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TAI PING

TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)

CONNECTED TRANSACTIONS

The board of directors of the Company announces that on 8 February 2005, CITPCL, a subsidiary of the Company, entered into the Agreement pursuant to which it has agreed to supply certain carpets and ancillary services to SCHCL, a member of the HSH Group.

The Agreement constitutes a connected transaction for the purposes of the Listing Rules. The transaction to be carried out pursuant to the Agreement is the latest of three connected transactions between the Tai Ping Group and the HSH Group entered into since 1 January 2005. With effect from the date of the Agreement, the aggregate consideration for the Connected Transactions exceeds HK\$1,000,000. Furthermore, from such date, one or more of the percentage ratios (other than the profits ratio) of the Company for the Connected Transactions is greater than 0.1%. Accordingly, the Connected Transactions are, with effect from the date of the Agreement, no longer exempt from the reporting and announcement requirements pursuant to Rule 14A.31(2) of the Listing Rules. However, the Connected Transactions are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules. Details of the Connected Transactions will be included in the published annual report and accounts of the Company for the year ended 31 December 2005 pursuant to Rule 14A.45 of the Listing Rules.

The directors of the Company (including the independent non-executive directors) believe the terms of the Connected Transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The board of directors of the Company announces that on 8 February 2005, CITPCL, a 99% owned subsidiary of the Company, entered into the Agreement pursuant to which it has agreed to supply certain carpets and ancillary services to SCHCL, a member of the HSH Group.

The Agreement constitutes a connected transaction for the purposes of the Listing Rules. The transaction to be carried out pursuant to the Agreement is the latest of three connected transactions between the Tai Ping Group and the HSH Group entered into since 1 January 2005. With effect from the date of the Agreement, the aggregate consideration for the Connected

Transactions exceeds HK\$1,000,000. Furthermore, from such date, one or more of the percentage ratios (other than the profits ratio) of the Company for the Connected Transactions is greater than 0.1%. Accordingly, the Connected Transactions are, with effect from the date of the Agreement, no longer exempt from the reporting and announcement requirements pursuant to Rule 14A.31(2) of the Listing Rules. However, the aggregate consideration for the Connected Transactions is less than HK\$10,000,000 and each of the percentage ratios (other than the profits ratio) of the Company for the Connected Transactions is less than 25%. Accordingly, the Connected Transactions are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.32 of the Listing Rules. Details of the Connected Transactions will be included in the published annual report and accounts of the Company for the year ended 31 December 2005 pursuant to Rule 14A.45 of the Listing Rules.

CONNECTED TRANSACTIONS

First Connected Transaction

Date

21 January 2005.

Parties

TPCL (as supplier) and The Peninsula Hotel Limited (as customer), an indirect wholly-owned subsidiary of HSH.

Nature of the transaction

The supply of carpets and ancillary services for use in the Peninsula Hotel, Hong Kong.

Consideration

HK\$420,603.

Second Connected Transaction

Date

1 February 2005.

Parties

TPCL (as supplier) and The Peninsula Hotel Limited (as customer).

Nature of the transaction

The supply of carpets relocation services in the Peninsula Hotel, Hong Kong.

Consideration

HK\$1,500.

Third Connected Transaction

Date

8 February 2005.

Parties

CITPCL (as supplier) and SCHCL (as customer).

Nature of the transaction

The supply of carpets and ancillary services for use in the Peninsula Hotel, Bangkok.

Consideration

Thai Baht 4,148,632.70 (equivalent to approximately HK\$871,213).

CONSIDERATION

The aggregate value of the consideration payable under the Connected Transactions is approximately HK\$1,293,316. The consideration payable for the goods and services supplied under the Connected Transactions was determined by reference to the Tai Ping Group's standard price lists for such goods and services subject to amendments agreed following arm's length negotiations conducted between the parties. Accordingly, such transactions are on normal commercial terms such terms being no more favourable to the HSH Group than would be offered to other independent customers in similar circumstances.

RELATIONSHIP BETWEEN THE COMPANY AND HSH

BTCL is a substantial shareholder of the Company indirectly holding approximately 56% of the issued share capital of the Company. BTCL is also interested in approximately 60% of the voting power of HSH. Accordingly, HSH and the other members of the HSH Group are considered connected persons of the Company for the purposes of the Listing Rules.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS

Under the Connected Transactions the Tai Ping Group has supplied goods and services in the ordinary course of business on normal commercial terms to the HSH Group for use in its hotels. Such transactions generate revenue and profits for the Tai Ping Group in the usual and ordinary course of its business.

The directors of the Company (including the independent non-executive directors) believe the terms of the Connected Transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Tai Ping Group is principally engaged in the sale of furnishing products such as carpets, rugs, furniture, interior furnishings, soft furnishings antiques lights, electrical home appliances, ceramics, home accessories and decorative items.

The HSH Group is principally engaged in the ownership and management of prestigious hotels and commercial and residential properties in key destinations in Asia and the USA. It is the owner and operator of The Peninsula Hotels.

If requested to do so, the Tai Ping Group may continue to supply goods and services to the HSH Group in the ordinary course of its business. The Company will comply with the Listing Rules in respect of any such transactions.

In this announcement, amounts denominated in Thai Baht have been translated into Hong Kong dollars at an exchange rate of Thai Baht 4.76 = HK\$1.00. Such conversions shall not be construed as representations that the amount in Thai Baht were or may have been converted into Hong Kong dollars at such rates or any other exchange rates.

As at the date of this announcement, the directors of the Company are Chairman: Mr James S Dickson Leach, Honorary Life President: Mr Anthony Y C Yeh, Chief Executive Director: Mr James H Kaplan, Executive Director: Ms Alison S Bailey, Independent Non-executive Directors: Mr Michael T H Lee, Mrs Yvette Y H Fung, Mr Lincoln C K Yung, Non-executive Directors: Mr Ian D Boyce, Mr John J Ying, Mr Kent M C Yeh, Mr Nicholas T J Colfer, Mr Lincoln K K Leong, Alternate Directors: Mr Nelson K F Leong (Alternate to Mr Lincoln K K Leong), Mr David C L Tong (Alternate to Messrs James S Dickson Leach, Nicholas T J Colfer and Ian D Boyce).

DEFINITIONS

“Agreement”	the agreement entered into between CITPCL and SCHCL dated 8 February 2005 relating to the supply of carpets and ancillary services
“BTCL”	Bermuda Trust Company Limited
“CITPCL”	Carpets International Thailand Public Company Limited, a company incorporated in Thailand, 99% of the shares of which are owned by the Company
“Company”	Tai Ping Carpets International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 146)
“Connected Transactions”	the connected transactions entered into between the Tai Ping Group and the HSH Group for the provision of carpets and ancillary services since 1 January 2005 including the transaction to be carried out pursuant to the Agreement
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“HSH”	The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 45)
“HSH Group”	HSH and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“SCHCL”	Siam Chaophraya Holdings Company Limited, a company incorporated in Thailand, 75% of the shares of which are owned by HSH
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tai Ping Group” the Company and its subsidiaries

“Thai Baht” Thai Baht the lawful currency of Thailand

“TPCL” Tai Ping Carpets Limited, a wholly-owned subsidiary of the Company

By Order of the Board
Tai Ping Carpets International Limited
Ernest P.L. Law
Company Secretary

Hong Kong, 8 February 2005