

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Board of Directors (the “Board”) of Tai Ping Carpets International Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013, together with comparative figures for the previous corresponding period. The interim financial statements of the Group are unaudited and the interim report comprising these financial statements has been reviewed by the Audit Committee of the Company.

FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June 2013	30 June 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	667,877	666,474
Operating loss [#]	(1,467)	(12,305)
Loss attributable to owners of the Company	(11,666)	(26,403)
Loss per share (HK cents)	(5.50)	(12.44)

Including share of results of an associated company and net insurance recoveries in relation to Thailand flooding

MANAGEMENT DISCUSSION & ANALYSIS

Sales for the first six months of 2013 were virtually flat versus the strong first half of 2012, which saw a lot of backorder sales following the flooding of our factory in Thailand in October 2011. The Group’s consolidated turnover for the six months ended 30 June 2013 was HK\$668 million, a period-on-period increase of 0.2%, or HK\$2 million.

Turnover of carpet operations decreased by 0.5% period-on-period, while the turnover of non-carpet operations showed an increase of 34%. Overall gross margin increased from 36% to 43%, with margins improving in both the Commercial business and the Residential Boutique Contract (“RBC”) business.

Our shareholding in Weihai Shanhua has been completely disposed on 7 December 2012. The share of profits of Weihai Shanhua are no longer included in the Group's results.

We reached a settlement agreement with our insurers on the value of the inventory claim relating to the Thailand flood and have made good progress towards settling the property damage claim. While we have not reached a definitive agreement with the insurers we have accounted for a further HK\$28 million in insurance recoveries, which is in line with the latest offer from the insurers. Including the HK\$113 million accounted for in 2012 we have now recognised HK\$141 million in recoveries. We expect to achieve final settlement for the remaining business interruption claim before reporting our final results for 2013.

The Group recorded an operating loss of HK\$1 million for the first six months compared with a loss of HK\$11 million for the corresponding period in 2012. The Group's loss attributable to owners of the Company was HK\$12 million, an improvement of HK\$15 million from the previous period.

Carpet Operations

Total sales of the Commercial business decreased by 0.8%, or HK\$3 million, period-on-period, as the first half of last year included a lot of pent-up demand following the reopening of the factory. Turnover in the Americas dropped by 31% or HK\$56 million as major hospitality projects are expected to be completed in the second half of the year. Sales in Thailand and the rest of Asia continue to develop well and grew by 20% or HK\$52 million. Margins increased significantly, mainly due to the fact that margins in the prior year were depressed because of factory stock build-up and also due to strong margins in Asia.

Total sales of the RBC business increased by 0.1%, or HK\$0.3 million, period-on-period. Sales in the U.S. grew by 9%, offset by lower sales in Europe. Margins increased significantly as a result of mix, and the positive impact of currency movements, with the Euro strengthening against the U.S. dollar compared to the same period in the prior year.

Carpet operations delivered a small operating profit compared to a loss in the prior period, mainly due to better results in the Commercial business. Traditionally, the Group's results in the second half of the year are stronger, due to the completion of major projects closer to the end of the year.

Operating expenses totalled HK\$277 million, an increase of 10% from the previous period, as labour related expenses rose.

The project to build a new artisan factory in Xiamen, P.R.C. is progressing according to schedule. Land acquisition has been completed and detailed design development is in progress. Ground breaking is expected to be early next year.

Other Operations

Other operations comprise mainly our Group's U.S.-based yarn-dyeing subsidiary and only represent 3% of the Group's sales. Turnover in other operations increased by 34% period-on-period, but is still well below pre-depression levels. The operations managed to return a small profit for the first six months of the year.

Outlook

Overall we remain cautiously optimistic for the year. We have seen more projects coming to the market in the key hospitality markets in the U.S. and Asia, but low quality/low price competition is strong. Sales in the yacht sector have been lower as less high-end yachts are scheduled to be completed this year. Demand for our products in the growing Aviation sector remains strong, but residential market demand in Europe and the Americas has been flat.

Prices for key raw material have been fairly stable and we have partly hedged our exposure in the commodity markets. The Euro has been stronger than expected vis-à-vis the U.S. dollar, but markets remain uncertain. We have hedged our exposure to the Euro for the balance of year.

With a strong order book in hand mostly for delivery in 2013 we expect the second half to be significantly better.

Dividend

The Board does not recommend the payment of an interim dividend for the period (2012: Nil).

Capital Expenditure

Capital expenditure in the form of property, plant & equipment, leasehold land & land use rights, construction in progress and intangible assets incurred by the Group totaled HK\$60 million during the six months ended 30 June 2013 (2012: HK\$69 million). As at 30 June 2013, the aggregate net book value of the Group's property, plant & equipment, leasehold land & land use rights, construction in progress and intangible assets (other than goodwill) amounted to HK\$383 million (as at 31 December 2012: HK\$364 million).

Liquidity & Financial Resources

The Group coordinates its financing and cash management activities at the corporate level. Net cash generated from operating activities was positive. Net cash reduced as a result of the acquisition of land for Xiamen, the purchase of machinery and construction in progress. As at 30 June 2013, the Group had total net cash amounting to HK\$283 million (as at 31 December 2012: net cash HK\$349 million).

Details of Charges on the Group's Assets

The Group had charges on bank deposits of HK\$6 million (as at 31 December 2012: HK\$13 million) made to secure banking facilities granted to the Group.

Exposure to Foreign Exchange Risks

The Group has overseas operations in the U.S., Europe, Thailand, the P.R.C., Singapore, India and Argentina. 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 the U.S. dollars, and to a lesser extent in Thai Baht and Euro and a variety of other currencies.

The Group recorded a net exchange loss of HK\$4 million, arising from overseas operations. The Group's main exposure is to the Euro, which strengthened against the U.S. dollar versus prior period. We have partly hedged our operating exposure against the Euro for 2013 by the use of forward contracts and the Group will closely monitor exchange rate movements and take appropriate action to manage any material exposure that may arise.

Employee & Remuneration Policies

As at 30 June 2013, the Group employed 3,170 employees (as at 31 December 2012: 3,180 employees). Employees are remunerated according to the nature of the job and market trends, with built-in merit components incorporated as an annual incentive to reward and motivate individual performance.

Contingent Liabilities

As at 30 June 2013, the Group's total contingent liabilities amounted to HK\$7 million (as at 31 December 2012: HK\$9 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
			(As restated)
Revenue	2	667,877	666,474
Cost of sales		<u>(381,488)</u>	<u>(425,687)</u>
Gross profit		286,389	240,787
Distribution costs	3	(53,159)	(55,131)
Administrative expenses	3	(256,578)	(238,031)
Gain in relation to Thailand flooding – net	4	27,921	41,974
Other losses – net	5	<u>(5,838)</u>	<u>(925)</u>
Operating loss		<u>(1,265)</u>	<u>(11,326)</u>
Finance income		682	120
Finance costs		<u>(1,071)</u>	<u>(585)</u>
Finance costs – net	6	<u>(389)</u>	<u>(465)</u>
Share of loss of an associate		<u>(202)</u>	<u>(979)</u>
Loss before income tax		(1,856)	(12,770)
Income tax expense	7	<u>(10,825)</u>	<u>(13,012)</u>
Loss for the period		<u>(12,681)</u>	<u>(25,782)</u>
(Loss)/profit attributable to:			
owners of the Company		(11,666)	(26,403)
non-controlling interests		<u>(1,015)</u>	<u>621</u>
		<u>(12,681)</u>	<u>(25,782)</u>
Loss per share attributable to			
owners of the Company			
(expressed in HK cents per share)			
basic/diluted	9	<u>(5.50)</u>	<u>(12.44)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Loss for the period	(12,681)	(25,782)
Other comprehensive income net of tax:		
Items that may be reclassified subsequently to profit and loss		
currency translation differences	<u>(2,796)</u>	<u>814</u>
Total comprehensive income for the period net of tax	<u><u>(15,477)</u></u>	<u><u>(24,968)</u></u>
Total comprehensive income for the period attributable to:		
owners of the Company	(13,691)	(25,353)
non-controlling interests	<u>(1,786)</u>	<u>385</u>
	<u><u>(15,477)</u></u>	<u><u>(24,968)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 Jun 2013 HK\$'000	Audited 31 Dec 2012 HK\$'000
	<i>Note</i>		
Assets			
Non-current assets			
Land use rights		33,923	1,406
Property, plant & equipment		293,667	313,233
Construction in progress		21,608	15,903
Intangible assets		33,887	33,324
Interest in an associate		18,222	18,970
Deferred income tax assets		10,973	15,261
Pledged bank deposits		1,586	1,038
		413,866	399,135
Current assets			
Inventories		290,125	281,614
Trade & other receivables	<i>10</i>	273,484	334,622
Financial assets at fair value through profit or loss		537	556
Current income tax assets		4,352	2,829
Pledged bank deposits		4,814	11,639
Fixed deposits		133,013	4,345
Cash & cash equivalents		278,217	453,162
		984,542	1,088,767
Total assets		1,398,408	1,487,902

	<i>Note</i>	Unaudited 30 Jun 2013 HK\$'000	Audited 31 Dec 2012 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital		21,219	21,219
Reserves		401,187	403,212
Retained earnings:			
Proposed final dividend		–	25,462
Others		415,205	426,871
		<u>837,611</u>	<u>876,764</u>
Non-controlling interests		<u>56,553</u>	<u>58,339</u>
Total equity		<u>894,164</u>	<u>935,103</u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		571	123
Retirement benefit obligations		23,806	23,271
Other long-term liabilities		3,015	3,015
		<u>27,392</u>	<u>26,409</u>
Current liabilities			
Bank borrowings – unsecured		134,413	120,916
Trade & other payables	<i>11</i>	331,688	394,926
Dividend payable		483	285
Current income tax liabilities		5,818	4,212
Derivative financial instruments		92	1,693
Amounts due to non-controlling interests shareholders		4,358	4,358
		<u>476,852</u>	<u>526,390</u>
Total liabilities		<u>504,244</u>	<u>552,799</u>
Total equity & liabilities		<u>1,398,408</u>	<u>1,487,902</u>
Net current assets		<u>507,690</u>	<u>562,377</u>
Total assets less current liabilities		<u>921,556</u>	<u>961,512</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION & ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 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 financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting 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 instruments) at fair value through profit or loss, which are carried at fair value.

1.1 Accounting policies

Except as described below, accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2012, as described in those annual consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

New and amended standards and interpretations to mandatory for the first time for the financial year beginning 1 January 2013 but which have no material impact to the Group.

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 & HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board that are used to assess performance and allocate resources. Management considers the businesses primarily based on the nature of operations and customers. The Group is currently organised into three major business segments: Commercial, RBC and Others (including manufacturing and trading of yarn).

The Commercial division designs for hotels and large-scale projects such as airports, ballrooms, convention centres and other large public spaces. RBC projects are those in which concepts of private and public space intersect.

The Board assesses the performance of the operating segments based on a measure of segment results. Segment results represent the operating profit/loss of each business segment after excluding shared expenses for global operations, and the effects of non-recurring expenditure from the operating segments such as impairments arising from an isolated, non-recurring event.

The segment information provided to the management for the reportable segments for the six months ended 30 June 2013 and 2012 is as follows:

For the six months ended 30 June 2013

	Commercial <i>HK\$'000</i>	RBC <i>HK\$'000</i>	Total carpet <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue from external customers	<u>443,077</u>	<u>206,575</u>	<u>649,652</u>	<u>18,225</u>	<u>667,877</u>
Segment results	24,002	(20,616)	3,386	4,159	7,545
Unallocated expenses ¹					(36,731)
Gain in relation to Thailand flooding – net	<u>27,921</u>	<u>–</u>	<u>27,921</u>	<u>–</u>	<u>27,921</u>
Operating loss					(1,265)
Finance income					682
Finance costs					(1,071)
Share of loss of an associate	<u>(202)</u>	<u>–</u>	<u>(202)</u>	<u>–</u>	<u>(202)</u>
Loss before income tax					(1,856)
Income tax expense					<u>(10,825)</u>
Loss for the period					<u>(12,681)</u>
Capital expenditure	(9,897)	(9,492)	(19,389)	(40,294)	(59,683)
Depreciation of property, plant & equipment	(23,219)	(8,202)	(31,421)	(1,125)	(32,546)
Amortisation of land use rights	(530)	(531)	(1,061)	(225)	(1,286)
Amortisation of intangible assets	(57)	(44)	(101)	(3,274)	(3,375)
Recovery of impairment/(impairment) of trade receivables	<u>1,651</u>	<u>(7,625)</u>	<u>(5,974)</u>	<u>–</u>	<u>(5,974)</u>

For the six months ended 30 June 2012

	Commercial HK\$'000	RBC HK\$'000	Total carpet HK\$'000	Others HK\$'000	Group HK\$'000
Revenue from external customers	<u>446,594</u>	<u>206,298</u>	<u>652,892</u>	<u>13,582</u>	<u>666,474</u>
Segment results	(8,066)	(7,572)	(15,638)	(1,391)	(17,029)
Unallocated expenses ¹					(36,271)
Gain in relation to Thailand flooding – net	<u>41,974</u>	<u>–</u>	<u>41,974</u>	<u>–</u>	<u>41,974</u>
Operating loss					(11,326)
Finance income					120
Finance costs					(585)
Share of loss of an associate	<u>(979)</u>	<u>–</u>	<u>(979)</u>	<u>–</u>	<u>(979)</u>
Loss before income tax					(12,770)
Income tax expense					<u>(13,012)</u>
Loss for the period					<u>(25,782)</u>
Capital expenditure	(59,099)	(5,881)	(64,980)	(4,401)	(69,381)
Depreciation of property, plant & equipment	(24,314)	(3,817)	(28,131)	(977)	(29,108)
Amortisation of land use rights	(1,053)	–	(1,053)	–	(1,053)
Amortisation of intangible assets	(2,536)	(1,115)	(3,651)	–	(3,651)
Recovery of impairment of trade receivables	<u>71</u>	<u>847</u>	<u>918</u>	<u>–</u>	<u>918</u>

Note:

¹ Included shared expenses for global operation, information technology, marketing, internal audit, etc.

There has been no material change in total assets from the amount disclosed in the last annual financial statements.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

3. EXPENSES BY NATURE

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant & equipment	32,546	29,108
Amortisation of land use rights	1,286	1,053
Amortisation of intangible assets	3,375	3,651
Impairment of trade receivables	10,403	1,094
Recovery of impairment of property, plant & equipment	–	(2,162)
Property, plant & equipment written off	–	1,507
Impairment/(recovery of impairment) of inventories	1,723	(917)
Impairment of intangible assets	–	1,158
Inventories written off	–	1,057
Bad debts written off	4,124	396
Recovery of impairment of trade receivables previously recognised	<u>(4,429)</u>	<u>(2,012)</u>

4. GAIN IN RELATION TO THAILAND FLOODING – NET

		Six months ended 30 June	
	<i>Notes</i>	2013	2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
Gain in relation to Thailand flooding			
– Insurance recoveries	(a)	27,921	75,475
Loss in relation to Thailand flooding			
– Expenses incurred	(b)	<u>–</u>	<u>(33,501)</u>
Gain in relation to Thailand flooding – net		<u>27,921</u>	<u>41,974</u>

(a) Insurance recoveries in relation to Thailand flooding

During the financial period ended 30 June 2012, the insurance companies agreed to advance 300,000,000 Thai Baht (approximately HK\$75,475,000) in respect of the claims submitted by the Group to various insurance companies in relation to the loss incurred due to the severe flooding in Thailand. As at June 2012, the Group had received cash advances of 165,000,000 Thai Baht (approximately HK\$41,800,000). The remaining 135,000,000 Thai Baht (approximately HK\$34,200,000) was received in July 2012. Base on the management assessment, these advances represent the minimum settlement amount of inventory loss claims and are recognised as income in the condensed consolidated income statement for the six months ended 30 June 2012. The inventory loss claims of 436,000,000 Thai Baht (approximately HK\$112,000,000) are finalised and conclusive in 2012.

During the financial period ended 30 June 2013, the Group received a settlement proposal of property loss claims of 108,143,000 Thai Baht (approximately HK\$27,921,000). Base on the management assessment, this represent the minimum settlement amount of property loss claims and is recognised as income in the condensed consolidated income statement for the six months ended 30 June 2013.

(b) Costs in relation to Thailand flooding

The severe flooding in Thailand had led the Group to suspend its production facility in Pathumthani, near Bangkok on 17 October 2011. The loss in relation to this flooding for the period ended 30 June 2012 is as follows:

	Six months ended	
	30 June	
	2013	2012
	HK\$'000	HK\$'000
Direct labour costs incurred for idle staff	–	11,536
Cost of purchasing replacement carpets	–	5,744
Recovery of impairment of inventories	–	(1,805)
Inventories written off	–	1,057
Recovery of impairment of property, plant & equipment	–	(2,162)
Loss on disposal of property, plant & equipment	–	1,507
Repairs & maintenance of property, plant & equipment	–	5,944
Others	–	11,680
	<u>–</u>	<u>11,680</u>
	<u>–</u>	<u>33,501</u>

5. OTHER LOSSES – NET

	Six months ended	
	30 June	
	2013	2012
	HK\$'000	HK\$'000
Gain on disposal of financial assets at fair value through profit or loss	16	239
Loss on disposal of property, plant & equipment	(884)	(70)
(Loss)/gain on change in fair value of derivative financial instruments	(83)	546
Net foreign exchange losses	(3,958)	(1,908)
Others	(929)	268
	<u>(5,838)</u>	<u>(925)</u>

6. FINANCE COSTS – NET

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Finance costs – interests on bank loans & overdrafts wholly repayable within five years	(1,071)	(585)
Finance income – interest income from banks	<u>682</u>	<u>120</u>
Finance costs – net	<u>(389)</u>	<u>(465)</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 countries in which the Group operates.

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current income tax		
Hong Kong	3,470	4,160
PRC & overseas	3,986	787
(Over)/under provision in prior years	(848)	885
Deferred income tax expense	<u>4,217</u>	<u>7,180</u>
Income tax expense	<u>10,825</u>	<u>13,012</u>

Income tax expense is recognised based on management's estimate of the weighted average income tax rate expected for the full financial period. The estimated weighted average income tax rate for the period ended 30 June 2013 is 22% (2012: 23%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2012: Nil). The 2012 final dividend was paid on 21 June 2013.

9. LOSS PER SHARE

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

	Six months ended	
	30 June	
	2013	2012
Loss attributable to owners of the Company (HK\$'000)	<u>(11,666)</u>	<u>(26,403)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>212,187</u>	<u>212,187</u>
Basic loss per share (HK cents)	<u>(5.50)</u>	<u>(12.44)</u>

The Group had no outstanding share options as at 30 June 2013 and 2012. As a result, diluted loss per share is equivalent to basic loss per share.

10. TRADE & OTHER RECEIVABLES

	30 Jun	31 Dec
	2013	2012
	HK\$'000	HK\$'000
Trade receivables	186,690	248,902
Less: provision for impairment of trade receivables	<u>(19,248)</u>	<u>(13,788)</u>
Trade receivables – net	167,442	235,114
Prepayments	23,911	25,252
Value added tax receivables	6,054	8,849
Rental deposits	8,381	7,746
Insurance recoveries receivables	53,375	47,614
Other receivables	<u>14,321</u>	<u>10,047</u>
	<u>273,484</u>	<u>334,622</u>

The trade receivables approximate fair values as at 30 June 2013 and 31 December 2012. The credit terms of the Group range from 0 to 90 days, depending on the credit status and repayment history of customers. At the reporting date, the ageing analysis of the trade receivables based on invoice date is as follows:

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
0 to 30 days	78,045	124,240
31 to 60 days	30,029	45,731
61 to 90 days	14,135	22,056
91 to 365 days	42,751	46,626
More than 365 days	21,730	10,249
	<u>186,690</u>	<u>248,902</u>

The ageing analysis of the trade receivables which are past due but not impaired is as follows:

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Amounts past due at the reporting date but not impaired:		
Less than 30 days past due	28,806	51,955
31 to 60 days past due	12,770	19,455
61 to 90 days past due	9,083	10,304
91 to 365 days past due	38,876	40,359
More than 365 days past due	19,966	10,005
	<u>109,501</u>	<u>132,078</u>

The balances mainly relate to existing customers, most of which have no recent history of default.

As at 30 June 2013, trade receivables of approximately HK\$109,501,000 (as at 31 December 2012: HK\$132,078,000) were past due but not impaired. The balances were related to a number of customers that have a good track record with the Group. Based on the past experience, management estimates that the carrying amounts could be fully recovered.

11. TRADE & OTHER PAYABLES

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
Trade payables	53,072	69,566
Deposits received in advance	151,010	149,614
Accrued expenses	74,787	127,049
Other payables	52,819	48,697
	<u>331,688</u>	<u>394,926</u>

At the reporting date, the ageing analysis of the trade payables based on invoice date is as follows:

	30 Jun 2013 HK\$'000	31 Dec 2012 HK\$'000
0 to 30 days	34,436	49,772
31 days to 60 days	14,159	11,264
61 days to 90 days	1,091	1,745
More than 90 days	3,386	6,785
	<u>53,072</u>	<u>69,566</u>

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance. The Company has complied with the 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”) during the six month ended 30 June 2013 except the following:

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The Company’s non-executive directors are not appointed for a specific term but are subject to retirement by rotation at general meetings of the shareholders and re-election by shareholders pursuant to the Company’s Bye-laws. All directors of the Company are subject to retirement by rotation at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding the Directors’ transactions in the securities of the Company (the “Code of Conduct”) 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 Code of Conduct during the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2013. Neither the Company nor any of its subsidiaries have purchased or sold any of the Company’s shares during the period.

AUDIT COMMITTEE

The Company has set up an audit Committee on 23 September 2005 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 and internal controls.

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 interim financial information for the six months ended 30 June 2013.

By order of the Board
Nicholas T. J. Colfer
Chairman

James H. Kaplan
Chief Executive Officer

Hong Kong, 23 August 2013

As at the date of this announcement, the Directors of the Company are: Chairman and Non-executive Director – Mr. Nicholas T. J. Colfer; Chief Executive Officer and Executive Director – Mr. James H. Kaplan; Independent Non-executive Directors – Mrs. Yvette Y. H. Fung, Mr. Roderic N. A. Sage, Mr. Lincoln C. K. Yung, Mr. Aubrey K. S. Li; Non-executive Directors – Mr. Ian D. Boyce, Mr. David C. L. Tong, Mr. John J. Ying, Mr. Nelson K. F. Leong.

The interim results announcement is published on the websites of the Company (www.taipingcarpets.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The Interim Report 2013 containing all the information required by the Listing Rules will be dispatched to shareholders and made available on the above websites in due course.