

Tai Ping Carpets International Limited

Interim Report 2024/25

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 the condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2024 (the “period”), together with the comparative figures for the previous corresponding 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 31 December 2024, and the condensed consolidated statement of financial position as at 31 December 2024, along with selected explanatory notes, all of which are unaudited and reviewed by the Audit Committee of the Company, can be found on pages 9 to 27 of this report.

BUSINESS REVIEW

The Group’s consolidated turnover for the period was HK\$308 million, up by 1% compared to HK\$306 million for the same period in 2023. The gross margin for the period was 62%, consistent with the previous period.

Total distribution and administrative expenses increased by 1% compared to last year, following stringent cost control which largely mitigated the impact of inflation.

Profit before income tax for the period was HK\$30 million, up by 30% compared to HK\$23 million for the same period last year (which had included a one-time loss on derecognition of right-of-use asset of HK\$6 million related to the strategic decision to sublet one of its showrooms in New York).

The income tax expense for the period increased compared to the same period last year, as the Group has now exhausted its accumulated historical tax losses in certain jurisdictions.

After accounting for the income tax expense, the Group’s profit attributable to the equity holders of the Company was HK\$22 million, in line with the level achieved in the same period last year.

CARPET OPERATIONS

Sales revenue in carpet operations for the period was HK\$302 million, an increase of 1% compared to HK\$299 million in the previous year. Revenue for the Asia region increased by 10%, following steady improvement in all sectors. Sales in the US region also recorded a 10% increase, mainly due to an expansion in the private aviation segment. The sales growth in Asia and the US was offset by a 13% revenue decline in EMEA, partly because the prior year benefitted from large non-recurring projects and partly linked to a difficult trading environment. Total revenue growth benefitted from an improvement in the global logistics situation, which supported faster cash conversion.

MANUFACTURING OPERATIONS

The workforce at our Artisan workshop in Xiamen has remained stable, supporting continued staff upskilling and a focus on lean best practices to drive efficiency and material utilisation. Long-term plans are also underway to further strengthen the Group's sustainability position.

Expansion at the carpet manufacturing operations in the US, located at the Premier Yarn Dyers ("PYD") facility in Georgia, is on-going. The near-term focus is on worker recruitment and training to increase output in line with projected local demand. Additional investment is planned to further refine manufacturing processes and workflows to achieve ISO accreditation, and to ensure best-practice health and safety standards.

NON-CARPET OPERATIONS

Other operations mainly represent the Company's US-based yarn-dyeing subsidiary, PYD, contributing approximately 2% of total sales. While the operating results of PYD remain stable, further investment plan is in place to modernize the facilities and equipment to support the expanded carpet manufacturing operation.

OUTLOOK

The global economic landscape remains challenging, characterised by prolonged high interest rates and inflation, the ongoing conflict in Ukraine, and sanctions on Russia and Iran which have driven uncertainty in global markets, adversely impacting consumer confidence and spending. Fears around a global "tariff war" present a further challenge to economic stability. The continuing tensions between the US and China are of particular concern for Tai Ping, as the US is a key market and Tai Ping's primary manufacturing base is in China.

Despite these uncertainties, the Group expects to maintain its long-term strategic course including the expansion of its US manufacturing base and building a stronger brand presence in both trade and consumer markets. In the near term stringent cost control will continue, and investment priorities will be implemented gradually, and with caution, to ensure the right balance between growth and profitability.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (2023: Nil).

CAPITAL EXPENDITURE

Capital expenditure in the form of property, plant and equipment and construction in progress incurred by the Group totaled HK\$9 million during the period (2023: HK\$9 million). As of 31 December 2024, the aggregate net book value of the Group's property, plant and equipment, investment property, land use right, construction in progress and intangible assets amounted to HK\$309 million (30 June 2024: HK\$315 million).

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.

As of 31 December 2024, the Group had total cash and cash equivalents and short-term fixed deposits (with maturity over three months but within one year) amounting to HK\$233 million (30 June 2024: HK\$263 million) and had no bank borrowings (30 June 2024: Nil).

EXPOSURE TO FOREIGN EXCHANGE RISKS

The Group has overseas operations in the US, Europe, and China. 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 US dollars and Euro, and to a lesser extent in a variety of other currencies.

HUMAN RESOURCES & REMUNERATION POLICIES

The total number of employees at the end of December 2024 was 746, consistent with the 740 at the end of June 2024.

Employees are remunerated according to the nature of the job and market trends, with built-in merit components incorporated to encourage and recognise individual performance.

The primary focus for Human Resources during the period was maintaining stability and retaining talent through a period of economic and political uncertainty, as well as continuing organisational change.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group's total contingent liabilities amounted to HK\$2 million (30 June 2024: HK\$3 million).

Mark Stuart Worgan
Chief Executive Officer

Hong Kong, 19 February 2025

Corporate Governance & Other Information

CORPORATE GOVERNANCE

The Board of Directors and Management of Tai Ping Carpets International Limited (the "Company") are committed to promoting good corporate governance to safeguard the interests of shareholders of the Company (the "Shareholders"). The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix C1 (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 31 December 2024, except the Company's Non-Executive Directors and Independent Non-Executive Directors are not appointed for specific terms. 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 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 to 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 31 December 2024.

AUDIT COMMITTEE

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

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 the interim financial information for the six months ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the six months ended 31 December 2024. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2024.

SHARE OPTIONS

No share option scheme exists during the period and no share options are held by the Directors.

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

As at 31 December 2024, the interests of the Directors 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:

Ordinary shares of HK\$0.10 each in the Company as at 31 December 2024

Number 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
Tong Chi Leung David	431,910	–	0.204%
Leong Kwok Fai Nelson	1,366,666	182,000 ¹	0.730%
John Jeffrey Ying	32,605,583	–	15.366%

Note:

¹ 182,000 shares are held by Fontana Enterprises Limited, company in which Mr. Leong Kwok Fai Nelson holds 40% equity interests and has controlling interest.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors 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 31 December 2024, 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 substantial shareholders' interests, being 5% or more in the issued ordinary share capital of the Company. These interests are in addition to those disclosed above in respect of the Directors.

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%
Lawrencium Holdings Limited ²	77,674,581	36.607%
The Mikado Private Trust Company Limited ²	77,674,581	36.607%
Harneys Trustees Limited ²	77,674,581	36.607%
The Hon. Sir Michael Kadoorie ²	77,674,581	36.607%

Notes:

- ¹ Bermuda Trust Company Limited is deemed to be interested in the same 40,014,178 shares in which Acorn Holdings Corporation is deemed to be interested, either in the capacity as trustee of various discretionary trusts and/or by virtue of having director indirect control over such company.
- ² The Mikado Private Trust Company Limited is deemed to be interested in the same 77,674,581 shares in which Lawrencium Holdings Limited is deemed to be interested, either in the capacity as trustee of a discretionary trust and/or by virtue of having direct or indirect control over such company.

Harneys Trustees Limited controls The Mikado Private Trust Company Limited and is therefore deemed to be interested in the same 77,674,581 shares in which such company is deemed to be interested.

The Hon. Sir Michael Kadoorie, in his capacity as the founder and one of the beneficiaries of a discretionary trust, is deemed to be interested in 77,674,581 shares in which Lawrencium Holdings Limited is deemed to be interested.

APPOINTMENT OF NEW DIRECTOR

Mr. Yuan Ren had been appointed as an Independent Non-Executive Director and a member of the Nomination Committee of the Company with effect from 20 December 2024. His biographical details were disclosed in the announcement of the Company dated 20 December 2024.

UPDATE ON DIRECTORS' INFORMATION

Mrs. Fung Yeh Yi Hao Yvette had retired as an Independent Non-Executive Director and had ceased as the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company upon conclusion of the annual general meeting of the Company on 6 December 2024.

Mr. Daniel George Green had been redesignated as the chairman of the Remuneration Committee of the Company and Mr. Nicholas James Debnam had been appointed as a member of the Remuneration Committee of the Company with effect from 6 December 2024.

CONSTITUTIONAL DOCUMENTS

The Company has published its constitutional documents on the websites of the Company and the Stock Exchange. During the period, there was no change in Company's constitutional documents.

Condensed Consolidated Income Statement

For the six months ended 31 December

	Note	Unaudited	
		2024 HK\$'000	2023 HK\$'000
Revenue	6	308,356	306,417
Cost of sales		(116,732)	(117,014)
Gross profit		191,624	189,403
Distribution costs	7	(90,156)	(84,688)
Administrative expenses	7	(74,131)	(77,455)
Other gains/(losses) – net	8	723	(5,224)
Operating profit		28,060	22,036
Finance income – net	9	1,562	714
Profit before income tax		29,622	22,750
Income tax expense	10	(7,925)	(476)
Profit for the period attributable to the owners of the Company		21,697	22,274
Profit per share attributable to the owners of the Company during the period (expressed in HK cents per share)			
Basic/diluted	12	10.23	10.50

The notes on pages 15 to 27 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December

	Unaudited	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period	21,697	22,274
Other comprehensive income – net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	(5,785)	7,866
Total comprehensive income for the period attributed to the owners of the Company	15,912	30,140

The notes on pages 15 to 27 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

		Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
Assets			
Non-current assets			
Land use right	13	22,190	22,809
Property, plant & equipment	14	204,833	211,380
Investment property	14	68,157	70,077
Construction in progress	14	4,124	270
Intangible assets	15	9,445	10,239
Right-of-use assets	16	114,648	90,336
Lease receivable		4,918	6,182
Prepayments	17	8,857	8,094
		437,172	419,387
Current assets			
Inventories		52,457	49,515
Trade & other receivables	17	93,750	97,437
Lease receivable		2,404	2,263
Pledged bank deposits	18	1,150	641
Fixed deposits		107,998	129,551
Cash & cash equivalents		125,423	133,772
		383,182	413,179
Total assets		820,354	832,566

The notes on pages 15 to 27 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital	19	21,219	21,219
Reserves	20	234,776	240,561
Retained earnings:			
Proposed final dividend		–	25,462
Others		189,395	167,698
Total equity		445,390	454,940
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		1,242	1,242
Retirement benefit obligations		4,984	5,014
Lease liabilities		114,304	88,320
Other long-term liabilities		234	262
		120,764	94,838
Current liabilities			
Trade & other payables	21	127,397	169,626
Contract liabilities – Deposits received in advance		95,818	78,989
Current income tax liabilities		8,095	8,236
Lease liabilities		22,890	25,937
		254,200	282,788
Total liabilities		374,964	377,626
Total equity & liabilities		820,354	832,566
Net current assets		128,982	130,391
Total assets less current liabilities		566,154	549,778

The notes on pages 15 to 27 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December

	Unaudited				
	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 July 2023	21,219	189,699	47,274	170,402	428,594
Comprehensive income					
Profit for the period	-	-	-	22,274	22,274
Other comprehensive income for the period – net of tax					
Currency translation differences	-	-	7,866	-	7,866
Total other comprehensive income for the period	-	-	7,866	22,274	30,140
Total contributions by and distributions to owners of the Company, recognised directly in equity					
Dividends for FY2022/23	-	-	-	(19,097)	(19,097)
Total transactions with owners	-	-	-	(19,097)	(19,097)
Balance at 31 December 2023	21,219	189,699	55,140	173,579	439,637
Balance at 1 July 2024	21,219	189,699	50,862	193,160	454,940
Comprehensive income					
Profit for the period	-	-	-	21,697	21,697
Other comprehensive income for the period – net of tax					
Currency translation differences	-	-	(5,785)	-	(5,785)
Total comprehensive (loss)/income for the period	-	-	(5,785)	21,697	15,912
Total contributions by and distributions to owners of the Company, recognised directly in equity					
Dividends for FY2023/24	-	-	-	(25,462)	(25,462)
Total transactions with owners	-	-	-	(25,462)	(25,462)
Balance at 31 December 2024	21,219	189,699	45,077	189,395	445,390

The notes on pages 15 to 27 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December

	Unaudited	
	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities		
Cash generated from operations	27,598	46,082
Income tax paid	(10,849)	(944)
Net cash generated from operating activities	16,749	45,138
Cash flows from investing activities		
Purchases of property, plant & equipment and construction in progress	(8,942)	(8,144)
Acquisition of intangible assets	(603)	(1,416)
Proceeds from disposal of property, plant & equipment	235	1
Decrease/(increase) in fixed deposits	23,435	(28,266)
Interest received	4,485	2,768
Net cash generated from/(used in) investing activities	18,610	(35,057)
Cash flows from financing activities		
Increase in pledged bank deposits	(497)	–
Capital element of lease rentals paid	(13,228)	(13,284)
Interest element of lease rentals paid	(3,220)	(2,138)
Dividend paid to the Company's shareholders	(25,462)	(19,097)
Net cash used in financing activities	(42,407)	(34,519)
Net decrease in cash & cash equivalents	(7,048)	(24,438)
Cash & cash equivalents at beginning of period	133,772	217,657
Exchange (loss)/gain on cash & cash equivalents	(1,301)	478
Cash & cash equivalents at end of period	125,423	193,697

The notes on pages 15 to 27 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 design, manufacture, import, export and sale of carpets and manufacture and sale of yarns.

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 12, Bermuda. The principal office in Hong Kong is located at Units 1801-1804, 18th Floor, 909 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, 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 of the Company on 19 February 2025.

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 31 December 2024 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 consolidated financial statements for the year ended 30 June 2024, 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

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the financial period beginning 1 July 2024 and none of them have impact to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 for uncertain events were the same as those that applied to the consolidated financial statements for the year ended 30 June 2024.

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 consolidated financial statements for the year ended 30 June 2024.

There have been no changes in the risk management team and/or in any risk management policies since the end of 30 June 2024.

(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\$125,423,000 (30 June 2024: HK\$133,772,000) that are expected to readily generate cash inflows for managing liquidity risk.

5. FINANCIAL RISK MANAGEMENT(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 31 December 2024				Total HK\$'000
	Within 1 year HK\$'000	After 1 year but within 5 years HK\$'000	More than 5 years HK\$'000	
Unaudited				
Trade & other payables	58,124	–	–	58,124
Lease liabilities	29,141	87,887	46,024	163,052
	87,265	87,887	46,024	221,176

As at 30 June 2024				Total HK\$'000
	Within 1 year HK\$'000	After 1 year but within 5 years HK\$'000	More than 5 years HK\$'000	
Audited				
Trade & other payables	63,976	–	–	63,976
Lease liabilities	30,350	74,189	22,478	127,017
	94,326	74,189	22,478	190,993

The Group does not hold any derivative financial instruments as at 31 December 2024 and 30 June 2024.

6. REVENUE & SEGMENT INFORMATION

(a) Revenue

	Six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Sale of carpets & underlays	267,162	264,044
Installation of carpets & furnishing business	34,341	34,692
Sale of yarns & others	6,853	7,681
	308,356	306,417

6. REVENUE & SEGMENT INFORMATION(CONTINUED)

(b) 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 the effects of gain/loss and income/expenditure which are considered relevant in assessing the segment's performance.

The segment information provided to the management for the reportable segments for the six months ended 31 December 2024 and 2023 are as follows:

For the six months ended 31 December 2024

Unaudited	Asia HK\$'000	EMEA HK\$'000	America HK\$'000	Unallocated HK\$'000	Group HK\$'000
Revenue from external customers	91,633	101,836	114,887	–	308,356
Cost of production ¹	(27,131)	(41,136)	(46,421)	–	(114,688)
Segment gross margin	64,502	60,700	68,466	–	193,668
Segment results	38,905	8,848	5,472	–	53,225
Unallocated expenses ²					(25,165)
Operating profit					28,060
Finance income – net					1,562
Profit before income tax					29,622
Income tax expense					(7,925)
Profit for the period					21,697
Capital expenditure	(2,112)	(2,749)	(4,100)	(11)	(8,972)
Depreciation of right-of-use assets	(4,313)	(3,768)	(3,971)	–	(12,052)
Depreciation of property, plant & equipment (Note 14)	(4,824)	(1,650)	(1,980)	(126)	(8,580)
Amortisation of land use right (Note 13)	(295)	–	–	–	(295)
Amortisation of intangible assets (Note 15)	(11)	(37)	(4)	(939)	(991)
Recovery of/(allowance for) impairment of trade receivables – net	–	1,537	(799)	–	738

6. REVENUE & SEGMENT INFORMATION(CONTINUED)

For the six months ended 31 December 2023

Unaudited	Asia HK\$'000	EMEA HK\$'000	America HK\$'000	Unallocated HK\$'000	Group HK\$'000
Revenue from external customers	83,211	117,493	105,713	–	306,417
Cost of production ¹	(29,067)	(45,311)	(41,487)	–	(115,865)
Segment gross margin	54,144	72,182	64,226	–	190,552
Segment results	31,216	23,236	2,704	–	57,156
Unallocated expenses ²					(35,120)
Operating profit					22,036
Finance income – net					714
Profit before income tax					22,750
Income tax expense					(476)
Profit for the period					22,274
Capital expenditure	(2,405)	(4,800)	(1,407)	(21)	(8,633)
Depreciation of right-of-use assets	(5,151)	(3,765)	(5,808)	–	(14,724)
Depreciation of property, plant & equipment (Note 14)	(4,077)	(1,447)	(1,937)	(282)	(7,743)
Amortisation of land use right (Note 13)	(294)	–	–	–	(294)
Amortisation of intangible assets (Note 15)	(81)	(37)	(5)	(1,223)	(1,346)
(Allowance for)/recovery of impairment of trade receivables – net	(20)	1,066	248	–	1,294

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 loss on derecognition of right-of-use assets (for the six months ended 31 December 2023), corporate expenses and income of the Group.

7. EXPENSES BY NATURE

	Six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of-use assets	12,052	14,724
Depreciation of property, plant & equipment (Note 14)	8,580	7,743
Depreciation of investment property (Note 14)	921	919
Amortisation of land use right (Note 13)	295	294
Amortisation of intangible assets (Note 15)	991	1,346
Recovery of impairment of trade receivables – net	(738)	(1,294)
Allowance for impairment of inventories – net	3,567	7,908
Bad debts written off	177	5

8. OTHER GAINS/(LOSSES) – NET

	Six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Rental income	1,698	1,729
Loss on disposal of property, plant & equipment	(293)	(2)
Net foreign exchange loss	(941)	(1,068)
Loss on derecognition of right-of-use assets	–	(6,436)
Others	259	553
	723	(5,224)

9. FINANCE INCOME – NET

	Six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Finance income – interest income from banks	4,485	2,768
Finance costs – interest expenses for leases – net	(2,923)	(2,054)
Finance income – net	1,562	714

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 jurisdictions in which the Group operates.

	Six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Current income tax		
Hong Kong	3,777	335
PRC & overseas	4,148	141
Income tax expense	7,925	476

11. DIVIDEND

At the Board meeting held on 19 February 2025, the Board resolved not to declare any dividend for the six months ended 31 December 2024 (2023: Nil).

Distributable reserves of the Company as at 31 December 2024, calculated under the Companies Act 1981 of Bermuda (as amended) amounted to approximately HK\$488,453,000 (2023:HK\$522,359,000).

12. PROFIT PER SHARE

Basic profit 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 period.

	Six months ended 31 December	
	2024	2023
Profit attributable to owners of the Company (HK\$'000)	21,697	22,274
Weighted average number of ordinary shares in issue (thousands)	212,187	212,187
Basic profit per share (HK cents)	10.23	10.50

The Group had no dilutive potential shares outstanding during the six months ended 31 December 2024 and 2023.

13. LAND USE RIGHT

The Group's interest in land use right is also identified as right-of-use asset and its carrying amount is analysed as follows:

	Unaudited	Audited
	31 Dec 2024	30 Jun 2024
	HK\$'000	HK\$'000
At beginning of the period	22,809	23,162
Amortisation of land use right (Note 7)	(295)	(590)
Exchange differences	(324)	237
At end of the period	22,190	22,809

14. PROPERTY, PLANT & EQUIPMENT, INVESTMENT PROPERTY AND CONSTRUCTION IN PROGRESS

For the six months ended 31 December 2024

Unaudited	Property, plant & equipment			Investment property HK\$'000	Construction in progress HK\$'000
	Buildings HK\$'000	Other assets HK\$'000	Property, plant & equipment total HK\$'000		
At 1 July 2024					
Cost or valuation	198,161	217,035	415,196	77,453	270
Accumulated depreciation	(36,257)	(167,559)	(203,816)	(7,376)	–
Net book amount	161,904	49,476	211,380	70,077	270
Period ended 31 December 2024					
Opening net book amount	161,904	49,476	211,380	70,077	270
Additions	–	5,079	5,079	–	3,893
Disposals	–	(598)	(598)	–	–
Depreciation (Note 7)	(2,523)	(6,057)	(8,580)	(921)	–
Exchange differences	(2,211)	(237)	(2,448)	(999)	(39)
Closing net book amount	157,170	47,663	204,833	68,157	4,124
At 31 December 2024					
Cost or valuation	195,218	215,787	411,005	76,336	4,124
Accumulated depreciation	(38,048)	(168,124)	(206,172)	(8,179)	–
Net book amount	157,170	47,663	204,833	68,157	4,124

For the six months ended 31 December 2023

Unaudited	Property, plant & equipment			Investment property HK\$'000	Construction in progress HK\$'000
	Buildings HK\$'000	Other assets HK\$'000	Property, plant & equipment total HK\$'000		
At 1 July 2023					
Cost or valuation	196,673	216,921	413,594	76,668	270
Accumulated depreciation	(31,144)	(172,567)	(203,711)	(5,476)	–
Net book amount	165,529	44,354	209,883	71,192	270
Period ended 31 December 2023					
Opening net book amount	165,529	44,354	209,883	71,192	270
Additions	–	2,840	2,840	–	5,793
Transfer from construction in progress	–	194	194	–	(194)
Disposals	–	(3)	(3)	–	–
Depreciation (Note 7)	(2,523)	(5,220)	(7,743)	(919)	–
Exchange differences	2,573	324	2,897	1,231	15
Closing net book amount	165,579	42,489	208,068	71,504	5,884
At 31 December 2023					
Cost or valuation	199,622	218,102	417,724	78,004	5,884
Accumulated depreciation	(34,043)	(175,613)	(209,656)	(6,500)	–
Net book amount	165,579	42,489	208,068	71,504	5,884

15. INTANGIBLE ASSETS

For the six months ended 31 December 2024

Unaudited	Computer software HK\$'000	Brands HK\$'000	Design library HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
At 1 July 2024					
Cost	83,350	2,006	1,952	11,960	99,268
Accumulated amortisation	(76,336)	–	(1,952)	(10,741)	(89,029)
Net book amount	7,014	2,006	–	1,219	10,239
Period ended 31 December 2024					
Opening net book amount	7,014	2,006	–	1,219	10,239
Additions	372	–	–	–	372
Amortisation (Note 7)	(762)	–	–	(229)	(991)
Exchange difference	(64)	(76)	–	(35)	(175)
Closing net book amount	6,560	1,930	–	955	9,445
At 31 December 2024					
Cost	83,594	1,930	1,942	11,843	99,309
Accumulated amortisation	(77,034)	–	(1,942)	(10,888)	(89,864)
Net book amount	6,560	1,930	–	955	9,445

For the six months ended 31 December 2023

Unaudited	Computer software HK\$'000	Brands HK\$'000	Design library HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
At 1 July 2023					
Cost	83,016	2,053	1,959	12,035	99,063
Accumulated amortisation	(74,385)	–	(1,959)	(10,180)	(86,524)
Net book amount	8,631	2,053	–	1,855	12,539
Period ended 31 December 2023					
Opening net book amount	8,631	2,053	–	1,855	12,539
Additions	245	–	–	–	245
Amortisation (Note 7)	(1,039)	–	–	(307)	(1,346)
Exchange difference	93	16	–	7	116
Closing net book amount	7,930	2,069	–	1,555	11,554
At 31 December 2023					
Cost	83,413	2,069	1,952	12,025	99,459
Accumulated amortisation	(75,483)	–	(1,952)	(10,470)	(87,905)
Net book amount	7,930	2,069	–	1,555	11,554

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

16. RIGHT-OF-USE ASSETS

During the six months ended 31 December 2024, the Group entered into lease agreements for use of showrooms and therefore recognised the additions to right-of-use assets of HK\$32,653,000 (2023: HK\$1,391,000).

17. TRADE & OTHER RECEIVABLES

	Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
Trade receivables	68,846	79,779
Less: Allowance for impairment of trade receivables	(6,928)	(7,749)
Trade receivables – net	61,918	72,030
Prepayments	12,646	10,235
Value added tax receivables	977	623
Rental deposits	3,286	3,870
Other receivables	23,780	18,773
	102,607	105,531
Less: Non-current portion prepayments	(8,857)	(8,094)
	93,750	97,437

The carrying amounts of trade receivables approximate their fair values as at 31 December 2024 and 30 June 2024. 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:

	Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
0 to 30 days	27,884	41,627
31 to 60 days	21,119	12,447
61 to 90 days	4,607	10,735
91 to 365 days	9,317	9,708
More than 365 days	5,919	5,262
	68,846	79,779

18. PLEDGED BANK DEPOSITS

Pledged bank deposits of approximated HK\$1,150,000 (30 June 2024: HK\$641,000) represented deposits made to banks to pledge for utilities of factory in the US and constructing facilities in China (30 June 2024: for utilities of factory in the US).

As at 31 December 2024, the effective interest rate on the Group's pledged bank deposits was 3.25% p.a. (30 June 2024: 4.89% p.a.) and the deposits will mature within 294 days (30 June 2024: 306 days).

19. SHARE CAPITAL

	No. of shares	HK\$'000
Authorised – Ordinary shares of HK\$0.10 each:		
At 30 June 2024 & 31 December 2024	400,000,000	40,000
Issued & fully paid – Ordinary shares of HK\$0.10 each:		
At 30 June 2024 & 31 December 2024	212,187,488	21,219

20. RESERVES

	Share premium	Capital reserve	General reserve	Currency translation reserve	Total
Unaudited	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 July 2023	189,699	49,714	8,000	(10,440)	236,973
Currency translation differences	–	–	–	7,866	7,866
Balance at 31 December 2023	189,699	49,714	8,000	(2,574)	244,839
Unaudited					
Balance at 1 July 2024	189,699	49,714	8,000	(6,852)	240,561
Currency translation differences	–	–	–	(5,785)	(5,785)
Balance at 31 December 2024	189,699	49,714	8,000	(12,637)	234,776

21. TRADE & OTHER PAYABLES

	Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
Trade payables	29,674	33,503
Accrued expenses	65,948	97,651
Other payables	31,775	38,472
	127,397	169,626

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

	Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
0 to 30 days	24,472	24,335
31 days to 60 days	4,290	6,805
61 days to 90 days	575	822
More than 90 days	337	1,541
	29,674	33,503

22. CAPITAL COMMITMENTS

	Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
Authorised but not contracted for in respect of property, plant & equipment	-	4,082
Contracted but not provided for in respect of property, plant & equipment	6,040	853
	6,040	4,935

23. CONTINGENCIES

	Unaudited 31 Dec 2024 HK\$'000	Audited 30 Jun 2024 HK\$'000
Performance bonds issued by banks	2,433	2,719

24. 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 31 December	
	2024 HK\$'000	2023 HK\$'000
Sale of carpets and services:		
The Hongkong and Shanghai Hotels, Limited ("HSH") ¹	4,486	4,846

Note:

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

	Unaudited	Audited
	31 Dec 2024 HK\$'000	30 Jun 2024 HK\$'000
Trade receivable from related party:		
HSH	2	–

(c) 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 31 December	
	2024 HK\$'000	2023 HK\$'000
Salaries & other short-term employee benefits	22,044	20,311

Corporate Information

Board of Directors

Chairman & Non-Executive Director
Mr. Nicholas Timothy James Colfer

Chief Executive Officer & 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
Mr. Daniel George Green
Mr. Nicholas James Debnam
Ms. Yung Ka Sing Kathryn
Mr. Yuan Ren¹
Mrs. Fung Yeh Yi Hao Yvette²

Executive Committee

Mr. Nicholas Timothy James Colfer (*Committee Chairman*)
Mr. Mark Stuart Worgan
Mr. Tong Chi Leung David
Mr. Leong Kwok Fai Nelson
Mr. Frederick Edward Elkin Mocatta

Audit Committee

Mr. Nicholas James Debnam (*Committee Chairman*)
Mr. John Jeffrey Ying
Ms. Yung Ka Sing Kathryn

Remuneration Committee

Mr. Daniel George Green³ (*Committee Chairman*)
Mr. Tong Chi Leung David
Mr. Nicholas James Debnam⁴
Mrs. Fung Yeh Yi Hao Yvette²

Nomination Committee

Mr. Nicholas Timothy James Colfer (*Committee Chairman*)
Ms. Yung Ka Sing Kathryn
Mr. Yuan Ren¹
Mrs. Fung Yeh Yi Hao Yvette²

Company Secretary

Mr. Lung Chi Sing Alex

Notes:

¹ appointed on 20 December 2024

² retired on 6 December 2024

^{3,4} appointed on 6 December 2024

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor
Registered in accordance with the
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Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

Principal Share Registrar and Transfer Agent

Appleby Global Corporate Services (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Branch Share Registrar

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183 Queen's Road East, Wan Chai
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