

Carote Ltd

卡羅特(商業)有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)

Stock Code: 2549

carote

2026

INTERIM REPORT

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DEFINITIONS

"Board"	the board of Directors
"Carote (Singapore) Management"	Carote (Singapore) Management Pte. Ltd, a limited liability company incorporated in Singapore and one of our subsidiaries
"Carote Global"	Carote Global Limited (卡羅特環球有限公司), a limited liability company incorporated in Hong Kong SAR and one of our subsidiaries
"Carote Philippines"	Carote (Philippines) Kitchenware Ltd Corp., a limited liability company incorporated in the Philippines and one of our subsidiaries
"China" or "the PRC"	the People's Republic of China, and for the purposes of this interim report only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Company", "we", "us", or "our"	Carote Ltd 卡羅特(商業)有限公司, an exempted company with limited liability incorporated in the Cayman Islands on February 3, 2023 and listed on the Stock Exchange on October 2, 2024 (Stock Code: 2549)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code", or "CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended from time to time
"Corresponding Period of the Previous Year"	the six months ended June 30, 2025
"Director(s)"	the director(s) of the Company
"Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards, which collectively include Hong Kong Accounting Standards and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	October 2, 2024, on which the Shares were first listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, as amended from time to time
"Mr. Zhang"	Mr. Zhang Guodong (章國棟), an executive Director of our Company and the spouse of Ms. Lyu
"Ms. Lyu"	Ms. Lyu Yili (呂伊俐), an executive Director of our Company and the spouse of Mr. Zhang
"Prospectus"	the prospectus of the Company dated September 23, 2024
"Reporting Period"	the six months ended June 30, 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the ordinary shares of US\$0.0005 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the Listing Rules
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"US\$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Zhejiang Leshengen"	Zhejiang Leshengen Metal Products Co., Ltd. (浙江樂昇恩金屬製品有限公司), formerly known as Zhejiang Leshengen Trading Co., Ltd.
"%"	per cent

CORPORATE INFORMATION

Directors

Executive Directors

Mr. ZHANG Guodong (章國棟)
(Chairman and Chief Executive Officer)
Ms. LYU Yili (呂伊俐)
Mr. XIA Chenhao (夏宸顥)

Independent Non-executive Directors

Ms. YEUNG Shuet Fan Pamela (楊雪芬)
Dr. CHAN Tin Wai David (陳天衛)
Mr. SHI Zhoufeng (施周峰)

Audit Committee

Mr. SHI Zhoufeng (施周峰) (Chairperson)
Ms. YEUNG Shuet Fan Pamela (楊雪芬)
Dr. CHAN Tin Wai David (陳天衛)

Nomination Committee

Ms. YEUNG Shuet Fan Pamela (楊雪芬) (Chairperson)
Mr. SHI Zhoufeng (施周峰)
Ms. LYU Yili (呂伊俐)

Remuneration Committee

Dr. CHAN Tin Wai David (陳天衛) (Chairperson)
Ms. YEUNG Shuet Fan Pamela (楊雪芬)
Mr. ZHANG Guodong (章國棟)

Company Secretary

Ms. KWOK Yan Ting Jennis (郭恩廷)

Authorized Representatives

Mr. ZHANG Guodong (章國棟)
Ms. KWOK Yan Ting Jennis (郭恩廷)

Registered Office

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Head Office and Principal Place of Business in China

3rd–5th Floor
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Sunshine City, Xiaoshan District
Hangzhou City, Zhejiang Province
China

Principal Place of Business in Hong Kong

46th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Principal Share Registrar and Transfer Office

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Hong Kong Legal Advisor

King & Wood
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Compliance Advisor

Caitong International Capital Co., Limited (Until
30 April 2026)
Unit 2401–05, 24/F
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Principal Banks

HSBC Bank (China) Company Limited
27 Floor, HSBC Building
Shanghai IFC
8 Century Avenue
Shanghai
China

Company Website

<https://www.mycarote.com/>

Stock Code

2549

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO AND INDUSTRY ENVIRONMENT

In the first half of 2026, the global kitchenware industry, particularly the cookware industry, continued to grow steadily, underpinned by consumption upgrades and structural optimization. Globally, consumer demand for high-quality, durable cookware that combines innovative design with health and environmental attributes continued to strengthen; in China, a well-established manufacturing base, rising per capita disposable income among urban residents, and supportive policies such as home-appliance trade-in programs continued to provide stable support for the cookware industry, which as a whole demonstrated structural growth.

Simultaneously, the external environment facing the industry as a whole remained challenging. Geopolitical tensions, the ongoing restructuring of global supply chains, heightened volatility in raw material prices, intensified price competition, and exacerbated foreign exchange fluctuations continued to weigh on industry profit margins. Together with the rise of trade protectionism, these factors continued to place pressure on the stable operation of the industry. Regarding China-U.S. economic and trade relations, in February 2026, the U.S. Supreme Court ruled on the legal basis for the relevant tariff measures, following which the U.S. replaced its earlier arrangements with new trade measures. Nevertheless, the incremental impact of these changes on the Group's overall tariff costs remained limited. During the Reporting Period, the tariff environment for goods exported from China to the United States eased compared with the corresponding period of 2025; however, as the Group derives a relatively high proportion of its revenue from the U.S. market, tariffs and trade barriers continue to pose tangible risks to its business operations. The relevant policies remain subject to change and their future direction is uncertain.

Meanwhile, exchange rate movements have become one of the primary external factors affecting the Group's reported financial performance. During the Reporting Period, the Renminbi continued to appreciate. As over 80% of the Group's revenue is derived from overseas markets, the translation of such revenue into Renminbi was correspondingly compressed. This impact is included in revenue. The Group will continue to monitor exchange rate movements and assess corresponding risk management arrangements. According to data from professional institutions including China Insights Consultancy, the global cookware market grew from US\$32.0 billion in 2024 to US\$33.0 billion in 2025 and is expected to expand further to US\$36.3 billion by 2028, reflecting the industry's sustained long-term growth. During the Reporting Period, the Group's total revenue increased by approximately 32.8% year-on-year, significantly outperforming the industry average. Over the long term, as consumer demand for high-quality, value-for-money and well-designed kitchenware continues to grow, the global cookware market still offers significant room for growth, creating development opportunities for brands with strong product innovation and global operating capabilities. However, with competition in the industry intensifying markedly and compliance costs rising, enterprises of scale that command stronger brand, R&D and supply chain advantages are more resilient and enjoy greater growth potential.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE AND OUTLOOK

Looking ahead to the second half of 2026, the global economic recovery still faces significant uncertainties and risks. The rise of trade protectionism, intensifying geopolitical tensions and the ongoing development of China-U.S. trade disputes are having a profound impact on global supply chains. In particular, the current phased tariff arrangements between China and the United States are due to expire in November 2026, and whether they will be extended remains to be seen. Nevertheless, history has shown time and again that challenges often bring opportunities. Against this backdrop of headwinds, the global cookware and kitchenware industry continues to demonstrate tremendous growth potential, driven by consumers' growing demand for high-quality, high-value kitchenware products.

The Group will remain committed to its long-term development strategy, leveraging its deep consumer insights, strong product development and design capabilities, continuous innovation, efficient operating model and extensive supply chain experience to drive the growth of its branded business. Our key strategic priorities are as follows:

1. **Product Strategy:** We will continue to make “quality first” the core of our product strategy and to evolve from our previous focus on cookware as the principal product line toward diversified product lines. Against the backdrop of the continued expansion of our business scale and product portfolio, we will enhance the consistency of product quality through refined quality control measures, thereby strengthening our products' competitive moat.
2. **Regional and Channel Strategy:** We adhere to a development strategy of “regional diversification and channel diversification.” Where organizational and talent resources permit, we will resume our business in the Western European market. In terms of channels, while consolidating our advantages in online sales and continuing to optimize our offline channel structure, we plan to launch an official online brand website and enter offline membership stores, thereby penetrating a broader range of sales channels and strengthening omnichannel synergies.
3. **Organization and Talent:** Going forward, while preserving the advantages of flat management, we will deepen our professional division of labor through the “large middle platform + product lines” model and continuously refine our organizational structure. At the same time, we will advance our Talent Development Plan, strengthen our performance evaluation mechanism, and precisely recruit professionals who have received systematic training and possess a global perspective, thereby supporting rapid business growth through the coordinated upgrading of our organization and talent.
4. **Supply Chain Strategy:** We will continue to capture the efficiency dividend of “Made in China” by reinforcing the cost and efficiency advantages of our supply chain. We will optimize global inventory management and procurement operations to efficiently support the growth of our globalized business, provide strong support across all sales channels, and further enhance the robustness of our operations.
5. **Risk Response:** In the face of uncertainties in tariff and trade policies, we will continue to monitor policy developments and mitigate the impact of policy changes in any single market on our overall business through adjustments to our product mix and pricing strategies, together with a dynamic balancing of our regional market portfolio and channel diversification.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a global kitchenware brand. Since launching the “卡羅特(CAROTE)” brand in 2016, we have established a significant presence in online kitchenware sales across major markets including China, North America, Japan, Western Europe and Southeast Asia, becoming one of the fastest-growing kitchenware brands in the world. We have consistently upheld the principles of “making the best use of things” and “offering exceptional value for money,” striving to provide customers with practical, well-designed and reasonably priced products and to promote a modern cooking lifestyle. In the first half of 2026, we further deepened our global footprint, stepping up investment in key markets such as the United States, China and Western Europe, while offline channels accounted for a growing share of our sales.

As a global kitchenware brand, we have consistently been committed to providing high-quality, innovative and stylish kitchenware products at affordable prices, thereby enhancing consumers’ cooking experience. In the first half of 2026, despite continued uncertainties in the external macro environment and trade policies and persistently intense market competition, the Group achieved a significant rebound in both business scale and profitability compared with the same period last year, benefiting from the ongoing optimization of its channel structure, the steady enhancement of its product strength, and the advancement of refined operations and organizational management.

During the Reporting Period, our total revenue was approximately RMB1,111.3 million (same period in 2025: approximately RMB836.9 million), representing a year-on-year increase of 32.8%; profit for the period was approximately RMB135.2 million (same period in 2025: approximately RMB102.8 million), representing a year-on-year increase of approximately 31.5%. The growth was mainly driven by the following factors: (i) the Group continued to optimize its channel structure, including deepening cooperation with high-quality channels, expanding new channels and reducing low-efficiency channels, thereby concentrating resources on high-efficiency channels; and (ii) the Group’s product structure and operating efficiency continued to improve, with major product categories and new products performing well, while refined operations and organizational management are driving rapid sales growth.

It should be noted that the Group’s revenue for the same period in 2025 had declined year-on-year, owing to factors including adjustments to U.S. tariff policies, the Group’s proactive scaling-back of its ODM business, and its focus on core regional markets, resulting in a relatively low comparison base. Excluding this base effect, the Group’s core branded business still achieved healthy organic growth during the Reporting Period, sustaining the growth momentum evident since the second half of 2025.

At the product level, we continued to refine our SKU portfolio strategy, extending from a relatively narrow price band to a range of price points and continuously enriching our product design styles. In the U.S. market, for example, the average selling price of our products maintained its upward trend; our material coverage also broadened from aluminum cookware alone to a diverse range of categories such as stainless steel and ceramics, while our product range extended from core cookware to a full suite of kitchenware, achieving more comprehensive coverage of usage scenarios. During the Reporting Period, we placed “quality first” at the core of our product strategy and enhanced the consistency of product quality through refined quality control measures. New products were well received in the market, providing an effective boost to revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Channel Level

In terms of channel deployment, we are transitioning from our previous online-dominated model to an omnichannel structure that deeply integrates online and offline channels. During the Reporting Period, we further deepened cooperation with high-quality channels, actively expanded emerging channels and scaled back low-efficiency ones, concentrating resources on the most productive channels. Online sales continued to grow in scale, while our offline store network expanded at an accelerated pace as the number of stores carrying our products increased. By market, in the United States, we resumed diversified operations of our online channels, expanding from Amazon into other online platforms, while our offline cooperation with leading retailers such as Walmart and Target continued to deepen and our retail coverage steadily broadened. In China, we shifted from a single online channel to an omnichannel model, successfully penetrating mainstream offline supermarket and hypermarket systems. In Japan, our market share and sales on Amazon grew in tandem, while our offline channels successfully entered well-known retailers such as Donki, Aeon and UNY.

Revenue

During the Reporting Period, our total revenue was approximately RMB1,111.3 million (same period in 2025: approximately RMB836.9 million), representing a year-on-year increase of approximately 32.8%. The increase was mainly driven by (i) its continuous optimization of its channel structure, including deepening cooperation with high-quality channels, actively expanding new channels, and scaling down underperforming channels, thereby concentrating resources on high-efficiency channels; (ii) the continuous improvement of our product structure and operational efficiency, with strong performance across major product categories and new products, coupled with refined operations and organizational management driving rapid sales growth.

The following table sets forth a breakdown of our revenue by business segments, in absolute amounts and as a percentage of total revenue, for the periods indicated:

For the Six Months Ended June 30,			
	2026 (Unaudited) (RMB)	2025 (Unaudited) (RMB)	Change (%)
(in millions, except percentages)			
Branded business	1,072.2	777.6	37.9
ODM business	39.1	59.3	-34.1
Total	1,111.3	836.9	32.8

Our revenue from branded business increased from approximately RMB777.6 million for the six months ended 30 June 2025 to approximately RMB1,072.2 million for the six months ended 30 June 2026, representing a period-on-period increase of approximately 37.9%. The increase in revenue from our branded business is mainly due to our focus on branded business planning and strategy. Our revenue from branded business accounted for approximately 92.9% and 96.5% of our total revenue for the six months ended 30 June 2025 and 2026, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of our revenue from branded business by geographical location for the periods indicated:

	For the Six Months Ended June 30,		
	2026 (Unaudited) (RMB)	2025 (Unaudited) (RMB)	Change (%)
	(in millions, except percentages)		
Mainland China	185.9	127.8	45.5
United States	816.7	529.4	54.3
Western Europe	–	16.2	-100.0
Japan	57.5	58.3	-1.4
Southeast Asia	*	20.9	-100.0
Other	12.1	25.0	-51.7
Total	1,072.2	777.6	37.9

* The transaction amount represents an amount less than RMB1,000.

During the Reporting Period, our branded business experienced a mix of revenue growths and drops in our various geographic markets. In particular, our branded business experienced a significant rise in the United States and Mainland China markets, saw a slight decline in the Japanese market, and suffered a substantial decrease in Western Europe and Southeast Asia markets. Our revenue from branded business in the United States amounted to approximately RMB529.4 million and approximately RMB816.7 million for the six months ended 30 June 2025 and 2026, respectively, accounting for 68.1% and 76.2% of our total revenue from branded business for the same periods, respectively. On the other hand, our revenue from branded business in the China Region amounted to approximately RMB127.8 million and approximately RMB185.9 million for the six months ended 30 June 2025 and 2026, respectively, accounting for 16.4% and 17.3% of our total revenue from branded business for the same periods, respectively. Our revenue from branded business in the United States and China recorded for the Reporting Period represents a period-on-period increase of approximately 54.3% and 45.5% as compared to the Corresponding Period of the Previous Year, respectively. The increase in our revenue from the United States was primarily due to the enhanced operational efficiency of online e-commerce platforms, the sales driven by new product launches, and the expansion in offline sales channels. The increase in revenue from the China region was primarily driven by the effects of our earlier omni-channel expansion strategy, the optimization and upgrading of our overall channel structure, and the improvement in our team's organizational efficiency. The slight decline in our revenue from branded business in Japan represented a period-on-period decrease of approximately 1.4%, which was primarily attributable to the depreciation of the Japanese Yen against Renminbi during the Reporting Period. Excluding the effect of the exchange rate movement, our revenue from Japan showed positive year-on-year growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenue from branded business in Western Europe and Southeast Asia decreased to nil and to an amount less than RMB1,000 for the six months ended 30 June 2026, in each case representing a period-on-period decrease of approximately 100.0%. The decrease in our revenue from Western Europe and Southeast Asia was primarily due to our decision in 2025 to concentrate our sales, marketing and operational resources on the key strategic markets and which we believed offered greater scale and returns in the near term. As a result of this prioritization, we had scaled back our operations in the Western European and Southeast Asian markets prior to the Reporting Period. Going forward, taking into account the overall channel structure, product mix, and local market conditions, we will assess the optimal timing to reallocate and increase resources for the Western European market.

Cost of Sales

Our cost of sales primarily consists of (i) cost of inventories sold, primarily representing the cost we incurred in procuring finished goods from our contract manufacturers, (ii) freight and storage expenses, representing freight expenses incurred in the shipment of our products to customers, which mainly comprised courier fees and payments to third-party e-commerce platforms for their delivery services, and fees we paid to e-commerce platforms for their storage services; (iii) employee benefit expenses (including salaries, bonuses, social security costs, and other employee welfares) relating to warehouse personnel; and (iv) others, representing primarily product testing fees and certification fees. Our cost of sales increased from approximately RMB555.3 million for the six months ended 30 June 2025 to approximately RMB698.1 million for the same period in 2026, representing a period-on-period increase of 25.7%, which was mainly attributable to the corresponding increase in the cost of inventories sold driven by our revenue growth and higher sales volume, as well as rising freight and storage expenses. The increase in cost of sales was lower than the increase in revenue, which grew by approximately 32.8% over the same period, mainly attributable to the continuous optimization of our product structure and the enhancement of our procurement efficiency and economies of scale, resulting in an improvement in our gross profit margin.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately 46.8% from approximately RMB281.6 million for the six months ended 30 June 2025 to approximately RMB413.3 million for the same period in 2026, in line with the increase in our overall revenue, and benefited from an increase in the proportion of revenue from branded business and the continuous optimization of channel and product structures. The growth in gross profit outpaced the growth in revenue, driving an improvement in the overall gross profit margin.

Our gross profit from branded business amounted to approximately RMB274.5 million and approximately RMB409.7 million for the six months ended 30 June 2025 and 2026, respectively, representing an increase of approximately 49.3% period-on-period.

Our gross profit from ODM business amounted to approximately RMB7.1 million and approximately RMB3.5 million for the six months ended 30 June 2025 and 2026, respectively, representing a decrease of approximately 50.6% period-on-period, in line with the drop in our revenue during the Reporting Period.

Our gross profit margin from branded business was approximately 35.3% and approximately 38.2% for the six months ended 30 June 2025 and 2026, respectively. Such an increase was primarily due to decreased unit costs caused by the enhancement of our procurement efficiency, economies of scale and price increase of new products.

MANAGEMENT DISCUSSION AND ANALYSIS

Our gross profit margin from ODM business was approximately 12.0% and approximately 9.0% for the six months ended 30 June 2025 and 2026, respectively. Our gross profit margin from ODM business decreased slightly. Such change was within a reasonable range in our normal operation.

Expenses

Selling Expenses

Our selling expenses increased by approximately 28.1% from approximately RMB152.2 million for the six months ended 30 June 2025 to approximately RMB194.9 million for the same period in 2026, primarily due to the expansion of our business scale and revenue growth, which led to a corresponding increase in sales and marketing investments in priority markets such as the United States and China.

Administrative Expenses

Our administrative expenses increased by approximately 16.8% from approximately RMB19.4 million for the six months ended 30 June 2025 to approximately RMB22.6 million for the same period in 2026, mainly because of the expansion of our business scale, the growth in headcount and related staff costs, as well as the corresponding rise in general administrative expenses.

Research and Development Expenses

Our research and development expenses decreased by approximately 35.3% from approximately RMB17.8 million for the six months ended 30 June 2025 to approximately RMB11.6 million for the same period in 2026, primarily due to a reduction in materials consumed by ongoing research and development projects during the reporting period.

Other Income

Our other income decreased by approximately 69.6% from approximately RMB0.7 million for the six months ended 30 June 2025 to approximately RMB0.2 million for the same period in 2026, primarily due to a reduction in others.

Other Gains

Our net other gains decreased by approximately 941.7% from approximately RMB3.0 million for the six months ended 30 June 2025 to a net loss of approximately RMB25.3 million for the same period in 2026, primarily due to a net foreign exchange loss recognized in the period arising from exchange rate fluctuations on foreign currency-denominated assets and liabilities.

Finance Income, Net

Our net finance income decreased by approximately 18.7% from approximately RMB25.5 million for the six months ended 30 June 2025 to approximately RMB20.8 million for the same period in 2026, primarily because of the decline in deposit rates during the period, which resulted in a corresponding reduction in interest income.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expenses

Our income tax expenses increased by approximately 140.3% from approximately RMB18.7 million for the six months ended 30 June 2025 to approximately RMB45.0 million for the same period in 2026, primarily due to the corresponding increase in the Group's taxable profit in line with revenue and profit growth, which includes the impact of higher profits at overseas subsidiaries and the rise in related withholding taxes.

Profit for the Period

As a result of the foregoing, our profit for the period increased by approximately 31.5% from approximately RMB102.8 million for the six months ended 30 June 2025 to approximately RMB135.2 million for the same period in 2026, primarily due to the aforementioned revenue growth and increase in gross profit, while our net profit margin decreased from 12.3% for the six months ended 30 June 2025 to approximately 12.2% for the same period in 2026, primarily driven by the net foreign exchange loss and the rise in income tax expense.

Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures

To supplement our consolidated financial statements presented in accordance with HKFRSs, we use adjusted net profit (non-HKFRS measure) and adjusted net profit margin (non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with HKFRSs.

We believe that these non-HKFRS measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management by eliminating potential impacts of items which the management considers non-indicative of operating performance of the Group, such as certain non-cash items, one-off items or items which are not operating in nature.

However, presentation of these non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under HKFRSs. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define (i) adjusted net profit (non-HKFRS measure) as profit for the period adding back listing expenses incurred for the same period, and (ii) adjusted net profit margin (non-HKFRS measure) as a percentage of revenue for the same period. The adjusted net profit (non-HKFRS measure) and adjusted net profit margin (non-HKFRS measure) exclude the impact of listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the reconciliation of our adjusted net profit (non-HKFRS measure) and adjusted net profit margin (non-HKFRS measure) to the nearest measure prepared in accordance with HKFRSs for the periods indicated:

	For the Six months Ended June 30,	
	2026	2025
	(RMB)	(RMB)
	(in millions, except percentages)	
Profit for the period	135.2	102.8
Add back:		
Listing expenses	—	—
Adjusted net profit (non-HKFRS measure)	135.2	102.8
Adjusted net profit margin (non-HKFRS measure)	12.2%	12.3%

Inventories

The inventory of the Group decreased by approximately 9.22% from RMB281.9 million as of 31 December 2025 to RMB255.9 million as of 30 June 2026. Average inventory turnover days of the Group increased from 54.1 days in 2025 to 69.3 days in 2026, primarily attributable to increased inventory requirements driven by the rapid expansion of the Group's offline channels, as well as seasonal inventory buildup for the peak sales season in North America amid continuously rising sales revenue in the United States, leading to the relatively high inventory balance as of the end of 2025. During the Reporting Period, the Group proactively digested the finished goods from previous inventory buildup.

Trade Receivables

Trade receivables of the Group decreased by approximately 2.1% from RMB205.9 million as of 31 December 2025 to RMB201.6 million as of 30 June 2026. Average turnover days of trade receivables increased from 24.8 days in 2025 to 33.7 days in 2026, mainly driven by the sales growth in offline channels, which usually have longer trade receivables days than sales through online channels.

Trade and Bills Payables

Trade and bills payables of the Group decreased by approximately 9.84% from RMB416.9 million as of 31 December 2025 to RMB375.9 million as of 30 June 2026, mainly attributable to timing differences between period-end procurement and payment settlement, as well as a decrease in trade payables, partially offset by an increase in notes payable. The average turnover days for trade payables and notes payable increased from 101.0 days in 2025 to 102.2 days in 2026. The change is within a normal range.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Capital Resources

For the six months ended 30 June 2026, the Group recorded a net cash from operating activities of approximately RMB133.7 million (same period in 2025: net cash used in operating activities of approximately RMB18.7 million). Net cash generated from operating activities increased from RMB16.8 million to RMB157.6 million. Such an increase was primarily attributable to the following:

- (i) Significant enhancement in profitability – Profit before taxation increased from RMB121.5 million to RMB180.2 million, mainly driven by a revenue growth of approximately 32.8% and an improvement in gross profit margin;
- (ii) Substantial reduction in working capital occupation – In the corresponding period of previous year, the Group experienced increases in inventories and trade receivables by RMB17.9 million and RMB17.5 million respectively, due to stockpiling for overseas markets, thereby occupying a significant amount of working capital. During the Reporting Period, the Group proactively digested finished goods from previous inventory buildup, resulting in decreases in inventories and trade receivables by RMB26.0 million and RMB4.7 million respectively, which correspondingly released working capital.

For the six months ended 30 June 2026, our net cash generated from investing activities was approximately RMB3.4 million (same period in 2025: our net cash generated from investing activities was approximately RMB33.4 million), primarily due to the decrease in proceeds from financial assets at fair value through profit or loss; and our net cash used in financing activities was approximately RMB3.2 million (same period in 2025: our net cash used in financing activities was approximately RMB6.6 million), primarily due to the principal and interest payments on lease liabilities.

As of 30 June 2026, the Group had current assets of approximately RMB1,764.6 million (as of 31 December 2025: approximately RMB1,624.2 million) and current liabilities of approximately RMB526.7 million (as of 31 December 2025: approximately RMB490.9 million). The current ratio (which is calculated by dividing current assets by current liabilities) increased slightly to approximately 3.4 as of 30 June 2026 from approximately 3.3 as of 31 December 2025, remaining broadly stable, reflecting that the Group's liquidity position remained robust.

As of 30 June 2026, our cash and cash equivalents were primarily denominated in RMB or USD.

Borrowings and Other Indebtedness

As of 30 June 2026, we had not incurred any bank borrowings (as of 31 December 2025: nil).

Charge over assets of the Group

As at 30 June 2026, the Group pledged restricted deposits to issue bank acceptance notes of RMB196.7 million, representing an increase of 0.9% from RMB195.0 million as at 31 December 2025. Such restricted deposits included restricted cash and time deposits. The change is primarily due to adjustments made by the Group to its pledged restricted deposits in response to procurement and bill settlement requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

As of 30 June 2026, our gearing ratio (calculated as total debts, comprising current and non-current borrowings and lease liabilities, divided by total equity as of the end of the period indicated, in percentage) was nil (as of 31 December 2025: 0.1%).

Disclosure under Rules 13.20, 13.21 and 13.22 of the Listing Rules

The Directors were not aware of any circumstances resulting in the responsibility of disclosure under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Significant Investments

As of 30 June 2026, we did not hold any significant investments (including any investments in an investee company with a value of 5% or more of our total assets as of 30 June 2026).

Material Acquisitions and Disposals

We did not make any material acquisitions and disposals of our subsidiaries, associates and joint ventures for the six months ended 30 June 2026.

Future Plans for Material Investments or Capital Assets

As of 30 June 2026, save for the “Future Plans and Use of Proceeds” disclosed in the Prospectus and the “Use of Proceeds from the Global Offering” in this interim report, we did not have other plans for material investments and capital assets.

Contingent Liabilities

We did not have any material contingent liabilities as of 30 June 2026.

Capital Expenditures and Capital Commitment

As of 30 June 2026, we had no significant capital expenditures or capital commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

Risk Management

Our activities expose us to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk, and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

(a) Foreign Exchange Exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Foreign exchange risk arose from future commercial transactions, recognised assets and liabilities which are denominated in non-RMB. The management of the Group has set up a policy to require the Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to control the exposure of the foreign currency during the business operation. Foreign exchange risk arises from various currency exposures, primarily through proceeds received from customers and shareholders, and payments to the suppliers that are denominated in a currency other than the Group's entities' functional currency. The currencies giving rise to this risk are primarily USD, as most sales and certain purchases of the Group are denominated in USD. The management of the Group considers that the Group's exposure to foreign currency exchange risk is not significant due to most of the functional currency of the Group's entities is the same as the transaction currency. During the Reporting Period, the Group did not use any derivative financial instruments to hedge certain exposure to foreign exchange. The management of the Group keeps monitoring foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest Rate Risk

Other than bank balances and financial assets at fair value through profit or loss with variable interest rates, the Group has no other significant interest-bearing assets. The management of the Group does not anticipate significant impact on interest-bearing assets resulting from the changes in interest rates since the interest rates of bank balances are not expected to change significantly.

EMPLOYEES AND REMUNERATION

As of 30 June 2026, the Group had a total of 238 employees (as of 30 June 2025: 211 employees).

The Group has formulated its emolument policy which sets out the basis for the remuneration of the employees and their remuneration structure comprising basic wage, allowances, benefits, and others, as appropriate based on the assessment of individual performance. The Company has made contributions to, among others, social insurance and housing provident fund on behalf of its employees in accordance with the relevant laws and regulations requirements of the PRC. The Company has adopted an employee incentive scheme (the "**Employee Incentive Scheme**") to incentivise the Key Employees (as defined in the Prospectus), details of which are more particularly set out in Appendix IV (Statutory and General Information) to the Prospectus. Such Employee Incentive Scheme is not a share award scheme or share option scheme referred to in Chapter 17 of the Listing Rules. The Company has not adopted any share award scheme or share option scheme for the purpose of Chapter 17 of the Listing Rules since the Listing.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

As at the date of this interim report, there was no other important event affecting the Group which has taken place since 30 June 2026 and up to the date of this interim report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 2 October 2024, the Shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering, after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and the full exercise of Over-Allotment Option (as defined in the Prospectus), were approximately HK\$843.0 million. As of the date of this interim report, there was no change in the intended use of proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

To the extent that the net proceeds of the Global Offering are not immediately required for the purposes as set out in the Prospectus or if we are unable to put into effect any part of our plan as intended, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Set out below is the status of use of proceeds from the Global Offering as at June 30, 2026.

Purpose	% of use of proceeds	Net proceeds (HK\$) (in millions, except percentages)	Utilized amount as at June 30, 2026 (HK\$)	Unutilized amount as at June 30, 2026 (HK\$)	Expected timeline of full utilization of the unutilized proceeds
Pursuing acquisition and investment opportunities	35%	295.0	0.0	295.0	By the end of 2028
Product development	25%	210.7	14.8	195.9	By the end of 2027
Sales channel expansion	20%	168.6	0.0	168.6	By the end of 2028
ESG-related investments	10%	84.3	0.0	84.3	By the end of 2028
Working capital and other general corporate	10%	84.4	28.8	55.6	By the end of 2026
Total	100%	843.0	43.6	799.4	

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of June 30, 2026, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares and underlying Shares and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or pursuant to the Model Code, or were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO:

(A) Interest in Shares or Underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding interest	Long position/ Short position
Mr. Zhang ^{(1), (2)}	Interest in a controlled corporation	413,928,600	74.58%	Long position
Ms. Lyu ⁽¹⁾	Interest in a controlled corporation	412,326,600	74.29%	Long position

Notes:

- (1) This includes (a) 408,125,100 Shares held by Yili Investment Holdings Ltd ("**Yili Investment**"). Yili Investment is held as to 55% by Yili Capital Ltd ("**Yili Capital**") and 45% by Guodong Capital Ltd ("**Guodong Capital**"), whereas Yili Capital is in turn wholly-owned by Ms. Lyu and Guodong Capital is in turn wholly-owned by Mr. Zhang. Each of Mr. Zhang, Ms. Lyu, Guodong Capital and Yili Capital is deemed to be interested in the same number of Shares that are held by Yili Investment under the SFO; and (b) 4,201,500 treasury shares of the Company, since both Mr. Zhang and Ms. Lyu, through Yili Investment, control over one-third of the voting power at general meetings of the Company. Hence, both Mr. Zhang and Ms. Lyu are taken to have an interest in 4,201,500 treasury shares of the Company.
- (2) This includes 1,602,000 Shares held by Carote CM Limited Partnership ("**Carote CM**"), whereby its general partner Guodong Capital is a company wholly-owned by Mr. Zhang. Each of Guodong Capital and Mr. Zhang is deemed to be interested in the same number of Shares that are held by Carote CM under the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(B) Interest in Shares or Underlying Shares of the Associated Corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares	Approximate percentage of interests	Long position/ Short position
Mr. Zhang	Carote Philippines ⁽¹⁾	Beneficial owner	100,000	1%	Long position
Ms. Lyu	Carote Philippines ⁽¹⁾	Beneficial owner	100,000	1%	Long position

Note:

- (1) Carote Philippines, our non-wholly owned subsidiary, is owned as to 80% by Carote (Singapore) Management, 18% by Carote Global, 1% by Mr. Zhang and 1% by Ms. Lyu.

Save as disclosed above, so far as is known to the Directors, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares and underlying Shares or any of its associated corporations as of June 30, 2026.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of June 30, 2026, the interests or short positions of the persons (other than a Director or chief executive of the Company whose interests are disclosed above) and corporations in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding interest ⁽¹⁾	Long position/ Short position
Yili Investment ⁽¹⁾	Beneficial interest	412,326,600	74.29%	Long position
Yili Capital ⁽¹⁾	Interest in a controlled corporation	412,326,600	74.29%	Long position
Guodong Capital ⁽¹⁾⁽²⁾	Interest in a controlled corporation	413,928,600	74.58%	Long position

Notes:

- (1) This includes 408,125,100 Shares held by Yili Investment. Yili Investment is held as to 55% by Yili Capital and 45% by Guodong Capital, whereas Yili Capital is in turn wholly-owned by Ms. Lyu and Guodong Capital is in turn wholly-owned by Mr. Zhang; and (b) 4,201,500 treasury shares of the Company, since Yili Investment controls over one-third of the voting power at general meetings of the Company. Hence, each of Yili Investment, Guodong Capital and Yili Capital is taken to have an interest in 4,201,500 treasury shares of the Company.
- (2) This includes 1,602,000 Shares held by Carote CM, whereby its general partner Guodong Capital is a company wholly-owned by Mr. Zhang.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as of June 30, 2026.

CHANGE IN DIRECTORS' INFORMATION

There has been no change in the Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares) during the Reporting Period. As of 30 June 2026, the Company held 4,201,500 treasury shares. The Company will utilize such treasury shares as permitted under the Listing Rules including but not limited to sale or transfer, subject to market conditions and its capital management needs.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance practices to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company had adopted the Corporate Governance Code as its own code on corporate governance. Save as disclosed below, the Board considered that the Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

Code Provision C.2.1 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules recommends, but does not require, that the roles of chairman and chief executive should be separate and that such roles should not be performed by the same person. The Company deviates from this provision because Mr. Zhang performs both the roles of the chairman of the Board and the chief executive officer of the Company. As Mr. Zhang has served the Group since July 2011 and has provided strategic guidance and leadership to the Group since 2019, the Board believes that vesting the roles of both chairman and chief executive officer to Mr. Zhang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively. The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. The Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Code for Dealings in Securities by Management (管理層證券交易守則) with terms no less exacting than the Model Code as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

The Code for Dealings in Securities by Management applies to all the Directors and all the employees to whom the Code for Dealings in Securities by Management is given and who are informed that they are subject to its provisions.

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they complied with the required standard set out in the Model Code and the Company's Code for Dealings in Securities by Management during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the employees of the Company who are likely to be in possession of inside information of the Company during the Reporting Period and up to the date of this interim report.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Mr. Shi Zhou Feng, Ms. Yeung Shuet Fan Pamela and Dr. Chan Tin Wai David. Mr. Shi Zhou Feng, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Company's audit committee are to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, to review the adequacy of our internal control over financial reporting, to review all related party transactions for potential conflict of interest situations and to approve, as appropriate, such transactions.

The Audit Committee had reviewed, with no disagreement, together with the management, the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial information of the Group for the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

ELECTRONIC DISSEMINATION

This Interim Report has been published in both the English and Chinese languages on the Company's website at <https://www.mycarote.com> and the website of the Stock Exchange at www.hkexnews.hk.

If a Shareholder wishes to receive corporate communications (including but not limited to this Interim Report) in printed form, or choose to change their choice as to the language of the printed form, please follow the relevant instructions set out in the "Arrangement of Electronic Dissemination of Corporate Communications" published in March 2025 under "Announcements and Circulars" in "Investor Relations" section of the Company's website, complete the relevant Reply Form and return the completed Reply Form to the Company at bodoffice@carote.cn or by post to 3rd–5th Floor, Unit 1, Tower 6 Sunshine City, Xiaoshan District, Hangzhou, Zhejiang Province, China. Any such request from a Shareholder shall be valid for one year starting from the date of receipt, or until the original request has been revoked in writing or superseded by a subsequent written request, whichever is earlier. A Shareholder wishing to continue to receive corporate communications in printed form after expiry of the original request must submit a fresh Reply Form. If a Shareholder wishes to receive actionable corporate communications by email, please follow the relevant instructions set out in the "Arrangement of Electronic Dissemination of Corporate Communications" published in March 2025 under "Announcements and Circulars" in "Investor Relations" section of the Company's website, complete the relevant Reply Form and return the completed Reply Form to the Company at bodoffice@carote.cn or by post to the Company, at the address above-mentioned.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended June 30,	
	Note	2026 RMB'000	2025 RMB'000
Revenue	2	1,111,303	836,925
Cost of sales	5	(698,050)	(555,331)
Gross profit		413,253	281,594
Selling expenses	5	(194,879)	(152,183)
Administrative expenses	5	(22,631)	(19,378)
Research and development expenses	5	(11,550)	(17,838)
Net reversal of impairment on financial assets		395	140
Other income	3	200	658
Other (losses)/gains – net	4	(25,309)	3,007
Operating profit		159,479	96,000
Finance income	6	20,797	25,581
Finance costs	6	(30)	(48)
Finance income – net		20,767	25,533
Profit before income tax		180,246	121,533
Income tax expense	7	(45,045)	(18,742)
Profit for the period		135,201	102,791
Profit attributable to:			
Owners of the Company		135,201	102,785
Non-controlling interests		*	6
		135,201	102,791
Earnings per share attributable to the equity holders of the Company (in RMB)			
Basic earnings per share	9	0.25	0.19
Diluted earnings per share	9	0.25	0.19

* The balance represents an amount less than RMB1,000.

The notes on page 31 to 56 are an integral part of these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended June 30,	
	Note	2026 RMB'000	2025 RMB'000
Profit for the period		135,201	102,791
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Currency translation differences on translation of foreign operations		(4,605)	(999)
Item that will not be reclassified to profit or loss			
Currency translation differences on translation of the Company		(18,204)	(2,739)
Other comprehensive loss for the period, net of tax		(22,809)	(3,738)
Total comprehensive income for the period		112,392	99,053
Total comprehensive income attributable to:			
Owners of the Company		112,392	99,047
Non-controlling interests		*	6
		112,392	99,053

* The balance represents an amount less than RMB1,000.

The notes on page 31 to 56 are an integral part of these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	71,017	72,462
Right-of-use assets	11	1,359	1,672
Time deposits	15	136,632	187,981
Deferred tax assets		5,558	10,685
Other non-current assets	14	–	1,144
		214,566	273,944
Current assets			
Inventories	12	255,945	281,939
Trade receivables	13	201,626	205,907
Prepayments, other receivables and other current assets	14	90,802	93,634
Time deposits	15	795,011	753,970
Restricted cash	15	6,650	6,978
Cash and cash equivalents	15	414,546	281,769
		1,764,580	1,624,197
Total assets		1,979,146	1,898,141
EQUITY			
Share capital	16	1,985	1,985
Share premium	16	651,076	719,097
Treasury shares	16	(18,636)	(18,636)
Shares held for shares award scheme	16	(6)	(6)
Reserves	17	(259,053)	(237,037)
Retained earnings		1,077,118	941,917
		1,452,484	1,407,320
Non-controlling interests		(64)	(64)
Total equity		1,452,420	1,407,256

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
LIABILITIES			
Current liabilities			
Trade and bills payables	19	375,897	416,906
Other payables and accruals	20	91,779	25,732
Current income tax liabilities		57,616	45,797
Lease liabilities	11	–	1,050
Contract liabilities	2	1,434	1,400
		526,726	490,885
Total liabilities		526,726	490,885
Total equity and liabilities		1,979,146	1,898,141

The notes on page 31 to 56 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on August 27, 2026 and were signed on its behalf.

Zhang Guodong
Director

Lyu Yili
Director

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company							
		Share capital	Share premium	Shares held for shares award scheme	Treasury shares	Reserves	Retained earnings	Total	Non-controlling interests
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2026		1,985	719,097	(6)	(18,636)	(237,037)	941,917	1,407,320	(64)
Comprehensive (loss)/ income									
Profit for the period		-	-	-	-	-	135,201	135,201	*
Currency translation differences on translation of foreign operations		-	-	-	-	(4,605)	-	(4,605)	*
Currency translation differences on translation of the Company		-	-	-	-	(18,204)	-	(18,204)	-
Total comprehensive (loss)/ income		-	-	-	-	(22,809)	135,201	112,392	*
Transaction with owners in their capacity as owners									
Dividend distribution to the shareholders	8	-	(68,021)	-	-	-	-	(68,021)	-
Share-based payment	18	-	-	-	-	793	-	793	-
Transaction with owners in their capacity as owners		-	(68,021)	-	-	793	-	(67,228)	-
As at June 30, 2026		1,985	651,076	(6)	(18,636)	(259,053)	1,077,118	1,452,484	(64)

The notes on page 31 to 56 are an integral part of these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for shares		Treasury shares RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				award scheme RMB'000							
As at January 1, 2025		1,985	790,710	(6)	–	(221,040)	684,111	1,255,760	(77)	1,255,683	
Comprehensive (loss)/ income											
Profit for the period		–	–	–	–	–	102,785	102,785	6	102,791	
Currency translation differences on translation of foreign operations		–	–	–	–	(999)	–	(999)	*	(999)	
Currency translation differences on translation of the Company		–	–	–	–	(2,739)	–	(2,739)	–	(2,739)	
Total comprehensive (loss)/ income		–	–	–	–	(3,738)	102,785	99,047	6	99,053	
Transaction with owners in their capacity as owners											
Dividend distribution to the shareholders	8	–	(71,613)	–	–	–	–	(71,613)	–	(71,613)	
Acquisition of treasury shares	16	–	–	–	(3,499)	–	–	(3,499)	–	(3,499)	
Share-based payment	18	–	–	–	–	1,119	–	1,119	–	1,119	
Transaction with owners in their capacity as owners		–	(71,613)	–	(3,499)	1,119	–	(73,993)	–	(73,993)	
As at June 30, 2025		1,985	719,097	(6)	(3,499)	(223,659)	786,896	1,280,814	(71)	1,280,743	

*: The balance represents an amount less than RMB1,000.

The notes on page 31 to 56 are an integral part of these consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended June 30,	
	Note	2026 RMB'000	2025 RMB'000
Cash flows from operating activities			
Net cash generated from operations		157,635	16,776
Interest received from cash at banks		4,198	5,723
Income taxes paid		(28,099)	(41,175)
Net cash generated from/(used in) operating activities		133,734	(18,676)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,116)	(3,685)
Proceeds from disposals of property, plant and equipment		2,230	–
Proceeds from time deposits		136,352	–
Payments for time deposits		(136,406)	–
Interest received from time deposits		3,363	–
Proceeds from financial assets at fair value through profit or loss		–	37,054
Net cash generated from investing activities		3,423	33,369
Cash flows from financing activities			
Principal payments and interest paid of lease liabilities		(3,150)	(3,150)
Acquisition of treasury shares		–	(3,499)
Net cash used in financing activities		(3,150)	(6,649)
Net increase in cash and cash equivalents		134,007	8,044
Cash and cash equivalents at beginning of the period	15	281,769	377,332
Effects of exchange rate changes on cash and cash equivalents		(1,230)	(1,012)
Cash and cash equivalents at end of the period	15	414,546	384,364

The notes on page 31 to 56 are an integral part of these consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

Carote Ltd 卡羅特(商業)有限公司 (“**Carote**”, or the “**Company**”) was incorporated in the Cayman Islands on February 3, 2023 as an exempted company with limited liability. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, “**the Group**”) are principally engaged in sale of cookware such as non-stick pots and pans, cast iron pots, and curated cookware sets, kitchen utensils, drinkware and other products.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since October 2, 2024. On October 30, 2024, the Company has completed the over-allotment option of 19,479,500 shares at the price of HK\$5.78 per Share.

These consolidated financial statements are presented in thousands of RMB (“**RMB’000**”), unless otherwise stated.

The Group has reviewed its exposure to climate-related and other emerging business risks, and has not identified any risks that could significantly impact the financial performance or position of the Group as at June 30, 2026. The Group has sufficient working capital to service its operating activities as at June 30, 2026.

2 SEGMENT INFORMATION

(a) Description of segments and principal activities

For management purposes, the Group is not organized into business units based on their products and only has one reportable segment. The executive directors of the Company are identified as the chief operating decision maker who monitors the operating results of the Group’s operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 SEGMENT INFORMATION (Continued)

(a) Description of segments and principal activities (Continued)

Geographical information of revenue

The amount of the Group's revenue from external customers broken down by location of the customers is shown in the table below:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
America	850,526	568,822
Mainland China	185,936	134,297
Japan	57,490	58,327
Western Europe	2,280	18,632
Southeast Asia	*	21,939
Other	15,071	34,908
	1,111,303	836,925

* The transaction amount represents an amount less than RMB1,000.

(b) Revenue from contract with customers

All revenue from contract with customers within the scope of HKFRS 15 is recognized at a point in time as follows:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
– Online sales, business through third-party e-commerce platforms to individuals	804,391	663,673
– Wholesale distribution	267,798	113,878
– Original design manufacturer business	39,114	59,374
	1,111,303	836,925

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 SEGMENT INFORMATION (Continued)

(c) Revenue from major customers

Revenue from a major customer which individually contributed 10% or more of the total revenue of the Group during the six months ended June 30, 2026 and 2025 is set out below:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Customer A	134,717	*

* The customer contributed less than 10% of total revenue for the corresponding period.

(d) Contract liabilities

The Group recognised the following contract liabilities related to the contracts with customers as at June 30, 2026 and December 31, 2025:

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Contract liabilities	1,434	1,400

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

3 OTHER INCOME

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Government grants (i)	200	194
Others	—	464
	200	658

(i) Government grants provided to the Group are mainly related to financial subsidies received from the local governments in the PRC. There were no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 OTHER (LOSSES)/GAINS – NET

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Net foreign exchange (losses)/gains	(25,639)	2,333
Net fair value gains on financial assets at fair value through profit or loss	–	811
Net gains on disposal of property, plant and equipment	1,721	–
Others	(1,391)	(137)
	(25,309)	3,007

5 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, administrative expenses and research and development expenses is as follows:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Cost of inventories sold	459,460	388,284
Raw materials and consumables used	10,475	16,276
Freight and storage expenses	232,612	160,204
Commission to e-commerce platforms	140,477	105,032
Marketing and advertising expenses	40,487	38,392
Employee benefit expenses	22,783	17,413
Legal and professional fees	3,748	2,739
Depreciation of property, plant and equipment (<i>Note 10</i>)	3,047	1,485
Depreciation of right-of-use assets (<i>Note 11</i>)	2,383	1,003
Office expenses	2,205	968
Auditors' remuneration – Audit services	1,346	1,664
Others	8,087	11,270
	927,110	744,730

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 FINANCE INCOME, NET

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Finance income:		
Interest income on time deposits	16,599	19,858
Interest income on cash at banks	4,198	5,723
	20,797	25,581
Finance costs:		
Interest expenses on lease liabilities (Note 11)	(30)	(48)
	(30)	(48)
Finance income, net	20,767	25,533

7 INCOME TAX EXPENSES

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Current tax on profits for the period	39,918	19,945
Deferred income tax	5,127	(1,203)
	45,045	18,742

Taxes on profits assessable have been calculated at the rates of tax prevailing in the jurisdictions in which the entity operates.

(a) Cayman Islands income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to the Cayman Islands income tax pursuant to the current laws of the Cayman Islands.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 INCOME TAX EXPENSES (Continued)

(b) Hong Kong profits tax

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended June 30, 2026 and 2025.

(c) United States income tax

Carote USA LLC ("**Carote USA**") was established in California, the United States. The corporate income tax rate of Carote USA is subject to both federal income tax rate and California income tax rate, which are 21% and 8.84% respectively for the six months ended June 30, 2026 and 2025.

(d) Japan income tax

Enterprises incorporated in Japan are subject to income tax rate at the national level of 23.2% during the six months ended June 30, 2026 and 2025.

(e) Singapore corporate income tax ("**Singapore CIT**")

The Group's subsidiary in Singapore is subject to Singapore CIT which is calculated based on the applicable tax rate of 17% on the assessable profits of the subsidiaries in accordance with Singapore tax laws and regulations for the six months ended June 30, 2026 and 2025.

(f) PRC corporate income tax ("**CIT**")

The Company's subsidiaries in the PRC are subject to PRC CIT which is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for disclosed below.

Zhejiang Carote Industry & Trade Co., Ltd. 浙江卡羅特工貿有限公司 ("**Zhejiang Carote**"), a subsidiary of the Company, was recognized as the High New Tech Enterprises in December 2019. According to the tax incentives of the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**") for High New Tech Enterprises, Zhejiang Carote is subject to a reduced corporate income tax rate of 15% for three years commencing from the first year when it was recognized as the High New Tech Enterprises. Zhejiang Carote obtained the approval for renewal of the qualification for another three-year period commencing 2022, and further obtained approval for renewal of the qualification for an additional three-year period commencing 2025. Accordingly, Zhejiang Carote was entitled to a preferential income tax rate of 15% during the six months ended June 30, 2026 and 2025.

During the six months ended June 30, 2026 and 2025, an additional 100% of qualified research and development expenses incurred was allowed to be deducted from taxable income under the Mainland China Income Tax Law and its relevant regulations.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 INCOME TAX EXPENSES (Continued)

(g) PRC withholding income tax

According to the CIT Law, starting from January 1, 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends out of their profits earned after January 1, 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies, including those incorporated in Hong Kong.

8 DIVIDENDS

Pursuant to the resolution of the annual general meeting held on May 29, 2026, dividends of HKD78,158,676 (equivalent to approximately RMB68,021,000) were approved by the Company to its shareholders, and were paid in cash on July 31, 2026.

Pursuant to the resolution of the annual general meeting held on May 30, 2025, dividends of HKD78,144,366 (equivalent to approximately RMB71,613,000) were approved by the Company to its shareholders, and were paid in cash on August 1, 2025.

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Declaration of dividends	68,021	71,613
Dividend payable at the end of the period	68,021	71,613

The board of directors does not recommend the payment of an interim dividend in respect of the six months ended June 30, 2026 (2025: nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended June 30, 2026 and 2025.

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Profit attributable to the ordinary equity holders of the Company (RMB'000)	135,201	102,785
Weighted average number of ordinary shares in issue	549,201,100	553,109,697
Basic earnings per share (expressed in RMB per share)	0.25	0.19

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the six months ended June 30, 2026 and 2025, the Company's dilutive potential ordinary shares include share awards granted to employees. As the share awards are issuable upon the satisfaction of specified performance condition, as of June 30, 2025, the condition has met. As of June 30, 2026, the condition has met, the calculation of diluted earnings per share is shown as below:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Profit attributable to the ordinary equity holders of the Company (RMB'000)	135,201	102,785
Weighted average number of ordinary shares in issue	549,201,100	553,109,697
Adjustments for share awards	1,119,148	804,010
Weighted average number of ordinary shares for diluted earnings per share	550,320,248	553,913,707
Diluted earnings per share (expressed in RMB per share)	0.25	0.19

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and molds RMB'000	Vehicles RMB'000	Electronic equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
As at January 1, 2025						
Cost	6,130	251	10,796	370	63,183	80,730
Accumulated depreciation	(2,486)	(163)	(6,670)	(223)	–	(9,542)
Net book amount	3,644	88	4,126	147	63,183	71,188
Year ended December 31, 2025						
Opening net book amount	3,644	88	4,126	147	63,183	71,188
Additions	–	–	864	–	4,196	5,060
Depreciation charge	(1,339)	(24)	(2,405)	(18)	–	(3,786)
Transfer	66,108	–	–	–	(66,108)	–
Closing net book amount	68,413	64	2,585	129	1,271	72,462
As at December 31, 2025						
Cost	72,237	250	11,661	370	1,271	85,789
Accumulated depreciation	(3,824)	(186)	(9,076)	(241)	–	(13,327)
Net book amount	68,413	64	2,585	129	1,271	72,462
Six months ended June 30, 2026						
Opening net book amount	68,413	64	2,585	129	1,271	72,462
Additions	–	–	1,534	47	300	1,881
Disposals	–	(5)	(270)	(4)	–	(279)
Depreciation charge (Note 5)	(1,728)	(12)	(1,297)	(10)	–	(3,047)
Transfer	1,571	–	–	–	(1,571)	–
Closing net book amount	68,256	47	2,552	162	–	71,017
As at June 30, 2026						
Cost	73,808	119	9,704	339	–	83,970
Accumulated depreciation	(5,552)	(72)	(7,152)	(177)	–	(12,953)
Net book amount	68,256	47	2,552	162	–	71,017

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 LEASES

(i) Amounts recognized in the consolidated statements of financial position

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Right-of-use assets		
Warehouse	1,359	1,672
Lease liabilities		
Current	–	1,050

Additions to right-of-use assets during the six months ended June 30, 2026 was RMB2,070,000 (December 31, 2025: nil).

(ii) Amounts recognized in the consolidated statements of comprehensive income

	Six months ended June 30, 2026 RMB'000	2025 RMB'000
Depreciation charge of right-of-use assets (<i>Note 5</i>)		
Warehouse	2,383	1,003
	2,383	1,003
Interest expenses on lease liabilities (<i>Note 6</i>)	30	48
	2,413	1,051

The total cash outflow for leases for the six months ended June 30, 2026 and 2025 were approximately RMB3,150,000 and RMB3,150,000, respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 INVENTORIES

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Finished goods	253,357	279,193
Raw materials and parts	2,588	2,746
Less: provision for inventories	—	—
	255,945	281,939

(i) Amounts recognized in profit or loss

Inventories recognized as an expense during the six months ended June 30, 2026 and 2025 amounted to RMB469,935,000 and RMB404,560,000, respectively. These were included in cost of sales.

13 TRADE RECEIVABLES

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Trade receivables	205,834	210,498
Less: allowance for impairment	(4,208)	(4,591)
Total	201,626	205,907

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 TRADE RECEIVABLES (Continued)

(i) Aging analysis of trade receivables

As at June 30, 2026 and December 31, 2025, the aging analysis of trade receivables based on invoice date, is as follows:

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Less than 3 months	201,655	205,179
3 months to 6 months	319	1,312
6 months to 9 months	–	1,024
9 months to 12 months	60	1,355
1 to 2 years	2,172	1,628
2 to 3 years	1,628	–
	205,834	210,498

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 PREPAYMENTS, OTHER RECEIVABLES, AND OTHER NON-CURRENT ASSETS

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Other receivables		
– Export tax refundable	6,111	19,873
– Refundable deposits	1,851	20,275
– Due from a related party (Note 23)	350	350
– Others	851	487
	9,163	40,985
Less: provision for impairment	(54)	(66)
	9,109	40,919
Prepayments		
– Prepayments to suppliers	2,148	5,029
Input VAT to be deducted	79,545	47,686
Total	90,802	93,634
Other non-current assets		
– Prepayment for purchase of Intangible assets	–	1,144

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 CASH AND BANK BALANCES

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Cash and bank balances	1,352,839	1,230,698
Less: restricted cash (ii)	(6,650)	(6,978)
Less: time deposits (iii)	(931,643)	(941,951)
Cash and cash equivalents	414,546	281,769

(i) Cash at banks are denominated in the following currencies:

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
– USD	1,073,876	961,917
– RMB	267,148	252,244
– JPY	4,623	5,595
– HKD	2,682	6,243
– CAD	1,163	906
– AUD	772	777
– GBP	588	654
– PHP	435	471
– IDR	434	475
– INR	386	577
– EUR	331	414
– Others	401	425
	1,352,839	1,230,698

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 CASH AND BANK BALANCES (Continued)

(ii) The Group's restricted cash comprised:

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Bank balances		
– Pledged for bank acceptance notes issuance (<i>Note 19</i>)	6,650	6,978

(iii) The restricted short-term time deposits of RMB190,089,993 and long-term time deposits of nil as at June 30, 2026 (as at December 31, 2025: short-term time deposits of nil and long-term time deposits of RMB187,981,000 respectively) were all pledged to the bank for issuance of bank acceptance notes (*Note 19*).

16 SHARE CAPITAL, SHARES HELD FOR SHARES AWARD SCHEME, SHARE PREMIUM AND OTHER EQUITY

	Number of shares	Nominal value of shares USD
Authorized		
As at January 1, 2025	2,000,000,000	1,000,000
As at June 30, 2026 and December 31, 2025	2,000,000,000	1,000,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 SHARE CAPITAL, SHARES HELD FOR SHARES AWARD SCHEME, SHARE PREMIUM AND OTHER EQUITY (Continued)

	Number of shares	Share capital USD'000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for shares award scheme RMB'000
Issued						
As at January 1, 2025	555,002,600	278	1,985	790,710	–	(6)
Acquisition of treasury shares (a)	(4,201,500)	–	–	–	(18,636)	–
Dividend distribution to the shareholders (b)	–	–	–	(71,613)	–	–
As at December 31, 2025	550,801,100	278	1,985	719,097	(18,636)	(6)
Dividend distribution to the shareholders (b)	–	–	–	(68,021)	–	–
As at June 30, 2026	550,801,100	278	1,985	651,076	(18,636)	(6)

(a) During the year ended December 31, 2025, the Company repurchased an aggregate number of 4,201,500 of its own shares from the market, which had not been cancelled as at June 30, 2026. The shares were repurchased at prices ranging from HK\$3.73 to HK\$5.25 per share.

(b) On May 30, 2025, pursuant to the resolution of the annual general meeting held, dividends of HKD78,144,366 (equivalent to approximately RMB71,613,000) were approved by the Company to its shareholders. All dividends have been paid in cash on August 1, 2025.

On May 29, 2026, pursuant to the resolution of the annual general meeting held, dividends of HKD78,158,676 (equivalent to approximately RMB68,021,000) were approved by the Company to its shareholders. All dividends have been paid in cash on July 31, 2026.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 RESERVES

	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Total RMB'000
As at January 1, 2026	(265,366)	5,873	15,000	7,456	(237,037)
Share-based payment	–	793	–	–	793
Other currency translation differences	–	–	–	(22,809)	(22,809)
As at June 30, 2026	(265,366)	6,666	15,000	(15,353)	(259,053)

	Capital reserve RMB'000	Share-based payment reserves RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Total RMB'000
As at January 1, 2025	(265,366)	3,778	15,000	25,548	(221,040)
Share-based payment	–	1,119	–	–	1,119
Other currency translation differences	–	–	–	(3,738)	(3,738)
As at June 30, 2025	(265,366)	4,897	15,000	21,810	(223,659)

18 SHARE-BASED PAYMENT

Share-based payment expenses were recognized in profit or loss for the six months ended June 30, 2026 and 2025 as follows:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Selling expenses	595	839
Administrative expenses	198	280
	793	1,119

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 SHARE-BASED PAYMENT (Continued)

On April 10, 2023, Zhejiang Carote adopted the Share Incentive Plans (the “**PRC Plan**”), pursuant to which certain eligible employees of the Group (the “**Incentive Targets**”) were granted the shares of Yongkang City Luoqin Enterprise Management Partnership 永康市羅勤企業管理合夥企業(有限合夥) (“**Luoqin Enterprise**”), as rewards for their services and in exchange for their full-time devotion and professional expertise to the Group. Luoqin Enterprise held certain shares in Zhejiang Carote. In addition, on April 30, 2023 the Company adopted the Amended and Restated Share Incentive Plan (“**Legacy Plan**”), and Carote CM Limited Partnership was set up in 2022 for the purpose of holding shares of the Company on behalf of the Incentive Targets. The PRC Plan was replaced by the Legacy Plan in 2023 as part of the reorganization which was completed in October 2023. The Luoqin Enterprise and Carote CM Limited Partnership are controlled and managed at the discretion of the Company and therefore are consolidated accordingly in the Group’s financial statements. The terms of the Legacy Plan are substantially the same as the terms of the PRC Plan. The replacement of the PRC Plan with the Legacy Plan and the revocation of the original PRC Plan was viewed as having no accounting impacts as the terms of the PRC Plan had remained effective throughout and there is essentially no change but merely just the change to the form of the plan due to the reorganization.

Under the PRC Plan, the Incentive Targets were granted shares with grant price of RMB3.4 per unit capital of Zhejiang Carote in April 2023. During the reorganization, the above share grants were converted into 1,600,000 shares of the Company issued to Carote CM Limited Partnership. All the shares granted are vested from the date of fulfilling the service and performance conditions being 12 months, 24 months or 36 months after the Company is listed, as prescribed in the Legacy Plan. If an employee ceased to be employed by the Group within this period, the awarded shares would be forfeited, and the forfeited shares would be purchased back by Mr. Zhang or other parties appointed by the Company (including the Company) at the price prescribed in the Legacy Plan.

The share awards granted to the Incentive Targets were regarded as equity-settled share-based payment, and the awards are conditional upon the successful completion of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**IPO**”). The Group determined the share-based payment expenses at date of grant of shares with reference to the estimation of the probability and timing of successful IPO since IPO condition is considered as a vesting condition. The estimated amount of share-based payment expenses is amortized over the vesting period of the shares grant.

Set out below are the movement in the number of awarded restricted shares:

	Number of restricted shares	Weighted average grant date fair value RMB
As at January 1, 2025	1,600,000	5.16
As at June 30, 2026 and December 31, 2025	1,600,000	5.16

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 TRADE AND BILLS PAYABLES

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Trade payables	132,587	183,656
Bills payables	243,310	233,250
	375,897	416,906

The bills payables have maturity terms ranging from 6 to 12 months. And the issuance of these bills payables are secured by certain time deposits (Note 15).

As at June 30, 2026 and December 31, 2025, the aging analysis of the trade and bills payables based on invoice date was as follows:

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Within 3 months	242,184	309,960
Between 3 months and 1 year	133,357	106,587
Over one year	356	359
	375,897	416,906

The carrying amounts of trade and bills payables were considered to approximate their fair values due to their short-term in nature.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Dividend payable (Note 8)	68,021	–
Other taxes payables	14,335	15,750
Payroll and welfare payables	5,165	6,839
Accrued freight expenses	1,436	753
Accrued audit services	1,305	1,305
Accrued expenses	630	–
Others	887	1,085
	91,779	25,732

The carrying amounts of other payables and accruals were considered to approximate their fair values due to their short-term in nature.

21 COMMITMENTS

Capital commitments

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Contracted but not provided for		
– purchase of intangible asset	–	2,403
– purchase of property, plant and equipment	–	131
	–	2,534

22 CONTINGENCIES

As at June 30, 2026 and December 31, 2025, the Group had no material contingent liabilities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The following significant transactions were carried out between the Group and its related parties during the reporting periods. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The directors of the Company are of the view that the following parties were related parties that had transactions or balances with the Group for the six months ended June 30, 2026 and 2025:

Name of related parties	Relationship with the Company
Zhejiang Leshengen Metal Products Co., Ltd. 浙江樂昇恩金屬製品有限公司 (“Zhejiang Leshengen”) (formerly known as Zhejiang Leshengen Trading Co., Ltd)	Controlled by the Controlling Shareholder of the Company

(b) Transactions with related parties

Related party transactions of the Group are listed as follows:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Addition to right-of-use assets resulted from lease of warehouse		
Zhejiang Leshengen	2,070	—
Payment of lease liabilities		
Zhejiang Leshengen	3,150	3,150
Interest expenses of lease liabilities		
Zhejiang Leshengen	30	48

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with a related party

	As at June 30, 2026 RMB'000	As at December 31, 2025 RMB'000
Other receivables (trade in nature)		
Zhejiang Leshengen	350	350
Less: allowance for credit losses	(19)	(19)
	331	331
Lease liabilities (trade in nature)		
Zhejiang Leshengen	–	1,050

As at June 30, 2026 and December 31, 2025, the receivables and payables with related parties were interest-free, unsecured and payable on demand.

(d) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended June 30,	
	2026 RMB'000	2025 RMB'000
Basic salaries	1,038	778
Discretionary bonuses	196	480
Pension obligations	24	16
Housing funds, medical insurances and other social insurances	35	16
Share-based payment expenses	446	630
	1,739	1,920

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

There are no financial assets/liabilities carried at fair value determined by valuation method. The carrying value of cash and cash equivalents, restricted bank deposits, trade and other receivables and financial liabilities including trade and other payables and borrowings are assumed to approximate their fair values.

25 BASIS OF PREPARATION

This unaudited condensed consolidated financial statements for the six months ended June 30, 2026 have been prepared in accordance with HKAS 34 Interim Financial Reporting.

The interim report does not include all the notes normally included in an annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

25.1 New standards and interpretations

(a) New or amended standard adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group assessed the adoption of these new and amended standards and concluded that they did not have a significant impact on the Group’s interim results and financial position.

Standards, amendments		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual improvements project	Annual improvements to HKFRS Accounting Standards – volumes 11	1 January 2026

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 BASIS OF PREPARATION (Continued)

25.1 New standards and interpretations (Continued)

(b) Impact of standards issued but not yet applied by the entity

The following are new or amended standards that have been issued but are not effective for the financial year beginning on 1 January 2026 and have not been early adopted by the Group. The Group plans to adopt these new or amended standards when they become effective:

Standards, amendments		Effective for accounting periods beginning on or after
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the performance and positions of the Group when they become effective, except that the presentation of the consolidated statement of profit or loss may be amended to reflect the new requirements under HKFRS 18.

HKFRS 18 will replace HKAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

25 BASIS OF PREPARATION (Continued)

25.1 New standards and interpretations (Continued)

(b) Impact of standards issued but not yet applied by the entity (Continued)

From the high-level preliminary assessment performed, the following potential impacts have been identified:

Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

- Foreign exchange differences currently aggregated in the line item 'other (losses)/gains – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged, however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25 BASIS OF PREPARATION (Continued)

25.1 New standards and interpretations (Continued)

(b) Impact of standards issued but not yet applied by the entity (Continued)

From a cash flow statement perspective, there will be a change to how interest received is presented. Interest received will be presented as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with HKFRS 18.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of HKFRS 18 on the Group's financial information.

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by or impacted on the Company or the Group subsequent to June 30, 2026 and up to the date of this report.