

Tai Ping Carpets International Limited

Interim Report
2016

Incorporated in Bermuda with Limited Liability
Stock Code: 146



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Management Discussion & Analysis

The Board of Directors (the "Board") of Tai Ping Carpets International Limited (the "Company") hereby presents the Interim Report and condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "period"). The condensed consolidated income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity of the Group for the six months ended 30 June 2016, and the condensed consolidated statement of financial position as at 30 June 2016, along with selected explanatory notes, all of which are unaudited and reviewed by the Audit Committee of the Company, can be found on pages 10 to 35 of this report.

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).

James H. Kaplan
Chief Executive Officer

Hong Kong, 19 August 2016

Corporate Governance & Other Information

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance. The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 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.

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.

CHANGE IN DIRECTOR'S BIOGRAPHICAL DETAILS

Change in director's biographical details since the date of the 2015 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. David C. L. Tong, a Non-Executive Director of the Company, retired as an Independent Non-Executive Director of Hong Kong Aircraft Engineering Company in May 2016.

Mr. Lincoln C. K. Yung, an Independent Non-Executive Director of the Company, retired as Chairman and Non-Executive Director of Shanghai Commercial Bank Limited and Paofoong Insurance Company (Hong Kong) Limited with effect from 20 April 2016 and has been appointed as the Honorary Chairman of Shanghai Commercial Bank Limited.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S 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.

DIRECTORS' AND CHIEF EXECUTIVE INTERESTS IN THE SHARE, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY

As at 30 June 2016, the interests of the Directors and chief executive in the shares of the Company and its associated corporations (within the meaning of the Part XV of Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Corporate Governance & Other Information

Ordinary shares of HK\$0.10 each in the Company as at 30 June 2016

No. of ordinary shares held (long position)

Name	Personal Interests (held as beneficial owner)	Corporate Interests (interests of controlled corporation)	% of the issued share capital of the Company
David C. L. Tong	431,910	–	0.204%
Lincoln C. K. Yung	30,000	–	0.014%
Nelson K. F. Leong	700,000	2,182,000 ¹	1.358%
John J. Ying	–	32,605,583 ²	15.366%
Aubrey K. S. Li	100,000 ³	–	0.047%
James H. Kaplan	522,000	–	0.246%

Notes:

¹ 2,000,000 shares are held by Gainsborough Associates Limited and 182,000 shares are held by Fontana Enterprises Limited, companies in which Mr. Nelson K. F. Leong holds 33.33% and 40% equity interests respectively and have controlling interest.

² The shares are held by Peak Capital Partners I, L.P. of which Mr. John J. Ying is the sole shareholder of the general partner of Peak Capital Partners I, L.P. and is deemed to have an interest in the shares held by Peak Capital Partners I, L.P. (the Company is advised that the term “general partner” commonly refers to the entity liable for all the debts and obligations of a limited partnership and has power to bind a limited partnership).

³ The shares are jointly held by Mr. Aubrey K. S. Li and his spouse.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interests in the shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO showed that the Company had been notified of the following interests, being 5% or more in the issued ordinary share capital of the Company.

Name	No. of ordinary shares held in the Company of HK\$0.10 each (long position)	% of the Issued share capital of the Company
Acorn Holdings Corporation ¹	40,014,178	18.858%
Bermuda Trust Company Limited ¹	40,014,178	18.858%
Harneys Trustees Limited ¹	77,674,581	36.607%
Lawrencium Holdings Limited ¹	77,674,581	36.607%
The Mikado Private Trust Company Limited ¹	77,674,581	36.607%
The Hon. Sir Michael Kadoorie ¹	77,674,581	36.607%
Peak Capital Partners I, L.P. ²	32,605,583	15.366%

Notes:

¹ Bermuda Trust Company Limited is deemed to be interested in the same 40,014,178 shares in which Acorn Holdings Corporation is interested. The Mikado Private Trust Company Limited and Harneys Trustees Limited are deemed to be interested in the same 77,674,581 shares in which Lawrencium Holdings Limited is interested. For the purpose of the SFO, the spouse of the Hon. Sir Michael Kadoorie has a duty of disclosure in Hong Kong in relation to the 77,674,581 shares. The interest disclosed by the spouse of the Hon. Sir Michael Kadoorie is that of the Hon. Sir Michael Kadoorie attributed to her under the SFO. Except the above, she has no interest, legal or beneficial in those shares.

² Mr. John J. Ying (a Non-Executive Director of the Company) is the sole shareholder of the general partner of Peak Capital Partners I, L.P. and is deemed to have an interest in the shares held by Peak Capital Partners I, L.P. (the Company is advised that the term "general partner" commonly refers to the entity liable for all the debts and obligations of a limited partnership and has power to bind a limited partnership).

DIVIDEND

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

Condensed Consolidated Income Statement

For the six months ended 30 June

	Note	Unaudited	
		2016 HK\$'000	2015 HK\$'000
Revenue	6	507,822	494,584
Cost of sales		(274,802)	(260,190)
Gross profit		233,020	234,394
Distribution costs	7	(165,668)	(140,433)
Administrative expenses	7	(152,683)	(160,748)
Other gains/(losses) – net	8	5,445	(966)
Operating loss		(79,886)	(67,753)
Finance income		348	1,788
Finance costs		(12)	(1,001)
Finance income – net	9	336	787
Share of loss of an associate		–	–
Loss before income tax		(79,550)	(66,966)
Income tax expense	10	(20,871)	(2,460)
Loss for the period		(100,421)	(69,426)
Loss attributable to:			
owners of the Company		(93,616)	(67,086)
non-controlling interests		(6,805)	(2,340)
		(100,421)	(69,426)
Loss per share attributable to the owners of the Company during the period (expressed in HK cents per share)			
Basic/diluted	12	(44.12)	(31.62)

The notes on pages 16 to 35 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

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

The notes on pages 16 to 35 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 Jun 2016 HK\$'000	Audited 31 Dec 2015 HK\$'000
Assets			
Non-current assets			
Land use rights	13	29,395	30,309
Property, plant & equipment	14	223,512	238,247
Construction in progress	14	152,129	115,786
Intangible assets	15	31,607	34,015
Deferred income tax assets		7,847	10,339
Prepayments	16	18,862	8,494
Pledged bank deposits	17	290	296
		463,642	437,486
Current assets			
Inventories		255,679	218,305
Trade & other receivables	16	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	17	1,439	3,036
Fixed deposits	18	–	16,549
Cash & cash equivalents	19	192,862	153,800
		741,250	809,768
Non-current asset held for sale	20	17,192	17,192
		758,442	826,960
Total assets		1,222,084	1,264,446

The notes on pages 16 to 35 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 Jun 2016 HK\$'000	Audited 31 Dec 2015 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital	21	21,219	21,219
Reserves	22	331,566	328,836
Retained earnings:			
Proposed final dividend		–	6,366
Others		286,878	380,494
		639,663	736,915
Non-controlling interests		33,971	42,070
Total equity		673,634	778,985
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		6,084	6,000
Retirement benefit obligations		28,279	26,301
Other long-term liabilities		1,200	1,200
		35,563	33,501
Current liabilities			
Trade & other payables	23	365,707	293,351
Current income tax liabilities		4,471	11,311
Bank borrowings – unsecured	24	142,709	147,298
		512,887	451,960
Total liabilities		548,450	485,461
Total equity & liabilities		1,222,084	1,264,446
Net current assets		245,555	375,000
Total assets less current liabilities		709,197	812,486

The notes on pages 16 to 35 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June

	Unaudited						
	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2015	21,219	189,699	187,530	393,364	791,812	43,667	835,479
Comprehensive income							
Loss for the period	-	-	-	(67,086)	(67,086)	(2,340)	(69,426)
Other comprehensive income for the period							
Currency translation differences	-	-	(8,186)	-	(8,186)	(55)	(8,241)
Total other comprehensive loss for the period, net of tax	-	-	(8,186)	-	(8,186)	(55)	(8,241)
Total comprehensive loss for the period	-	-	(8,186)	(67,086)	(75,272)	(2,395)	(77,667)
Total contributions by and distributions to owners of the Company, recognised directly in equity							
Dividends for 2014	-	-	-	(25,462)	(25,462)	-	(25,462)
Total transactions with owners	-	-	-	(25,462)	(25,462)	-	(25,462)
Balance at 30 June 2015	21,219	189,699	179,344	300,816	691,078	41,272	732,350
Balance at 1 January 2016	21,219	189,699	139,137	386,860	736,915	42,070	778,985
Comprehensive income							
Loss for the period	-	-	-	(93,616)	(93,616)	(6,805)	(100,421)
Other comprehensive income for the period							
Currency translation differences	-	-	2,730	-	2,730	(583)	2,147
Total other comprehensive income/(loss) for the period, net of tax	-	-	2,730	-	2,730	(583)	2,147
Total comprehensive income/(loss) for the period	-	-	2,730	(93,616)	(90,886)	(7,388)	(98,274)
Total contributions by and distributions to owners of the Company, recognised directly in equity							
Dividends for 2015	-	-	-	(6,366)	(6,366)	-	(6,366)
Dividend paid to non-controlling interests	-	-	-	-	-	(711)	(711)
Total transactions with owners	-	-	-	(6,366)	(6,366)	(711)	(7,077)
Balance at 30 June 2016	21,219	189,699	141,867	286,878	639,663	33,971	673,634

The notes on pages 16 to 35 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June

	Note	Unaudited	
		2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities			
Cash generated from operations		35,095	9,082
(Settlement of)/proceeds from derivative financial instruments		(36)	4,673
Retirement benefit paid		(349)	(113)
Income tax paid		(14,605)	(3,547)
Withholding tax paid		(10,352)	–
Interest paid		(13)	(1,001)
Net cash generated from operating activities		9,740	9,094
Cash flows from investing activities			
Purchases of property, plant & equipment and construction in progress		(45,732)	(46,418)
Acquisition of intangible assets		(2,607)	(2,110)
Proceeds from disposal of property, plant & equipment		84	224
Proceeds from disposal of financial assets at fair value through profit or loss		323,992	303,649
Purchase of financial assets at fair value through profit or loss		(252,364)	(318,758)
Repayment of other long-term liabilities		–	(3,015)
Decrease in fixed deposits		16,549	123,686
Interest received		348	1,788
Net cash generated from investing activities		40,270	59,046
Cash flows from financing activities			
Proceeds from borrowings		70,332	894,927
Repayments of borrowings		(75,022)	(868,068)
Decrease/(increase) in pledged bank deposits		1,603	(1,542)
Dividend paid		(6,992)	(25,130)
Net cash (used in)/generated from financing activities		(10,079)	187
Net increase in cash & cash equivalents		39,931	68,327
Cash & cash equivalents at beginning of period		153,800	146,879
Exchange losses on cash & cash equivalents		(869)	(1,707)
Cash & cash equivalents at end of period	19	192,862	213,499

The notes on pages 16 to 35 are an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

Tai Ping Carpets International Limited (“the Company”) and its subsidiaries (together “the Group”) are principally engaged in the manufacture, import, export and sale of carpets, manufacture and sale of yarns and sale of leather.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM EX, Bermuda. The principal office in Hong Kong is located at 33rd Floor, Global Trade Square, 21 Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 19 August 2016.

These condensed consolidated interim financial statements have not been audited.

2. 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.

3. 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

4. ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2015, with the exception of changes in estimates that are required in determining the provision for income taxes (see Note 10).

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015.

There have been no changes in the risk management department since year end or in any risk management policies.

(a) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group Treasury. Group Treasury invests surplus cash in time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the end of the financial period, the Group held cash and cash equivalents of HK\$192,862,000 (as at 31 December 2015: HK\$153,800,000) (Note 19) that are expected to readily generate cash inflows for managing liquidity risk.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the condensed consolidated statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

As at 30 June 2016	Repayable on demand HK\$'000	Less than 1 year HK\$'000	Between 1 & 2 years HK\$'000	Between 2 & 5 years HK\$'000	Total HK\$'000
Trade & other payables	-	146,203	-	-	146,203
Bank borrowings – unsecured	139,500	3,209	-	-	142,709
	139,500	149,412	-	-	288,912

As at 31 December 2015	Repayable on demand HK\$'000	Less than 1 year HK\$'000	Between 1 & 2 years HK\$'000	Between 2 & 5 years HK\$'000	Total HK\$'000
Trade & other payables	-	153,255	-	-	153,255
Bank borrowings – unsecured	143,375	3,923	-	-	147,298
	143,375	157,178	-	-	300,553

(b) Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at the condensed consolidated statement of financial position date by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2016, within the fair value hierarchy.

As at 30 June 2016	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through profit or loss:				
Mutual funds	68,446	–	–	68,446
Derivative financial instruments:				
Foreign currency forward contracts	–	40	–	40
	68,446	40	–	68,486

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015, within the fair value hierarchy.

As at 31 December 2015	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through profit or loss:				
Mutual funds	139,033	–	–	139,033
Derivative financial instruments:				
Foreign currency forward contracts	–	4	–	4
	139,033	4	–	139,037

There are no transfer between level 1 and 2 during the period.

The fair value of mutual funds which are traded in active markets is based on quoted market prices at the condensed consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the mutual fund held by the Group is the current bid price, of which the mutual fund is classified as level 1.

The fair value of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure fair value of an instrument are observable, the instrument is included in level 2.

6. REVENUE & SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Sale of carpets	451,597	439,352
Sale of underlays	6,878	6,289
Installation of carpets	12,472	13,776
Interior furnishings	21,243	19,064
Sale of yarns	13,963	13,982
Sale of raw materials	1,669	1,992
Other	–	129
	507,822	494,584

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors (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.

6. REVENUE & SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The segment information provided to the 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	EMEA	North America	South America	Unallocated	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	197,806	92,607	213,634	3,775	-	507,822
Cost of production ¹	(142,213)	(44,493)	(120,779)	(3,001)	-	(310,486)
Segment gross margin	55,593	48,114	92,855	774	-	197,336
Segment results	(28,872)	(16,472)	(26,250)	(5,770)	-	(77,364)
Unallocated expenses ²						(2,522)
Operating loss						(79,886)
Finance income						348
Finance costs						(12)
Loss before income tax						(79,550)
Income tax expense						(20,871)
Loss for the period						(100,421)
Capital expenditure	(9,967)	(827)	(1,456)	-	(37,620)	(49,870)
Depreciation of property, plant & equipment (Note 14)	(18,527)	(1,668)	(4,157)	(5)	(456)	(24,813)
Amortisation of land use rights (Note 13)	-	-	-	-	(321)	(321)
Amortisation of intangible assets (Note 15)	(5,008)	-	(65)	-	-	(5,073)
(Allowance for)/recovery of impairment of trade receivables	(345)	(933)	142	(17)	-	(1,153)

6. REVENUE & SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

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	(146,872)	(40,197)	(111,070)	(5,875)	-	(304,014)
Segment gross margin	49,311	48,383	89,853	3,023	-	190,570
Segment results	(16,811)	(12,452)	(25,686)	(2,898)	-	(57,847)
Unallocated expenses ²						(9,906)
Operating loss						(67,753)
Finance income						1,788
Finance costs						(1,001)
Loss before income tax						(66,966)
Income tax expense						(2,460)
Loss for the period						(69,426)
Capital expenditure	(19,877)	(2,499)	(2,881)	(34)	(24,437)	(49,728)
Depreciation of property, plant & equipment (Note 14)	(21,752)	(1,838)	(4,079)	(8)	(233)	(27,910)
Amortisation of land use rights (Note 13)	-	-	-	-	(340)	(340)
Amortisation of intangible assets (Note 15)	(4,198)	-	(65)	-	-	(4,263)
Recovery of/(allowance for) impairment of trade receivables	60	610	(1)	(9)	-	660

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.

7. EXPENSES BY NATURE

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Depreciation of property, plant & equipment (Note 14)	24,813	27,910
Amortisation of land use rights (Note 13)	321	340
Amortisation of intangible assets (Note 15)	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

8. 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
	5,445	(966)

9. 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
Finance income – net	336	787

10. 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 HK\$'000	2015 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)	2,584	(426)
Income tax expense	20,871	2,460

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%).

11. 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.

12. 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)	(93,616)	(67,086)
Weighted average number of ordinary shares in issue (thousands)	212,187	212,187
Basic loss per share (HK cents)	(44.12)	(31.62)

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

13. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their carrying amounts are analysed as follows:

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
Outside Hong Kong, held on leases of between 10 and 50 years	29,395	30,309

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
At beginning of the period/year	30,309	32,871
Exchange differences	(593)	(1,889)
Amortisation of land use rights (Note 7)	(321)	(673)
At end of the period/year	29,395	30,309

14. PROPERTY, PLANT & EQUIPMENT AND CONSTRUCTION IN PROGRESS

For the six months ended 30 June 2016

	Property, plant & equipment			Construction in progress	Total
	Buildings	Other assets	Sub-total		
	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2016					
Cost or valuation	155,233	789,683	944,916	115,786	1,060,702
Accumulated depreciation	(106,474)	(600,195)	(706,669)	–	(706,669)
Net book amount	48,759	189,488	238,247	115,786	354,033
Period ended 30 June 2016					
Opening net book amount	48,759	189,488	238,247	115,786	354,033
Additions	–	5,131	5,131	42,132	47,263
Transfer from construction in progress	–	3,054	3,054	(3,054)	–
Disposals and assets written off	(5)	(48)	(53)	–	(53)
Depreciation (Note 7)	(1,603)	(23,210)	(24,813)	–	(24,813)
Exchange differences	1,183	763	1,946	(2,735)	(789)
Closing net book amount	48,334	175,178	223,512	152,129	375,641
At 30 June 2016					
Cost or valuation	157,725	797,836	955,561	152,129	1,107,690
Accumulated depreciation	(109,391)	(622,658)	(732,049)	–	(732,049)
Net book amount	48,334	175,178	223,512	152,129	375,641

14. PROPERTY, PLANT & EQUIPMENT AND CONSTRUCTION IN PROGRESS (CONTINUED)

For the six months ended 30 June 2015

	Property, plant & equipment			Construction in progress	Total
	Buildings	Other assets	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015					
Cost or valuation	169,093	839,102	1,008,195	63,892	1,072,087
Accumulated depreciation	(113,031)	(617,509)	(730,540)	–	(730,540)
Net book amount	56,062	221,593	277,655	63,892	341,547
Period ended 30 June 2015					
Opening net book amount	56,062	221,593	277,655	63,892	341,547
Additions	2,500	15,527	18,027	29,591	47,618
Transfer from construction in progress	1,079	5,761	6,840	(6,840)	–
Disposals and assets written off	–	(7,933)	(7,933)	–	(7,933)
Depreciation (Note 7)	(1,846)	(26,064)	(27,910)	–	(27,910)
Exchange differences	(4,038)	(2,710)	(6,748)	(131)	(6,879)
Closing net book amount	53,757	206,174	259,931	86,512	346,443
At 30 June 2015					
Cost or valuation	169,790	813,828	983,618	86,512	1,070,130
Accumulated depreciation	(116,033)	(607,654)	(723,687)	–	(723,687)
Net book amount	53,757	206,174	259,931	86,512	346,443

15. INTANGIBLE ASSETS

For the six months ended 30 June 2016

	Vendor relationships HK\$'000	Computer software HK\$'000	Brands HK\$'000	Design library HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
At 1 January 2016						
Cost	7,215	64,005	2,021	1,937	2,841	78,019
Accumulated amortisation & impairment	(7,215)	(34,270)	-	(1,033)	(1,486)	(44,004)
Net book amount	-	29,735	2,021	904	1,355	34,015
Period ended 30 June 2016						
Opening net book amount	-	29,735	2,021	904	1,355	34,015
Additions	-	2,607	-	-	-	2,607
Amortisation (Note 7)	-	(4,834)	-	(65)	(174)	(5,073)
Exchange differences	-	-	42	-	16	58
Closing net book amount	-	27,508	2,063	839	1,197	31,607
At 30 June 2016						
Cost	7,215	66,545	2,063	1,937	2,867	80,627
Accumulated amortisation & impairment	(7,215)	(39,037)	-	(1,098)	(1,670)	(49,020)
Net book amount	-	27,508	2,063	839	1,197	31,607

15. INTANGIBLE ASSETS (CONTINUED)

For the six months ended 30 June 2015

	Vendor relationships HK\$'000	Computer software HK\$'000	Brands HK\$'000	Design library HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
At 1 January 2015						
Cost	7,215	55,719	2,266	1,950	2,812	69,962
Accumulated amortisation & impairment	(7,215)	(25,626)	–	(910)	(1,336)	(35,087)
Net book amount	–	30,093	2,266	1,040	1,476	34,875
Period ended 30 June 2015						
Opening net book amount	–	30,093	2,266	1,040	1,476	34,875
Additions	–	2,110	–	–	–	2,110
Amortisation (Note 7)	–	(4,070)	–	(65)	(128)	(4,263)
Written off	–	(6)	–	–	–	(6)
Exchange differences	–	1	(191)	(7)	(75)	(272)
Closing net book amount	–	28,128	2,075	968	1,273	32,444
At 30 June 2015						
Cost	7,169	57,771	2,075	1,937	2,642	71,594
Accumulated amortisation & impairment	(7,169)	(29,643)	–	(969)	(1,369)	(39,150)
Net book amount	–	28,128	2,075	968	1,273	32,444

Other intangible assets include customer relationships and non-competition agreements.

16. TRADE & OTHER RECEIVABLES

	30 Jun 2016 HK\$'000	31 Dec 2015 HK\$'000
Trade receivables	153,270	221,679
Less: allowance for impairment of trade receivables	(7,274)	(6,499)
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	24,850	17,801
	229,658	277,297

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

16. TRADE & OTHER RECEIVABLES (CONTINUED)

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	31 Dec 2015
	HK\$'000	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	5,340	6,320
	153,270	221,679

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

	30 Jun 2016	31 Dec 2015
	HK\$'000	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 relate 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 the past experience, management estimates that the carrying amounts should be fully recovered.

17. PLEDGED BANK DEPOSITS

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
Pledged bank deposits	1,729	3,332
Less: non-current pledged bank deposits	(290)	(296)
Current portion	1,439	3,036

Pledged bank deposits represented deposits made to a bank for the performance guarantees (the "Guarantee") issued by the bank to the Group's customers. The Guarantee will expire during the period from 9 September 2016 to 23 July 2018 (2015: during the period from 1 March 2016 to 23 July 2018).

18. FIXED DEPOSITS

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
Fixed deposits with maturities over three months but less than one year	–	16,549

19. CASH & CASH EQUIVALENTS

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
Cash & cash equivalents	192,862	153,800

20. NON-CURRENT ASSET HELD FOR SALE

On 13 December 2013, the Directors approved the disposal of the Group's investment in Philippine Carpet Manufacturing Corporation ("PCMC"). Accordingly, management reclassified all the Group's investment in PCMC as non-current asset held for sale as at 31 December 2013, as the carrying amount would be recovered principally through sale, the investment is available for immediate sale at their present conditions and such sale is considered highly probable. The disposal has not yet been completed as at 30 June 2016.

21. SHARE CAPITAL

	No. of shares	HK\$'000
Authorised – Ordinary shares of HK\$0.10 each:		
At 1 January 2016 & 30 June 2016	400,000,000	40,000
Issued & fully paid – Ordinary shares of HK\$0.10 each:		
At 1 January 2016 & 30 June 2016	212,187,488	21,219

22. RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Properties revaluation reserve HK\$'000	General reserve HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
Balance at 1 January 2015	189,699	55,928	4,161	8,000	119,441	377,229
Currency translation differences	-	-	-	-	(8,186)	(8,186)
Balance at 30 June 2015	189,699	55,928	4,161	8,000	111,255	369,043
Balance at 1 January 2016	189,699	55,928	4,161	8,000	71,048	328,836
Currency translation differences	-	-	-	-	2,730	2,730
Balance at 30 June 2016	189,699	55,928	4,161	8,000	73,778	331,566

23. 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
Accrual for 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 Group's 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

24. BANK BORROWINGS – UNSECURED

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
Current		
Bills payables repayable within 60 days	3,209	3,923
Short-term bank borrowings	139,500	143,375
	142,709	147,298

25. CAPITAL COMMITMENTS

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
Authorised but not contracted for in respect of property, plant & equipment	110,723	40,049
Contracted but not provided for in respect of property, plant & equipment	22,115	36,310
	132,838	76,359

26. CONTINGENT LIABILITIES

	30 Jun 2016	31 Dec 2015
	HK\$'000	HK\$'000
Performance bonds issued by banks	36,870	19,941

27. OPERATING LEASE COMMITMENTS

The Group has entered into a number of operating lease agreements on property, plant and equipment. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 Jun 2016		31 Dec 2015	
	Property HK\$'000	Other assets HK\$'000	Property HK\$'000	Other assets HK\$'000
Not later than one year	42,384	1,578	41,971	1,573
Later than one year and not later than five years	102,674	1,743	98,977	2,808
Later than five years	108,648	–	112,400	–
	253,706	3,321	253,348	4,381

28. RELATED PARTY TRANSACTIONS

The Mikado Private Trust Company Limited ("MPTCL") is a major substantial shareholder of the Company and MPTCL is also deemed to be interested in more than 30% of the voting power of The Hongkong and Shanghai Hotels, Limited.

The following transactions were carried out with related parties:

(a) Sale of goods & services

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Sale of carpets:		
The Hongkong and Shanghai Hotels, Limited ("HSH") ¹	1,679	488

Notes:

¹ By virtue of the fact that HSH is under common control with the Company, the transactions of the Company's subsidiaries with HSH and its subsidiaries are related party transactions.

(b) Key management compensation

Key management includes Chairman, Executive Director and senior management. The compensation paid or payable to key management for employee service is shown below:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Salaries & other short-term employee benefits	14,565	10,063

(c) Period/year-end balances arising from sale/purchase of goods/services

	30 Jun 2016 HK\$'000	31 Dec 2015 HK\$'000
Trade receivable from related party:		
HSH	-	-

Corporate Information

Board of Directors

Chairman & Non-Executive Director
Mr. Nicholas T. J. Colfer

Chief Executive Officer & Executive Director
Mr. James H. Kaplan

Non-Executive Directors

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

Independent Non-Executive Directors

Mrs. Yvette Y. H. Fung
Mr. Roderic N. A. Sage
Mr. Lincoln C. K. Yung
Mr. Aubrey K. S. Li

Executive Committee

Mr. Nicholas T. J. Colfer (*Committee Chairman*)
Mr. James H. Kaplan
Mr. David C. L. Tong
Mr. John J. Ying
Mr. Nelson K. F. Leong

Audit Committee

Mr. Roderic N. A. Sage (*Committee Chairman*)
Mr. Aubrey K. S. Li
Mr. John J. Ying

Remuneration Committee

Mr. Roderic N. A. Sage (*Committee Chairman*)
Mrs. Yvette Y. H. Fung
Mr. David C. L. Tong

Nomination Committee

Mr. Nicholas T. J. Colfer (*Committee Chairman*)
Mr. Lincoln C. K. Yung
Mrs. Yvette Y. H. Fung

Company Secretary

Mr. Yip Wai Wan

Auditor

PricewaterhouseCoopers
Certified Public Accountants
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Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Principal Share Registrar and Transfer Agent

Appleby Management (Bermuda) Limited
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Branch Share Registrar

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