGS LIMITED

譚木匠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 837)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		% Change
	2026	2025	Increase/
	(unaudited)	(unaudited)	(Decrease)
	RMB'000	*RMB'000*	
Financial Highlights			
Revenue	**263,390**	287,886	(8.5)%
Cost of sales	**(92,386)**	(110,089)	(16.1)%
Gross profit	**171,004**	177,797	(3.8)%
Gross profit margin	**64.9%**	61.8%	3.1% point
Profit before taxation	**123,986**	133,366	(7.0)%
Profit for the period	**100,486**	109,046	(7.8)%
Profit attributable to owners of the Company	**100,486**	109,046	(7.8)%
Basic earnings per share (RMB cents)	**40.4**	43.8	(7.8)%

The board (the "**Board**") of directors (the "**Directors**") of Carpenter Tan Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**") together with the comparative figures for the six months ended 30 June 2025 with the selected notes as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	**Six months ended 30 June**	
		2026	2025
		(unaudited)	(unaudited)
		RMB'000	*RMB'000*
Revenue	*6(a)*	**263,390**	287,886
Cost of sales		**(92,386)**	(110,089)
Gross profit		**171,004**	177,797
Other income and other net gain	*6(b)*	**32,142**	22,762
Selling and distribution expenses		**(48,963)**	(46,012)
Administrative expenses		**(26,673)**	(17,673)
Other operating expenses		**(3,088)**	(3,220)
Profit from operations		**124,422**	133,654
Finance costs		**(436)**	(288)
Profit before taxation	*7*	**123,986**	133,366
Income tax	*8*	**(23,500)**	(24,320)
Profit for the period		**100,486**	109,046
Attributable to			
Owners of the Company		**100,486**	109,046
Profit for the period		**100,486**	109,046
Earnings per share	*9*		
Basic		**RMB40.4 cents**	RMB43.8 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**100,486**	109,046
Other comprehensive (expense)/income for the period		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(4,288)**	(3,530)
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**753**	9,358
Other comprehensive (expense)/income for the period, net of nil income tax	**(3,535)**	5,828
Total comprehensive income for the period	**96,951**	114,874
Attributable to		
Owners of the Company	**96,951**	114,874
Total comprehensive income for the period	**96,951**	114,874

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Non-current assets			
Property, plant and equipment	10(a)	**121,150**	120,650
Right-of-use assets		**49,534**	53,551
Investment properties	10(b)	**81,400**	81,400
Intangible assets		**–**	–
Non-pledged fixed bank deposits with maturity over one year		**311,000**	336,000
Other receivables, deposits and prepayments		**4,606**	4,459
		567,690	596,060
Current assets			
Inventories		**356,766**	308,556
Trade receivables	11	**9,937**	7,733
Other receivables, deposits and prepayments		**24,918**	36,702
Financial assets at fair value through profit or loss	12	**10,000**	80,669
Non-pledged fixed bank deposit (maturity over 3 months but within 1 year)		**70,000**	10,000
Cash and cash equivalents		**70,105**	79,739
		541,726	523,399
Current liabilities			
Trade payables	13	**9,640**	12,099
Other payables and accruals		**44,517**	59,639
Income tax payable		**37,600**	40,349
Lease liabilities		**2,192**	2,943
		(93,949)	(115,030)
Net current assets		**447,777**	408,369
Total assets less current liabilities		**1,015,467**	1,004,429
Non-current liabilities			
Deferred tax liabilities		**15,919**	15,919
Deferred income		**465**	476
Lease liabilities		**17,585**	17,830
		(33,969)	(34,225)
NET ASSETS		**981,498**	970,204
Capital and reserves			
Share capital	15	**2,189**	2,189
Reserves		**979,309**	968,015
TOTAL EQUITY		**981,498**	970,204

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 statements for the six months ended 30 June 2026 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 2025. They do not include all the information required for a complete set of financial statements prepared in accordance with HKFRS Accounting Standards. 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 2025.

The interim financial statements 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 2026.

(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 2026 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2025.

In the current period, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026, for the preparation of the Group's condensed consolidated interim financial statements.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

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).

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, Singapore and the PRC. Revenue represents the considerations to which the Group expects to be entitled in exchange for these goods or services 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	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of goods	**263,291**	287,593
Franchise joining fee income	**99**	293
	263,390	287,886

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

(B) Other income and other net gain

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Government grants *(note (i))*	**467**	2,459
Interest income on financial assets measured at amortised cost – bank interest income	**3,225**	1,450
Gain from change in fair value of financial assets at fair value through profit or loss	**319**	225
PRC VAT refunds *(note 8 (v))*	**20,894**	16,412
Operating lease rental income from investment properties	**1,312**	953
Net foreign exchange gain	**4,193**	15
Reversal of loss allowance on other receivables	**17**	10
Reversal of loss allowance on trade receivables	**6**	–
Loss on disposal of property, plant and equipment	**(21)**	(7)
Others	**1,730**	1,245
	32,142	22,762

Note

(i) In 2026, among the government grants, approximately RMB467,000 (2025: approximately RMB 2,459,000) 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.

7. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**93,122**	111,087
Reversal of write-down of inventories	**(736)**	(998)
Cost of inventories *(note (i))*	**92,386**	110,089
Depreciation		
– property, plant and equipment	**4,584**	3,665
– right-of-use assets	**3,877**	1,769
Loss allowance on trade receivables	**–**	25
Staff costs (including directors' emoluments)	**60,387**	54,939
(Reversal of provision)/provision for sales returns	**(1,831)**	164
Gross rental income from investment properties	**(1,312)**	(953)
Less: Direct outgoings incurred for investment properties that generated rental income during the period	**205**	230
Net rental income	**(1,107)**	(723)

Note:

(i) Cost of inventories includes approximately RMB35,437,000 (2025: RMB35,232,000) relating to staff costs and depreciation, which are included in the respective total amounts disclosed separately above.

8. INCOME TAX

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax *(note (i))*	**18,250**	18,678
Hong Kong profits tax *(note (iii))*	**–**	–
Singapore Corporate Income Tax *(note (vi))*	**–**	–
Withholding tax on dividends *(note (iv))*		
– Provision for the period	**5,250**	–
	23,500	18,678
Deferred tax		
Transfer to current tax upon distribution of dividends	**–**	–
Provision for the period	**–**	5,642
Total	**–**	24,320

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% (2025: 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 2026 and 2025 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.

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).

(vi) No provision for Singapore Corporate Income tax has been made for the six months ended 30 June 2026 as the subsidiary did not have assessable profits to Singapore Corporate Income tax for the period.

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 outstanding during the period:

i) ***Profit attributable to owners of the Company***

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Earnings used in calculating basic earnings per share	**100,486**	109,046

ii) ***Weighted average number of ordinary shares***

	Number of shares Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	'000	*'000*
Weighted average number of ordinary shares outstanding	**248,714**	248,714

b) Diluted earnings per share

No diluted earnings per share for the six months ended 30 June 2026 and 2025 is presented as there was no potential ordinary share in issue for the period.

10. FIXED ASSETS

a) Acquisitions and disposals

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of RMB5,163,000 (six months ended 30 June 2025: RMB11,236,000). Items of property, plant and equipment with a total carrying amount of RMB33,000 (six months ended 30 June 2025: RMB23,000) were disposed of during the six months ended 30 June 2026.

b) Valuation

The Group's investment properties were not revalued as at 30 June 2026 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 2025 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 2026 (unaudited) *RMB'000*	At 31 December 2025 (audited) *RMB'000*
Trade receivables from contracts with customers	**10,007**	7,809
Less: loss allowance	**(70)**	(76)
	9,937	7,733

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 2026 (unaudited) *RMB'000*	At 31 December 2025 (audited) *RMB'000*
0 to 30 days	**7,550**	3,516
31 to 60 days	**1,062**	1,933
61 to 90 days	**72**	1,238
91 to 180 days	**103**	375
181 to 365 days	**521**	153
Over 1 year	**629**	518
	9,937	7,733

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.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2026 (unaudited) *RMB'000*	At 31 December 2025 (audited) *RMB'000*
Principal Guaranteed Wealth Management Products, at fair value *(Note)*	**10,000**	80,669

Note: The amount represents investment in principal guaranteed wealth management products issued by licensed banks in the PRC with expected return at 0.56% per annum (31 December 2025: 1.28% to 2.22% per annum). Financial assets at fair value through profit or loss of RMB10,000,000 (31 December 2025: RMB80,669,000) 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 2026 (unaudited) ***RMB'000***	At 31 December 2025 (audited) *RMB'000*
0 to 30 days	**6,498**	6,295
31 to 60 days	**1,719**	3,572
61 to 90 days	**971**	844
91 to 180 days	**126**	1,163
181 to 365 days	**190**	74
Over 1 year	**136**	151
	9,640	12,099

14. DIVIDENDS

i) The Board resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: 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	
	2026 (unaudited) ***RMB'000***	2025 (unaudited) *RMB'000*
Final dividend in respect of the financial year ended 31 December 2025, approved and paid during the current interim period, of HK38.31 cents, equivalent to RMB34.44 cents per ordinary share (2025: in respect of the financial year ended 31 December 2024, approved and paid during the period ended 30 June 2025, of HK36.63 cents, equivalent to RMB34.43 cents per ordinary share)	**85,657**	85,632

15. SHARE CAPITAL

	Number of shares	Amount	Amount equivalent to
		HK$	*RMB*
Ordinary shares of HK$0.01			
Authorised:			
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	10,000,000,000	100,000,000	87,926,000
Issued and fully paid:			
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	248,714,000	2,487,140	2,189,160

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.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT REVIEW

In accordance with the operating results targets, key work directions, and key work measures formulated at the beginning of the year, the Group closely followed up on the specific execution and implementation thereof. For each of the performance targets and key work tasks, across a total of three dimensions – from the Group's strategic indicators, to the specific undertaking by the functional departments, and down to the specific execution by internal functional positions within the departments; further from the quality targets, process control, and implementation measures under the three quality management systems; and simultaneously through monthly work meetings, special meetings, and quarterly performance appraisals – the Group ensured that they were specifically undertaken, implemented, and properly executed from the Company down to the functional departments, and ultimately to the responsible personnel of functional positions.

After passing preliminary market validation across three dimensions and nine representative models, the Group has established a pilot production operational environment for the technical strategy of material equilibrium conditioning at the Wanzhou plant, and is currently planning for its full-scale implementation. The execution of this plan will fundamentally transform the past primitive management state of relying entirely on natural processes after the drying of materials, ensuring that materials are stored and key procedures are conducted within environments stipulated by processing parameters. This aims to further reduce product deformation, cracking, and market returns, elevate brand reputation, and conserve precious resources. The comprehensive completion of the dust-free coating line effectively resolves the quality issues of defective paint particles on product surfaces, the repeated reworks that generate new quality defects, and the severe decline in operational efficiency. The Group is currently establishing a National Green Factory, and has already passed the audit and certification of three new systems, namely energy conservation, carbon footprint, and greenhouse gases. Conforming to the national strategy of "energy conservation and emission reduction, low-carbon and environmental protection", the Group is proactively undertaking planning and layout in advance to create a sound macro external environment for the Group's operations.

In line with the government's strong advocacy and comprehensive promotion of cultural tourism, the Group has also taken the opportunity to re-plan and launch industrial tourism featuring its distinctive culture. From the enhancement and upgrading of the external environments of the new and old plants in Wanzhou, to the reconstruction of the handcrafted comb-making workshop, and further to the planning and launch of the Carpenter Tan brand history museum and hall of honor, these efforts have laid a solid foundation for showcasing the deep-rooted heritage of the Group's brand culture, enriching the content of distinctive cultural industrial tourism, and promoting the sustainable and healthy development of the Group.

The Beijing flagship store, featuring Song Dynasty aesthetics, successfully opened at the end of April. The store delivers an in-depth presentation in areas including Song Dynasty aesthetics, hair-combing experiences, handcrafted woodwork, art curation, and the Garden of Combs. Furthermore, stores capable of scalable commercial implementation and promotion while maintaining the Song Dynasty aesthetic and artistic style have been launched at Suzhou Mixc World and Wuhan MixC, which have garnered significant attention and favor from franchisees and shopping mall landlords. Accordingly, while ensuring the successful operations of the Beijing flagship store and further consolidating its aesthetic style, the Group will give priority to launching flagship image stores in Shanghai and Hong Kong that feature unique brand identities and local cultural characteristics. This will support the Group's strategy for the current year of opening large and high-quality stores, and facilitate the transformation and upgrade from side and strip counters to independent stores. Such initiatives will establish a strong brand image, enhance the confidence of franchisees and landlords, and elevate landlords' respect and high regard for the brand, thereby creating more favorable conditions for the brand's driving and radiating capabilities, as well as its market expansion and operations.

During the Reporting Period, the Group had clear performance targets for its operating results, clear key working directions, and appropriate and effective corresponding implementation measures. Although adverse factors, such as the general market environment, the initial rigid investment in the Beijing flagship store, the Group's policy support for store adjustments and upgrades, continuous brand communication and promotion, the significant increase in the prices of precious metals and production auxiliary materials caused by the unpredictability of the situation in the Middle East and the Gulf region, and the decline in terminal retail sales caused by the slump in market confidence are expected to have a certain downward impact on the Group's sales and profitability in the short term, the Group persistently strived to execute its established plans and manage its own operational priorities well. The Group's internal control and governance operated soundly; the comprehensive product gross profit margin and the cost and expense ratio generally demonstrated a healthy state; and the specialty store image as well as market competitiveness were also significantly enhanced.

BUSINESS REVIEW

I. OFFLINE BUSINESS

For the six months ended 30 June 2026, POS sales for our offline business reached RMB424.4 million, marking a year-on-year decrease of 3% compared to the same period in 2025.

Reviewing the first half of 2026, offline sales recorded a year-on-year decline, affected by factors such as a drop in customer traffic at tourist attractions and street-level stores, as well as the contraction of the group purchase business. Against this backdrop, our channel expansion adhered to the strategic focus of opening large and high-quality stores. The opening and operation of the Beijing flagship store marked a breakthrough in the establishment of super first-tier benchmark stores, the large store project in Shanghai was advanced in an orderly manner, and the number of large stores with an area of over 50 square metres nationwide achieved steady growth. In terms of brand image, multiple new image design systems, such as Tommy Li, Morandi, and Song Dynasty aesthetics, were implemented concurrently, while the renovation of existing stores and the construction of new stores progressed simultaneously. In terms of operational management, the optimization and upgrade of the inspection system were completed, with value-added services incorporated into the scope of inspection. Foundational work, such as the standardization of display props and customer complaints, entered the implementation phase. During the same period, two pop-up events were successively launched in Chongqing and Wuhan, and various initiatives regarding new product launches and membership services proceeded as scheduled.

1. SPECIALTY STORES OVERVIEW

For the six months ended 30 June 2026, Carpenter Tan had a total of 1,323 franchised stores and 2 self-operated stores in Mainland China, 6 franchised stores and 1 self-operated store in other countries and regions, and 3 self-operated stores in Hong Kong. The total number of stores was 1,335. There was an increase of 23 stores as compared to 1,312 stores as at 31 December 2025. Among them, shopping mall stores, Morandi image stores and third-generation image stores accounted for 74.7%, 54.8% and 43.1%, respectively.

Number of franchised stores, overseas stores and counters as at 30 June 2026:

	30 June 2026		31 December 2025	
	Franchised stores	**Self-operated stores**	Franchised stores	Self-operated stores
Mainland China	**1,323**	**2**	1,301	1
Hong Kong	**–**	**3**	–	3
Other countries and regions	**6**	**1**	6	1
Total	**1,329**	**6**	1,307	5

Number of franchised stores distribution in Mainland China as at 30 June 2026:

Type of stores	30 June 2026 Number of franchised stores	%	31 December 2025 Number of franchised stores	%
Shopping mall	**989**	**74.8%**	960	73.8%
Street shop	**212**	**16.0%**	217	16.7%
Department store	**56**	**4.2%**	57	4.4%
Supermarket	**6**	**0.5%**	8	0.6%
Scenic spot	**44**	**3.3%**	43	3.3%
Transportation hub	**11**	**0.8%**	9	0.7%
Hotel	**1**	**0.1%**	2	0.1%
Others	**4**	**0.3%**	5	0.4%
Total	**1,323**	**100.0%**	1,301	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, so as to promote the systematic upgrade of store image and provide consumers with a better shopping environment. The number of newly established stores reached 73, of which 54 were in normal operation. The proportion of shopping mall stores remained at a relatively high level, and the average area of newly established stores achieved a substantial improvement and increase compared to the corresponding period of last year. Image upgrades were completed for 25 stores, and stores with a small area, poor location, or outdated image were subjected to elimination or remodeling. The number of large stores over 50 square metres reached 41, representing an increase of 21 compared to the corresponding period of last year, with the cooperation system expanding steadily. 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 dedicated subsidies for advertising and promotion at regional DP points, with total subsidy amounts reaching RMB295,000. These subsidies covered multiple cities and regions, and involved various types of advertising and promotion projects. The above subsidies played a significant role in enhancing brand image and expanding market influence. Moving forward, we will continue to deepen brand promotion and market expansion efforts, while strengthening cost control and investment effectiveness evaluation. For core strategic regions and key benchmark projects, we will further increase investment efforts to achieve better market results.

During the Reporting Period, the "Garden of Combs" pop-up brand campaign was successfully held in Chongqing and Wuhan. The campaign design incorporated a new landmark check-in wall element, making the event more relevant to contemporary city life. Through the immersive experience of the pop-up events, Carpenter Tan effectively enhanced brand awareness and public reputation, and established a more highly recognizable brand image among target consumer groups. In the second half of the year, the campaign will continue to meet participants in Beijing, Shanghai and other locations.

4. MEMBERSHIP SERVICE

During the Reporting Period, Carpenter Tan demonstrated good performance in member expansion. Cumulative new members reached 155,192, and a total of 46,084 member privilege orders were completed. As at the end of the Reporting Period, Carpenter Tan's total omni-channel membership in its backend system had surpassed 1.71 million.

5. NEW PRODUCT LAUNCH

During the Reporting Period, a total of 4 new product launches were carried out, with a total of 31 new products, including 12 new products for the New Year, 2 new products for Mother's Day, 7 new summer products and 10 new products of the Landscape series.

Among the 12 new products for the New Year, the Company integrated traditional Chinese zodiac culture with modern aesthetics, utilized traditional crafts such as carving and lacquer ware, and launched the new Year of the Horse series products featuring both auspicious meanings and practical functions. Drawing inspiration from the artistic conception of classical poetry, the Company also launched the new upgraded spliced wood comb series products. Meanwhile, aligning with International Women's Day, the Company launched new holiday series products to cater to consumers' gifting needs.

The 2 new products for Mother's Day featured the gourd as a design element, symbolizing both fortune and prosperity and blessing in the palm, adding a beautiful blessing to the tender moments of Mother's Day.

For the 7 new summer products, the Eastern landscape culture and the warmth of original wood were expressed through modern design. The Company launched new products including scraping massage combs, haircare combs, bracelets and pendants. By adopting premium materials and optimized comb shapes, they provide consumers with a more comfortable scalp massage experience and diversified wearing options.

The 10 new products of the Landscape series were tailor-made for the Beijing flagship store, with initial distribution in late April and official launch in July. Drawing design inspiration from Eastern landscape culture, this series materializes the blank-leaving and broad-mindedness of Song-dynasty aesthetics into the "Landscape series", where combs represent mountains and hair represents flowing rivers. By combining the gentle subtlety of wood with refined and elegant design elements, the Company developed products that possess both practical functions and decorative value.

6. STORE IMAGE ENHANCEMENT

During the Reporting Period, the Company received design assignment briefs for a total of 125 stores, finalized design plans for 102 stores, and completed the renovation of 108 stores, among which 6 stores had pending renovations from the end of 2025. The Beijing flagship store, adopting "Art + Wood + Humanities" as its core design concept and deeply integrating the spirit of Song-dynasty aesthetics, has completed its renovation and successfully commenced operations. The Tommy Li design concept was officially launched, with renovations completed for 16 stores, and the effects have been well-received by shopping malls and customers. The new version of the Morandi image design combines multiple materials, resolving design difficulties for stores with irregular structures, and adds a modern touch to the soft foundational tone. The Rizhao store in Shandong and the second store in Singapore continued to adopt the Matsumoto image. In the second half of the year, the Company plans to carry out an overall upgrade and modification of the supplementary displays, which is currently in the prototyping stage.

7. OFFLINE BUSINESS FOCUS IN THE SECOND HALF OF 2026

In the second half of the year, the offline business will focus on three main themes: "filling shortfalls, strengthening foundations, and controlling risks", striving to achieve the full-year targets.

(1) Launch graduation season marketing campaigns, collaborate with the Meituan and Weimob platforms to drive customer traffic, and implement the "Garden of Combs" series pop-up events in the third and fourth quarters; and introduce group purchase incentive policies for franchisees to stimulate terminal sales. In respect of offline operations, the Company will adhere to the simultaneous advancement of both retail and group purchase channels. On one hand, it will stabilize the fundamental base of individual retail customers and deepen its penetration into consumption scenarios such as festivals, weddings and gift-giving; on the other hand, it will improve the customized group purchase business teams for corporate commerce and institutional welfare, enrich the categories of exclusive corporate cultural and creative gift boxes, open up new incremental channels, and achieve complementary growth in both retail and group purchases.

(2) Continue to implement the strategy of opening larger and high-quality stores, and advance the scheduled opening of new stores in the core commercial districts and transportation hubs of Beijing, Shanghai, Guangzhou, Shenzhen and new tier-1 cities; guide existing stores to upgrade to locations in premium high-end shopping malls, and gradually phase out inefficient small side counters and narrow shops; and leverage larger store spaces to accommodate wood art culture displays, intangible cultural heritage craftsmanship experiences, and full-series product displays, thereby fully utilizing the spatial value of physical stores.

(3) Establish a remote inspection mechanism to strengthen the management and control of lower-tier markets, accompanied by the distribution of the Tommy Li series display props; consolidate typical customer complaint cases to build an internal knowledge base, and adopt a model of "department-led + normalized regional training" to create standardized service benchmarks. The Company will simultaneously implement standardized experiential service processes, improve in-store wooden comb maintenance, handicraft experiences, gift matching, and lifelong repair and maintenance services, relying on immersive offline experiences to build a differentiated competitive advantage and using services to enhance terminal conversion and customer repurchases.

(4) Synchronously advance the unified iterative upgrade of overall store display props and promotional materials covering both existing and newly opened stores to enhance the uniformity of omni-channel brand visuals, and facilitate the standardized renovation of store images in alignment with the Group's overall brand upgrade initiatives.

II. ONLINE BUSINESS

For the six months ended 30 June 2026, the online business completed sales (including VAT) of RMB120 million, achieving 84.3% of the first half-yearly target and representing a year-on-year decrease of 13.0% compared to the same period in 2025, and 44.6% of the annual target has been completed.

During the Reporting Period, the operating performance across the Company's various online channels diverged. Revenues from traditional e-commerce platforms such as Tmall, JD.com and Vipshop experienced a year-on-year decrease. As Tmall serves as the core online revenue channel, the decline in its sales was the primary reason for the overall decline in online performance. The changes in the performance of traditional channels were primarily affected by external environmental factors such as adjustments to platform subsidy rules, the tilting of platform traffic resources towards self-operated segments, and large-scale promotional activities on the platforms. Social e-commerce and interest-based content e-commerce platforms such as Pinduoduo and Douyin achieved revenue growth, which also reflects that under the changing industry landscape, the market share of traditional e-commerce is being gradually diverted by content and social e-commerce.

1. NEW PLATFORMS AND NEW PROMOTION METHODS

During the Reporting Period, the Company established its presence and commenced operations on the Dewu platform. The brand's intangible cultural heritage craftsmanship, natural materials, and Eastern aesthetic characteristics align well with the demands of the platform's young demographic, who pursue niche quality, cultural identity, and gift consumption. This facilitates the expansion into the Generation Z market and enhances the brand's youthful image and overall value. From March to June 2026, the Dewu flagship store demonstrated excellent overall conversion performance; however, its operating results experienced noticeable fluctuations due to variations in platform traffic. Going forward, the Company plans to list high-end single items and gift box sets, supplement visual content materials, smooth out data fluctuations, and fully leverage the channel's high conversion advantages.

2. STORE LIVE STREAMING

During the Reporting Period, Tmall store live streaming became a normalized operation, suspending broadcasts only on Chinese New Year's Eve. A total of 180 live streaming sessions were conducted in the first half of the year, continuously improving operational efficiency while reducing the duration of live streaming by human hosts. On the operational front, we continuously optimized live streaming engagement methods, utilizing live-action materials from the broadcast room to accumulate private domain traffic, and launched digital host live streaming to establish an around-the-clock live streaming system combining human and digital hosts, thereby filling broadcast gaps during idle hours. Meanwhile, we introduced live-streaming-exclusive products and coordinated with platform coupons to stimulate sales in the broadcast room. During the period, store live streaming achieved outstanding results in member conversion. Although overall live streaming revenue experienced a slight decline, traffic quality, channel penetration rate, and conversion efficiency all improved, laying a solid foundation for subsequent growth in the live streaming business.

3. ON-SITE AND OFF-SITE CONTENT PROMOTION

During the Reporting Period, the Company strategically deployed on-site KOL content and off-site content seeding on Xiaohongshu, producing content focused on hair care and health wellness to shape the brand's emotional value. We invited professionals to popularize hair care knowledge, enhancing the professionalism of the content and implementing a dual-track operational strategy of expanding audience assets and capturing on-site conversions.

Regarding the off-site Xiaohongshu channel, a total of 124 pieces of content were published during the period, achieving total exposure of over 17.15 million times, total clicks of over 2.03 million times, and total interactions of over 193,000 times. Through content promotion via Taobao Xinghe Xiaohongxing (淘寶星河小紅星), cumulative directed transactions in the first half of the year reached RMB3.31 million, representing a year-on-year increase of 8.2%, with steady improvement in the effectiveness of off-site traffic conversion. For on-site KOL content, a total of 450 pieces were published, generating total exposure of over 3.608 million times. Content-directed sales amounted to RMB2.782 million, representing a decrease of 9.7% compared to the corresponding period last year, which was primarily due to a decline in store conversion rates and average transaction value per customer following the platform's cancellation of consumption vouchers.

4. DOUYIN ECOSYSTEM DEVELOPMENT

During the Reporting Period, the Douyin ecosystem continued to deepen the three-dimensional coordinated operational strategy of "official account operation + creative content seeding by KOLs + viral topic matrix promotion". In the first half of the year, the account published 119 videos, achieving a net increase of 16 million in exposure and a net increase of 300,000 in interactions, bringing the total number of account followers to 308,000. The Company collaborated with a cumulative total of 27 influencers (including KOLs and KOCs), generating a total promotion exposure of 16.482 million times and total interactions of 226,000 times. By optimizing the influencer investment structure and increasing KOC deployment efforts, the cost per mille decreased by 31.75% year-on-year, resulting in a significant improvement in traffic acquisition efficiency. On the content front, a strategy of "reducing quantity and improving quality" was implemented to concentrate resources on creating premium IP content. Affected by the high base of Mother's Day live streaming in 2025 and adjustments to the platform's traffic distribution rules, account exposure and interaction data experienced a phased decline, yet the follower scale still achieved a positive growth of 6.94%. Going forward, the Company will continue to accumulate high-quality video assets, strictly control the quality of influencer content, and promote the long-term synergistic growth of brand building and sales performance.

5. STORE SERVICE ENHANCEMENT

During the Reporting Period, the RPA intelligent customer service system was launched specifically for the Vipshop channel, establishing a service model of "intelligent preprocessing + refined manual reception", which shortened customer waiting times and improved platform service ratings. The Company gradually expanded the applicable product range for premium gift packaging and displayed the packaging styles on product pages. By leveraging exquisite outer packaging, the Company enhanced the gifting attributes and the sense of unboxing ceremony of the products, thereby optimizing the consumer experience and brand reputation.

6. ONLINE AND OFFLINE PRODUCT TIERING

During the Reporting Period, the Company continued to optimize its online product structure and added multiple online-exclusive products. The structural proportion between online-exclusive items and omni-channel products has become increasingly balanced. The newly added products filled the gaps in price ranges and categories, expanding categories such as wellness combs, massage tools, and gift box sets, while upgrading the appearance and inner lining designs of the gift boxes. The brand-new mid-to-high-end gift boxes achieved outstanding market performance upon launch and demonstrated strong competitiveness within their corresponding price ranges. Going forward, the Company will focus on promoting this gift box to create a benchmark gifting item, and will continue to develop new sets that are both aesthetically pleasing and practical, thereby consolidating its competitiveness in the online gift market.

7. *ARTIFICIAL INTELLIGENCE ENHANCEMENT*

During the Reporting Period: (1) The Company carried out an AI brand content optimization project, deploying AI search content construction around core values such as brand craftsmanship, natural materials, and intangible cultural heritage craftsmanship, thereby increasing the brand's exposure and content seeding opportunities in AI search scenarios. (2) The Company established a customer experience management (CEM) system to centrally collect omni-channel user reviews, customer service dialogues, and social platform feedback. It utilized AI semantic analysis to uncover user needs and provide early warnings for negative public sentiment. Relying on user data, the Company guided product iteration and marketing optimization, thereby reducing the risk of customer complaints and enhancing customer satisfaction. (3) The Company popularized the application of digital host live streaming, relying on AI to achieve around-the-clock live streaming. This ensured the consistency of brand scripts, filled the live streaming gaps during early morning hours and holidays, and boosted the sales growth of core categories such as gift boxes and wellness combs.

8. *ONLINE BUSINESS FOCUS IN THE SECOND HALF OF 2026*

1. Continue to maintain normalized communication and connection with various e-commerce platforms, strictly implement a unified online and offline pricing system, and adhere to a long-term brand management mindset, refraining from relying on short-term marketing tactics such as low-price discounts, platform subsidies, or disguised price cuts in exchange for sales volume. Focusing on themes of intangible cultural heritage craftsmanship and Eastern gifting, uniformly output brand content to build brand recognition as a high-end gifting brand. Implement differentiated operations based on the characteristics of each platform: for Tmall, optimize the digital host live streaming system, expand the categories of live streaming products, and promote the inclusion of online-exclusive models into the platform's multi-billion subsidy channels; for JD.com, supplement the short video content layout, implement normalized daily digital host live streaming, and negotiate self-operated collaborations to create platform blockbusters; for Vipshop, advance the implementation of self-operated channels and strive for high-quality traffic resources to improve platform sales performance; for Dewu, continue to expand gift box products, perfect visual materials for content seeding, and proactively apply for platform marketing events to secure traffic support. With a clear division of roles for online and offline channel positioning, unified brand standards and unified member privileges, maintain a balanced deployment across e-commerce platforms, short video channels and private domain communities.

2. Establish a differentiated online-exclusive product matrix, with new product research and development proceeding in three major directions: creating modular haircare comb combination sets and upgrading their supplementary gift boxes; completing the product lines for horn and bristle maintenance items to develop wellness and haircare gift boxes; and expanding into Song-dynasty aesthetic stationery tools and portable cultural and creative accessories, extending the product boundaries from grooming tools to Eastern lifestyle aesthetic artifacts, while continuously iterating online-exclusive new products based on market sales data.

3. Unify the Song-dynasty aesthetic brand visual system, distill differentiated product selling points around natural materials, intangible cultural heritage craftsmanship, combing functions and gifting meanings, and complete full-category product photography and main image design in batches to suit the dissemination needs of multiple platforms. This aims to shorten consumers' decision-making cycles and drive the sales of new gift boxes and sets. Simultaneously, establish an online content matrix to continuously output content related to brand culture, intangible cultural heritage comb-making and Eastern gifting, thereby accumulating long-term brand value.

4. Iteratively upgrade the express delivery outer packaging and matching greeting cards, balancing logistics protection functions with the unboxing and sharing needs on social platforms, thereby enhancing the gifting atmosphere of the gift boxes and stimulating transactions for gift-category products.

5. Perfect the private domain operational system by implementing personalized content push strategies tailored to each user; rely on activities such as member benefits and user co-creation to enhance community activeness; establish a normalized user survey mechanism to collect consumer needs, which will inversely guide the optimization of products, gift boxes and services; and reactivate dormant customers and increase repurchases from existing customers, fully maximizing the lifetime value of users.

III. OVERSEAS BUSINESS

For the six months ended 30 June 2026, our offline overseas business recorded a total shipment of RMB1,855,000, representing a year-on-year increase of 2.4%. Sales from cross-border e-commerce platforms amounted to RMB734,000, representing a year-on-year increase of 62%. The self-operated stores and online platforms in Hong Kong achieved total sales of HK$2,805,000, representing a year-on-year increase of 38.5%.

OVERVIEW OF THE STATUS OF KEY OVERSEAS WORK:

1. Overseas self-operated stores: There remained 3 self-operated stores in the Hong Kong market. Based on the sales performance in the first half of the year, the sales of the existing stores were generally stable, and the new growth driver was primarily derived from the Festival Walk store newly opened last year. As the lease of the Hong Kong Station store will expire in the second half of the year, we will look into more commercial centres to seek opportunities for relocation, thereby gradually enhancing our brand image. In the Singapore market, there is currently 1 self-operated store, which is in good operating condition. The second store planned for the second half of the year is also under active preparation to gradually expand our scale and enhance local market influence.

2. Franchise expansion: After closing stores following the pandemic, the Taiwanese franchisee has opened a new store with the Company's policy support and encouragement, which is expected to commence operations in August. The Hong Kong market opened for franchising this year, adding 1 new franchised store which is expected to commence operations in August. In the Malaysia market, 1 new prospective franchisee was added, and the store location is currently being finalized, with the opening expected by the end of the year or early next year.

3. Overseas retail systems: With the increase in the number of overseas stores, to facilitate better and more standardized management, we inspected multiple overseas retail system service providers and confirmed a partner after inquiring and comparing prices during the first half of the year. After comprehensive consideration, we chose to first develop, implement and verify the system at the self-operated store in Singapore to lay a solid foundation for subsequent standardization and compliance management. It is expected to be implemented and verified in the second half of the year.

4. Cross-border e-commerce: This year, we signed an agency operation cooperation agreement with an agency operation company for Amazon US and our independent US website. Based on the performance in the first half of the year, the results met our expectations. In addition to hoping to continuously expand our performance scale through a mature agency operation team, we are simultaneously strengthening employee training to lay a solid foundation for building the Company's own team in the future.

5. Overseas key exhibitions: We plan to participate in three exhibitions this year, namely the Cosmoprof North America in Las Vegas, USA in July, the Almaty Import and Export Commodities Exhibition in Kazakhstan in August, and the China Consumer Goods Brand Exhibition in Melbourne, Australia in September. The Company will participate in all three exhibitions this year with standard booths, focusing more on industry understanding, product display, and seeking prospective agents, franchisees, and channel procurements.

IV. INNOVATIVE RESEARCH AND DEVELOPMENT

During the Reporting Period, the creative R&D team combined their review of the existing product system, their assessment of market demand, and their analysis of current wood stock conditions and processing technology feasibility. Aligning with omni-channel sales rhythms, launch requirements for key occasions, and the overarching goal of brand image enhancement, the team continuously advanced the design, R&D and implementation of products and packaging featuring new structures, new materials and new styles.

During the Reporting Period, the design and development of 7 new product projects were completed, with a total of 31 new products launched. These included 2 new products for Mother's Day, 6 new products for online channels, 4 new regional products for overseas markets, 7 upgraded new products of small-leaf rosewood, 10 new products of the Landscape series, and 2 new products for the Qixi Festival.

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

1. LKK LANDSCAPE SERIES PRODUCT PACKAGING PROJECT

Implemented 10 new products of the Landscape series, integrating the elegance of mountains and the vitality of flowing rivers into product design. Utilizing gentle and subtle materials such as South American rosewood and cocobolo, the team designed and developed distinctive combing products and massage and stress-relief products.

Completed the implementation and application of the full packaging system for the Landscape series. The blank-leaving and broad-mindedness of Song-dynasty aesthetics were materialized using specialized textured paper materials, and expressed through a unique "opening a window to see the landscape (開窗見山水)" structure. The overall packaging design style is prominent and satisfies the brand's image upgrade requirements.

2. *SMALL-LEAF ROSEWOOD UPGRADE PROJECT*

Supplemented the comb shapes of inserted-tooth massage combs and haircare combs utilizing small-leaf rosewood as the primary material to cater to the consumption needs of the high-end market. Certain products incorporated mother-of-pearl inlay, carving, and gold leaf gilding craftsmanship to perfect the brand's high-end material product system. The accessories integrated materials such as South Red Agate and celadon, enriching the colour layers and cultural connotations of the products, enhancing the aesthetic appeal of the accessory designs, and strengthening their differentiated advantages among similar competing products.

3. *SELF-DEVELOPMENT PROJECTS*

Explored design and development directions combining various different materials with wood; inherited and upgraded rich traditional intangible cultural heritage craftsmanship to create new styles of product appearances; and continued to exert efforts in developing functional products, focusing on practical functions and combing sensations to refine the design of components such as comb teeth.

4. *OVERSEAS MARKET-ORIENTED PRODUCT DEVELOPMENT*

Developed regional products selectively adapted to the Japanese market in response to the demand for supplementing massage combs, taking into consideration regional cultural customs and consumption habits, thereby meeting the needs of overseas consumers and supporting the expansion of the brand's overseas business.

INNOVATIVE RESEARCH AND DEVELOPMENT OUTLOOK:

Centring on the objective of "comprehensive brand image enhancement", the creative R&D team will systematically carry out design improvement and coordinated matching work across areas including new product R&D, packaging system upgrade design, graphic visual promotional material optimization, and store image support.

The team will actively explore the application of new materials, new techniques and new structures, distilling and accumulating methodologies and standardized processes for design innovation to improve the design quality and implementation efficiency of self-developed projects. The team will also closely monitor the sales dynamics of the product system and strive to effectively control costs or increase the added value of products without compromising quality and innovation, thereby facilitating the improvement of the comprehensive gross profit margin for new products and the overall product portfolio.

The team will proactively incorporate the collection and analysis of market feedback into the design and R&D process to gain profound insights into market demand, ensuring that products better adapt to end-user scenarios and front-line sales needs, and will continuously strive to drive the creation of blockbuster products.

V. PRODUCTION TECHNOLOGY

During the Reporting Period, guided by the new three-year process technology development and enhancement outline, the production technology team advanced process innovations, automated equipment iterations, and the research and development of new materials and new processes. Simultaneously, the team implemented projects such as production line modifications, wood stabilization treatments, and green and low-carbon related process upgrades, continuously leveraging technology to enhance quality, reduce costs, increase efficiency and improve the working environment. In the first half of the year, the actual delivery volume of the factory was 3.0342 million units, representing an increase of 197,000 units compared to 2.8372 million units in the corresponding period last year. The comprehensive production efficiency per working hour increased by 11.41% year-on-year, demonstrating a steady improvement in the levels of production refinement and intelligentization.

Technological innovations and improvements in craftsmanship and equipment mainly included:

1. Fully commissioned the brand-new coating line in the first half of the year to comprehensively standardize the dust-free operating environment, resolving product rework issues caused by paint particles and paint mist at the root, effectively breaking through the efficiency bottlenecks of the coating process, and significantly upgrading the surface appearance quality of products. Simultaneously, the Company continued to test and promote water-based paint and non-paint process treatment technologies, and steadily advanced their mass industrial application. This not only optimized product surface quality but also improved the working environment and safeguarded the occupational health of employees.

2. Implemented the conditioning and balancing process for spliced wood comb teeth blocks. Pilot production commenced in April, and by July, all spliced wood comb teeth blocks were put into production only after undergoing a 3-month conditioning and balancing process. This effectively enhanced material stability, resolved issues of product cracking and deformation, and reduced the market return rate. To address production logistics losses, the team optimized the stacking methods and matching pallets for sheets and boards, enabling one-time stacking and shaping before products enter the kiln for drying, thereby reducing material losses and wasted man-hours caused by repeated handling and multiple stacking.

3. Conducted functional improvement and substitution tests for wood, completing weight-gaining improvement experiments for two new wood types, Lapacho and Andong, with their air-dry densities increasing by 10% and 13%, respectively. Added feasibility research on the rapid gluing of spliced wood combs, exploring non-contact methods to accelerate the coupling reaction of adhesives to achieve the rapid gluing of comb blanks.

4. Advanced automated processing projects in an orderly manner. Following improvements from pilot production, the automated tooth-polishing technology prototype for inserted-tooth combs achieved a 50% increase in comprehensive human-machine production efficiency compared to purely manual labor, reducing the labour intensity and operational difficulty for workers. The automated dual-head comb polishing prototype entered pilot production verification to continuously improve and enhance processing efficiency.

5. Completed the construction of the key unit experimental platform under the technical breakthrough project for the defect and colour sorting of wooden pins for haircare combs. The team established a visual system computing data model and carried out AI deep application learning, preliminarily meeting the conditions for colour and defect sorting for Kingwood materials; however, the qualification rate of the sorting quality still requires continuous research and optimization.

6. Explored the dye extraction and dip-dyeing processes for the natural herb-dyeing of wooden combs, successfully developing 5 colours: lemon yellow, iron red, ivory, orange, and medium yellow. Following UV aging and fading comparisons, the colour retention period was significantly prolonged. The team also conducted experiments on the patina process and rubber sleeve assembly for the components of the variegated bean ring combs. While the overall patina effect met the standards, the assembly process was prone to damaging the patina layer, requiring continuous improvement and refinement.

VI. LOGISTICS AND DISTRIBUTION AND AFTER-SALES REPAIR

During the Reporting Period, the logistics and distribution team completed the distribution and dispatch of 3.0227 million units, maintaining a stable overall distribution volume. The team continued the management mindset of "making full use of human resources", implementing management initiatives such as one post with multiple skills, daily clearance of processes, flexible production scheduling, and daily production verification to fully maximize operational efficiency, ensure the timely dispatch of omni-channel orders, and maintain a reasonable safety stock level.

The Company completed the research on the sorting and transmission system and conducted multiple rounds of simulation tests jointly with equipment and software service providers. The relevant implementation plan is generally mature, and a cooperation contract has been signed, with implementation planned for the second half of the year. The system will cover the finished goods warehouse and packing processes, potentially replacing nearly half of manual operations. This will effectively improve process efficiency, reduce the labour intensity of employees, and provide support for expanding production without increasing headcount for future business growth.

For product after-sales repair services, the Group's authorized repair stations completed a total of 145,030 repairs during the Reporting Period, representing a decrease of 11,327 repairs or a year-on-year decrease of 7.24% compared to 156,357 repairs in the corresponding period of 2025.

The Company continuously collected customer feedback and complaints, and constantly optimized and perfected the repair quality assurance system. The core control measures are as follows:

1. Proactive repair risk communication: Upon receiving the products, the repair stations verify their repairability, repair requirements, and the actual condition of the products. For irreversible situations such as the high brittleness of comb teeth leading to secondary damage, or the inability to touch up colours for herb-dyed products resulting in incomplete patterns, the repair stations negotiate handling solutions with customers in advance to fully satisfy customer demands within the scope of repair.

2. Continuous enhancement of practical skills for repair personnel: On the premise of ensuring delivery tasks, repair processes are optimized to minimize wear and tear on product patterns during repairs, thereby reducing appearance-related customer complaints.

3. Establishment of a multi-level re-inspection mechanism: The repair team leader conducts a full inspection of the completed products, the after-sales supervisor conducts a random inspection before the products are returned to the stores, and the logistics quality supervisor conducts a secondary random inspection twice a week. Any defective products discovered during random inspections are reworked immediately. Typical issues are shared internally in visual and textual formats for learning, preventing the recurrence of similar problems.

4. Standardization of external authorized station management: The Company jointly conducts irregular inspections and technical training with the Marketing Department and the Creative Design Centre. In accordance with the Operation Measures for After-Sales Repair Management (《售後維修管理運行辦法》), it is recommended to revoke the repair authorization qualification for stations that generate valid complaints for two consecutive months.

Customer satisfaction has always been the core pursuit of our after-sales repair services. We clearly recognize that there is still room for improvement between our current service levels and consumer expectations. Going forward, we will invest more care, patience, and dedication into the entire repair process, continuously refining the details of our repair services to best match customer expectations and steadily consolidate the brand's service reputation.

VII. BRAND BUILDING

On 30 April 2026, the Group's first brand concept flagship store was launched at the 3.3 Mall in Sanlitun, Beijing, with an area of approximately 300 square metres. It is a landmark implementation project of the brand's aesthetic upgrade strategy, marking the strategic upgrade of the brand from single product sales to lifestyle output and immersive cultural experiences. The store specially invited renowned designer Jia Wei to serve as the aesthetic and art consultant. Utilizing original wood, blank-leaving and azure blue to create an elegant Song-dynasty Eastern artistic conception, the store abandoned the traditional intensive product display model of retail stores. Instead, it is divided into four major functional sections: the product art display area, the five-senses healing hair combing experience area, the woodwork handicraft workshop, and the leisure tea break service area, accommodating multiple values including appreciation, experience, creation and social interaction.

Concurrently with the store opening, the first Carpenter Tan Arts Festival was launched with the theme "Combs as Mountains, Hair as Rivers (梳為山巒，發為川流)". It exhibited exclusive customized woodwork pieces by contemporary artists such as Jia Wei, Jiang Miao and Lu Zhengyuan, integrating contemporary art concepts with wooden carriers and endowing the store with profound artistic connotations. In June, Carpenter Tan collaborated with Chinese Handicraft (《中華手工》) to launch the "Woodwork Lifestyle · Master Class". The first session focused on the national-level intangible cultural heritage craftsmanship of carved lacquer. Intangible cultural heritage inheritor Yin Xiuyun and arts and crafts master Zhu Jiang were invited to conduct a four-day practical course. Participants completed the creation of carved lacquer combs and carved lacquer decorative paintings on-site, bringing intangible cultural heritage craftsmanship out of workshops and into urban commercial spaces to achieve the popularization of craftsmanship culture among the general public.

During the Reporting Period, the 10th "Beauty of Zhipei – Carpenter Tan Design Competition (櫛佩之美·譚木匠設計大賽)" was successfully concluded. The theme of this competition was "Beauty of Ease · Design into Light (自在之美·設計成光)". Launched in January 2026, the competition lasted for nearly five months and solicited comb and accessory works from university teachers and students across the country, professional design agencies, independent designers, and handicraft enthusiasts. A total of 660 works (groups) were received, with the subject matter, creative techniques, and innovative dimensions all hitting record highs compared to previous editions. The competition was divided into two major tracks: the design category and the physical object category, and introduced a new creative interactive format called the "Inspiration Bottle (靈感瓶)". Following public voting and multiple rounds of screening by industry experts, the list of winners was announced on 20 May. Ultimately, 1 First Prize, 2 Second Prizes, 10 Third Prizes, and 40 Merit Awards were awarded, along with several individual awards such as the Popularity Award, the Young Sprout Award (青苗獎) and the Story Award. The First Prize work, Yu Ling Ji (玉翎脊), integrated two materials, wood and jade, combining firmness and flexibility with a unique retractable and expandable form, thereby promoting the upgrade of practical wooden combs into artistic artifacts; the Meow Massage Comb Series (喵不可言系列按摩梳) captured the emotional healing needs of the urban population, earning the affection of young demographic groups with its cute design; the Parrot Folding Comb (鸚鵡折疊梳) drew inspiration from the preening habits of birds and incorporated a pivoting folding structure, combining both playfulness and practicality.

In May, teams of teachers and students from the Sichuan Fine Arts Institute and the China Academy of Art visited the Wanzhou production base to conduct intangible cultural heritage study tours. They observed the entire production process from raw wood processing to finished combs and accessories, and engaged in face-to-face communications with Yu Dahong, a master of intangible cultural heritage arts and crafts. The integrated model of industry, academia, and research not only provides an offline practical platform for art students, but also continuously injects cutting-edge design concepts into the brand, driving the continuous innovation of traditional woodwork.

VIII. HUMAN RESOURCES AND COMPREHENSIVE GOVERNANCE

The Company continues to adhere to the governance philosophy of "Being honest and kind, encouraging innovation, allowing trial and error, embracing tolerance but not indulgence, and not permitting repeated low-level mistakes". It promptly identifies, points out, and punishes inappropriate thoughts and behaviours. Whether they are internal violations regarding job evaluation, production safety, and codes of conduct, or problems such as the lack of service philosophy in specialty stores, inadequate services, and unauthorized online sales with discounts, the Company has addressed these matters through formal talks, admonishment, and public announcements. Regarding risks of market public opinion caused by issues such as confusion and errors in product names submitted for inspection and incorrect units of measurement in product identity certificates, the Company handled them promptly and comprehensively from the perspective of safeguarding the brand image and serving customers with sincere warmth. In the first half of the year, the Company's internal governance resulted in 4 public criticisms and penalties, and 3 public commendations.

The Company investigated and penalized the specialty store in Sanya, Hainan for privately bundling other promotional gifts, and the specialty store in Xingtai, Hebei for disguised discounting such as rounding off prices. The Company imposed penalties on the Nanjing franchisee, including fines, deduction of credit deposits, and withdrawal from the franchise system, for serious violations regarding group purchase pricing and severe dereliction of duty in group purchase supervision. The Company must ensure a clean, upright, sustainable, and healthy operating and development environment for the franchise system, and will never compromise the Company's long-term development for the sake of short-term sales performance.

The Company promoted employee engagement and encouraged them to offer suggestions for the Company's development. As key measures to propel the Company towards higher and better achievements, we continued to advance initiatives that motivate employees at all levels to submit rational improvement suggestions and foster autonomous changes and innovations. The Company also improved measures such as tracking the implementation of employees' suggestions, satisfaction evaluations, and direct reporting channels for raising queries, ensuring that every rational suggestion is respected, valued, and effectively implemented. In the first half of this year, we received a total of 604 rational improvement suggestions, of which 180 were adopted, representing an adoption rate of 29.8%. Outstanding rational suggestions include: (1) Suggesting that e-commerce channels include an apology greeting card with the new parcel for orders requesting exchanges due to product quality issues. This expresses the brand's apology, soothes customers' emotions, optimizes the after-sales experience, and enhances user goodwill and brand reputation. (2) Suggesting an adjustment to the distribution standards of protective masks for positions involving dust exposure. Currently, masks for positions such as polishing, blanking, and batching are distributed at a rate of one mask per three days. Under high-dust conditions, masks easily lose effectiveness and cannot meet replacement needs. It was proposed to implement differentiated distribution: masks for key high-dust positions are adjusted to one mask per two days, while low-dust auxiliary positions maintain the original standard. Simultaneously, protective training should be conducted to guide employees on the standardized use of masks, safeguarding their occupational health.

Telling the Carpenter Tan story well is another important channel and dimension for all employees to participate in the Company's brand culture construction. By presenting both positive and negative short stories of brand culture, we aim to reflect various aspects of employees and the Company from a microcosmic perspective. This initiative promptly evokes resonance, draws attention to and corrects deviations, and promotes positive energy, guiding both employees and the Company towards an upward and virtuous direction. In the first half of the year, 284 short stories were collected, and 24 outstanding stories were selected. Outstanding short stories include Old Combs Also Hold Affection, Services Warm the Heart (《舊梳亦有情，服務暖人心》) and That Bowl of Overly Sweet and Salty Water (《那碗齁人的糖鹽水》).

Given that there are currently no channels for administrative or judicial recognition of the new Carpenter Tan logo as a well-known trademark, the Company is applying for the AAA Well-known Trademark from the China Trademark Association to seek new channels for the protection of the Company's core intellectual property. For the old Carpenter Tan logo, which carries the sentiment and historical culture of a generation of Carpenter Tan, the Company – to protect this precious historical and cultural brand business card and prevent it from being revoked due to three consecutive years of non-use – has simultaneously utilized certain historically representative old products to resume the use of the old logo. Based on the sentiments of old customers, the old logo has also been restored for repaired products, effectively inheriting the historical and cultural heritage of the Carpenter Tan brand and maintaining customer loyalty.

As the Company intensifies its internal and external market rectification efforts, while ensuring compliant, honest, and lawful operation of the offline franchise system, it has continuously escalated crackdowns on infringements such as illegal online sales, the sale of counterfeit and shoddy products, and white-label sales. Rigorously enforcing the principle of "swatting both tigers and flies", the Company further purified the market operating environment and safeguarded its brand reputation. In the first half of the year, 8 cases of violations and illegal acts were collected, and evidence was gathered and preserved for all 8 cases. A total of 28 cases filed prior to 2026 proceeded to claim resolution in the first half of this year, with an awarded compensation of RMB1.3833 million.

While advancing in process technology R&D and product development – such as automated comb polishing, defective comb pin detection, material conditioning and balancing, high-end product patina treatment, and all-natural eco-friendly herb dyeing – the Company has also achieved substantial intellectual property results. The Company currently holds 143 valid patents, including 19 invention patents, 47 utility model patents, and 77 design patents. There were 9 newly added valid patents, including 1 newly added invention patent. The Company currently holds 63 copyrights, with 8 newly added in the first half of this year.

The Company remained continuously committed to promoting and safeguarding the employment of the disabled. During the period under review, the Company completed the construction of barrier-free facilities throughout the new factory, and basically completed the improvement of barrier-free passages in the dormitory of the old factory and the enhancement of special operation equipment for employees in wheelchairs. The passenger function modification of the factory elevators was also completed, allowing disabled employees with mobility impairments to take barrier-free elevators to their workstations and dormitory rooms. Compared with the corresponding period in the first half of 2025, there were 26 new employees with disabilities and 23 retired persons with disabilities, resulting in a net increase of 3 persons with disabilities in employment. Currently, the actual number of employed persons with disabilities is 372 (including 3 employees rehired after retirement), and more than 71 disabled employees who retired from the Company now enjoy secure, pension-supported retirements.

Regarding the protection of legal rights relating to the property of the Company's management centre office building located in Jurong, Jiangsu Province, the Company has applied to the Suzhou Municipal People's Procuratorate for prosecutorial supervision, which has been accepted. The prosecutor has also visited the office building on-site to inspect the actual possession and office operation of the Company. At the same time, the Company maintains ongoing communication with the administrator. We believe that an effective solution will certainly be found through the dual approaches of firmly safeguarding our rights in accordance with the law and communicating to endeavour to mitigate losses. However, this also requires us to engage in profound reflection and thorough self-examination. Only by strengthening foundational management, strictly adhering to internal control systems, fulfilling our functions and responsibilities, and solidifying the Company's foundations, can we effectively prevent both foreseeable and unforeseeable operational risks.

FINANCIAL REVIEW

1. Revenue

The Group recorded revenue of approximately RMB263,390,000 for the six months ended 30 June 2026, representing a decrease of approximately RMB24,496,000 or 8.5% as compared to approximately RMB287,886,000 for the six months ended 30 June 2025. The decrease in revenue was mainly due to the sluggish market demand during the Reporting Period as compared to the six months ended 30 June 2025.

	For the six months ended 30 June			
	2026		2025	
	(unaudited)		(unaudited)	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Sales				
– Combs	**20,689**	**7.9**	21,134	7.3
– Mirrors	**272**	**0.1**	230	0.1
– Box sets	**240,285**	**91.2**	264,014	91.7
– Other accessories*	**2,045**	**0.8**	2,215	0.8
Franchise joining fee income	**99**	**0.0**	293	0.1
Total	**263,390**	**100.0**	287,886	100.0

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

2. Cost of Sales

The cost of sales of the Group was approximately RMB92,386,000 for the six months ended 30 June 2026, representing a decrease of approximately RMB17,703,000 or 16.1% as compared to approximately RMB110,089,000 for the six months ended 30 June 2025. The decrease in cost of sales was in line with the decrease 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 2026, gross profit of the Group was approximately RMB171,004,000, representing a decrease of approximately RMB6,793,000 or 3.8% as compared to approximately RMB177,797,000 for the six months ended 30 June 2025. The gross profit margin increased from approximately 61.8% in 2025 to 64.9% in 2026. 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 RMB32,142,000 for the six months ended 30 June 2026, representing an increase of approximately RMB9,380,000 or 41.2% as compared to approximately RMB22,762,000 for the six months ended 30 June 2025. 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 condensed consolidated financial statements.

5. Selling and Distribution Expenses

The selling and distribution expenses of the Group, mainly including advertising, marketing and promotion expenses, rental expenses, salaries and benefits, transportation fee and travelling expenses, amounted to approximately RMB48,963,000 for the six months ended 30 June 2026, representing an increase of approximately RMB2,951,000 or 6.4% as compared to approximately RMB46,012,000 for the six months ended 30 June 2025. 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 RMB26,673,000 for the six months ended 30 June 2026, representing an increase of approximately RMB9,000,000 or 50.9% as compared to approximately RMB17,673,000 for the six months ended 30 June 2025. The increase was primarily due to the increase in staff cost and depreciation for the Reporting Period.

7. Profit from Operations

For the six months ended 30 June 2026, profit from operations for the Group amounted to approximately RMB124,422,000, decreasing by approximately RMB9,232,000 or 6.9% when compared to approximately RMB133,654,000 for the six months ended 30 June 2025. The decrease in profit from operations was mainly due to the decrease in gross profit of approximately RMB6,793,000 and increase in administrative expenses of approximately RMB9,000,000 for the six months ended 30 June 2026.

8. Finance Expenses

For the six months ended 30 June 2026 and 2025, the Group did not have any interest expenses, respectively, as there were no bank borrowings during both periods. The finance expenses of approximately RMB436,000 and RMB288,000 for the Reporting Period and for the six months ended 30 June 2025 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 2026, profit before taxation for the Group amounted to approximately RMB123,986,000, decreasing by approximately RMB9,380,000 or 7.0% when compared to approximately RMB133,366,000 for the six months ended 30 June 2025. The decrease in profit before taxation was mainly due to the decrease in profit from operations of approximately RMB9,232,000 for the Reporting Period.

10. Income Tax Expenses

For the six months ended 30 June 2026, income tax expenses for the Group amounted to approximately RMB23,500,000, decreasing by approximately RMB820,000 or 3.4% when compared to approximately RMB24,320,000 for the six months ended 30 June 2025. This decrease was mainly due to the decrease in profit before taxation and provision for deferred tax for the Reporting Period.

The effective tax rate for the Reporting Period was 19.0% which was higher than 18.2% for the six months ended 30 June 2025 by 0.8 percentage point. Details of income tax expenses are set forth in Note 8 to the condensed consolidated financial statements.

11. Profit for the Period

As a result of the foregoing, the profit for the six months ended 30 June 2026 was approximately RMB100,486,000, representing a decrease of approximately RMB8,560,000 or 7.8% as compared to approximately RMB109,046,000 in the corresponding period of 2025.

12. Liquidity and Capital Resources

The Group has met its working capital needs mainly through cash generated from operations and various long- and short-term bank loan when required. During the Reporting Period, the Group did not have any bank loan. Taking into account the available long- and short-term bank loan facilities and the cash flow generated from operations of 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 this announcement.

As at 30 June 2026, the Group had cash and bank balances of RMB70,105,000 (as at 31 December 2025: approximately RMB79,739,000) 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 the Group's facilities and business growth and expansion.

During the Reporting Period, the Group's cash and cash equivalents decreased by approximately RMB9,634,000, which was mainly attributable to the net cash generated from operating activities with the amount of approximately RMB50,022,000, net cash generated from investing activities with the amount of approximately RMB30,837,000, net cash used in financing activities with the amount of approximately RMB86,958,000, and the net negative effect of foreign exchange rate changes of approximately RMB3,535,000.

14. Capital Structure

Indebtedness

As at 30 June 2026 and during the Reporting Period, the Group did not have any bank loan.

Gearing ratio

As at 30 June 2026 and 31 December 2025, 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 2026, the Group did not have any pledged assets to the bank (as at 31 December 2025: 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 RMB5,163,000 and RMB11,236,000 for the Reporting Period and the six months ended 30 June 2025 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 material risk exposure to other exchange rate changes.

15. Contingent Liabilities, Legal and Potential Proceedings

As at 30 June 2026, 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 2026, 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 reports were prepared on a going concern basis.

18. Significant Investments Held

Investment Properties

As at 30 June 2026, the Group's investment properties had a carrying amount of approximately RMB81,400,000 (31 December 2025: approximately RMB81,400,000). The Group's investment properties were not revalued as of 30 June 2026 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 2025 assessed 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 of 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 WORK DIRECTIONS FOR THE SECOND HALF OF 2026

1. Strictly implement the 2026-2028 Development Outline and effectively carry out all tasks related to the breakdown and assignment of 2026 strategic targets from the Company level to departments, as well as the key work directions described below.

2. Continue to safeguard the property rights for the office building of the Company's Jurong Management Centre, fight to the end, and strive to mitigate losses through means such as appeals, petitions, media outreach, and seeking government support.

3. Actively explore and continuously adjust plans to prioritize the opening of flagship stores in Shanghai and Hong Kong, while continuing to successfully operate the Beijing flagship store.

4. Expand into better locations in commercial districts and shopping malls, and continuously implement policy support for converting and upgrading side counters, display cabinets, and island displays into independent stores; offer policy support to encourage the opening of large and high-quality stores exceeding 50 square metres in ultra-first-tier and new tier-1 cities; deeply advance customer relationship maintenance through combing experiences and after-sales repair services; and sustain brand-building, accumulation, and promotion activities such as the "Garden of Combs", design competitions, woodcraft exhibitions, and intangible cultural heritage preservation initiatives.

5. Resolutely safeguard market order and rectify violations. Adhere to a long-term brand-centric strategy – never conducting price-based marketing, never engaging in price wars, never offering discounts, never compromising on quality, and never taking the initiative to participate in any disguised price-based marketing activities while ensuring prompt withdrawal, removal, and penalization if encountered. Establish a fair market expansion mechanism, break down territorialism, never protect the laggards, and achieve optimal balance, healthy competition, and harmonious development. Maintain simple, clean, transparent, close, warm, and principled cooperative relationships, adhere to professional ethics agreements, purify the market environment, establish a healthy franchise system, and achieve sustainable development. The Company maintains a firm stance on rectification – whether it involves external infringement or violations within the franchise system, the Company will show no leniency, rigorously enforcing the principle of "swatting both tigers and flies".

6. Accelerate the implementation of various improvement suggestions, changes and innovations, and technological advancements. Enhance both the quantity and quality of rational suggestions and encourage all innovation efforts, while executing this work with greater depth and thoroughness. Strictly follow the new three-year outline for process technology development and improvement to advance process technology development and enhancement work.

7. Build a low-carbon, environmentally friendly, and energy-efficient green factory. Implement environmental protection measures and meet Class B emission standards to ensure the production of orders is not subject to strict shutdown restrictions under environmental regulations, thereby securing order supply.

8. Continuously improve and enhance employment and barrier-free production and living facilities for the disabled. Launch a pilot initiative to improve the brand image and humanistic care in the existing workshops at the Wanzhou factory; plan the Carpenter Tan Museum to provide foundational support conditions for government-led industrial tourism; and complete the upgraded scripts for My Brothers and Sisters (《我的兄弟姐妹》) and I am Good at Woodworking (《我善治木》).

9. Strive to obtain the Hong Kong corporate resident status in 2026, following the successful re-domiciliation of Carpenter Tan Holdings Limited from the Cayman Islands, UK to Hong Kong, China.

HUMAN RESOURCES AND TRAINING

As at 30 June 2026, the Group had a total of 1,029 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 spirit, courtesy, production management and accounting practice of the staff, the Group provided the staff with 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 2026, the Group's total remuneration paid to employees was approximately RMB60,387,000 (2025: approximately RMB54,939,000).

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 2026, 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 2026, 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%

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%

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

As at 30 June 2026, 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.

CAPITAL COMMITMENT

As at 30 June 2026, the Group had capital commitments contracted but not provided for acquisition of property, plant and equipment of approximately RMB2,770,000 (as at 31 December 2025: RMB21,396,000).

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 announcement, at least 25% issued shares of the Company has been held by public shareholders.

PURCHASE, 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.

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 adopts 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 2026. 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, are likely to be in possession of unpublished inside information, have 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.

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, Ms. Liu Liting, Dr. Wong Kong Tin 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 announcement has not been audited by the auditor of the Company. The audit committee has reviewed the Company's unaudited condensed consolidated interim financial information, this results announcement and the interim report of the Company for the six months ended 30 June 2026 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 announcement complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

DIVIDENDS

Pursuant to a resolution passed by the shareholders of the Company on 22 May 2026, the Company declared a final dividend of HK38.31 cents per share for the year ended 31 December 2025 amounting to an aggregate of approximately HK$95,282,000 (equivalent to approximately RMB85,657,000) to the shareholders of the Company. The final dividend was paid on 30 June 2026 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 2026 (six months ended 30 June 2025: nil).

EVENTS AFTER THE REPORTING PERIOD

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

DISCLOSURE OF INFORMATION

The interim report for the six months ended 30 June 2026 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 2026

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Tan Chuan Hua, Mr. Tan Di Fu, Mr. Luo Hongping, Mr. Tan Lizi and Ms. Liu Kejia; and three independent non-executive Directors, namely Ms. Liu Liting, Dr. Wong Kong Tin and Mr. Chau Kam Wing, Donald.

* *For identification purpose only*