

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 2016

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 2016 (the “period”), 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 has been reviewed by the Audit Committee of the Company.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Revenue	507,822	494,584
Operating loss	(79,886)	(67,753)
Loss attributable to owners of the Company	(93,616)	(67,086)
Loss per share (HK cents)	(44.12)	(31.62)

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

The Group’s consolidated turnover for the six months ended 30 June 2016 was HK\$508 million, compared to HK\$495 million in 2015, up 3% compared to prior period.

The gross profit was HK\$233 million, compared to HK\$234 million in 2015. Gross margin was down slightly from 47% to 46% as a result of sales mix towards the Commercial & Hospitality business.

However, over the same period and as projected in the Chairman's Statement of the 2015 Annual Report, the Group has also incurred significant restructuring costs totaling HK\$30 million. Of this amount, HK\$20 million related to the transfer of manufacturing capabilities from its Nanhai facility to a new state-of-the-art facility in Xiamen, Fujian Province, while the remaining HK\$10 million was incurred in respect of withholding tax payment for an internal funds transfer to support the China transition. In addition, the streamlining of our South American sales & distribution business has cost approximately HK\$2 million, and a provision of HK\$3 million was made in relation to an on-going income tax dispute.

Excluding the one-off expenses relating to transfer of the China manufacturing and streamlining of South America sales & distribution business, the total operating expenses increased by HK\$6 million or 2% from first half of 2015, which is consistent with the revenue growth.

The Group's loss attributable to the equity holders of the Company was HK\$94 million, an increase of HK\$27 million versus the previous period loss of HK\$67 million.

CARPET OPERATIONS

First half turnover from carpet operations at HK\$493 million was 2% above 2015 due primarily to improved sales in the Hospitality sector in the Americas and Asia.

The Americas

At HK\$202 million, turnover in the Americas was up 3% compared to the first half of 2015, driven by the strength of the Commercial & Hospitality business which was up by 11% to HK\$119 million.

A slow start to the year meant that Artisan sales were down 6%, at HK\$83 million. Stronger bookings in the second quarter indicate improvement will follow through the balance of the year.

Asia

At HK\$198 million, turnover in Asia was up 1% compared to the first half of 2015.

Hospitality and Commercial sales were down by 1% overall at HK\$185 million. Weakness in Thailand – where sales were down by 11% to HK\$119 million – was largely offset by 25% improvement in the rest of Asia where sales grew to HK\$66 million.

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

First half turnover in EMEA was up 5% to HK\$93 million compared with prior period at HK\$88 million.

Business in France was particularly strong driven primarily by growth in the Yacht sector.

MANUFACTURING OPERATIONS

The construction of our new Artisan workshop in Xiamen is progressing on schedule with the commencement of supply from the Phase One expected to begin in late August. About 400 employees are now working in the new location with around two-thirds of these having transferred from the old Nanhai facility.

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

We enter the second half with an order book that is stronger than prior year, albeit we face increased competitive pressures in some of our Asian markets and are wary of the potential impact on sales of our internal restructuring activities. This notwithstanding, we remain cautiously optimistic about the trading performance of our core business.

As far as the restructuring is concerned, one-off business streamlining costs will continue to be incurred as we complete the transfer of our Artisan supply-chain into Xiamen. We expect to enter 2017 with Phase One construction completed, which will put us in a stronger and more stable position.

Phase Two construction, which completes the new facility, will commence during the fourth quarter.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2015: 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 2016 (2015: HK\$50 million). As at 30 June 2016, 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\$437 million (as at 31 December 2015: HK\$418 million).

LIQUIDITY & FINANCIAL RESOURCES

The Group coordinates its financing and cash management activities at the corporate level. As at 30 June 2016, the Group had total net cash including short term fixed deposits (maturity within 12 months) amounting to HK\$193 million (as at 31 December 2015: HK\$170 million).

DETAILS OF CHARGES ON THE GROUP'S ASSETS

The Group had charges on bank deposits of HK\$2 million (as at 31 December 2015: HK\$3 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.

HUMAN RESOURCES & REMUNERATION POLICIES

The total number of employees has reduced by 145 to 2,726 in the first half of 2016 consistent with the transition of workers from Nanhai to Xiamen. Numbers are expected to increase in the second half in line with recruitment at the new plant.

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 2016, the Group's total contingent liabilities amounted to HK\$37 million (as at 31 December 2015: HK\$20 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
	<i>Note</i>		
Revenue	3	507,822	494,584
Cost of sales		<u>(274,802)</u>	<u>(260,190)</u>
Gross profit		233,020	234,394
Distribution costs	4	(165,668)	(140,433)
Administrative expenses	4	(152,683)	(160,748)
Other gains/(losses) – net	5	<u>5,445</u>	<u>(966)</u>
Operating loss		<u>(79,886)</u>	<u>(67,753)</u>
Finance income		348	1,788
Finance costs		<u>(12)</u>	<u>(1,001)</u>
Finance income – net	6	<u>336</u>	<u>787</u>
Share of loss of an associate		<u>–</u>	<u>–</u>
Loss before income tax		(79,550)	(66,966)
Income tax expense	7	<u>(20,871)</u>	<u>(2,460)</u>
Loss for the period		<u>(100,421)</u>	<u>(69,426)</u>
Loss attributable to:			
owners of the Company		(93,616)	(67,086)
non-controlling interests		<u>(6,805)</u>	<u>(2,340)</u>
		<u>(100,421)</u>	<u>(69,426)</u>
Loss per share attributable to the owners of the Company during the period (expressed in HK cents per share)			
Basic/Diluted	9	<u>(44.12)</u>	<u>(31.62)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(100,421)	(69,426)
Other comprehensive income net of tax:		
Item that may be reclassified to profit and loss		
currency translation differences	<u>2,147</u>	<u>(8,241)</u>
Other comprehensive income for the period, net of tax	<u>2,147</u>	<u>(8,241)</u>
Total comprehensive income for the period	<u><u>(98,274)</u></u>	<u><u>(77,667)</u></u>
Attributable to:		
owners of the Company	(90,886)	(75,272)
non-controlling interests	<u>(7,388)</u>	<u>(2,395)</u>
	<u><u>(98,274)</u></u>	<u><u>(77,667)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 Jun 2016 HK\$'000	Audited 31 Dec 2015 HK\$'000
Assets			
Non-current assets			
Land use rights		29,395	30,309
Property, plant & equipment		223,512	238,247
Construction in progress		152,129	115,786
Intangible assets		31,607	34,015
Deferred income tax assets		7,847	10,339
Prepayments	10	18,862	8,494
Pledged bank deposits		<u>290</u>	<u>296</u>
		<u>463,642</u>	<u>437,486</u>
Current assets			
Inventories		255,679	218,305
Trade & other receivables	10	210,796	268,803
Derivative financial instruments		40	4
Financial assets at fair value through profit or loss		68,446	139,033
Current income tax assets		11,988	10,238
Pledged bank deposits		1,439	3,036
Fixed deposits		–	16,549
Cash & cash equivalents		<u>192,862</u>	<u>153,800</u>
		<u>741,250</u>	<u>809,768</u>
Non-current asset held for sale		<u>17,192</u>	<u>17,192</u>
		<u>758,442</u>	<u>826,960</u>
Total assets		<u><u>1,222,084</u></u>	<u><u>1,264,446</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 Jun 2016 <i>HK\$'000</i>	Audited 31 Dec 2015 <i>HK\$'000</i>
	<i>Note</i>		
Equity			
Equity attributable to owners of the Company			
Share capital		21,219	21,219
Reserves		331,566	328,836
Retained earnings:			
Proposed final dividend		–	6,366
Others		<u>286,878</u>	<u>380,494</u>
		<u>639,663</u>	<u>736,915</u>
Non-controlling interests		<u>33,971</u>	<u>42,070</u>
Total equity		<u>673,634</u>	<u>778,985</u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		6,084	6,000
Retirement benefit obligations		28,279	26,301
Other long-term liabilities		<u>1,200</u>	<u>1,200</u>
		<u>35,563</u>	<u>33,501</u>
Current liabilities			
Trade & other payables	<i>11</i>	365,707	293,351
Current income tax liabilities		4,471	11,311
Bank borrowings – unsecured		<u>142,709</u>	<u>147,298</u>
		<u>512,887</u>	<u>451,960</u>
Total liabilities		<u>548,450</u>	<u>485,461</u>
Total equity & liabilities		<u>1,222,084</u>	<u>1,264,446</u>
Net current assets		<u>245,555</u>	<u>375,000</u>
Total assets less current liabilities		<u>709,197</u>	<u>812,486</u>

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 2016 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 2015, 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 2015, 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 2016 but have no material impact to the Group.

HKFRS 14	Regulatory Deferral Accounts
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 1 (Amendment)	Disclosure Initiative
HKFRS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
Annual Improvements Project	Annual Improvements 2012-2014 Cycle

3. 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”), North America and South America.

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 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 2016 and 2015 is as follows:

For the six months ended 30 June 2016

	Asia <i>HK\$'000</i>	EMEA <i>HK\$'000</i>	North America <i>HK\$'000</i>	South America <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue from external customers	197,806	92,607	213,634	3,775	-	507,822
Cost of production ¹	<u>(142,213)</u>	<u>(44,493)</u>	<u>(120,779)</u>	<u>(3,001)</u>	<u>-</u>	<u>(310,486)</u>
Segment gross margin	<u>55,593</u>	<u>48,114</u>	<u>92,855</u>	<u>774</u>	<u>-</u>	<u>197,336</u>
Segment results	(28,872)	(16,472)	(26,250)	(5,770)	-	(77,364)
Unallocated expenses ²						<u>(2,522)</u>
Operating loss						(79,886)
Finance income						348
Finance costs						<u>(12)</u>
Loss before income tax						(79,550)
Income tax expense						<u>(20,871)</u>
Loss for the period						<u>(100,421)</u>
Capital expenditure	(9,967)	(827)	(1,456)	-	(37,620)	(49,870)
Depreciation of property, plant & equipment	(18,527)	(1,668)	(4,157)	(5)	(456)	(24,813)
Amortisation of land use rights	-	-	-	-	(321)	(321)
Amortisation of intangible assets	(5,008)	-	(65)	-	-	(5,073)
(Allowance for)/recovery of impairment of trade receivables	<u>(345)</u>	<u>(933)</u>	<u>142</u>	<u>(17)</u>	<u>-</u>	<u>(1,153)</u>

For the six months ended 30 June 2015

	Asia	EMEA	North America	South America	Unallocated	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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>

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	
	2016	2015
	HK\$'000	HK\$'000
Depreciation of property, plant & equipment	24,813	27,910
Amortisation of land use rights	321	340
Amortisation of intangible assets	5,073	4,263
Allowance for/(recovery of) impairment of trade receivables	1,153	(660)
Allowance for/(recovery of) impairment of inventories	2,312	(1,415)
Bad debts written off	175	319
	<u>24,813</u>	<u>27,910</u>

5. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Gain on disposal of financial assets at fair value through profit or loss	992	1,171
Gain/(Loss) on disposal of property, plant & equipment	31	(7,715)
Gain on change in fair value of derivative financial instruments	–	141
Gain on disposal of raw materials	2,428	1,018
Net foreign exchange gain	68	3,611
Others	1,926	808
	<u>1,926</u>	<u>808</u>
	<u>5,445</u>	<u>(966)</u>

6. FINANCE INCOME – NET

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Finance costs – interests on bank loans & overdrafts wholly repayable within five years	(12)	(1,001)
Finance income – interest income from banks	348	1,788
	<u>348</u>	<u>1,788</u>
Finance income – net	<u>336</u>	<u>787</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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	
	2016	2015
	HK\$'000	HK\$'000
Current income tax		
Hong Kong	3,151	–
PRC & overseas	4,784	2,026
Under provision in prior years	–	860
Withholding tax	10,352	–
Deferred income tax expense/(income)	<u>2,584</u>	<u>(426)</u>
Income tax expense	<u><u>20,871</u></u>	<u><u>2,460</u></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 2016 is 31% (2015: 28%).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2015: Nil). The 2015 final dividend was paid on 21 June 2016.

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	
	2016	2015
Loss attributable to owners of the Company (HK\$'000)	<u>(93,616)</u>	<u>(67,086)</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><u>(44.12)</u></u>	<u><u>(31.62)</u></u>

The Group had no dilutive potential shares outstanding during the period ended 30 June 2016 and 2015.

10. TRADE & OTHER RECEIVABLES

	30 Jun 2016 HK\$'000	31 Dec 2015 HK\$'000
Trade receivables	153,270	221,679
Less: provision for impairment of trade receivables	<u>(7,274)</u>	<u>(6,499)</u>
Trade receivables – net	145,996	215,180
Prepayments	46,122	23,786
Value added tax receivables	4,912	11,445
Rental deposits	7,778	9,085
Other receivables	<u>24,850</u>	<u>17,801</u>
	<u>229,658</u>	<u>277,297</u>

Prepayments included in non-current assets amounted to HK\$18,862,000 (as at 31 December 2015: HK\$8,494,000).

The carrying amounts of trade receivables approximate their fair values as at 30 June 2016 and 31 December 2015. 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 2016 HK\$'000	31 Dec 2015 HK\$'000
0 to 30 days	91,392	158,345
31 to 60 days	24,669	29,785
61 to 90 days	8,982	12,155
91 to 365 days	22,887	15,074
More than 365 days	<u>5,340</u>	<u>6,320</u>
	<u>153,270</u>	<u>221,679</u>

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

	30 Jun 2016 HK\$'000	31 Dec 2015 HK\$'000
Amounts past due but not impaired:		
Less than 30 days past due	29,265	56,957
31 to 60 days past due	13,285	10,152
61 to 90 days past due	5,310	5,370
91 to 365 days past due	17,905	11,588
More than 365 days past due	839	599
	66,604	84,666

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

As at 30 June 2016, trade receivables of approximately HK\$66,604,000 (as at 31 December 2015: HK\$84,666,000) 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 past experience, management estimates that the carrying amounts could be fully recovered.

11. TRADE & OTHER PAYABLES

	30 Jun 2016 HK\$'000	31 Dec 2015 HK\$'000
Trade payables	43,613	45,583
Deposits received in advance	185,800	95,138
Accrued expenses	83,144	91,780
Other payables	53,150	60,850
	365,707	293,351

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

	30 Jun 2016 HK\$'000	31 Dec 2015 HK\$'000
0 to 30 days	28,809	35,787
31 days to 60 days	11,430	7,715
61 days to 90 days	1,597	1,053
More than 90 days	1,777	1,028
	43,613	45,583

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 Listing Rules during the six months ended 30 June 2016 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.

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 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2016. 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 2016.

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 2016 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, 19 August 2016

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.