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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2023

The board (the “Board”) of directors (the “Directors” and each a “Director”) of Tai Ping Carpets International Limited (the “Company”) is pleased to announce the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 30 June 2023, together with comparative figures for the year ended 30 June 2022.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	Note	2023 HK\$'000	2022 HK\$'000
Revenues		600,596	583,656
Cost of sales	4	<u>(240,682)</u>	<u>(252,837)</u>
Gross profit		359,914	330,819
Distribution costs	4	(167,285)	(162,529)
Administrative expenses	4	(159,228)	(147,441)
Other gains – net	5	<u>6,526</u>	<u>7,289</u>
Operating profit		39,927	28,138
Finance income/(costs) – net		<u>85</u>	<u>(1,756)</u>
Profit before income tax		40,012	26,382
Income tax expenses	6	<u>(1,588)</u>	<u>(1,107)</u>
Profit for the year attributable to the owners of the Company		<u>38,424</u>	<u>25,275</u>
Earnings per share attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic/diluted	7	<u>18.11</u>	<u>11.91</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year	38,424	25,275
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement benefit obligations	37	29
Item that has been or may be reclassified subsequently to profit or loss		
Currency translation differences	<u>(26,267)</u>	<u>(14,595)</u>
Other comprehensive loss for the year, net of tax	<u>(26,230)</u>	<u>(14,566)</u>
Total comprehensive income for the year attributable to the owners of the Company	<u><u>12,194</u></u>	<u><u>10,709</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2023 HK\$'000	2022 HK\$'000
Assets			
Non-current assets			
Land use right		23,162	25,600
Property, plant & equipment		209,883	231,629
Investment property		71,192	78,720
Construction in progress		270	545
Intangible assets		12,539	15,572
Right-of-use assets		114,797	98,815
Prepayments	8	<u>4,187</u>	<u>3,823</u>
		<u>436,030</u>	<u>454,704</u>
Current assets			
Inventories		46,418	57,656
Trade & other receivables	8	91,618	74,311
Derivative financial instruments		–	1,783
Financial assets measured at fair value through profit or loss		–	32,941
Current income tax recoverables		529	3,183
Pledged bank deposit		615	413
Cash & cash equivalents		<u>217,657</u>	<u>163,018</u>
		<u>356,837</u>	<u>333,305</u>
Total assets		<u><u>792,867</u></u>	<u><u>788,009</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2023 HK\$'000	2022 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital		21,219	21,219
Reserves		236,973	263,240
Retained earnings:			
Proposed final dividend		19,097	12,731
Others		151,305	131,941
Total equity		428,594	429,131
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		1,380	1,539
Retirement benefit obligations		4,161	3,623
Lease liabilities		97,775	82,452
		103,316	87,614
Current liabilities			
Trade & other payables	9	153,931	138,147
Contract liabilities – Deposits received in advance	10	76,591	104,836
Current income tax liabilities		4,092	3,518
Lease liabilities		26,343	24,763
		260,957	271,264
Total liabilities		364,273	358,878
Total equity & liabilities		792,867	788,009
Net current assets		95,880	62,041
Total assets less current liabilities		531,910	516,745

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies.

2. CHANGES IN ACCOUNTING STANDARDS

(a) New and amended standards mandatory for the first time for the financial year beginning 1 July 2022

The HKICPA has issued a number of amendments to HKFRS that are first effective for the financial year beginning on 1 July 2022 and none of them have material impact to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) New and amended standards and interpretations which have been issued but are not effective for the financial year ended 30 June 2023 and have not been early adopted

The Group has not early adopted the following amendments that may be relevant to the Group. These amendments have been issued but are not yet effective:

HKAS 1	Presentation of Financial Statements (amendments) ¹
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendments) ²
HKAS 12	Income Taxes (amendments) ²
HKFRS 16	Lease (amendments) ³

Notes:

¹ Effective for the Group from both 1 July 2023 and 2024

² Effective for the Group from 1 July 2023

³ Effective for the Group from 1 July 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. REVENUES AND 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 effects of gain/loss and income/expenditure are considered relevant in assessing the segment’s performance.

The segment information provided to management for the reportable segments for the years ended 30 June 2023 and 2022 are as follows:

For the year ended 30 June 2023

	Asia <i>HK\$'000</i>	EMEA <i>HK\$'000</i>	America <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue from external customers	127,992	236,708	235,896	–	600,596
Cost of production ¹	<u>(48,496)</u>	<u>(100,791)</u>	<u>(91,986)</u>	<u>–</u>	<u>(241,273)</u>
Segment gross margin	<u>79,496</u>	<u>135,917</u>	<u>143,910</u>	<u>–</u>	<u>359,323</u>
Segment results	35,813	32,121	21,882	–	89,816
Unallocated expenses ²					<u>(49,889)</u>
Operating profit					39,927
Finance income – net					<u>85</u>
Profit before income tax					40,012
Income tax expenses					<u>(1,588)</u>
Profit for the year					<u>38,424</u>
Non-current assets	301,806	73,412	59,028	1,784	436,030
Current assets	<u>171,031</u>	<u>114,132</u>	<u>63,821</u>	<u>7,853</u>	<u>356,837</u>
Total assets					<u>792,867</u>
Segment liabilities	<u>106,966</u>	<u>134,209</u>	<u>101,878</u>	<u>21,220</u>	<u>364,273</u>
Capital expenditure	(310)	(1,396)	(9,236)	(413)	(11,355)
Impairment loss on property, plant & equipment	–	–	(1,347)	–	(1,347)
Amortisation of intangible assets	(155)	(72)	(74)	(2,874)	(3,175)
Depreciation of property, plant & equipment	(10,325)	(3,022)	(3,280)	(536)	(17,163)
Depreciation of investment property	(1,900)	–	–	–	(1,900)
Depreciation of other right-of-use assets	(9,066)	(6,886)	(10,487)	–	(26,439)
Amortisation of land use right	(608)	–	–	–	(608)
Allowance for provision for inventories – net	(4,724)	(221)	(2,578)	–	(7,523)
Inventories written off	(118)	(627)	(1)	–	(746)
Recovery of/(allowance for) impairment of trade receivables – net	9	(1,166)	(178)	–	(1,335)
Property, plant & equipment written off	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

For the year ended 30 June 2022

	Asia <i>HK\$'000</i>	EMEA <i>HK\$'000</i>	America <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue from external customers	128,600	232,091	222,965	–	583,656
Cost of production ¹	<u>(53,668)</u>	<u>(100,436)</u>	<u>(102,467)</u>	<u>–</u>	<u>(256,571)</u>
Segment gross margin	<u>74,932</u>	<u>131,655</u>	<u>120,498</u>	<u>–</u>	<u>327,085</u>
Segment results	30,383	27,313	12,369	–	70,065
Unallocated expenses ²					<u>(41,927)</u>
Operating profit					28,138
Finance costs – net					<u>(1,756)</u>
Profit before income tax					26,382
Income tax expenses					<u>(1,107)</u>
Profit for the year					<u>25,275</u>
Non-current assets	331,003	62,284	59,336	2,081	454,704
Current assets	<u>174,538</u>	<u>85,926</u>	<u>64,485</u>	<u>8,356</u>	<u>333,305</u>
Total assets					<u>788,009</u>
Segment liabilities	<u>96,469</u>	<u>111,703</u>	<u>127,158</u>	<u>23,548</u>	<u>358,878</u>
Capital expenditure	(6,026)	(939)	(5,592)	–	(12,557)
Impairment loss on property, plant & equipment	(1,373)	–	–	–	(1,373)
Amortisation of intangible assets	(26)	(73)	(137)	(3,443)	(3,679)
Depreciation of property, plant & equipment	(14,242)	(3,436)	(2,728)	(377)	(20,783)
Depreciation of investment property	(2,036)	–	–	–	(2,036)
Depreciation of other right-of-use assets	(8,822)	(7,364)	(10,467)	–	(26,653)
Amortisation of land use right	(652)	–	–	–	(652)
Allowance for provision for inventories – net	(2,567)	(94)	(387)	–	(3,048)
Inventories written off	(225)	(140)	(168)	–	(533)
Recovery of/(allowance for) impairment of trade receivables – net	20	(1,232)	(668)	–	(1,880)
Property, plant & equipment written off	<u>–</u>	<u>(16)</u>	<u>(20)</u>	<u>–</u>	<u>(36)</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 consolidated income statement.

² Unallocated expenses include corporate expenses of the Group.

4. EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Raw materials & consumables used	51,088	62,585
Amortisation of intangible assets	3,175	3,679
Depreciation of property, plant & equipment	17,163	20,783
Depreciation of investment property	1,900	2,036
Depreciation/amortisation of right-of-use assets by class of underlying assets		
– Buildings and properties	26,179	26,386
– Other assets	260	267
– Land use right	608	652
Employee benefit expenses ¹	203,638	182,829
Expenses relating to short-term leases	1,674	1,664
Allowance for provision for inventories – net	7,523	3,048
Inventories written off	746	533
Allowance for impairment of trade receivables – net	1,335	1,880
Bad debts directly written off	59	364
Auditor's remuneration		
– Audit services	2,641	2,591
– Non-audit services	1,506	1,758
Legal and professional fees	<u>8,960</u>	<u>10,289</u>

Note:

¹ During the years ended 30 June 2023 and 2022, the Group recognised a Hong Kong government subsidy in relation to the COVID-19 pandemic and the amount was off-set with the employee benefit expenses.

5. OTHER GAINS – NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental income	3,326	3,575
Net foreign exchange gain/(loss)	3,301	(418)
Gain/(loss) on disposal of property, plant & equipment	86	(11)
Property, plant & equipment written off	–	(36)
(Loss)/gain on change in fair value of derivative financial instruments	(378)	3,683
(Loss)/gain on revaluation of financial assets	(201)	202
Impairment loss on property, plant & equipment	(1,347)	(1,373)
Others	<u>1,739</u>	<u>1,667</u>
	<u>6,526</u>	<u>7,289</u>

6. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year ended 30 June 2023. Taxation on overseas profits has been calculated on the estimated assessable profits for the years ended 30 June 2023 and 2022 at the rates of taxation prevailing in the countries in which the Group operates.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
Hong Kong	3,156	515
Overseas	535	626
Over-provision in prior years	(1,944)	(3)
Deferred income tax credit	(159)	(31)
	<u>1,588</u>	<u>1,107</u>

7. EARNINGS PER SHARE

Basic earnings 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 year.

	2023	2022
Profit attributable to owners of the Company (HK\$'000)	<u>38,424</u>	<u>25,275</u>
Weighted average number of ordinary shares in issue (thousands)	<u>212,187</u>	<u>212,187</u>
Basic earnings per share (HK cents)	<u>18.11</u>	<u>11.91</u>

The Group had no dilutive potential shares outstanding during the years ended 30 June 2023 and 2022.

8. TRADE & OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	70,100	54,284
Less: Allowance for impairment of trade receivables	<u>(6,657)</u>	<u>(5,215)</u>
Trade receivables – net	63,443	49,069
Prepayments	11,613	12,669
Value added tax receivables	651	985
Rental deposits	4,984	4,002
Other receivables	<u>15,114</u>	<u>11,409</u>
	<u>95,805</u>	<u>78,134</u>
Less: Non-current portion prepayments	<u>(4,187)</u>	<u>(3,823)</u>
Current portion	<u><u>91,618</u></u>	<u><u>74,311</u></u>

The carrying amounts of trade receivables approximate their fair values as at 30 June 2023 and 2022. 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 year, the ageing analysis of the trade receivables based on invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	43,630	28,288
31 to 60 days	6,018	10,361
61 to 90 days	2,680	1,567
91 to 365 days	9,668	10,893
More than 365 days	<u>8,104</u>	<u>3,175</u>
	<u><u>70,100</u></u>	<u><u>54,284</u></u>

Movements on the Group's allowance for impairment of trade receivables are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 July	5,215	3,541
Allowance for impairment of trade receivables – net	1,335	1,880
Receivables written off as uncollectible	–	(165)
Currency translation difference	<u>107</u>	<u>(41)</u>
At 30 June	<u><u>6,657</u></u>	<u><u>5,215</u></u>

9. TRADE & OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	29,158	31,348
Deposits received in advance	76,591	104,836
Accrual for expenses	88,943	70,778
Other payables	35,830	36,021
	<u>230,522</u>	<u>242,983</u>
Less: Contract liabilities – Deposits received in advance	<u>(76,591)</u>	<u>(104,836)</u>
	<u><u>153,931</u></u>	<u><u>138,147</u></u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	22,575	26,734
31 days to 60 days	6,073	1,001
61 days to 90 days	204	2,752
More than 90 days	306	861
	<u>29,158</u>	<u>31,348</u>

10. CONTRACT LIABILITIES – DEPOSITS RECEIVED IN ADVANCE

During the year, movement in contract liabilities included increase in deposits received in advance amounting to approximately HK\$371,269,000 (2022: HK\$369,570,000), net off by a decrease of approximately HK\$399,514,000 (2022: HK\$356,564,000) as a result of recognising revenues.

Contract liabilities are recognised when considerations from customers are received, or the Group has the rights to an amount of consideration that is unconditional before the Group performs a service or delivery of carpets to the customers.

CHAIRMAN'S STATEMENT

The year ended 30 June 2023 demonstrated strong progress as Tai Ping emerged from the COVID-19 pandemic. The continuing management focus on cost control, efficiency improvement, building resilience and targeting strategic opportunities for growth is evidenced in the revenue achieved and financial results in the year, which were the best since the divestment of the Commercial business in 2017.

Total turnover for the Group for the year ended 30 June 2023 was HK\$601 million, an increase of 3% over the previous year and well ahead of the performance pre-pandemic. The United States led revenue growth, delivering an 8% improvement over prior year through capitalising upon improved demand in the private aviation and high-end residential segments. Revenues in EMEA also grew despite the Ukraine conflict, energy crises, high inflation and weak local currency. A slight decline in Asia was directly linked to sporadic COVID disruptions through the first half, although the region finished the year strongly. Net profit increased by 52% to HK\$38 million driven by the higher sales, an improving sales mix, productivity gains in manufacturing and an easing of the cost pressures resulting from the pandemic impacts on global freight.

Throughout the year Tai Ping resumed its participation in global design events, including Design Miami in Shanghai, Salone del Mobile in Milan, the Monaco Yacht Show and the National Business Aviation Association event in Las Vegas. Several outstanding new design collections were launched at these shows, as well as in-house events held in seven consumer facing flagships strategically opened in major global cities since 2019. The newest of these, in Los Angeles and San Francisco, were opened in 2022 and 2023, with events that targeted the architect and design communities as well as end-consumers.

After pandemic delays a new Tai Ping heritage book was launched in March at the Company's birthplace in Hong Kong. The event celebrated Tai Ping's heritage, unparalleled design expertise, artisanship and commitment to sustainability and ethical sourcing. Further investment to promote all this activity through digital marketing, social media and the Tai Ping and Edward Fields websites were made to support the greater awareness of the Company's brands – Tai Ping, Edward Fields and Cogolin – necessary to drive continued sales growth across all markets.

The Group's Xiamen workshop in China was not affected by the COVID-19 situation during the financial year or during the pandemic. This resilience in the Company's vertically integrated business model, together with its stable and supportive workforce, have been pivotal in supporting the consistent improvement being witnessed. Continuing investment in technology and a commitment to the training, welfare, health and safety of employees will remain a high priority for the Company as we strive to maintain recent momentum and continue growth.

In the year ahead, high levels of inflation and high interest rates remain a significant business challenge, contributing to a difficult economic situation while undermining consumer confidence. Further escalation of the geopolitical tensions in Europe or between the United States and China also remain a concern. This difficult trading environment and uncertainty may put the Company's short-term business growth at risk, but management will continue to monitor and make adaptations to its strategic plan when this is prudent or necessary. The Company's financial progress is clear, and cautious optimism remains that continued improvement and long-term growth will be achieved.

On behalf of all the members of the Board, I would like to thank Tai Ping management and staff who, despite the difficulties the world is throwing at them, have continued to deploy agreed strategy, delivering improved profitability and business resilience. I would also like to thank the Directors for their continued advice and support.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

The Group's consolidated turnover for the financial year ended 30 June 2023 increased to HK\$601 million, growth of 3% compared to HK\$584 million in prior year. This was the second consecutive year of growth and recovery since the COVID-19 pandemic.

Gross margin increased by 3% to 60% driven by an improved sales mix, productivity improvement at the Xiamen factory and a reduction in global freight costs. An increase in operating expenses during the year was linked to the continuing restoration of normal marketing and promotion activities after the pandemic, as well as strategic investments to target sales growth. Despite the increase in overheads, the higher sales and improved gross margin delivered an operating profit of HK\$40 million, an improvement of 43% compared to the HK\$28 million recorded in 2022.

The Group's net profit attributable to the equity holders of the Company for the year ended 30 June 2023 was HK\$38 million, an increase of 52% compared to the HK\$25 million reported in the previous year.

CARPET OPERATIONS

Revenue resulting from carpet operations was HK\$582 million, an increase of 3% compared to the HK\$564 million recorded last year. Following the lifting of global COVID-19 restrictions, international logistics capacity has gradually recovered, reducing shipping lead times and normalising the invoicing cycle. This has allowed the Company to capitalise on a surge in US private aviation and high-end residential demand, resulting in overall growth in that region of 8% compared to last year. The EMEA region was more impacted by uncertainty surrounding the conflict in Ukraine, inflationary pressures and weak currency, but despite this recorded growth of 1% compared to last year. Asia continued to be disrupted by COVID-19 restrictions during the first half of the year, leading to a slight decline in revenue compared to last year.

Overall gross margin for the carpet operations for the year was 61%, a significant improvement from 58% last year.

Manufacturing Operations

The performance of the Artisan workshop at Xiamen in China continued to improve, with management focused on driving gains in efficiency, productivity and material utilisation. Economies of scale resulting from higher sales also contributed toward the overall reduction in manufacturing costs. Further investment in information systems is planned to enhance the integration of manufacturing processes and allocation of resources. Long-term plans are also in place to further improve the Company's already strong sustainability position.

Proactive management of the pandemic ensured the health and safety of employees, and meant that sporadic COVID-19 outbreaks had no major impact on manufacturing operations during the first half of the year.

Carpet manufacturing operations in the US, located at the Premier Yarn Dyers ("PYD") facility in Georgia, also maintained operations throughout the year, with production capacity expanded to support projected demand.

Total headcount for manufacturing operations as of the 30 June 2023 was 576, compared to 592 at the same period last year.

Human Resources

The total number of company employees at the end of June 2023 was 736, down 2% from 751 on 30 June 2022. The decrease in total headcount represents the reduction in workforce at the manufacturing facilities.

Employees are remunerated according to the nature of their job and market trends, with built-in merit components incorporated as an incentive to reward and motivate individual performance.

The primary focus for Human Resources during the year was to support employee welfare during the pandemic and retain talent through a period of continued organisational change.

Information Technology

To support sales growth strategy, a proprietary point-of-sales system was deployed in the year to support the retail selling process in showrooms. Development continues to enhance the automation of sales processes and reduce manual administration.

The integration of the factory ERP system with the company-wide system used in sales and distribution has been completed, and a new management information system is in development to support further improvement and control across all functions.

Enhancement of the ERP system at the US manufacturing unit is in progress to support capacity expansion and enable better control and supervision of the manufacturing processes while supporting efficiency improvement.

Design and Marketing

During the year House of Tai Ping continued to maintain its position as a creative leader through innovative design across its brands.

Highlights included:

Song of Solitude, by Qin Feng, a leading international ink artist, pays homage to the ethereal landscapes and mythical realms of the northwest in China's folklore.

Legami, developed by Elena Salmistraro, a pioneer Italian designer, comprises a collection of six rugs. The collection takes inspiration from the human hand and was launched at the Salone design fair in Milan.

Fabrice Juan Series, by Fabrice Juan, a well-known French architect and decorator, features seven geometrical patterns and colourful palette developed for modern urban interiors. The collection was launched at the Maison et Objet.

Evolution & Form Series, by Mathilde Burkard, a talented French designer and illustrator, showcases linear, graphic patterns, solid colours and texture repeats without adornment or design overlays.

Jardin intérieur, from Cogolin, is a collaboration with India Mahdavi, a well-known Iranian-French architect and designer. The collection is a modern version of the iconic kilim with 6 different patterns that can be assembled in a myriad of ways into a single composition.

In its marketing, Tai Ping continued to champion core brand messages of craftsmanship, heritage and responsibility through the extensive use of social media, as well as its new websites and e-shops which feature powerful new search functionality and showcase an archive of over 2,500 iconic designs.

A new Los Angeles showroom was opened in July 2022, and a new San Francisco showroom in June 2023. These are the first two consumer-facing locations in the US region supporting the Company's drive for greater brand awareness and creating opportunities for retail, as well as trade sales growth.

NON-CARPET OPERATIONS

The Company's other operations, comprised of its US-based yarn-dyeing subsidiary PYD, contribute approximately 3% of total sales. The operating result was stable during the year and is expected to improve as the recently established on-site carpet manufacturing operation develops to scale.

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.

On 30 June 2023 the Group had total cash and bank balances amounting to HK\$218 million (at 30 June 2022: HK\$163 million) and had no unsecured bank borrowings (at 30 June 2022: Nil).

DIVIDEND

No interim dividend was paid during the year ended 30 June 2023. The Directors recommend a final dividend of HK9 cents (2022: HK6 cents) per share, totaling HK\$19,097,000 (2022: HK\$12,731,000) for the year ended 30 June 2023. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company (the “AGM”) on 7 December 2023, the final dividend will be paid to the shareholders of the Company on or about 29 December 2023 whose names appear on the register of members of the Company at the close of business on 15 December 2023.

CLOSURE OF REGISTER OF MEMBERS

To determining shareholders’ entitlements to attend and vote at the forthcoming AGM on Thursday, 7 December 2023, the transfer books and the register of members of the Company will be closed from Monday, 4 December 2023 to Thursday, 7 December 2023 (both days inclusive). During such period no transfer of shares will be effected. To establish the right to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Friday, 1 December 2023.

For determining the entitlements to the proposed final dividend for the year ended 30 June 2023, the transfer books and the register of members of the Company will be closed from Wednesday, 13 December 2023 to Friday, 15 December 2023 (both days inclusive). During such period no transfer of shares will be effected. To ensure that shareholders are entitled to receive the distribution of final dividend to be approved at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 12 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the year.

CORPORATE GOVERNANCE

The Board and Management of the Company are committed to promoting good corporate governance to safeguard the interests of shareholders of the Company. The Company has complied with the applicable code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 30 June 2023, except that the Company’s Directors are not appointed for specific terms. However, the relevant Bye-laws of the Company require that every Director should 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 10 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 throughout the year ended 30 June 2023.

AUDIT COMMITTEE

The Company has set up an Audit Committee on 23 September 2005. The Audit Committee comprises two Independent Non-executive Directors, namely Mr. Nicholas James Debnam (the chairman of the Audit Committee) and Mr. Yung Lincoln Chi Kuen, and one Non-executive Director, namely Mr. John Jeffrey Ying.

The main duties 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 to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal), reviewing the Company’s financial information, overseeing of the Company’s financial reporting system, risk management and internal control systems. Detailed terms of reference of the Audit Committee are published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company. During the year the Audit Committee held four meetings with management and the external auditor to review the interim and annual reports before submission to the Board for consideration and approval, review the annual audit plan and scope of work for both external auditor and internal audit, and discuss issues arising from the audits including financial reporting, risk management and internal control.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The financial figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in the preliminary announcement have been reviewed by the Audit Committee and have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2023 and the amounts were found to be in agreement. The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Company and they are not aware of any events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The work performed by KPMG in respect of the preliminary announcement did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by the auditor.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.taipingcarpets.com). The Annual Report 2022/23 of the Company containing the information required by the Listing Rules will be dispatched to the shareholders of the Company 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, 22 September 2023

The names of Directors as at the date hereof are: Chairman and Non-executive Director – Mr. Nicholas Timothy James Colfer; Chief Executive Officer and Executive Director – Mr. Mark Stuart Worgan; Non-executive Directors – Mr. Tong Chi Leung David, Mr. John Jeffrey Ying, Mr. Leong Kwok Fai Nelson, Mr. Andrew Clifford Winawer Brandler; Independent Non-executive Directors – Mrs. Fung Yeh Yi Hao Yvette, Mr. Yung Lincoln Chu Kuen, Mr. Daniel George Green, Mr. Nicholas James Debnam.