

TARGET

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CARPENTER TAN HOLDINGS LTD: SCANNING THE 2021 ANNUAL REPORT BEGS MORE QUESTIONS THAN CONCLUDES ANSWERS

The 2022 Interim Report Intimates That The Worst Is Yet To Come

Aside from the two ladies, who had both been Non-Executive Directors of Carpenter Tan Holdings Ltd, both of whom had resigned their positions, during the 2021 Financial Year, the other two Executive Directors of the Company are both close-family members of Mr Tan Chuan Hua (譚傳華), the Co-Founder of the Company.

There is, absolutely, nothing legally wrong with a publicly listed company, being managed and controlled, almost completely, by a tiny, closely-knit, family unit – as long as one appreciates that the family's interests, more often than not, shall take precedence over the interests of any and/or all minority shareholders.

Human nature is suchlike.

Carpenter Tan Holdings Ltd (譚木匠控股有限公司) (Code: 837, Main Board, The Stock Exchange of Hongkong Ltd), sought and obtained a listing of its shares on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on or about December 29, 2009.

At Page 59 of the 2021 Annual Report of the Company, in respect of the Financial Year, ended December 31, 2021, one was informed of the following intelligence with regard to the **'USE OF PROCEEDS FROM THE LISTING OF THE COMPANY'**:

'The proceeds from the Company's issue of new shares at the time of its listing on The Stock Exchange of Hong Kong Limited on 29 December 2009, after deducting the related issuance expenses, amounted to approximately HK\$132,900,000 (equivalent to approximately RMB116,800,000). As at 31 December 2021, the Group had used net proceeds of approximately RMB69,200,000, of which approximately RMB25,500,000 had been applied for enhancement of the Group's design and product development and enhancement for operational efficiency, approximately RMB16,500,000 for enhancement for sales network and

sales support services, approximately RMB15,000,000 for construction of logistic center and production equipment, and approximately RMB12,200,000 as working capital. The remaining net proceeds have been deposited with banks.'

That which, inter alia, is interpolated by scanning the above-mentioned paragraph is that Senior Management of Carpenter Tan Holdings Ltd determined to place, in PRC licensed banks, not less than RMB47,600,000.00 – being the unutilised portion of the net proceeds, derived from the monetary proceeds obtained from the Company's listing of its shares on The Stock Exchange of Hongkong Ltd on December 29, 2009.

At today's rate of exchange, RMB47,600,000.00 – the **renminbi (RMB)** is the legal tender of the PRC – is equivalent to about \$HK54,362,119.00.

Consequently, for the past 13 years or so, that not inconsiderable amount of money has been gathering rust and dust in PRC banks.

At Page 76 of the 2021 Annual Report of Carpenter Tan Holdings Ltd, it was shown, under 'Current Assets' that 'Cash and Bank Balances', as at December 31, 2021, were in the Company's books at RMB35,795,000.00 (2020: RMB95,777,000.00).

That amount of money (RMB35,795,000.00) is about RMB11,805,000.00 less than the RMB47,600,000.00 that one had been told was lodged in PRC banks, for safekeeping purposes, one supposes, being the unutilised portion of the net proceeds, derived from the net results of the Company's listing of its shares on the premier equity market of the HKSAR.

Further – and there is no way for this medium to confirm this matter – one has to ponder:

'What happened to the compound interest on that deposit of RMB47,600,000.00, lodged in PRC banks, over that period of 13 years?

'If, on the other hand, no interest on that sum of money had been credited to the original deposit of RMB47,600,000.00, who or what, at Management of Carpenter Tan Holdings Ltd, had been responsible for that which appears to have been this terrible oversight?'

The Business Of Carpenter Tan Holdings Ltd

The principal activities of Carpenter Tan Holdings Ltd were presented at Page 55 of the 2021 Annual Report of the Company as follows:

'The Company is an investment holding company. The Group is principally engaged in (i) the design, manufacture and distribution of small size wooden accessories which are mainly made of natural wood and designed with traditional Chinese cultural features and with high artistic qualities; (ii) the operation of a franchise and distribution network primarily in the PRC; and (iii) the operation of retailing shops for direct sale of its products in Hong Kong and the PRC. The Group's products are mainly classified into four categories, namely (i) wooden or horn combs such as coloured drawing combs, grass-and-tree dyed wooden combs and carved combs; (ii)

pocket-size wooden mirrors such as coloured drawing mirrors and carved mirrors; (iii) other wooden accessories and adornments such as bead bracelets (香珠手鏈), pendants (鏈墜), barrettes (髮夾), hair bobs (髮簪) and massage tools; and (iv) box sets which combine its different products featured in themes for gift purpose. The Group's products are mainly sold under the brand name of "Carpenter Tan" (譚木匠).'

At Page 33 of the 2021 Annual Report, a breakdown of the Revenue of the Company by items was given:

Revenue	For The Year, Ended December 31			
	2021	Percentage	2020	Percentage
	RMB'000		RMB'000	
Combs	51,129	15.40	48,660	17.60
Mirrors	297	0.10	520	0.20
Box Sets	274,741	83.00	221,891	80.00
Other Accessories*	4,517	1.40	5,729	2.10
Franchise Fee Income	226	0.10	461	0.10

* Other accessories include hair decoration, bracelets and small home accessories.

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