

# Tai Ping Carpets International Limited

## Interim Report 2025/26

Incorporated in Bermuda with Limited Liability  
Stock Code: 146



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# Management Discussion & Analysis

The Board of Directors (the “Board”) of Tai Ping Carpets International Limited (the “Company”) hereby presents the interim report and the condensed consolidated interim financial statements of the Group for the six months ended 31 December 2025 (the “period”), together with the comparative figures for the previous corresponding period. The condensed consolidated income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity of the Group for the six months ended 31 December 2025, and the condensed consolidated statement of financial position as at 31 December 2025, along with selected explanatory notes, all of which are unaudited and reviewed by the Audit Committee of the Company, can be found on pages 10 to 27 of this report.

## 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).

Mark Stuart Worgan  
*Chief Executive Officer*

Hong Kong, 11 February 2026

# Corporate Governance & Other Information

## CORPORATE GOVERNANCE

The Board of Directors and Management of Tai Ping Carpets International Limited (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 to 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.

## 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.

## 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.

## DIVIDEND

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

## SHARE OPTIONS

No share option scheme exists during the period and no share options are held by the Directors.

## DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY

As at 31 December 2025, the interests of the Directors in the shares of the Company and its associated corporations (within the meaning of the Part XV of Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK\$0.10 each in the Company as at 31 December 2025

Number of ordinary shares held (long position)

Name	Personal Interests (held as beneficial owner)	Corporate Interests (interests of controlled corporation)	% of the issued share capital of the Company
Tong Chi Leung David	431,910	–	0.204%

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company (including their spouse and children under 18 years of age) to hold any interests in the shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests, being 5% or more in the issued ordinary share capital of the Company.

Name	Capacity	No. of ordinary shares held in the Company of HK\$0.10 each (long position)	% of the issued share capital of the Company
Acorn Holdings Corporation <sup>1</sup>	Beneficiary	40,014,178	18.858%
Acorn Group Holdings Limited <sup>1</sup>	Interest of controlled corporation	40,014,178	18.858%
Bermuda Trust Company Limited <sup>1</sup>	Trustee/Interests of controlled corporations	40,014,178	18.858%
Lawrencium Holdings Limited <sup>2</sup>	Beneficiary	77,674,581	36.607%
The Mikado Private Trust Company Limited <sup>2</sup>	Trustee/Interest of controlled corporation	77,674,581	36.607%
Harneys Trustees Limited <sup>2</sup>	Trustee/Interest of controlled corporation	77,674,581	36.607%
The Hon. Sir Michael Kadoorie <sup>2</sup>	Founder and beneficiary of a discretionary trust	77,674,581	36.607%
John Jeffrey Ying	Beneficiary owner	32,605,583	15.366%

Notes:

<sup>1</sup> Acorn Group Holdings Limited controls Acorn Holdings Corporation and is therefore deemed to be interested in the same 40,014,178 shares in which such company is deemed to be interested.

Bermuda Trust Company Limited is deemed to be interested in the same 40,014,178 shares in which Acorn Group Holdings Limited and Acorn Holdings Corporation are deemed to be interested, either in the capacity as trustee of various discretionary trusts and/or by virtue of having direct or indirect control over such companies.

<sup>2</sup> The Mikado Private Trust Company Limited is deemed to be interested in the same 77,674,581 shares in which Lawrencium Holdings Limited is deemed to be interested, either in the capacity as trustee of a discretionary trust and/or by virtue of having direct or indirect control over such company.

Harneys Trustees Limited controls The Mikado Private Trust Company Limited and is therefore deemed to be interested in the same 77,674,581 shares in which such company is deemed to be interested.

The Hon. Sir Michael Kadoorie, in his capacity as the founder and one of the beneficiaries of a discretionary trust, is deemed to be interested in 77,674,581 shares in which Lawrencium Holdings Limited is deemed to be interested.

## RETIREMENT AND APPOINTMENT OF DIRECTORS

Mr. John Jeffrey Ying retired as a Non-Executive Director and ceased as a member of the Audit Committee of the Company at the conclusion of the annual general meeting (the "AGM") on 5 December 2025. Mr. Ying retained as a senior adviser to the Board for a period of two years with effect from the conclusion of the AGM on 5 December 2025.

Mr. Leong Kwok Fai Nelson retired as a Non-Executive Director and ceased as a member of the Executive Committee of the Company at the conclusion of the AGM on 5 December 2025.

Mr. Lung Chi Sing Alex was elected as an Executive Director of the Company at the AGM on 5 December 2025.

## UPDATE ON DIRECTOR'S INFORMATION

Mr. Tong Chi Leung David was appointed as a member of the Audit Committee of the Company with effect from 11 February 2026.

## CONSTITUTIONAL DOCUMENTS

The Company has published its constitutional documents on the websites of the Company and the Stock Exchange. During the period, there was no change in Company's constitutional documents.

# Condensed Consolidated Income Statement

For the six months ended 31 December

	Note	Unaudited	
		2025 HK\$'000	2024 HK\$'000
Revenue	6	309,481	308,356
Cost of sales		(117,341)	(116,732)
Gross profit		192,140	191,624
Distribution costs	7	(98,207)	(90,156)
Administrative expenses	7	(74,617)	(74,131)
Other gains – net	8	2,323	723
Operating profit		21,639	28,060
Finance income – net	9	308	1,562
Profit before income tax		21,947	29,622
Income tax expense	10	(2,261)	(7,925)
Profit for the period attributable to the owners of the Company		19,686	21,697
Profit per share attributable to the owners of the Company during the period (expressed in HK cents per share)			
Basic/diluted	12	9.28	10.23

The notes on pages 16 to 27 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December

	Unaudited	
	2025	2024
	HK\$'000	HK\$'000
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	2,547	(5,785)
Total comprehensive income for the period attributed to the owners of the Company	22,233	15,912

The notes on pages 16 to 27 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

	Note	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Land use right	13	22,153	22,238
Property, plant & equipment	14	200,651	203,898
Investment property	14	68,011	68,289
Construction in progress	14	9,353	8,055
Intangible assets	15	12,577	13,815
Right-of-use assets	16	103,963	116,982
Lease receivable		2,228	3,642
Prepayments	17	9,296	6,416
		428,232	443,335
<b>Current assets</b>			
Inventories		58,106	43,989
Trade & other receivables	17	88,250	82,665
Current income tax assets		1,276	542
Lease receivable		2,700	2,573
Pledged bank deposit	18	997	1,178
Fixed deposits		55,348	4,759
Cash & cash equivalents		217,400	295,254
		424,077	430,960
<b>Total assets</b>		<b>852,309</b>	<b>874,295</b>

The notes on pages 16 to 27 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	21,219	21,219
Reserves	20	249,596	247,049
<b>Retained earnings:</b>			
Proposed final dividend		–	25,462
Others		205,596	185,910
<b>Total equity</b>		<b>476,411</b>	<b>479,640</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
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		109	125
		102,742	115,094
<b>Current liabilities</b>			
Trade & other payables	21	136,450	163,988
Contract liabilities – Deposits received in advance		104,633	83,354
Current income tax liabilities		4,682	74
Lease liabilities		27,391	32,145
		273,156	279,561
<b>Total liabilities</b>		<b>375,898</b>	<b>394,655</b>
<b>Total equity &amp; liabilities</b>		<b>852,309</b>	<b>874,295</b>
<b>Net current assets</b>		<b>150,921</b>	<b>151,399</b>
<b>Total assets less current liabilities</b>		<b>579,153</b>	<b>594,734</b>

The notes on pages 16 to 27 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December

	Unaudited				
	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 July 2024	21,219	189,699	50,862	193,160	454,940
<b>Comprehensive income</b>					
Profit for the period	-	-	-	21,697	21,697
<b>Other comprehensive income for the period – net of tax</b>					
Currency translation differences	-	-	(5,785)	-	(5,785)
Total other comprehensive (loss)/income for the period	-	-	(5,785)	21,697	15,912
<b>Total contributions by and distributions to owners of the Company, recognised directly in equity</b>					
Dividends for FY2023/24	-	-	-	(25,462)	(25,462)
Total transactions with owners	-	-	-	(25,462)	(25,462)
Balance at 31 December 2024	21,219	189,699	45,077	189,395	445,390
Balance at 1 July 2025	21,219	189,699	57,350	211,372	479,640
<b>Comprehensive income</b>					
Profit for the period	-	-	-	19,686	19,686
<b>Other comprehensive income for the period – net of tax</b>					
Currency translation differences	-	-	2,547	-	2,547
Total comprehensive income for the period	-	-	2,547	19,686	22,233
<b>Total contributions by and distributions to owners of the Company, recognised directly in equity</b>					
Dividends for FY2024/25	-	-	-	(25,462)	(25,462)
Total transactions with owners	-	-	-	(25,462)	(25,462)
Balance at 31 December 2025	21,219	189,699	59,897	205,596	476,411

The notes on pages 16 to 27 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December

	Unaudited	
	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	23,652	27,598
Income tax refunded/(paid)	1,610	(10,849)
<b>Net cash generated from operating activities</b>	<b>25,262</b>	<b>16,749</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant & equipment and construction in progress	(6,035)	(8,942)
Acquisition of intangible assets	(2,681)	(603)
Proceeds from disposal of property, plant & equipment	2	235
(Increase)/decrease in fixed deposits	(50,694)	23,435
Interest received	3,120	4,485
<b>Net cash (used in)/generated from investing activities</b>	<b>(56,288)</b>	<b>18,610</b>
<b>Cash flows from financing activities</b>		
Decrease/(increase) in pledged bank deposits	187	(497)
Capital element of lease rentals paid	(16,523)	(13,228)
Interest element of lease rentals paid	(3,025)	(3,220)
Dividend paid to the Company's shareholders	(25,462)	(25,462)
<b>Net cash used in financing activities</b>	<b>(44,823)</b>	<b>(42,407)</b>
<b>Net decrease in cash &amp; cash equivalents</b>	<b>(75,849)</b>	<b>(7,048)</b>
<b>Cash &amp; cash equivalents at beginning of period</b>	<b>295,254</b>	<b>133,772</b>
Exchange loss on cash & cash equivalents	(2,005)	(1,301)
<b>Cash &amp; cash equivalents at end of period</b>	<b>217,400</b>	<b>125,423</b>

The notes on pages 16 to 27 are an integral part of these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

## 1. GENERAL INFORMATION

Tai Ping Carpets International Limited (“the Company”) and its subsidiaries (together “the Group”) are principally engaged in the design, manufacture, import, export and sale of carpets and manufacture and sale of yarns.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. The principal office in Hong Kong is located at Units 1801-1804, 18th Floor, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. These condensed consolidated interim financial statements have been approved for issue by the Board of Directors of the Company on 11 February 2026.

These condensed consolidated interim financial statements have not been audited.

## 2. 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.

## 3. 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.

#### 4. ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation for uncertain events were the same as those that applied to the consolidated financial statements for the year ended 30 June 2025.

#### 5. FINANCIAL RISK MANAGEMENT

##### Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 30 June 2025.

There have been no changes in the risk management team and/or in any risk management policies since the end of 30 June 2025.

##### (a) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group Treasury. Group Treasury invests surplus cash in time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the end of the financial period, the Group held cash and cash equivalents of HK\$217,400,000 (30 June 2025: HK\$295,254,000) that are expected to readily generate cash inflows for managing liquidity risk.

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the condensed consolidated statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

As at 31 December 2025	Within 1 year	After 1 year but within 5 years	More than 5 years	Total
Unaudited	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade & other payables	67,939	–	–	67,939
Lease liabilities	32,349	73,721	34,223	140,293
	100,288	73,721	34,223	208,232

  

As at 30 June 2025	Within 1 year	After 1 year but within 5 years	More than 5 years	Total
Audited	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade & other payables	71,767	–	–	71,767
Lease liabilities	38,180	81,045	41,300	160,525
	109,947	81,045	41,300	232,292

The Group does not hold any derivative financial instruments as at 31 December 2025 and 30 June 2025.

## 6. REVENUE & SEGMENT INFORMATION

### (a) Revenue

	Six months ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Sale of carpets & underlays	261,776	267,162
Installation of carpets & furnishing business	39,925	34,341
Sale of yarns & others	7,780	6,853
	309,481	308,356

## 6. REVENUE & SEGMENT INFORMATION (CONTINUED)

### (b) 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.

The segment information provided to the management for the reportable segments for the six months ended 31 December 2025 and 2024 are as follows:

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 <sup>1</sup>	(16,016)	(46,849)	(54,350)	–	(117,215)
Segment gross margin	42,316	75,916	74,034	–	192,266
Segment results	18,645	16,418	5,183	–	40,246
Unallocated expenses <sup>2</sup>					(18,607)
Operating profit					21,639
Finance income – net					308
Profit before income tax					21,947
Income tax expense					(2,261)
Profit for the period					19,686
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 (Note 14)	(4,866)	(1,518)	(1,695)	(126)	(8,205)
Amortisation of land use right (Note 13)	(295)	–	–	–	(295)
Amortisation of intangible assets (Note 15)	(75)	(40)	(4)	(1,115)	(1,234)
Recovery of/(allowance for) impairment of trade receivables – net	–	260	(719)	–	(459)

## 6. REVENUE &amp; SEGMENT INFORMATION (CONTINUED)

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 <sup>1</sup>	(27,131)	(41,136)	(46,421)	–	(114,688)
Segment gross margin	64,502	60,700	68,466	–	193,668
Segment results	38,905	8,848	5,472	–	53,225
Unallocated expenses <sup>2</sup>					(25,165)
Operating profit					28,060
Finance income – net					1,562
Profit before income tax					29,622
Income tax expense					(7,925)
Profit for the period					21,697
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 (Note 14)	(4,824)	(1,650)	(1,980)	(126)	(8,580)
Amortisation of land use right (Note 13)	(295)	–	–	–	(295)
Amortisation of intangible assets (Note 15)	(11)	(37)	(4)	(939)	(991)
Recovery of/(allowance for) impairment of trade receivables – net	–	1,537	(799)	–	738

Notes:

<sup>1</sup> 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.

<sup>2</sup> Unallocated expenses include corporate expenses and income of the Group.

## 7. EXPENSES BY NATURE

	Six months ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Depreciation of right-of-use assets	12,726	12,052
Depreciation of property, plant & equipment (Note 14)	8,205	8,580
Depreciation of investment property (Note 14)	923	921
Amortisation of land use right (Note 13)	295	295
Amortisation of intangible assets (Note 15)	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

## 8. OTHER GAINS – NET

	Six months ended 31 December	
	2025 HK\$'000	2024 HK\$'000
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
	2,323	723

## 9. FINANCE INCOME – NET

	Six months ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Finance income – interest income from banks	3,120	4,485
Finance costs – interest expenses for leases – net	(2,812)	(2,923)
Finance income – net	308	1,562

## 10. 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 HK\$'000	2024 HK\$'000
Current income tax		
Hong Kong	339	3,777
PRC & overseas	1,922	4,148
Income tax expense	2,261	7,925

## 11. 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).

## 12. 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)	19,686	21,697
Weighted average number of ordinary shares in issue (thousands)	212,187	212,187
Basic profit per share (HK cents)	9.28	10.23

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

## 13. LAND USE RIGHT

The Group's interest in land use right is also identified as right-of-use asset and its carrying amount is analysed as follows:

	Unaudited Six months ended 31 Dec 2025	Audited Year ended 30 Jun 2025
	HK\$'000	HK\$'000
At beginning of the period/year	22,238	22,809
Amortisation of land use right (Note 7)	(295)	(586)
Exchange differences	210	15
At end of the period/year	22,153	22,238

## 14. PROPERTY, PLANT & EQUIPMENT, INVESTMENT PROPERTY AND CONSTRUCTION IN PROGRESS

For the six months ended 31 December 2025

Unaudited	Property, plant & equipment			Investment property HK\$'000	Construction in progress HK\$'000
	Buildings HK\$'000	Other assets HK\$'000	Property, plant & equipment total HK\$'000		
<b>At 1 July 2025</b>					
Cost or valuation	181,192	193,156	374,348	77,517	8,055
Accumulated depreciation	(24,769)	(145,681)	(170,450)	(9,228)	–
Net book amount	156,423	47,475	203,898	68,289	8,055
<b>Period ended 31 December 2025</b>					
Opening net book amount	156,423	47,475	203,898	68,289	8,055
Additions	45	1,674	1,719	–	3,398
Transfer from construction in progress	–	2,112	2,112	–	(2,112)
Disposals	–	(3)	(3)	–	–
Depreciation (Note 7)	(2,284)	(5,921)	(8,205)	(923)	–
Exchange differences	1,276	(146)	1,130	645	12
Closing net book amount	155,460	45,191	200,651	68,011	9,353
<b>At 31 December 2025</b>					
Cost or valuation	182,702	194,101	376,803	78,259	9,353
Accumulated depreciation	(27,242)	(148,910)	(176,152)	(10,248)	–
Net book amount	155,460	45,191	200,651	68,011	9,353

For the six months ended 31 December 2024

Unaudited	Property, plant & equipment			Investment property HK\$'000	Construction in progress HK\$'000
	Buildings HK\$'000	Other assets HK\$'000	Property, plant & equipment total HK\$'000		
<b>At 1 July 2024</b>					
Cost or valuation	198,161	217,035	415,196	77,453	270
Accumulated depreciation	(36,257)	(167,559)	(203,816)	(7,376)	–
Net book amount	161,904	49,476	211,380	70,077	270
<b>Period ended 31 December 2024</b>					
Opening net book amount	161,904	49,476	211,380	70,077	270
Additions	–	5,079	5,079	–	3,893
Disposals	–	(598)	(598)	–	–
Depreciation (Note 7)	(2,523)	(6,057)	(8,580)	(921)	–
Exchange differences	(2,211)	(237)	(2,448)	(999)	(39)
Closing net book amount	157,170	47,663	204,833	68,157	4,124
<b>At 31 December 2024</b>					
Cost or valuation	195,218	215,787	411,005	76,336	4,124
Accumulated depreciation	(38,048)	(168,124)	(206,172)	(8,179)	–
Net book amount	157,170	47,663	204,833	68,157	4,124

## 15. INTANGIBLE ASSETS

For the six months ended 31 December 2025

Unaudited	Computer software HK\$'000	Brands HK\$'000	Design library HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
<b>At 1 July 2025</b>					
Cost	88,337	2,217	1,963	12,218	104,735
Accumulated amortisation	(77,760)	–	(1,963)	(11,197)	(90,920)
Net book amount	10,577	2,217	–	1,021	13,815
<b>Period ended 31 December 2025</b>					
Opening net book amount	10,577	2,217	–	1,021	13,815
Additions	–	–	–	–	–
Amortisation (Note 7)	(1,148)	–	–	(86)	(1,234)
Exchange difference	34	(26)	–	(12)	(4)
Closing net book amount	9,463	2,191	–	923	12,577
<b>At 31 December 2025</b>					
Cost	88,421	2,191	1,946	12,130	104,688
Accumulated amortisation	(78,958)	–	(1,946)	(11,207)	(92,111)
Net book amount	9,463	2,191	–	923	12,577

For the six months ended 31 December 2024

Unaudited	Computer software HK\$'000	Brands HK\$'000	Design library HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
<b>At 1 July 2024</b>					
Cost	83,350	2,006	1,952	11,960	99,268
Accumulated amortisation	(76,336)	–	(1,952)	(10,741)	(89,029)
Net book amount	7,014	2,006	–	1,219	10,239
<b>Period ended 31 December 2024</b>					
Opening net book amount	7,014	2,006	–	1,219	10,239
Additions	372	–	–	–	372
Amortisation (Note 7)	(762)	–	–	(229)	(991)
Exchange difference	(64)	(76)	–	(35)	(175)
Closing net book amount	6,560	1,930	–	955	9,445
<b>At 31 December 2024</b>					
Cost	83,594	1,930	1,942	11,843	99,309
Accumulated amortisation	(77,034)	–	(1,942)	(10,888)	(89,864)
Net book amount	6,560	1,930	–	955	9,445

Other intangible assets include customer relationships, vendor relationships, web-based and mobile applications and non-competition agreements.

## 16. RIGHT-OF-USE ASSETS

During the six months ended 31 December 2025, the Group entered into lease agreements for use of vehicles and therefore recognised the additions to right-of-use assets of HK\$804,000. During the six months ended 31 December 2024, the Group entered into lease agreements for use of showrooms and therefore recognised the additions to right-of-use assets of HK\$32,653,000.

## 17. 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	(5,656)	(6,895)
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	16,493	18,883
	97,546	89,081
Less: Non-current portion prepayments	(9,296)	(6,416)
	88,250	82,665

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	5,047	7,115
	68,731	61,346

## 18. PLEDGED BANK DEPOSITS

Pledged bank deposits of approximated HK\$997,000 (30 June 2025: HK\$1,178,000) represented deposits made to banks to pledge for utilities of factory in the US and a business transaction in Italy (30 June 2025: for utilities of factory in the US and constructing facilities in China).

As at 31 December 2025, the effective interest rate on the Group's pledged bank deposits was 2.66% p.a. (30 June 2025: 0.54% p.a.) and the deposits will mature within 249 days (30 June 2025: 241 days).

## 19. SHARE CAPITAL

	No. of shares	HK\$'000
Authorised – Ordinary shares of HK\$0.10 each:		
At 30 June 2025 & 31 December 2025	400,000,000	40,000
Issued & fully paid – Ordinary shares of HK\$0.10 each:		
At 30 June 2025 & 31 December 2025	212,187,488	21,219

## 20. RESERVES

	Share premium	Capital reserve	General reserve	Currency translation reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unaudited					
Balance at 1 July 2024	189,699	49,714	8,000	(6,852)	240,561
Currency translation differences	–	–	–	(5,785)	(5,785)
Balance at 31 December 2024	189,699	49,714	8,000	(12,637)	234,776
Unaudited					
Balance at 1 July 2025	189,699	49,714	8,000	(364)	247,049
Currency translation differences	–	–	–	2,547	2,547
Balance at 31 December 2025	189,699	49,714	8,000	2,183	249,596

## 21. TRADE &amp; OTHER PAYABLES

	Unaudited 31 Dec 2025	Audited 30 Jun 2025
	HK\$'000	HK\$'000
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	Audited 30 Jun 2025
	HK\$'000	HK\$'000
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

## 22. CAPITAL COMMITMENTS

	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
Authorised but not contracted for in respect of property, plant & equipment	11,284	10,571
Contracted but not provided for in respect of property, plant & equipment	1,849	2,662
	13,133	13,233

## 23. CONTINGENCIES

	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
Performance bond issued by banks	1,229	3,937

## 24. RELATED PARTY TRANSACTIONS

The Mikado Private Trust Company Limited ("MPTCL") is a major substantial shareholder of the Company and MPTCL is also deemed to be interested in more than 30% of the voting power of The Hongkong and Shanghai Hotels, Limited.

The following transactions were carried out with related parties:

## (a) Sale of goods &amp; services

	Six months ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Sale of carpets and services:		
The Hongkong and Shanghai Hotels, Limited ("HSH") <sup>1</sup>	1,052	4,486

Note:

<sup>1</sup> By virtue of the fact that HSH is under common control with the Company, the transactions of the Company's subsidiaries with HSH and its subsidiaries are related party transactions.

## (b) Period-end balances arising from sale/purchase of goods/services

	Unaudited 31 Dec 2025 HK\$'000	Audited 30 Jun 2025 HK\$'000
Trade receivable from related party:		
HSH	340	1,327

## (c) Key management compensation

Key management includes Chairman, Executive Directors and senior management. The compensation paid or payable to key management for employee service is shown below:

	Six months ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Salaries & other short-term employee benefits	22,698	22,044

# Corporate Information

## Board of Directors

Chairman & Non-Executive Director  
Mr. Nicholas Timothy James Colfer

Chief Executive Officer & Executive Director  
Mr. Mark Stuart Worgan

Chief Financial Officer & Executive Director  
Mr. Lung Chi Sing Alex<sup>1</sup>

### Non-Executive Directors

Mr. Tong Chi Leung David  
Mr. John Jeffrey Ying<sup>2</sup>  
Mr. Leong Kwok Fai Nelson<sup>2</sup>  
Mr. Frederick Edward Elkin Mocatta

### Independent Non-Executive Directors

Mr. Daniel George Green  
Mr. Nicholas James Debnam  
Ms. Yung Ka Sing Kathryn  
Mr. Yuan Ren

## Executive Committee

Mr. Nicholas Timothy James Colfer (*Committee Chairman*)  
Mr. Mark Stuart Worgan  
Mr. Tong Chi Leung David  
Mr. Leong Kwok Fai Nelson<sup>2</sup>  
Mr. Frederick Edward Elkin Mocatta

## Audit Committee

Mr. Nicholas James Debnam (*Committee Chairman*)  
Mr. John Jeffrey Ying<sup>2</sup>  
Ms. Yung Ka Sing Kathryn  
Mr. Tong Chi Leung David<sup>3</sup>

## Remuneration Committee

Mr. Daniel George Green (*Committee Chairman*)  
Mr. Tong Chi Leung David  
Mr. Nicholas James Debnam

## Nomination Committee

Mr. Nicholas Timothy James Colfer (*Committee Chairman*)  
Ms. Yung Ka Sing Kathryn  
Mr. Yuan Ren

## Company Secretary

Mr. Lung Chi Sing Alex

### Notes:

- <sup>1</sup> appointed as an Executive Director on 5 December 2025
- <sup>2</sup> retired on 5 December 2025
- <sup>3</sup> appointed on 11 February 2026

## Auditor

KPMG  
Certified Public Accountants  
Public Interest Entity Auditor  
registered in accordance with the  
Accounting and Financial Reporting Council Ordinance  
8th Floor, Prince's Building  
10 Chater Road, Central  
Hong Kong

## Principal Bankers

The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited  
Bank of China (Hong Kong) Limited

## Principal Share Registrar and Transfer Agent

Appleby Global Corporate Services (Bermuda) Ltd  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

## Branch Share Registrar

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

## Registered Office

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

## Principal Office in Hong Kong

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## Stock Code: 146