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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 2022

The board of directors (the “Board”) 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 2022, together with comparative figures for the year ended 30 June 2021.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Revenues		583,656	481,379
Cost of sales	4	<u>(252,837)</u>	<u>(201,277)</u>
Gross profit		330,819	280,102
Distribution costs	4	(162,529)	(135,063)
Administrative expenses	4	(147,441)	(127,049)
Other gains – net	5	<u>7,289</u>	<u>1,127</u>
Operating profit		28,138	19,117
Finance costs – net		<u>(1,756)</u>	<u>(2,569)</u>
Profit before income tax		26,382	16,548
Income tax (expenses)/credit	6	<u>(1,107)</u>	<u>86</u>
Profit for the year attributable to the owners of the Company		<u>25,275</u>	<u>16,634</u>
Earnings per share attributable to the owners of the Company during the year (expressed in HK cents per share)			
Basic/diluted	7	<u>11.91</u>	<u>7.84</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	25,275	16,634
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement benefit obligations	29	(26)
Items that have been or may be reclassified subsequently to profit or loss		
Currency translation differences	<u>(14,595)</u>	<u>34,343</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(14,566)</u>	<u>34,317</u>
Total comprehensive income for the year attributable to the owners of the Company	<u>10,709</u>	<u>50,951</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2022 HK\$'000	2021 HK\$'000
Assets			
Non-current assets			
Land use rights		25,600	26,959
Property, plant & equipment		231,629	249,240
Investment property		78,720	82,976
Construction in progress		545	89
Intangible assets		15,572	17,748
Right-of-use assets		98,815	105,695
Prepayments	8	3,823	2,698
Other receivable	8	–	5,049
Pledged bank deposit		–	407
		<u>454,704</u>	<u>490,861</u>
Current assets			
Inventories		57,656	51,306
Trade & other receivables	8	74,311	59,505
Derivative financial instruments		1,783	550
Financial assets measured at fair value through profit or loss		32,941	–
Lease receivables		–	1,083
Current income tax recoverables		3,183	3,399
Pledged bank deposit		413	–
Cash & cash equivalents		163,018	178,173
		<u>333,305</u>	<u>294,016</u>
Total assets		<u>788,009</u>	<u>784,877</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June

	Note	2022 HK\$'000	2021 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital		21,219	21,219
Reserves		263,240	277,835
Retained earnings:			
Proposed final dividend		12,731	6,366
Others		131,941	119,363
Total equity		429,131	424,783
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		1,539	1,570
Retirement benefit obligations		3,623	3,738
Lease liabilities		82,452	87,989
		87,614	93,297
Current liabilities			
Trade & other payables	9	138,147	130,697
Contract liabilities – Deposits received in advance	10	104,836	91,830
Current income tax liabilities		3,518	2,893
Bank borrowings – unsecured		–	15,520
Lease liabilities		24,763	25,857
		271,264	266,797
Total liabilities		358,878	360,094
Total equity & liabilities		788,009	784,877
Net current assets		62,041	27,219
Total assets less current liabilities		516,745	518,080

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 2021

The HKICPA has issued a number of amendments to HKFRS that are first effective for the financial year beginning on 1 July 2021 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 2022 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 not yet effective:

HKFRS 3	Business Combinations (amendments) ¹
HKAS 16	Property, Plant and Equipment (amendments) ¹
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendments) ¹
HKAS 1	Presentation of Financial Statements (amendments) ²
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendments) ²
HKAS 12	Income Taxes (amendments) ²

Notes:

¹ Effective for the Group from 1 July 2022

² Effective for the Group from 1 July 2023

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 2022 and 2021 are as follows:

For the year ended 30 June 2022

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

For the year ended 30 June 2021

	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	98,498	198,588	184,293	–	481,379
Cost of production ¹	<u>(42,383)</u>	<u>(82,891)</u>	<u>(80,186)</u>	<u>–</u>	<u>(205,460)</u>
Segment gross margin	<u>56,115</u>	<u>115,697</u>	<u>104,107</u>	<u>–</u>	<u>275,919</u>
Segment results	22,446	19,782	11,031	–	53,259
Unallocated expenses ²					<u>(34,142)</u>
Operating profit					19,117
Finance costs – net					<u>(2,569)</u>
Profit before income tax					16,548
Income tax credit					<u>86</u>
Profit for the year					<u>16,634</u>
Non-current assets	360,295	76,961	48,103	5,502	490,861
Current assets	<u>176,594</u>	<u>70,691</u>	<u>42,265</u>	<u>4,466</u>	<u>294,016</u>
Total assets					<u>784,877</u>
Segment liabilities	<u>102,217</u>	<u>125,570</u>	<u>95,121</u>	<u>37,186</u>	<u>360,094</u>
Capital expenditure	(4,239)	(9,597)	(671)	–	(14,507)
Impairment loss on property, plant & equipment	(6,566)	–	(2,561)	–	(9,127)
Amortisation of intangible assets	–	–	(129)	(4,092)	(4,221)
Depreciation of property, plant & equipment	(18,036)	(3,168)	(3,591)	(478)	(25,273)
Depreciation of investment property	(327)	–	–	–	(327)
Depreciation of other right-of-use assets	(7,879)	(9,744)	(10,387)	–	(28,010)
Amortisation of land use rights	(628)	–	–	–	(628)
Allowance for provision of inventories – net	(3,283)	(727)	(218)	–	(4,228)
Inventories written off	(127)	(90)	(58)	–	(275)
Recovery of impairment of trade receivables – net	113	30	828	–	971
Property, plant & equipment written off	<u>–</u>	<u>(1,143)</u>	<u>(124)</u>	<u>–</u>	<u>(1,267)</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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Raw materials & consumables used	62,585	42,654
Amortisation of intangible assets	3,679	4,221
Depreciation of property, plant & equipment	20,783	25,273
Depreciation of investment property	2,036	327
Depreciation/amortisation of right-of-use assets by class of underlying assets		
– Buildings and properties	26,386	27,566
– Other assets	267	444
– Land use rights	652	628
Employee benefit expenses ¹	182,829	164,603
Expenses relating to short-term leases	1,664	1,488
Allowance for provision of inventories – net	3,048	4,228
Inventories written off	533	275
Allowance for/(recovery of) impairment of trade receivables – net	1,880	(971)
Bad debts directly written off	364	573
Auditor's remuneration		
– Audit services	2,591	2,425
– Non-audit services	1,758	1,701
Legal and professional fees	<u>10,289</u>	<u>6,100</u>

Note:

- ¹ During the years ended 30 June 2022 and 2021, the Group recognised several government subsidies in related to the COVID-19 pandemic and majority of the amount was off-set with the employee benefit expenses.

5. OTHER GAINS – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on liquidation of a subsidiary ¹	–	6,816
Gain on change in fair value of derivative financial instruments	3,683	1,384
Rental income	3,575	1,179
Gain on revaluation of financial assets	202	–
Gain from derecognition of right-of-use assets	–	6
Net foreign exchange loss	(418)	(1,026)
Property, plant & equipment written off	(36)	(1,267)
Loss of disposal of property, plant and equipment	(11)	(4)
Impairment loss on property, plant and equipment	(1,373)	(9,127)
Others	1,667	3,166
	<u>7,289</u>	<u>1,127</u>

Note:

- ¹ In May 2021, the Group completed the liquidation of its former manufacturing subsidiary, Foshan Nanhai Tai Ping Carpets Company Limited. Since the minority interest shareholder has agreed to waive all its entitlement to the investment, the Group has recorded a one-off gain of HK\$6,816,000.

6. INCOME TAX EXPENSES/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year ended 30 June 2022. Taxation on overseas profits has been calculated on the estimated assessable profits for the years ended 30 June 2022 and 2021 at the rates of taxation prevailing in the countries in which the Group operates.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
Hong Kong	515	250
Overseas	626	153
(Over)/under-provision in prior years	(3)	6
Deferred income tax credit	(31)	(495)
	<u>1,107</u>	<u>(86)</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.

	2022	2021
Profit attributable to owners of the Company (HK\$'000)	<u>25,275</u>	<u>16,634</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><u>11.91</u></u>	<u><u>7.84</u></u>

The Group had no dilutive potential shares outstanding during the years ended 30 June 2022 and 2021.

8. TRADE & OTHER RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	54,284	39,682
Less: allowance for impairment of trade receivables	<u>(5,215)</u>	<u>(3,541)</u>
Trade receivables – net	49,069	36,141
Prepayments	12,669	10,962
Value added tax receivables	985	3,133
Rental deposits	4,002	4,147
Other receivables	<u>11,409</u>	<u>12,869</u>
	<u>78,134</u>	<u>67,252</u>
Less: Non-current portion prepayments	(3,823)	(2,698)
Less: Non-current portion other receivable	<u>–</u>	<u>(5,049)</u>
Current portion	<u><u>74,311</u></u>	<u><u>59,505</u></u>

The carrying amounts of trade receivables approximate their fair values as at 30 June 2022 and 2021. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	28,288	31,733
31 to 60 days	10,361	2,572
61 to 90 days	1,567	312
91 to 365 days	10,893	1,517
More than 365 days	<u>3,175</u>	<u>3,548</u>
	<u>54,284</u>	<u>39,682</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 July	3,541	5,005
Allowance for/(recovery of) impairment of trade receivables – net	1,880	(971)
Receivables written off as uncollectible	(165)	(578)
Currency translation difference	<u>(41)</u>	<u>85</u>
At 30 June	<u>5,215</u>	<u>3,541</u>

9. TRADE & OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	31,348	19,667
Deposits received in advance	104,836	91,830
Accrual for expenses	70,778	75,282
Other payables	<u>36,021</u>	<u>35,748</u>
	<u>242,983</u>	<u>222,527</u>
Less: Contract liabilities – Deposits received in advance	<u>(104,836)</u>	<u>(91,830)</u>
	<u>138,147</u>	<u>130,697</u>

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	26,734	13,811
31 days to 60 days	1,001	4,703
61 days to 90 days	2,752	654
More than 90 days	861	499
	<u>31,348</u>	<u>19,667</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\$369,570,000 (2021: HK\$332,968,000), net off by a decrease of approximately HK\$356,564,000 (2021: HK\$338,185,000) as a result of recognising revenues.

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

CHAIRMAN'S STATEMENT

The year ended 30 June 2022 presented Tai Ping with continuing challenges as management navigated the path toward business recovery following the COVID-19 pandemic, while also implementing strategic change. Given the context, it is pleasing to report that the company delivered its highest sales and net profit since the divestment of the commercial business in 2017.

Total turnover for the Group for the year ended 30 June 2022 was HK\$584 million, an increase of 21% over the HK\$481 million achieved in the previous year. All sales regions recorded double-digit revenue growth. Asia started the year strongest, while the American and EMEA regions accelerated through the second half following the lifting of COVID-19 restrictions and the resumption of normal business activities in both regions. Operating profit for the year was HK\$28 million, a 47% increase compared to HK\$19 million last year. The significant improvement was achieved through a combination of the stronger sales, a reduced operating cost-base delivered after several years of systematic cost reduction, and productivity gains in manufacturing. The reduction of real-estate cost, particularly in Europe, was a particular positive, while the primary negative was the impact of the global freight crisis which held back further financial progress through driving unprecedented international freight costs that could not be fully recovered.

On the sales and marketing side, Tai Ping resumed its participation in global design events including Art Basel in Hong Kong, Salone del Mobile in Milan, and the Monaco Yacht Show, introducing several outstanding new design collections developed by our talented in-house team, as well as through collaboration with renowned external partners. New Tai Ping and Edward Fields websites were launched alongside e-stores in Asia and Europe that allow the company's customers to purchase on-line for the first time. The focus upon end users was further reinforced through a significant increase in digital promotion and social media, as well as the continued relocation of flagship showrooms to improve consumer access. The opening of the new location in Los Angeles, in June 2022, means that the Group now has six consumer facing flagships supporting greater brand awareness, and providing the opportunity for retail sales growth. The Group will continue with this element of its growth strategy, while continuing to leverage its design leadership, and all three brands – Tai Ping, Edward Fields and Cogolin – across all its markets.

Throughout the COVID-19 pandemic the Board and management have prioritised the health, safety, and wellbeing of employees. Its people are critical to the business and their continued support and commitment has been pivotal to the Company's speedy recovery.

Looking to the year ahead new COVID-19 variants may emerge, high levels of inflation provide significant business challenges, and surging energy costs in Europe may lead to an economic downturn while undermining consumer confidence. Geopolitical tensions between America and China also remain a concern, as the former is Tai Ping's biggest market whereas the latter its primary source of supply. This global instability and economic uncertainty may put the Company's short-term business growth at risk, but management will continue to monitor and adapt, while prioritising strategic deployment. The company's financial progress is clear, and cautious optimism remains that continued improvement and long-term growth will be achieved.

On behalf of all the members of the Board, I would like to thank Tai Ping management and staff who, through a challenging period, have continued to deploy our agreed strategy, delivering profitability and improved 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 2022 increased by 21% over the previous reporting period, rising to HK\$584 million compared to HK\$481 million in 2021. This improvement was underpinned by significant recovery in most markets after the severe slow-down caused by the COVID-19 pandemic, as well as early growth resulting from strategic initiatives deployed by management.

During the financial year, the Group continued to focus on reducing its cost base and driving efficiency while laying the foundations for future growth. Continuing reduction in the company's real estate footprint contributed to lower fixed overheads, although total operating expenses increased slightly after the discontinuation of temporary cost saving measures such as staff furloughing and voluntary pay reductions. Marketing expenses also returned to more normal levels as western markets began to recover post-pandemic. Despite this the higher sales, improved operating efficiency, and other gains delivered a bottom-line improvement of 47% in operating profits, up to HK\$28 million compared to HK\$19 million in 2021.

The Group's net profit attributable to the equity holders of the Company for the year ended 30 June 2022 was HK\$25 million, a 52% increase compared to HK\$17 million reported in the year ended 30 June 2021.

Management continues to monitor the Group's performance as the pandemic runs its course and will take further cost saving measures as necessary.

CARPET OPERATIONS

Sales revenue in the carpet operations was HK\$564 million, an increase of 21% compared to the HK\$466 million recorded last year. A modest improvement of 7% in first half of the financial year accelerated in the second half following the resumption of normal social and business activities in most western countries as COVID-19 restrictions were lifted. While the global freight crisis, and extended shipping times remained a challenge, the situation gradually eased towards the end of the year and this contributed to all regions delivering double-digit sales growth. Asia led the way with 30%, followed by America which achieved a 21% improvement. Growth in Europe, the Middle East and Africa (“EMEA”) of 17% was held back slightly by the weakening of the Euro, and the economic uncertainty triggered by Russian invasion of Ukraine.

Overall gross margin for the year was 57%, a slight decline from 58% last year. This was mainly due to the global freight crisis and the related surge in shipping and delivery costs.

Manufacturing Operations

The performance of the Artisan workshop at Xiamen, China continued to improve with management focused on driving gains in efficiency, productivity, and material utilisation. Economies of scale resulting from the higher sales also contributed toward the overall reduction in manufacturing costs.

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

Carpet manufacturing operations in the US, located at the Premier Yarn Dyers (“PYD”) facility in Georgia, also maintained operations throughout the year. With production capacity expansion underway, the facility is well positioned to support long-term growth plans in the local market.

Total headcount for manufacturing operations as of the 30 June 2022 was 592, compared to 527 at the same period last year.

Human Resources

The total number of company employees at the end of June 2022 was 751, up 11% from 674 on 30 June 2021. The number of employees in the sales and distributions operations increased only slightly, but the workforce at the manufacturing facilities was increased quite significantly to cater for the higher production volume.

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

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

Information Technology

Further investment was made during the year to enhance both the factory ERP system and Oracle system used in sales and distribution. The integration of these two systems is underway and, once completed, this will enable improved communication, reporting and business efficiency.

Enhancement of the ERP system at the US manufacturing unit is also scheduled to support the capacity expansion. This will enable improved control and supervision of the manufacturing processes while supporting efficiency improvement.

Design and Marketing

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

Highlights included:

Hong Kong Walk On, a collaboration with the Hong Kong cross-disciplinary artist another mountainman in an iconic red, white and blue series celebrated Hong Kong culture and the city's identity. The two masterpieces were unveiled at Art Basel Hong Kong 2022.

The Whispers Series developed by Dangful Yang, a Shanghai-based contemporary artist, was an interpretation of objects and materials in unexpected juxtapositions, blending craftsmanship with tongue-in-cheek modern aesthetics. The series was launched at Design Miami's Shanghai Podium.

Overview Collection, by Elliott Barnes, a well-known French-American architect and decorator, comprised a collection of five designs mixing a Californian style that was spontaneous and graphic, reminiscent of the seventies and its energetic pop culture aesthetic.

Discover Collection was a series of ten designs for aviation in organic, geometric and texture styles, evoking a sense of possibility, wonder and discovery.

The Heirloom rug, from Edward Fields, was a collaboration with Pettersen & Hein, acclaimed Norwegian product designers. Inspired by the process of planting a garden, Heirloom is a one-of-a-kind rug that embodies nature's inherent surprises, from seed to plant.

AREA by Edward Fields, comprises seven designs evoking the mid-century modern aesthetic, with multiple colourways that speak to fine craftsmanship and sustainability.

In its marketing, Tai Ping continued to champion core brand messages of craftsmanship, heritage and responsibility through the extensive use of social media, mainly Instagram and LinkedIn. Significantly enhanced websites and new e-shops for both the Tai Ping and Edward Fields brands were also launched in Autumn 2021. Both feature powerful new search functionality and showcase an archive of over 2,500 iconic designs.

Further supporting sales and marketing strategy, the company's showroom in Los Angeles was relocated in June 2022. This is the first consumer facing flagship location in the US region and will join five similar showrooms in Europe and Asia that promote greater brand awareness and support the opportunity for retail sales growth.

NON-CARPET OPERATIONS

The Company's other operations mainly comprise its US-based yarn-dyeing subsidiary PYD, which contribute approximately 3% of total sales. While marginal, the operating results of PYD showed encouraging improvement with support from the new on-site carpet manufacturing operation.

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.

At 30 June 2022, the Group had total cash and bank balances and financial assets measured at fair value through profit or loss amounting to HK\$196 million (at 30 June 2021: HK\$178 million) and had no unsecured bank borrowings (at 30 June 2021: HK\$16 million).

DIVIDEND

No interim dividend was paid during the year ended 30 June 2022. The Directors recommend a final dividend of HK6 cents (2021: HK3 cents) per share, totalling HK\$12,731,000 (2021: HK\$6,366,000) for the year ended 30 June 2022. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company (the "AGM") on 9 December 2022, the final dividend will be paid to the shareholders of the Company on or about 30 December 2022 whose names appear on the register of members of the Company at the close of business on 19 December 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlements to attend and vote at the forthcoming AGM on Friday, 9 December 2022, the transfer books and the register of members of the Company will be closed from Tuesday, 6 December 2022 to Friday, 9 December 2022 (both days inclusive). During such period, no transfer of shares will be effected. In order 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, 5 December 2022.

For determining the entitlements to the proposed final dividend for the year ended 30 June 2022, the transfer books and the register of members of the Company will be closed from Thursday, 15 December 2022 to Monday, 19 December 2022 (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, 14 December 2022.

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. 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 2022, save that non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation at the annual general meetings of the Company at least once every three years pursuant to the bye-laws of the Company and 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 2022.

AUDIT COMMITTEE

The Company has set up an Audit Committee on 23 September 2005 and the terms of reference of 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, risk management and internal control systems. Detailed terms of reference of Audit Committee are accessible on the Company's website.

During the year, the Audit Committee held four meetings with management and the representatives of the external auditor for reviewing the interim and annual reports before submission to the Board for consideration and approval, reviewing the annual audit plan and scope of work of both external auditor and internal auditor, and discussing issues arising from the audits including financial report, 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 2022 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 2022 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 of Hong Kong Limited (www.hkexnews.hk) and the Company (www.taipingcarpets.com). The Annual Report 2021/22 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, 16 September 2022

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; Independent Non-executive Directors – Mrs. Fung Yeh Yi Hao Yvette, Mr. Roderic Noel Anthony Sage, Mr. Yung Lincoln Chu Kuen, Mr. Daniel George Green; Non-executive Directors – Mr. Tong Chi Leung David, Mr. John Jeffrey Ying, Mr. Leong Kwok Fai Nelson, Mr. Andrew Clifford Winawer Brandler.