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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2025

The Board of Directors (the “Board”) of Tai Ping Carpets International Limited (the “Company”) hereby presents the interim results announcement and the condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2025 (the “period”), together with the comparative figures for the previous corresponding period. The consolidated interim financial statements of the Group are unaudited while the results announcement comprising these financial statements has been reviewed by the Audit Committee of the Company.

FINANCIAL HIGHLIGHTS

	Six months ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Revenue	309,481	308,356
Operating profit	21,639	28,060
Profit attributable to owners of the Company	19,686	21,697
Profit per share (HK cents)	9.28	10.23

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

The Group reported a consolidated turnover of HK\$309 million, slightly higher than the HK\$308 million recorded in the same period of 2024. The gross margin remained stable at 62%, reflecting a consistent product mix and disciplined pricing.

Total distribution and administrative expenses increased by 5% year-on-year, mainly due to targeted investment in selling and distribution activities. This included participation in new promotional events, as well as the creation of new content and digital marketing channels to support longer term growth. Despite this commercial focus, the Group maintained a prudent approach to administrative spending, keeping supporting function costs lean and well-controlled.

Profit before income tax was HK\$22 million, compared with HK\$30 million last year. While revenue remained broadly stable, the increase in commercial spending and general inflationary pressures led to reduced profitability. Income tax expense decreased, largely due to a shift in the geographical sales mix that reduced the effective tax rate.

After accounting for income tax, profit attributable to equity holders amounted to HK\$20 million, representing a 9% year-on-year reduction.

CARPET OPERATIONS

Overall carpet operations recorded sales revenue of HK\$302 million, broadly in line with the previous year's performance. Regional results were mixed, with notable growth in the EMEA and US markets offset by a decline in Asia.

EMEA delivered a 21% increase in sales, demonstrating encouraging progress despite a difficult macroeconomic and political climate. The easing of inflationary pressures and stabilising energy costs contributed to the momentum in the region.

The US achieved 12% growth, following a series of staffing changes, enhancements in product offerings, and operational streamlining. Stabilisation in the international logistics environment and an increasing contribution from the Georgia manufacturing unit supported efficiency improvements as well as the shorter delivery times necessary to meet rising customer demand.

In contrast, Asia experienced a 36% decline albeit the first half of the previous year witnessed an unusually high delivery volume and sales revenue. The slowdown in the China property market, and reduced consumer confidence, led to a difficult trading environment that is expected to continue through the second half.

Despite the decline in Asia, the steady improvement in both EMEA and the US reflects encouraging underlying momentum for the business.

MANUFACTURING OPERATIONS

The workforce at the Artisan workshop in Xiamen has remained stable, enabling continued staff up-skilling and the application of lean best practices to improve efficiency and material utilisation. Investments to introduce automation into the manufacturing process, will further enhance production efficiency and strengthen the Group's cost structure. In addition, long-term plans are underway to reinforce the Group's sustainability position and ensure continuous improvement in operational and environmental standards.

Expansion at the carpet manufacturing operations in the US, located at the Premier Yarn Dyers (“PYD”) facility in Georgia has continued with the current focus on staff recruitment and up-skilling to support planned increases in output. Modernisation of plant and equipment is also in progress with the upgrades expected to enhance production efficiency, sustainability, and employee health and safety. A new IT system will also be deployed later this year to support further operational improvements.

NON-CARPET OPERATIONS

Other operations mainly represent the Company’s US-based yarn-dyeing subsidiary, PYD, contributing approximately 2% of total sales.

OUTLOOK

A global economic environment characterised by slowing growth, persistent inflation, high debt, and continuing trade, financial, and geopolitical tensions continues to make for a difficult marketplace. Despite these challenges the Company has demonstrated resilience through thoughtful and disciplined execution of strategy alongside prudent risk management.

Operations in EMEA and the US remain solid and while Asian consumers remain cautious, and spending has softened, a gradual stabilisation is expected. Uncertainty around US tariff policy remains a particular concern, but Tai Ping is well positioned overall, supported by a diversified international footprint and a clear long-term strategy.

Management’s focus will remain on executing investment priorities, strengthening brand presence, and delivering sustainable growth while preparing to capture opportunities as market conditions normalise.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2024: Nil).

CAPITAL EXPENDITURE

Capital expenditure in the form of property, plant and equipment and construction in progress incurred by the Group totaled HK\$5 million during the period (2024: HK\$9 million). As of 31 December 2025, the aggregate net book value of the Group’s property, plant and equipment, investment property, land use right, construction in progress and intangible assets amounted to HK\$313 million (30 June 2025: HK\$316 million).

LIQUIDITY & FINANCIAL RESOURCES

The Group coordinates its financing and cash management activities at the corporate level, and usually funds its business with internally generated cash flows and through banking facilities at various subsidiaries.

As of 31 December 2025, the Group had total cash and cash equivalents and short-term fixed deposits (with maturity over three months but within one year) amounting to HK\$273 million (30 June 2025: HK\$300 million) and had no bank borrowings (30 June 2025: Nil).

EXPOSURE TO FOREIGN EXCHANGE RISKS

The Group has overseas operations in the US, Europe, and China. The Group treats its investments in these foreign operations as permanent equity, so exchange differences from translating the net investments in these foreign operations do not affect cash flows and are dealt with in the reserves.

The Group's sales are denominated primarily in US dollars and Euro, and to a lesser extent in a variety of other currencies.

HUMAN RESOURCES & REMUNERATION POLICIES

The total number of employees at the end of December 2025 was 748, consistent with the 753 at the end of June 2025.

Employees are remunerated according to the nature of the job and market trends, with built-in merit components incorporated to encourage and recognise individual performance.

The primary focus for Human Resources during the period was maintaining stability and retaining talent through a period of economic and political uncertainty and continuing organisational change.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group's total contingent liabilities amounted to HK\$1 million (30 June 2025: HK\$4 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December

		Unaudited	
		2025	2024
	Note	HK\$'000	HK\$'000
Revenue	3	309,481	308,356
Cost of sales		<u>(117,341)</u>	<u>(116,732)</u>
Gross profit		192,140	191,624
Distribution costs	4	(98,207)	(90,156)
Administrative expenses	4	(74,617)	(74,131)
Other gains – net	5	<u>2,323</u>	<u>723</u>
Operating profit		21,639	28,060
Finance income – net	6	<u>308</u>	<u>1,562</u>
Profit before income tax		21,947	29,622
Income tax expense	7	<u>(2,261)</u>	<u>(7,925)</u>
Profit for the period attributable to the owners of the Company		<u>19,686</u>	<u>21,697</u>
Profit per share attributable to the owners of the Company during the period (expressed in HK cents per share)			
Basic/diluted	9	<u>9.28</u>	<u>10.23</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December

	Unaudited	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	19,686	21,697
Other comprehensive income – net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	<u>2,547</u>	<u>(5,785)</u>
Total comprehensive income for the period attributable to the owners of the Company	<u>22,233</u>	<u>15,912</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	Unaudited 31 Dec 2025 <i>HK\$'000</i>	Audited 30 Jun 2025 <i>HK\$'000</i>
Assets			
Non-current assets			
Land use right		22,153	22,238
Property, plant & equipment		200,651	203,898
Investment property		68,011	68,289
Construction in progress		9,353	8,055
Intangible assets		12,577	13,815
Right-of-use assets		103,963	116,982
Lease receivable		2,228	3,642
Prepayments	10	9,296	6,416
		428,232	443,335
Current assets			
Inventories		58,106	43,989
Trade & other receivables	10	88,250	82,665
Current income tax recoverables		1,276	542
Lease receivable		2,700	2,573
Pledged bank deposits		997	1,178
Fixed deposits		55,348	4,759
Cash & cash equivalents		217,400	295,254
		424,077	430,960
Total assets		852,309	874,295

	<i>Note</i>	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital		21,219	21,219
Reserves		249,596	247,049
Retained earnings:			
Proposed final dividend		–	25,462
Others		<u>205,596</u>	<u>185,910</u>
Total equity		<u>476,411</u>	<u>479,640</u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		1,881	1,881
Retirement benefit obligations		6,272	6,345
Lease liabilities		94,480	106,743
Other long-term liabilities		<u>109</u>	<u>125</u>
		<u>102,742</u>	<u>115,094</u>
Current liabilities			
Trade & other payables	<i>11</i>	136,450	163,988
Contract liabilities – Deposits received in advance		104,633	83,354
Current income tax liabilities		4,682	74
Lease liabilities		<u>27,391</u>	<u>32,145</u>
		<u>273,156</u>	<u>279,561</u>
Total liabilities		<u>375,898</u>	<u>394,655</u>
Total equity & liabilities		<u>852,309</u>	<u>874,295</u>
Net current assets		<u>150,921</u>	<u>151,399</u>
Total assets less current liabilities		<u>579,153</u>	<u>594,734</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2025 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2025, which have been prepared in accordance with HKFRS Accounting Standards (“HKFRSs”).

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

2. CHANGES IN ACCOUNTING STANDARDS

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the financial period beginning 1 July 2025 and none of them have impact to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board which are used to assess performance and allocate resources. The Board assesses the performance in the following geographical areas: Asia, Europe, the Middle East and Africa (“EMEA”) and America.

The Board assesses the performance of the operating segments based on a measure of segment results. Segment results which comprise the operating profit/loss of each business segment and the effects of gain/loss and income/expenditure which are considered relevant in assessing the segment’s performance.

For the six months ended 31 December 2025

Unaudited	Asia HK\$'000	EMEA HK\$'000	America HK\$'000	Unallocated HK\$'000	Group HK\$'000
Revenue from external customers	58,332	122,765	128,384	–	309,481
Cost of production ¹	<u>(16,016)</u>	<u>(46,849)</u>	<u>(54,350)</u>	<u>–</u>	<u>(117,215)</u>
Segment gross margin	<u>42,316</u>	<u>75,916</u>	<u>74,034</u>	<u>–</u>	<u>192,266</u>
Segment results	18,645	16,418	5,183	–	40,246
Unallocated expenses ²					<u>(18,607)</u>
Operating profit					21,639
Finance income – net					<u>308</u>
Profit before income tax					21,947
Income tax expense					<u>(2,261)</u>
Profit for the period					<u>19,686</u>
Capital expenditure	(253)	(743)	(4,078)	(43)	(5,117)
Depreciation of right-of-use assets	(3,856)	(4,110)	(4,760)	–	(12,726)
Depreciation of property, plant & equipment	(4,866)	(1,518)	(1,695)	(126)	(8,205)
Amortisation of land use right	(295)	–	–	–	(295)
Amortisation of intangible assets	(75)	(40)	(4)	(1,115)	(1,234)
Recovery of/(allowance for) impairment of trade receivables – net	<u>–</u>	<u>260</u>	<u>(719)</u>	<u>–</u>	<u>(459)</u>

For the six months ended 31 December 2024

Unaudited	Asia HK\$'000	EMEA HK\$'000	America HK\$'000	Unallocated HK\$'000	Group HK\$'000
Revenue from external customers	91,633	101,836	114,887	–	308,356
Cost of production ¹	<u>(27,131)</u>	<u>(41,136)</u>	<u>(46,421)</u>	<u>–</u>	<u>(114,688)</u>
Segment gross margin	<u>64,502</u>	<u>60,700</u>	<u>68,466</u>	<u>–</u>	<u>193,668</u>
Segment results	38,905	8,848	5,472	–	53,225
Unallocated expenses ²					<u>(25,165)</u>
Operating profit					28,060
Finance income – net					<u>1,562</u>
Profit before income tax					29,622
Income tax expense					<u>(7,925)</u>
Profit for the period					<u>21,697</u>
Capital expenditure	(2,112)	(2,749)	(4,100)	(11)	(8,972)
Depreciation of right-of-use assets	(4,313)	(3,768)	(3,971)	–	(12,052)
Depreciation of property, plant & equipment	(4,824)	(1,650)	(1,980)	(126)	(8,580)
Amortisation of land use right	(295)	–	–	–	(295)
Amortisation of intangible assets	(11)	(37)	(4)	(939)	(991)
Recovery of/(allowance for) impairment of trade receivables – net	<u>–</u>	<u>1,537</u>	<u>(799)</u>	<u>–</u>	<u>738</u>

Notes:

¹ Cost of production comprises cost of sales, transportation and administrative expenses of the factories, which are classified as distribution costs and administrative expenses in the condensed consolidated income statement.

² Unallocated expenses include corporate expenses and income of the Group.

4. EXPENSES BY NATURE

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of right-of-use assets	12,726	12,052
Depreciation of property, plant & equipment	8,205	8,580
Depreciation of investment property	923	921
Amortisation of land use right	295	295
Amortisation of intangible assets	1,234	991
Allowance for/(recovery of) impairment of trade receivables – net	459	(738)
Allowance for impairment of inventories – net	423	3,567
Bad debts written off	–	177
	<u>–</u>	<u>177</u>

5. OTHER GAINS – NET

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	1,745	1,698
Loss on disposal of property, plant & equipment	(1)	(293)
Net foreign exchange loss	(1,551)	(941)
Others	2,130	259
	<u>2,323</u>	<u>723</u>

6. FINANCE INCOME – NET

	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income – interest income from banks	3,120	4,485
Finance cost – interest expense for leases – net	(2,812)	(2,923)
	<u>308</u>	<u>1,562</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	Six months ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current income tax		
Hong Kong	339	3,777
PRC & overseas	<u>1,922</u>	<u>4,148</u>
Income tax expense	<u><u>2,261</u></u>	<u><u>7,925</u></u>

8. DIVIDEND

At the Board meeting held on 11 February 2026, the Board resolved not to declare any dividend for the six months ended 31 December 2025 (2024: Nil).

Distributable reserves of the Company as at 31 December 2025, calculated under the Companies Act 1981 of Bermuda (as amended) amounted to approximately HK\$454,143,000 (2024: HK\$488,453,000).

9. PROFIT PER SHARE

Basic profit per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 31 December	
	2025	2024
Profit attributable to owners of the Company (HK\$'000)	<u>19,686</u>	<u>21,697</u>
Weighted average number of ordinary shares in issue (thousands)	<u>212,187</u>	<u>212,187</u>
Basic profit per share (HK cents)	<u><u>9.28</u></u>	<u><u>10.23</u></u>

The Group had no dilutive potential shares outstanding during the six months ended 31 December 2025 and 2024.

10. TRADE & OTHER RECEIVABLES

	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
Trade receivables	68,731	61,346
Less: Allowance for impairment of trade receivables	<u>(5,656)</u>	<u>(6,895)</u>
Trade receivables – net	63,075	54,451
Prepayments	14,078	11,842
Value added tax receivables	357	338
Rental deposits	3,543	3,567
Other receivables	<u>16,493</u>	<u>18,883</u>
	97,546	89,081
Less: Non-current portion prepayments	<u>(9,296)</u>	<u>(6,416)</u>
	<u><u>88,250</u></u>	<u><u>82,665</u></u>

The carrying amounts of trade receivables approximate their fair values as at 31 December 2025 and 30 June 2025. The credit terms of the Group range from 0 to 90 days, depending on the credit status and repayment history of customers. At the end of the financial period, the ageing analysis of the trade receivables based on invoice date is as follows:

	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
0 to 30 days	33,095	41,984
31 to 60 days	14,954	7,368
61 to 90 days	5,831	2,272
91 to 365 days	9,804	2,607
More than 365 days	<u>5,047</u>	<u>7,115</u>
	<u><u>68,731</u></u>	<u><u>61,346</u></u>

11. TRADE & OTHER PAYABLES

	Unaudited 31 Dec 2025 <i>HK\$'000</i>	Audited 30 Jun 2025 <i>HK\$'000</i>
Trade payables	33,467	33,879
Accrued expenses	73,984	100,506
Other payables	28,999	29,603
	136,450	163,988

At the end of the financial period, the ageing analysis of the Group's trade payables based on invoice date is as follows:

	Unaudited 31 Dec 2025 <i>HK\$'000</i>	Audited 30 Jun 2025 <i>HK\$'000</i>
0 to 30 days	26,129	24,226
31 days to 60 days	6,170	7,146
61 days to 90 days	689	2,253
More than 90 days	479	254
	33,467	33,879

CORPORATE GOVERNANCE

The Board of Directors and Management of the Company are committed to promoting good corporate governance to safeguard the interests of shareholders of the Company (the “Shareholders”). The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix C1 (the “CG Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 31 December 2025, except the Company’s Non-Executive Directors and Independent Non-Executive Directors are not appointed for specific terms. However, the relevant bye-laws of the Company require that every Director would retire by rotation at least once every three years, which is in line with code provision B.2.2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors’ transactions in the securities of the Company (the “Tai Ping Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the “Model Code”). Specific enquiry has been made of all the Directors of the Company and they have confirmed their compliance with the required standard set out in the Model Code and the Tai Ping Code during the six months ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its shares during the six months ended 31 December 2025. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the period.

AUDIT COMMITTEE

The Company has set up the Audit Committee and the terms of reference of the Audit Committee are aligned with the CG Code. Under these terms of reference, the responsibilities of the Audit Committee include overseeing the relationship with the Company’s external auditor (including making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and approving the audit fee and reviewing the audit scope), review of financial information of the Group, oversight of the Group’s financial reporting system, risk management and internal control system. Detailed terms of reference of the Audit Committee are accessible on the Company’s website.

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Company as well as the internal control procedures of the Company, and discussed financial reporting matters, including the review of the interim financial information for the six months ended 31 December 2025.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2025 (2024: Nil).

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

The interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.taipingcarpets.com). The Interim Report 2025/26 of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

By order of the Board

Nicholas Timothy James Colfer
Chairman

Mark Stuart Worgan
Chief Executive Officer

Hong Kong, 11 February 2026

As at the date of this announcement, the Directors of the Company are: Chairman and Non-Executive Director – Mr. Nicholas Timothy James Colfer; Chief Executive Officer and Executive Director – Mr. Mark Stuart Worgan; Chief Financial Officer and Executive Director – Mr. Lung Chi Sing Alex; Non-Executive Directors – Mr. Tong Chi Leung David, Mr. Frederick Edward Elkin Mocatta; Independent Non-Executive Directors – Mr. Daniel George Green, Ms. Yung Ka Sing Kathryn, Mr. Nicholas James Debnam, Mr. Yuan Ren.