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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 2024

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 2024, together with comparative figures for the year ended 30 June 2023.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenues		640,215	600,596
Cost of sales	4	<u>(245,202)</u>	<u>(240,682)</u>
Gross profit		395,013	359,914
Distribution costs	4	(189,040)	(167,285)
Administrative expenses	4	(157,966)	(159,228)
Other (losses)/gains – net	5	<u>(2,450)</u>	<u>6,526</u>
Operating profit		45,557	39,927
Finance income – net		<u>2,231</u>	<u>85</u>
Profit before income tax		47,788	40,012
Income tax expenses	6	<u>(5,675)</u>	<u>(1,588)</u>
Profit for the year attributable to the owners of the Company		<u>42,113</u>	<u>38,424</u>
Earnings per share attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic/diluted	7	<u>19.85</u>	<u>18.11</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	42,113	38,424
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement benefit obligations	(502)	37
Item that has been or may be reclassified subsequently to profit or loss		
Currency translation differences	<u>3,588</u>	<u>(26,267)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>3,086</u>	<u>(26,230)</u>
Total comprehensive income for the year attributable to the owners of the Company	<u>45,199</u>	<u>12,194</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Land use right		22,809	23,162
Property, plant & equipment		211,380	209,883
Investment property		70,077	71,192
Construction in progress		270	270
Intangible assets		10,239	12,539
Right-of-use assets		90,336	114,797
Lease receivable		6,182	–
Prepayments	8	8,094	4,187
		<u>419,387</u>	<u>436,030</u>
Current assets			
Inventories		49,515	46,418
Trade & other receivables	8	97,437	91,618
Current income tax recoverables		–	529
Lease receivable		2,263	–
Pledged bank deposit		641	615
Fixed deposits		129,551	–
Cash & cash equivalents		133,772	217,657
		<u>413,179</u>	<u>356,837</u>
Total assets		<u>832,566</u>	<u>792,867</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2024 HK\$'000	2023 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital		21,219	21,219
Reserves		240,561	236,973
Retained earnings:			
Proposed final dividend		25,462	19,097
Others		167,698	151,305
Total equity		<u>454,940</u>	<u>428,594</u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		1,242	1,380
Retirement benefit obligations		5,014	4,161
Lease liabilities		88,320	97,775
Other long-term liabilities		262	–
		<u>94,838</u>	<u>103,316</u>
Current liabilities			
Trade & other payables	9	169,626	153,931
Contract liabilities – Deposits received in advance	10	78,989	76,591
Current income tax liabilities		8,236	4,092
Lease liabilities		25,937	26,343
		<u>282,788</u>	<u>260,957</u>
Total liabilities		<u>377,626</u>	<u>364,273</u>
Total equity & liabilities		<u>832,566</u>	<u>792,867</u>
Net current assets		<u>130,391</u>	<u>95,880</u>
Total assets less current liabilities		<u>549,778</u>	<u>531,910</u>

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 2023

The HKICPA has issued a number of amendments to HKFRS that are first effective for the financial year beginning on 1 July 2023 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 2024 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 7	Cash Flow Statements (amendments) ¹
HKFRS 7	Financial Instruments: Disclosures (amendments) ¹
HKFRS 16	Lease (amendments) ¹
HKAS 21	The Effects of Changes in Foreign Exchange Rates (amendments) ²

Notes:

¹ Effective for the Group from 1 July 2024

² Effective for the Group from 1 July 2025

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 2024 and 2023 are as follows:

For the year ended 30 June 2024

	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	136,072	264,374	239,769	–	640,215
Cost of production ¹	<u>(42,787)</u>	<u>(101,550)</u>	<u>(98,346)</u>	<u>–</u>	<u>(242,683)</u>
Segment gross margin	<u>93,285</u>	<u>162,824</u>	<u>141,423</u>	<u>–</u>	<u>397,532</u>
Segment results	41,527	44,241	19,802	–	105,570
Unallocated expenses ²					<u>(60,013)</u>
Operating profit					45,557
Finance income – net					<u>2,231</u>
Profit before income tax					47,788
Income tax expenses					<u>(5,675)</u>
Profit for the year					<u>42,113</u>
Non-current assets	303,272	67,896	47,280	939	419,387
Current assets	<u>195,244</u>	<u>141,090</u>	<u>70,542</u>	<u>6,303</u>	<u>413,179</u>
Total assets					<u>832,566</u>
Segment liabilities	<u>120,004</u>	<u>137,768</u>	<u>98,004</u>	<u>21,850</u>	<u>377,626</u>
Capital expenditure	(6,505)	(6,957)	(2,249)	(47)	(15,758)
Amortisation of intangible assets	(27)	(74)	(8)	(2,424)	(2,533)
Depreciation of property, plant & equipment	(8,386)	(2,759)	(3,868)	(415)	(15,428)
Depreciation of investment property	(1,846)	–	–	–	(1,846)
Depreciation of other right-of-use assets	(9,365)	(7,534)	(9,070)	–	(25,969)
Amortisation of land use right	(590)	–	–	–	(590)
Allowance for provision for inventories – net	(1,798)	(840)	(4,776)	–	(7,414)
Inventories written off	(548)	(11)	(24)	–	(583)
(Allowance for)/recovery of impairment of trade receivables – net	<u>(98)</u>	<u>(1,604)</u>	<u>512</u>	<u>–</u>	<u>(1,190)</u>

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	<u>9</u>	<u>(1,166)</u>	<u>(178)</u>	<u>–</u>	<u>(1,335)</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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Raw materials & consumables used	49,823	51,088
Amortisation of intangible assets	2,533	3,175
Depreciation of property, plant & equipment	15,428	17,163
Depreciation of investment property	1,846	1,900
Depreciation/amortisation of right-of-use assets by class of underlying assets		
– Buildings and properties	25,693	26,179
– Other assets	276	260
– Land use right	590	608
Employee benefit expenses ¹	214,251	203,638
Expenses relating to short-term leases	2,254	1,674
Allowance for provision for inventories – net	7,414	7,523
Inventories written off	583	746
Allowance for impairment of trade receivables – net	1,190	1,335
Bad debts directly written off	9	59
Auditor's remuneration		
– Audit services	2,803	2,641
– Non-audit services	360	1,506
Legal and professional fees	8,135	8,960

Note:

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

5. OTHER (LOSSES)/GAINS – NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rental income	3,245	3,326
(Loss)/gain on disposal of property, plant & equipment	(3)	86
Net foreign exchange (loss)/gain	(681)	3,301
Loss on change in fair value of derivative financial instruments	–	(378)
Loss on revaluation of financial assets	–	(201)
Impairment loss on property, plant & equipment	–	(1,347)
Loss on derecognition of right-of-use assets	(6,420)	–
Others	1,409	1,739
	<u>(2,450)</u>	<u>6,526</u>

6. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year ended 30 June 2024. Taxation on overseas profits has been calculated on the estimated assessable profits for the years ended 30 June 2024 and 2023 at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
Hong Kong	117	3,156
Overseas	4,549	535
Under/(over)-provision in prior years	1,147	(1,944)
Deferred income tax credit	(138)	(159)
	<u>5,675</u>	<u>1,588</u>
Income tax expenses	<u>5,675</u>	<u>1,588</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.

	2024	2023
Profit attributable to owners of the Company (HK\$'000)	<u>42,113</u>	<u>38,424</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>19.85</u>	<u>18.11</u>

The Group had no dilutive potential shares outstanding during the years ended 30 June 2024 and 2023.

8. TRADE & OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	79,779	70,100
Less: Allowance for impairment of trade receivables	<u>(7,749)</u>	<u>(6,657)</u>
Trade receivables – net	72,030	63,443
Prepayments	10,235	11,613
Value added tax receivables	623	651
Rental deposits	3,870	4,984
Other receivables	<u>18,773</u>	<u>15,114</u>
	<u>105,531</u>	<u>95,805</u>
Less: Non-current portion prepayments	<u>(8,094)</u>	<u>(4,187)</u>
Current portion	<u><u>97,437</u></u>	<u><u>91,618</u></u>

The carrying amounts of trade receivables approximate their fair values as at 30 June 2024 and 2023. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	41,627	43,630
31 to 60 days	12,447	6,018
61 to 90 days	10,735	2,680
91 to 365 days	9,708	9,668
More than 365 days	<u>5,262</u>	<u>8,104</u>
	<u><u>79,779</u></u>	<u><u>70,100</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 July	6,657	5,215
Allowance for impairment of trade receivables – net	1,190	1,335
Receivables written off as uncollectible	–	–
Currency translation difference	<u>(98)</u>	<u>107</u>
At 30 June	<u><u>7,749</u></u>	<u><u>6,657</u></u>

9. TRADE & OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	33,503	29,158
Accrual for expenses	97,651	88,943
Other payables	<u>38,472</u>	<u>35,830</u>
	<u>169,626</u>	<u>153,931</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	24,335	22,575
31 days to 60 days	6,805	6,073
61 days to 90 days	822	204
More than 90 days	<u>1,541</u>	<u>306</u>
	<u>33,503</u>	<u>29,158</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\$350,600,000 (2023: HK\$371,269,000), net off by a decrease of approximately HK\$348,202,000 (2023: HK\$399,514,000) 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 fiscal year ending 30 June 2024 demonstrated continuing progress and improvement in-line with Tai Ping's growth strategy. Management's focus on cost control, efficiency, channel and product diversification delivered another year of revenue growth and financial results that were the best since the divestment of the Commercial business in 2017.

Total turnover for the Group for the year ended 30 June 2024 was HK\$640 million, an increase of 7% over the HK\$601 million achieved in the previous year. All regions delivered revenue growth led by a 12% improvement in EMEA, despite the continuing Ukraine and Middle East conflicts. Asia delivered a 7% increase, after the more extended impact of the COVID-19 pandemic in that region, while the Americas grew by 3%, impacted by Residential trading that became a little sluggish compared to the post-pandemic surge of the previous two years. Profit before tax increased by 19% to HK\$48 million driven by the higher sales, stringent cost control, an improving sales mix and productivity gains in manufacturing. Profit attributable to shareholders was HK\$42 million, reflecting a 10% increase compared to HK\$38 million last year.

Throughout the year Tai Ping maintained its active participation in prominent design events in Milan, Paris, Monaco, and Las Vegas, as well as placing more emphasis on newer brand-building events timed to coincide with design weeks in London, San Francisco, Los Angeles, New York, Shanghai and Hong Kong. Several outstanding collections were launched including the Biophilic Program, the Company's first 100% natural product line that demonstrates Tai Ping's commitment to sustainability. Continuing its strategy to establish flagship locations that are more accessible to end-users as well as the interior design community, new showrooms were opened in Shanghai, London and Hong Kong. Showcasing a broader array of the Company's products, and raising brand awareness, these and the other flagship locations provide much improved infrastructure to support product diversification and further growth.

The promotion of the Company's brands, products, heritage, craftsmanship, sustainability credentials, enhanced business model and new points of sale takes place through events, press, social media and the Company's websites. Emphasis continues to be placed on digital promotion where increased investment is focused on reaching target customers, and driving the resulting growth, as directly and efficiently as possible.

The Group's Xiamen workshop in China continues to make a significant contribution to the Company's financial performance, anchored in our stable and supportive workforce. An increase in customer visits, including their audit of our environmental, and ethical sourcing credentials, has also served to reinforce existing and establish new client relationships supporting revenue growth. Continuing investment in innovation, technology, skills and training will secure further improvement, while the health and safety of our employees will always be a high priority.

In the year ahead, regional conflicts, political instability and uncertainties in the global economy will constitute a continuing business challenge. Further escalation of the geopolitical tensions in Europe or between the US and China, and potential deflation in China are particular concerns. The difficult trading environment may slow progress and 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 sustained financial progress is clear, and cautious optimism remains that longer-term goals will be realised.

On behalf of all the members of the Board, I would like to thank Tai Ping management and staff who continue to work diligently to deploy the 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 2024 increased to HK\$640 million, up 7% compared to HK\$601 million in the prior year. This was the third consecutive year of growth since the COVID-19 pandemic.

The Group's gross margin was 62%, a 2% increase from last year, driven by a favourable sales mix, ongoing productivity improvements at the Xiamen manufacturing facility and lower global freight costs. Total operating expenses amounted to HK\$349 million, up 9% from HK\$320 million last year. The higher spend was consistent with the increase in sales, expansion of marketing and promotional activities to support growth, and investment in strategic initiatives. A one-time loss of HK\$6 million relating to the derecognition of a right-of-use asset for the sublet of a showroom in New York also contributed. The higher sales and improved gross margin resulted in an operating profit of HK\$46 million, an improvement of 14% compared to the HK\$40 million recorded in 2023.

The Group's net profit attributable to the equity holders of the Company for the year ended 30 June 2024 was HK\$42 million, an increase of 10% compared to the HK\$38 million reported in the previous year.

CARPET OPERATIONS

Revenue from carpet operations was HK\$625 million, up 7% compared to HK\$582 million recorded last year. EMEA reported the highest sales growth at 12%, despite ongoing uncertainties surrounding the conflicts in Ukraine and the Middle East. Revenue in Asia increased by 7%, slowing in the second half due to economic uncertainty in the region. The Americas grew by 3%, with the residential sector slowing down after a post-pandemic surge in the previous two years.

Overall gross margin for the carpet operations for the year was 63%, significantly up from 61% last year due to improved economy of scale from higher sales, the continued normalisation in global freight costs, a favourable sales mix and productivity gains in manufacturing operations.

Manufacturing Operations

The performance of the Artisan workshop in Xiamen, China continued to improve with productivity improvements, better material utilisation and increased efficiency. A stable, skilled workforce combined with increased sales enabled economy of scale to be realised, mitigating the impact of local inflationary pressures. Long-term plans are also progressing to further strengthen the Group's sustainability position.

The new carpet manufacturing operation in the US, located at the Premier Yarn Dyers ("PYD") facility in Georgia, continued to develop during the year with investment and capacity increased to meet projected demand.

Total headcount for manufacturing operations as of the 30 June 2024 was 571, compared to 576 at the same period last year.

Human Resources

The total number of Company employees at the end of June 2024 was 740, consistent with 736 as at 30 June 2023.

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 establish stability and retain talent through a period of continued organisational change.

Information Technology

Throughout the year the Company successfully upgraded the Oracle ERP system to keep it current and stable to support daily operations. Ongoing developments are focused on the further automation of sales processes and the elimination of manual tasks.

Following the launch of a new retail point-of-sales system, additional enhancements are being progressed to expand its functionality and application.

Enhancement of the ERP system at the US manufacturing unit is underway to support capacity expansion, better control over manufacturing processes and support efficiency improvement.

Design and Marketing

During the year House of Tai Ping continued to maintain its position as a creative leader through the launch of innovative new collections across its brands. Highlights included:

Callidus Guild Collection, by Yolande Batteau, features 10 hand knotted designs inspired by woodblock printing, Italian lime plaster and Japanese urushi. The carpets showcase innovative techniques and debuted at Maison et Objet in Paris.

The Biophilic Program features a collection of 16 rugs fabricated using only naturally renewable, undyed materials. Illustrating Tai Ping's long-term commitment to sustainability, no synthetic materials or chemicals of any kind are involved. The collection was launched at Fuorisalone, Milan, and has since been featured at client events in Paris, London and Hong Kong.

Photorealism tapestry by Tai Ping, draws inspiration from the Queen Victoria memorial statue outside Buckingham Palace. This wall-hanging showcases the advanced artistry of Tai Ping's artisans who have achieved near-photographic detail. The carpet was launched at London Craft Week.

Reverence Addition by Fernando Mastrangelo for Edward Fields adds four new designs to the highly successful *Reverence Edition*, inspired by natural phenomena including earthquakes, forest fires and rising water temperatures. The Addition was launched in New York.

Ocean Matters, Every Action Matters by Francesca Muzio features a coral reef divided into two areas: one with a more intense natural blue colour, the other in shades of grey, bleached and impoverished by pollution. The rug debuted at the Monaco Yacht Show 2023.

Tai Ping's marketing approach consistently highlights its core brand messages of craftsmanship, heritage and responsibility. Promotional content is channelled through social media, as well as the Company's websites and e-shops, which now feature advanced search capabilities and an archive of over 2,500 designs.

Seven Tai Ping showrooms are now strategically located in prime shopping districts in major cities, boosting brand visibility and enabling both retail and trade sales growth. This year new Shanghai, Hong Kong and London showrooms have been established consistent with this strategy, allowing the display of a broader product range with a new aesthetic that elevates the Company's brands.

NON-CARPET OPERATIONS

The Company's other operations mainly comprise its US-based dyeing subsidiary PYD, which account for roughly 2% of total sales. Due to falling demand for one of its core products, the operation incurred a loss this year. To address this, the facility is being realigned with its dyeing capability re-focused to support in-house carpet manufacture while allowing the expansion of other product options for sale to third parties.

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 2024 the Group had total cash and bank balances and short-term fixed deposits (with maturity over three months but within one year) amounting to HK\$263 million (at 30 June 2023: HK\$218 million) and had no unsecured bank borrowings (at 30 June 2023: Nil).

DIVIDEND

No interim dividend was paid during the year ended 30 June 2024. The Directors recommend a final dividend of HK12 cents (2023: HK9 cents) per share, totaling HK\$25,462,000 (2023: HK\$19,097,000) for the year ended 30 June 2024. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company (the "AGM") on 6 December 2024, the final dividend will be paid to the shareholders of the Company on or about 30 December 2024 whose names appear on the register of members of the Company at the close of business on 16 December 2024.

CLOSURE OF REGISTER OF MEMBERS

To determining shareholders' entitlements to attend and vote at the forthcoming AGM on Friday, 6 December 2024, the transfer books and the register of members of the Company will be closed from Tuesday, 3 December 2024 to Friday, 6 December 2024 (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 Monday, 2 December 2024.

For determining the entitlements to the proposed final dividend for the year ended 30 June 2024, the transfer books and the register of members of the Company will be closed from Thursday, 12 December 2024 to Monday, 16 December 2024 (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 Wednesday, 11 December 2024.

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 2024, 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 2024.

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 Ms. Yung Ka Sing Kathryn, 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 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 2024 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 2024 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 2023/24 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, 20 September 2024

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. Frederick Edward Elkin Mocatta; Independent Non-executive Directors – Mrs. Fung Yeh Yi Hao Yvette, Ms. Yung Ka Sing Kathryn, Mr. Daniel George Green, Mr. Nicholas James Debnam.