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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015, together with the comparative figures for the previous corresponding period. The interim financial statements of the Group are unaudited and the interim report comprising these financial statements have been reviewed by the Audit Committee of the Company.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	494,584	594,273
Operating loss	(67,753)	(45,761)
Loss attributable to owners of the Company	(67,086)	(56,487)
Loss per share (HK cents)	(31.62)	(26.62)

MANAGEMENT DISCUSSION & ANALYSIS

The Group’s consolidated turnover for the six months ended 30 June 2015 was HK\$495 million, compared to HK\$594 million in 2014, down 17% compared to prior period.

Despite non-recurring costs of HK\$12 million linked to restructuring and real-estate down-sizing, streamlining and efficiency initiatives have driven a further reduction in operating expenses of HK\$23 million, a reduction of 9% compared to the first half of 2014.

The slow start to the year has resulted in an operating loss of HK\$68 million for the first six months compared with a loss of HK\$46 million for the corresponding period in 2014.

The Group's loss attributable to the equity holders of the Company is HK\$67 million, an increase of HK\$11 million versus the previous period loss of HK\$56 million.

CARPET OPERATIONS

First half turnover from carpet operations was 17% behind 2014 at HK\$481 million due primarily to weak sales in the Hospitality sector in the first quarter and, in particular, a 22% decrease in Asia.

Global Commercial sales were down 21%, while Global Artisan and Aviation sales were down 8%. The gross profit margin was also down slightly from 42% to 39%.

The Americas

At HK\$196 million, turnover in the Americas was down 15% compared to the first half of 2014.

A slow start to the year meant that Artisan sales were down 14%, at HK\$88 million. Stronger bookings in the second quarter indicate improvement will follow through the balance of the year.

The American Hospitality business was down by 16% to HK\$108 million but the adverse impact of this was offset by a 3.5% improvement in gross margins, and a reduction in local expenses linked to efficiency initiatives. As at the end of June, bookings have caught up with prior year and the number of active U.S. projects is at its highest level for seven years. A strong resurgence in sales is projected through the second half.

Asia

Asia has remained particularly challenging, with turnover down 22% compared to the first half of 2014.

Hospitality and Commercial sales were down by 24% overall, reducing to HK\$183 million. Turnover in Thailand was down 18% to HK\$131 million, principally due the deferral of expected model launches in the automotive sector and increased competitive pressure in Australasia. The rest of Asia was down 29% to HK\$52 million driven primarily by a slow-down in top-end hotel development in China and Macau. Consistent with the trend in recent years, order intake has markedly improved through the second quarter and this is expected to continue through the balance of the year.

The Asian Artisan business was up 27% driven by continued improvement from the new Shanghai showroom which was formally opened in March 2014.

Europe, the Middle East and Africa (“EMEA”)

First half turnover in EMEA was down 6% compared with prior period at HK\$88 million.

The U.K. and Germany ran ahead, with particularly strong performance in the Yacht sector, but the rest of the region continues to run slightly behind due to the weakness of the Euro.

Year over year reductions in operating expenses continue to be realised consistent with the streamlining of European cost structure to match longer-term business expectations.

Manufacturing Operations

The construction of our new Artisan workshop in Xiamen, China, is progressing on schedule with completion of phase one expected by the end of 2015. Conceived by the renowned French architect Jean-Marc Sandrolini, the new facility will be at the heart of our Artisan business.

NON-CARPET OPERATIONS

Other operations comprise mainly our Group's U.S. based yarn-dyeing subsidiary and only represent 3% of the Group's sales. The operation is close to break-even for the first half of the year.

OUTLOOK

While the start to the year was slower than expected, the increase in bookings in the second quarter and forecasted trend are consistent with previous years. Order intake has strengthened across all markets and the volume of pre-order activity, particularly in the U.S., is very encouraging.

Restructuring and efficiency initiatives will continue to drive lower operating expenses, with emphasis having recently shifted beyond headcount and currently focused upon a reduction of our global real-estate footprint.

With a considerably improved order book in hand, and the ongoing focus on cost efficiency, the second half will be considerably stronger.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2014: Nil).

CAPITAL EXPENDITURE

Capital expenditure in the form of property, plant and equipment, leasehold land and land use rights, construction in progress and intangible assets incurred by the Group totaled HK\$50 million during the six months ended 30 June 2015 (2014: HK\$34 million). As at 30 June 2015, the aggregate net book value of the Group's property, plant and equipment, leasehold land and land use rights, construction in progress and intangible assets amounted to HK\$411 million (as at 31 December 2014: HK\$409 million).

LIQUIDITY & FINANCIAL RESOURCES

The Group coordinates its financing and cash management activities at the corporate level. As at 30 June 2015, the Group had total net cash amounting to HK\$213 million (as at 31 December 2014: net cash HK\$147 million).

DETAILS OF CHARGES ON THE GROUP'S ASSETS

The Group had charges on bank deposits of HK\$7 million (as at 31 December 2014: HK\$5 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 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 gain of HK\$4 million, arising from overseas operations.

HUMAN RESOURCES & REMUNERATION POLICIES

The number of management and staff employees has reduced by 18 since the start of the year as a result of restructuring and efficiency initiatives. This has been offset by the recruitment of 18 trainees for the new workshop in Xiamen. The total number of employees at end of June 2015 stands at 2,891 compared to 3,000 at the same time last year.

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 2015, the Group's total contingent liabilities amounted to HK\$17 million (as at 31 December 2014: HK\$18 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	494,584	594,273
Cost of sales		<u>(260,190)</u>	<u>(329,976)</u>
Gross profit		234,394	264,297
Distribution costs		(140,433)	(179,524)
Administrative expenses		(160,748)	(132,377)
Other (losses)/gains – net	5	<u>(966)</u>	<u>1,843</u>
Operating loss		<u>(67,753)</u>	<u>(45,761)</u>
Finance income		1,788	1,317
Finance costs		<u>(1,001)</u>	<u>(698)</u>
Finance income – net	6	<u>787</u>	<u>619</u>
Share of loss of an associate		<u>–</u>	<u>–</u>
Loss before income tax		(66,966)	(45,142)
Income tax expense	7	<u>(2,460)</u>	<u>(11,277)</u>
Loss for the period		<u>(69,426)</u>	<u>(56,419)</u>
(Loss)/profit attributable to:			
owners of the Company		(67,086)	(56,487)
non-controlling interests		<u>(2,340)</u>	<u>68</u>
		<u>(69,426)</u>	<u>(56,419)</u>
Loss per share attributable to the owners of the Company during the period (expressed in HK cents per share)			
Basic/diluted	9	<u>(31.62)</u>	<u>(26.62)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(69,426)	(56,419)
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
Deferred tax on remeasurement of post-employment benefit obligations	–	225
Item that may be reclassified to profit or loss		
Currency translation differences	(8,241)	803
	<u>(8,241)</u>	<u>1,028</u>
Other comprehensive income for the period, net of tax	(8,241)	1,028
	<u>(77,667)</u>	<u>(55,391)</u>
Total comprehensive income for the period	(77,667)	(55,391)
Attributable to:		
owners of the Company	(75,272)	(55,158)
non-controlling interests	(2,395)	(233)
	<u>(77,667)</u>	<u>(55,391)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 Jun 2015 HK\$'000	Audited 31 Dec 2014 HK\$'000
	<i>Note</i>		
Assets			
Non-current assets			
Land use rights		32,543	32,871
Property, plant & equipment		259,931	277,655
Construction in progress		86,512	63,892
Intangible assets		32,444	34,875
Deferred income tax assets		10,281	10,948
Prepayments	10	8,770	6,328
Pledged bank deposits		314	314
		430,795	426,883
Current assets			
Inventories		278,359	234,347
Trade & other receivables	10	179,527	244,269
Derivative financial instruments		5	4,588
Financial assets at fair value through profit or loss		94,630	78,350
Current income tax assets		8,282	13,773
Pledged bank deposits		6,600	5,058
Fixed deposits		41,507	165,193
Cash & cash equivalents		213,499	146,879
		822,409	892,457
Non-current asset held for sale		17,192	17,192
		839,601	909,649
Total assets		1,270,396	1,336,532

	Unaudited	Audited
	30 Jun	31 Dec
	2015	2014
<i>Note</i>	HK\$'000	HK\$'000
Equity		
Equity attributable to owners of the Company		
Share capital	21,219	21,219
Reserves	369,043	377,229
Retained earnings:		
Proposed final dividend	–	25,462
Others	300,816	367,902
	<u>691,078</u>	<u>791,812</u>
Non-controlling interests	41,272	43,667
	<u>732,350</u>	<u>835,479</u>
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	5,678	5,634
Retirement benefit obligations	26,737	26,079
Other long-term liabilities	1,200	3,015
	<u>33,615</u>	<u>34,728</u>
Current liabilities		
Trade & other payables	347,542	330,529
Current income tax liabilities	9,253	14,968
Bank borrowings – unsecured	147,636	120,777
Derivative financial instruments	–	51
	<u>504,431</u>	<u>466,325</u>
Total liabilities	538,046	501,053
Total equity & liabilities	1,270,396	1,336,532
Net current assets	335,170	443,324
Total assets less current liabilities	765,965	870,207

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 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 2014, 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 financial instruments) at fair value through profit or loss, which are carried at fair value.

2. CHANGES IN ACCOUNTING STANDARDS

Except as described below, accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2014, 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 which are mandatory for the first time for the financial period beginning 1 January 2015 but have no material impact to the Group.

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions ¹
Annual Improvements Project	Annual Improvements 2010 – 2012 Cycle ¹
Annual Improvements Project	Annual Improvements 2011 – 2013 Cycle ¹

Note:

¹ Effective for the Group for annual period beginning on 1 July 2014

3. SEGMENT INFORMATION

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

The Board of Directors 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 and the effects of gain/loss and income/expenditure which are considered relevant in assessing the segment’s performance.

The segment information provided to management for the reportable segments for the six months ended 30 June 2015 and 2014 is as follows:

For the six months ended 30 June 2015

	Asia	EMEA	North America	South America	Unallocated	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	196,183	88,580	200,923	8,898	–	494,584
Cost of production ¹	<u>(146,872)</u>	<u>(40,197)</u>	<u>(111,070)</u>	<u>(5,875)</u>	<u>–</u>	<u>(304,014)</u>
Segment gross margin	<u>49,311</u>	<u>48,383</u>	<u>89,853</u>	<u>3,023</u>	<u>–</u>	<u>190,570</u>
Segment results	(16,811)	(12,452)	(25,686)	(2,898)	–	(57,847)
Unallocated expenses ²						<u>(9,906)</u>
Operating loss						(67,753)
Finance income						1,788
Finance costs						<u>(1,001)</u>
Loss before income tax						(66,966)
Income tax expense						<u>(2,460)</u>
Loss for the period						<u>(69,426)</u>
Capital expenditure	(19,877)	(2,499)	(2,881)	(34)	(24,437)	(49,728)
Depreciation of property, plant & equipment	(21,752)	(1,838)	(4,079)	(8)	(233)	(27,910)
Amortisation of land use rights	–	–	–	–	(340)	(340)
Amortisation of intangible assets	(4,198)	–	(65)	–	–	(4,263)
Recovery of /(allowance for) impairment of trade receivables	<u>60</u>	<u>610</u>	<u>(1)</u>	<u>(9)</u>	<u>–</u>	<u>660</u>

For the six months ended 30 June 2014

	Asia	EMEA	North America	South America	Unallocated	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	251,494	93,893	235,407	13,479	–	594,273
Cost of production ¹	<u>(177,325)</u>	<u>(41,995)</u>	<u>(117,273)</u>	<u>(8,485)</u>	<u>–</u>	<u>(345,078)</u>
Segment gross margin	<u>74,169</u>	<u>51,898</u>	<u>118,134</u>	<u>4,994</u>	<u>–</u>	<u>249,195</u>
Segment results	1,991	(26,316)	(20,336)	(1,691)	–	(46,352)
Unallocated expenses ²						<u>591</u>
Operating loss						(45,761)
Finance income						1,317
Finance costs						<u>(698)</u>
Loss before income tax						(45,142)
Income tax expense						<u>(11,277)</u>
Loss for the period						<u>(56,419)</u>
Capital expenditure	(21,213)	(4,655)	(3,395)	(8)	(4,567)	(33,838)
Depreciation of property, plant & equipment	(23,362)	(2,136)	(4,916)	(18)	(167)	(30,599)
Amortisation of land use rights	–	–	–	–	(340)	(340)
Amortisation of intangible assets	(871)	–	(65)	–	(2,735)	(3,671)
(Allowance for)/recovery of impairment of trade receivables	<u>(68)</u>	<u>2,042</u>	<u>122</u>	<u>(37)</u>	<u>–</u>	<u>2,059</u>

Notes:

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

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

4. EXPENSES BY NATURE

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant & equipment	27,910	30,599
Amortisation of land use rights	340	340
Amortisation of intangible assets	4,263	3,671
Recovery of impairment of trade receivables	(660)	(2,059)
(Recovery of)/allowance for impairment of inventories	(1,415)	2,275
Inventories written off	–	172
Bad debts written off	319	2,042
	<u> </u>	<u> </u>

5. OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of financial assets at fair value through profit or loss	1,171	1,146
Loss on disposal of property, plant & equipment	(7,715)	(16)
Gain on change in fair value of derivative financial instruments	141	347
Net foreign exchange gain/(loss)	3,611	(1,071)
Others	1,826	1,437
	<u> </u>	<u> </u>
	<u>(966)</u>	<u>1,843</u>

6. FINANCE INCOME – NET

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance costs – interests on bank loans & overdrafts wholly repayable within five years	(1,001)	(698)
Finance income – interest income from banks	1,788	1,317
	<u> </u>	<u> </u>
Finance income – net	<u>787</u>	<u>619</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
Hong Kong	–	6,203
PRC & overseas	2,026	5,192
Under/(over)provision in prior years	860	(4,746)
Deferred income tax (income)/expense	(426)	4,628
	<u>2,460</u>	<u>11,277</u>
Income tax expense	<u>2,460</u>	<u>11,277</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 2015 is 28% (2014: 18%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2014: Nil). The 2014 final dividend was paid on 19 June 2015.

Moreover, the Board reviewed the Company's liquidity and financial resources in the context of its future needs, in particular the Artisan factory in Xiamen, and with regard to the proceeds received from the Shanhua joint venture sale in 2012. As a result of this review, the Board approved the payment of a special dividend of HK40 cents per share, amounting to a total of HK\$84,875,000, at the Board meeting held on 22 August 2014. The special dividend was paid on 29 September 2014.

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	
	2015	2014
Loss attributable to owners of the Company (HK\$'000)	<u>(67,086)</u>	<u>(56,487)</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>(31.62)</u>	<u>(26.62)</u>

The Group had no dilutive potential shares outstanding during the periods ended 30 June 2015 and 2014.

10. TRADE & OTHER RECEIVABLES

	30 Jun 2015 <i>HK\$'000</i>	31 Dec 2014 <i>HK\$'000</i>
Trade receivables	121,346	202,535
Less: allowance for impairment of trade receivables	(5,846)	(6,441)
	<hr/>	<hr/>
Trade receivables – net	115,500	196,094
Prepayments	27,623	20,257
Value added tax receivables	9,349	7,659
Rental deposits	9,223	6,835
Other receivables	26,602	19,752
	<hr/>	<hr/>
	188,297	250,597
	<hr/> <hr/>	<hr/> <hr/>

Prepayments included in non-current assets amounted to HK\$8,770,000 (as at 31 December 2014: HK\$6,328,000).

The carrying amounts of trade receivables approximate their fair values as at 30 June 2015 and 31 December 2014. 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:

	30 Jun 2015 <i>HK\$'000</i>	31 Dec 2014 <i>HK\$'000</i>
0 to 30 days	64,200	144,506
31 to 60 days	27,561	27,568
61 to 90 days	10,626	11,489
91 to 365 days	14,076	13,467
More than 365 days	4,883	5,505
	<hr/>	<hr/>
	121,346	202,535
	<hr/> <hr/>	<hr/> <hr/>

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

	30 Jun 2015 <i>HK\$'000</i>	31 Dec 2014 <i>HK\$'000</i>
Amounts past due but not impaired:		
Less than 30 days past due	32,408	41,960
31 to 60 days past due	11,844	10,206
61 to 90 days past due	6,169	6,861
91 to 365 days past due	10,253	8,602
More than 365 days past due	431	411
	<hr/>	<hr/>
	61,105	68,040
	<hr/> <hr/>	<hr/> <hr/>

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

As at 30 June 2015, trade receivables of approximately HK\$61,105,000 (as at 31 December 2014: HK\$68,040,000) 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 should be fully recovered.

11. TRADE & OTHER PAYABLES

	30 Jun 2015 <i>HK\$'000</i>	31 Dec 2014 <i>HK\$'000</i>
Trade payables	50,900	67,431
Deposits received in advance	151,702	96,051
Accrual for expenses	89,359	83,743
Other payables	55,581	83,304
	<u>347,542</u>	<u>330,529</u>

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

	30 Jun 2015 <i>HK\$'000</i>	31 Dec 2014 <i>HK\$'000</i>
0 to 30 days	34,854	49,625
31 days to 60 days	7,665	14,482
61 days to 90 days	3,543	1,170
More than 90 days	4,838	2,154
	<u>50,900</u>	<u>67,431</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 months ended 30 June 2015 except the following:

The Company’s Non-executive Directors are not appointed for specific terms as required by code provision A.4.1 of the CG Code. 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 the CG Code.

In respect of code provision A.6.7 of the CG Code, all Non-executive Directors (including Independent Non-executive Directors) attended the annual general meeting of the Company (the “AGM”) held on 20 May 2015 except Mr. Andrew C. W. Brandler (Non-executive Director) due to other business engagement.

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 during the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2015. 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 2015.

CHANGE OF COMPANY SECRETARY

Mr. Lee Siu Kau resigned and Mr. Yip Wai Wan was appointed as Company Secretary of the Company with effect from 21 August 2015.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.taipingcarpets.com). The Interim Report 2015 of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and made available on the same websites in due course.

By order of the Board

Nicholas T. J. Colfer

Chairman

James H. Kaplan

Chief Executive Officer

Hong Kong, 21 August 2015

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. David C. L. Tong, Mr. John J. Ying, Mr. Nelson K. F. Leong, Mr. Andrew C. W. Brandler.