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CARPENTER TAN HOLDINGS LIMITED

譚木匠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 837)

UPDATE ON LITIGATION

This announcement is made by Carpenter Tan Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

I. BACKGROUND AND LITIGATION HISTORY

Reference is made to the annual report of the Carpenter Tan Holdings Limited (the “**Company**”) dated 27 March 2025 (the “**2024 Annual Report**”). As disclosed in the “Report of the Directors” of the 2024 Annual Report, amongst the Group’s property, plant and equipment is a property located in Jurong, Jiangsu, which the Group purchased from 蘇州建興置業有限公司 (the “**Developer**”) in 2013 (the “**Property**”).

On 24 December 2013, the Group entered into a commercial housing sale and purchase agreement (the “**Contract**”) with the Developer, fully paid the purchase price of the Property of RMB33,556,320 and subsequently took possession of the Property. The Group, however, has not obtained the relevant owner title documents due to the Developer’s failure to fulfill its contractual obligations, including its failure to discharge the mortgage and to settle outstanding taxes and fees associated with the Property. The Developer subsequently encountered financial difficulties and was placed into bankruptcy liquidation in June 2020. In February 2021, the bankruptcy administrator of the Developer (the “**Administrator**”) issued a notice to the Group, seeking to terminate the Contract, demanding the return of the Property, and initiating litigation to that effect.

The Suzhou Gusu District People’s Court (the “**First Instance Court**”) ruled in favour of the Developer in July 2021, ordering the Group to return the Property (the “**First-Instance Judgment**”). The Group subsequently filed an appeal seeking to overturn the First-Instance Judgement. The Suzhou Intermediate People’s Court in Jiangsu Province (the “**Second-Instance Court**”) dismissed the appeal and upheld the First-Instance Judgment in May 2022 (“**Second-Instance Judgment**”) in favour of the Developer.

II. LATEST DEVELOPMENT: FINAL RULING FROM JIANGSU HIGHER PEOPLE'S COURT

On 29 December 2025, the Group received the civil ruling issued by the Jiangsu Higher People's Court (the “**Jiangsu Higher Court**”) dated 29 December 2025 (the “**Final Ruling**”).

The Jiangsu Higher Court dismissed the Group’s application for a retrial. The key grounds cited in the Final Ruling include:

1. The Property is deemed part of the Developer’s bankruptcy estate as its ownership was never formally transferred to the Group.
2. As the Property is of commercial nature and the Group is not a consumer purchasing the Property for residential needs, the Group does not qualify for the application of special protection rules for commercial housing consumers.
3. The Property was legally seized by the court as early as February 2015, and the Group, despite being aware of such encumbrance on title, proceeded to complete the handover procedures and took possession and use of the Property in December 2015. Such possession originated from the performance of a contract with defects in rights, which does not constitute legal possession.
4. The Administrator’s action to terminate the Contract and reclaim the Property for inclusion in the bankruptcy estate of the Developer is in accordance with the principle of fair repayment to all creditors under the bankruptcy law of the People’s Republic of China (the “**PRC**”).

III. FURTHER LEGAL RE COURSE

The Final Ruling represents the exhaustion of the ordinary judicial appeal process in the PRC. There is no further possibility of appeal against the Final Ruling through the standard court hierarchy.

Notwithstanding the above, the Group maintains its strong position that the Final Ruling is unjust. The Group intends to pursue all available channels to challenge the outcome. As advised by the PRC lawyers of the Company, Jiangsu Huidian Law Firm (江蘇匯典律師事務所) and Beijing Dacheng (Nanjing) Law Offices, LLP (北京大成(南京)律師事務所), potential avenues may include, but are not limited to:

1. filing an appeal with the procuratorate; or
2. submitting a petition to the Supreme People’s Court of the PRC.

The board of directors (the “**Board**”) of the Company is actively assessing, with its legal advisors, the feasibility and merits of lawful means to overturn what it considers to be an unjust result. There is, however, no assurance that any such action will be accepted or, if accepted, will be successful.

The Board is of the view that there remains a sound legal and factual basis for requiring the Developer to continue to perform the Contract, which is summarized as follows:

1. Pursuant to the pre-sale permit for commodity housing obtained by the Developer, the Group legally entered into the Contract in December 2013, fully paid the purchase price of the Property, and fulfilled all its obligations agreed under the Contract, and is the compliant party to the Contract. The Developer is the defaulting party due to its failure to complete the title transfer procedures of the Property as agreed in the Contract. As advised by the PRC legal advisers of the Company, according to Article 46 on conditions for notification of termination and Article 48 on litigation for termination by defaulting party of the “Minutes of the National Courts’ Civil and Commercial Trial Work Conference” issued by the Supreme People’s Court of the PRC in November 2019, a defaulting party does not enjoy the right to unilaterally terminate a contract, and according to the provisions on the review of the right to terminate contracts under the “Interpretation on Several Issues Concerning the Application of the General Provisions in the Contract Book of the Civil Code of the People’s Republic of China (《關於適用<中華人民共和國民法典>合同編通則若干問題的解釋》)”, the Developer, being the defaulting party to the Contract, has no right to unilaterally terminate the Contract.
2. The Board is of the view that the Group has fully performed its obligations under the Contract, with no breach, fault or liability. Furthermore, the Developer has delivered the Property to the Group for on-site design, decoration and use, which the Group has been using to date. Accordingly, the Board is of the view that Article 18 of the Bankruptcy Law of the PRC (《中華人民共和國破產法》), which grants an administrator the right to decide whether to rescind or continue the performance of a contract that has not been fully performed, is not applicable in this case. The Developer (Administrator) does not possess the legal power to unilaterally terminate the Contract and ought to continue to perform its obligations under the Contract.
3. The Group respects but does not concur with the Jiangsu Higher Court’s reliance on the legislative principles and the principle of fair repayment under the bankruptcy law of the PRC as the basis for rescinding the Contract, which the Group considers to be an unclear ascertainment of facts and erroneous application of laws.

IV. POTENTIAL IMPACT ON THE GROUP

Should the Group ultimately be required to comply with the Final Ruling to return the Property, the potential impact on the Group is assessed as follows:

Operational Impact

The Property has been used as the management center of the Group since its acquisition in December 2013. Vacating the Property would impact the Group's operations, which may involve relocation costs and potential temporary disruption to administrative functions of the Group, and could lead to temporary operational difficulties and certain business losses.

Financial Impact

1. Asset Write-off:

As at 31 December 2025, the carrying amount of the Property in the Group's financial statements was approximately RMB22,796,120. The enforcement of the Final Ruling is expected to result in the write-off of this asset.

2. Claims in Bankruptcy:

Upon termination of the Contract, the Group will become an unsecured creditor of the Developer's bankruptcy estate for the refund of the purchase price of RMB33,556,320. Given the Developer's insolvent status, the actual recovery prospect is expected to be minimal.

The Company will continue to seek professional advice and actively take relevant steps within the legal framework of the PRC to protect the legitimate rights and interests of the Company and all shareholders and perform its disclosure obligations in respect of any updates on the litigation as and when appropriate.

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

Hong Kong, 9 January 2026

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

* For identification purpose only