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TAI PING CARPETS INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 146)



CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RENEWAL OF THE PREVIOUS PRODUCTS AND SERVICES SUPPLY AGREEMENT

Reference is made to the announcement of the Company dated 16 December 2022 in respect of the Previous Products and Services Supply Agreement entered into between the Company and HSH in respect of the supply and purchase of the Products and Services.

Since the Previous Products and Services Supply Agreement will expire on 31 December 2025, the Board announces that on 11 December 2025, the Company entered into the New Products and Services Supply Agreement with HSH in order to renew the arrangements under the Previous Products and Services Supply Agreement on substantially the same terms. The term of the New Products and Services Supply Agreement will commence on 1 January 2026 and will continue until 31 December 2028.

MPTCL, a substantial shareholder of the Company, is deemed to be interested in more than 30% of the voting power of HSH. Accordingly, HSH and the other members of the HSH Group are associates of MPTCL and connected persons of the Company under Rule 14A.07 of the Listing Rules. The transactions contemplated under the New Products and Services Supply Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated with reference to the Annual Caps is more than 0.1% but less than 5%, the New Products and Services Supply Agreement is subject to the reporting, annual review and announcement requirements, but is exempted from the independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 16 December 2022 in respect of the Previous Products and Services Supply Agreement entered into between the Company and HSH in respect of the supply and purchase of the Products and Services.

Since the Previous Products and Services Supply Agreement will expire on 31 December 2025, the Board announces that on 11 December 2025, the Company entered into the New Products and Services Supply Agreement with HSH in order to renew the arrangements under the Previous Products and Services Supply Agreement on substantially the same terms.

THE NEW PRODUCTS AND SERVICES SUPPLY AGREEMENT

The principal terms of the New Products and Services Supply Agreement are as follows:

Date

11 December 2025

Parties

(a) the Company as the supplier; and

(b) HSH as the purchaser

Term

The New Products and Services Supply Agreement is for a term of three years with effect from 1 January 2026 and ending on 31 December 2028 (both days inclusive). Following expiry of the Term, the parties may agree in writing to renew the New Products and Services Supply Agreement for a further 3-year term. The Company will re-comply with the Listing Rules upon renewal of the New Products and Services Supply Agreement.

Transaction nature

The Company will supply, or will procure a member of the Group to supply, and HSH will purchase, or will procure a member of the HSH Group to purchase, such quantities of the Products and Services as may be ordered from time to time on the terms and conditions set out in the New Products and Services Supply Agreement, provided if the fulfillment of such order would result in the aggregate value of the Products and Services ordered in a particular period exceeding the Annual Cap(s) for the corresponding period set out in the paragraph headed "Annual Caps" of this announcement, then the Company and HSH shall comply with any applicable requirements of the Listing Rules before the completion of such sale and purchase of Products and Services ordered.

The HSH Group will be under no obligation to buy all or any of its requirements for Products and Services from the Group and the HSH Group will be free to purchase any products or services equivalent or similar to, or performing the same function as the Products and Services from any other person.

The Company may enter into, from time to time, as necessary, separate purchase orders or quotations for each specific transaction contemplated under the New Products and Services Supply Agreement during the Term, with HSH. Each purchase order or quotation will set out further details of the Products and/or Services, price, payment terms, delivery date and other relevant specifications.

Purchase Price

The prices payable by HSH for the Products and Services will be those set out in the quotation set by the relevant member of the Group to the relevant member of the HSH Group. Such prices will be on normal commercial terms (or terms no less favorable to the Group than terms available to or from independent third parties) determined by reference to the Group's standard pricing guidelines (applicable to transactions with independent customers as well as

connected persons of the Group) plus a certain percentage mark-up added to the standard price which will depend on factors such as carpet type, size of order, product specifications (material mix, design requirements and production complexity), production and delivery lead-time as are agreed in writing between the relevant member of the Group and the relevant member of the HSH Group.

Payment Term

HSH will pay to the Company the total amount for each order in the currency specified in the quotation issued by the Company to HSH by cheque or by electronic transfer or by directly depositing funds into such bank account specified by the Company within 30 days after the date of the relevant invoice.

ANNUAL CAPS AND HISTORICAL FIGURES

Annual Caps

The maximum annual transaction amount for the three years ending 31 December 2028 under the New Products and Services Supply Agreement with HSH are set out below:

For the year ending	31 December 2026	31 December 2027	31 December 2028
Annual Caps	HK$9,000,000	HK$9,000,000	HK$9,000,000

The Annual Caps were arrived at after taking into account the Group's standard prices for the Products and the Services, which are reviewed annually on the basis of various factors including the supply and demand for such Products and Services, the costs of providing such Products and Services and their prevailing market prices, estimated inflation, the anticipated demand for the Products and Services by HSH for each of the three years ending 31 December 2028 and the historical transaction amounts under the Previous Products and Services Supply Agreement.

Historical Figures

Annual caps for each of the three years ending 31 December 2023, 2024 and 2025 under the Previous Products and Services Supply Agreement with HSH is HK$9,000,000.

A summary of the historical transaction amounts incurred under the Previous Products and Services Supply Agreement for the financial years ended 30 June 2023, 2024 and 2025 and the financial period ending 31 December 2025 is set out as below:

Financial year/period	1 July 2022 to 30 June 2023	1 July 2023 to 30 June 2024	1 July 2024 to 30 June 2025	1 July 2025 to 31 December 2025 *(Note)*
Actual transaction amounts	HK$7,010,000	HK$8,993,000	HK$7,885,000	HK$158,000

Note: Unaudited actual transaction amounts incurred from 1 July 2025 to 31 October 2025.

It is expected that the Company will utilize the proceeds received from the supply of the Products and Services under the New Products and Services Supply Agreement as general working capital of the Group.

INTERNAL CONTROL AND PRICING POLICY

In order to ensure that the terms for the supply of the Products and Services by the Company to HSH are not less favorable than those available to and from independent third parties and protect the interests of the Company and the Shareholders as a whole, the Company has adopted a set of internal control policies to supervise the Group's continuing connected transactions, including:

(a) the prices for the Products and Services to be supplied by the Company to HSH will be negotiated on arm's length basis which are determined with reference to (i) the Group's standard pricing guideline (applicable to transactions with independent customers as well as connected persons of the Company) taken into account various factors including the supply and demand for such Products and Services, the costs of providing such Products and Services, their prevailing market prices and estimated inflation; and (ii) plus a certain percentage mark-up added to the standard price which will depend on factors such as carpet type, size of order, product specifications (material mix, design requirements and production complexity), production and delivery lead-time, in the range of 40% to 80%, subject to review by the Company on an annual basis. In addition, the gross profit from the supply of the Products to HSH will be similar to and within the range of the gross profit from supply of Products to other independent third parties;

(b) the final prices for the Products and Services will be subject to the approval of the head of the Sales department. The relevant personnel of the Sales department of the Company will conduct regular checks to review and assess whether the transaction contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreements and will also update the abovementioned pricing policies on an annual basis for the purpose of considering if the price charged for a specific transaction is fair and reasonable;

(c) the Company's auditor will conduct an annual review on the pricing and the annual caps of the continuing connected transactions. They will review the actual gross margins of all transactions and compare them with the third party customers' orders with reference to the size of orders and the products specification (arm's length justification); and

(d) the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions.

REASONS FOR AND BENEFITS OF THE NEW PRODUCTS AND SERVICES SUPPLY AGREEMENT

The Previous Products and Services Supply Agreement will expire on 31 December 2025. The execution of the New Products and Services Supply Agreement will enable the Group to continue to work with the HSH Group and to supply the Products and Services on normal commercial terms to the HSH Group. The HSH Group is a long-standing established customer of the Group and it predominately applies the Products and Services in their prestigious hotels and commercial and residential properties, and the continued supply of the Products and Services by the Group to the HSH Group will help to maintain stability of the Group's business as a whole and reduce transaction and communication costs as the Group is

familiar with and has in-depth knowledge of the requirements and needs of the HSH Group.

For the above reasons, the Directors (including the independent non-executive Directors) considered that the New Products and Services Supply Agreement has been entered into the ordinary and usual course of business of the Group and on normal commercial terms, and the terms thereof (including the Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND HSH

The Company is a limited liability company incorporated in Bermuda whose Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacture, import, export and sale of carpets, and manufacture and sale of yarns.

HSH is a limited liability company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange. The principal activity of HSH is investment holding and the principal activities of its subsidiaries, joint ventures and associates are the ownership, development and management of prestigious hotels and commercial and residential properties in key locations in Greater China, Europe, United States and Asia, as well as the operation of the Peak Tram, retail and other services. While MPTCL is a substantial shareholder of the Company, it is also a substantial shareholder of HSH. For further information on HSH's directors who hold interests in MPTCL and its substantial shareholders, please refer the sections headed "Interests of Directors" and "Interests of Substantial Shareholders" on pages 35 to 37 of the interim report of HSH for the six months ended 30 June 2025, which is available in the websites of HSH and the Stock Exchange.

IMPLICATIONS UNDER THE LISTING RULES

MPTCL, a substantial shareholder of the Company, is deemed to be interested in more than 30% of the voting power of HSH. Accordingly, HSH and the other members of the HSH Group are associates of MPTCL and connected persons of the Company under Rule 14A.07 of the Listing Rules. The transactions contemplated under the New Products and Services Supply Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated with reference to the Annual Caps is more than 0.1% but less than 5%, the New Products and Services Supply Agreement is subject to the reporting, annual review and announcement requirements, but is exempted from the independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

As Mr. Nicholas Timothy James Colfer is a common director of the Company, HSH and a subsidiary of a substantial shareholder of HSH, Mr. Tong Chi Leung David is a common director of the Company and a subsidiary of a substantial shareholder of HSH, and Mr. Frederick Edward Elkin Mocatta is a director of the Company and an executive of a substantial shareholder of HSH, they are considered to have material interests in the transactions contemplated under the New Products and Services Supply Agreement, and they have therefore abstained from voting on the resolutions of the Board to approve the said agreement (including the Annual Caps). Other than the aforesaid, none of the other Directors had abstained from voting on the resolutions of the Board to approve the New Products and Services Supply Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the following meanings:

"Annual Caps"	the estimated maximum aggregate annual value of the transactions under the New Products and Services Supply Agreement for the Term
"associate(s)"	has the meaning given to it under the Listing Rules
"Board"	the board of Directors
"Company"	Tai Ping Carpets International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 146)
"connected person(s)"	has the meaning given to it under the Listing Rules
"continuing connected transactions"	has the meaning given to it under the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HSH"	The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 45)
"HSH Group"	HSH and its subsidiaries from time to time
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MPTCL"	The Mikado Private Trust Company Limited, a substantial Shareholder of the Company
"New Products and Services Supply Agreement"	the agreement dated 11 December 2025 entered into between the Company and HSH in relation to the provision of the Products and Services by the Group to HSH Group in accordance with the terms set out therein
"percentage ratios"	the percentage ratios under Rule 14.07 of the Listing Rules
"PRC"	The People's Republic of China

"Previous Products and Services Supply Agreement"	the agreement dated 16 December 2022 entered into between the Company and HSH in relation to the provision of the Products and Services by the Group to HSH Group in accordance with the terms set out therein
"Products"	carpets, rugs, artificial grasses and all forms of floorcoverings
"Services"	transportation and installation of the Products and the provision of related ancillary services
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Term"	the term for the supply and purchase of the Products and Services under the New Products and Services Supply Agreement, which is the period commencing from 1 January 2026 to 31 December 2028 (both days inclusive)
"%"	per cent.

By order of the Board
Tai Ping Carpets International Limited
Lung Chi Sing Alex
Chief Financial Officer and Executive Director

Hong Kong, 11 December 2025

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 – 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.