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## **TAI PING CARPETS INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 146)



### **DISCLOSEABLE TRANSACTION**

The Board of the Company announces that on 23 August 2006, Carpets Inter, a subsidiary of the Company, entered into the Agreement on normal commercial terms to sell all its rights, title and interest in the Land and Assets in Thailand to Kimberly-Clark. Completion also took place on the same day.

The consideration in relation to the Disposal in the amount of Thai Baht 217,700,000 (approximately HK\$44,300,000) has been paid in cash on Completion. The consideration was determined following arms' length negotiations between the parties. The Directors consider the Agreement to be fair and reasonable and in the interest of the Group.

The transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Disposal will be despatched to Shareholders as soon as practicable.

### **THE TRANSACTION**

The Board of the Company announces that on 23 August 2006, Carpets Inter, a subsidiary of the Company, entered into the Agreement on normal commercial terms to sell all its rights, title and interest in the Land and Assets to Kimberly-Clark. Completion also took place on the same day.

### **DETAILS OF THE LAND AND ASSET PURCHASE AND SALE AGREEMENT**

#### ***Date***

23 August 2006

#### ***Parties***

Seller : Carpets Inter, a subsidiary of the Company  
Purchaser : Kimberly-Clark, an Independent Third Party

#### ***Subject of Disposal***

The subject of disposal is all the title, rights and interest in the land located in the Pathumthani Province, Thailand and the buildings, structures, fixtures, landscaping, roads, electrical and mechanical items, water facilities and general infrastructure on the land.

### **CONSIDERATION**

The consideration of Thai Baht 217,700,000 (approximately HK\$44,300,000) has been paid in cash on Completion.

The consideration was determined following arms' length negotiations between the parties on normal commercial terms, after taking into account the valuation made by UK Valuation and Agency Co Ltd., an independent property valuer appointed by the Group as at 31 December 2005 of Thai Baht 202,000,000 (approximately HK\$41,100,000), calculated on a fair value basis.

The Disposal is subject to satisfactory completion of various conditions precedent which are customary to transactions of similar nature. As the conditions precedent have been satisfied, completion took place on 23 August 2006.

The Directors, including the independent non-executive directors, consider the terms under the Agreement to be fair and reasonable and in the interest of the Shareholders and the Group.

### **INFORMATION ON THE LAND AND ASSETS**

The Land and Assets comprise land of approximately 40,000 square metres which is located in the Pathumthani Province in Thailand, and buildings with a total floor area of approximately 25,000 square metres. The Land and Assets were used by Carpets Inter for manufacturing carpets since 1976 until it moved its manufacturing operations to another site in Thailand in 1993. Since 1994, the Land and Assets have been leased to Kimberly-Clark. Under the terms of the existing lease agreement with Kimberly-Clark, monthly rental amounts to Thai Baht 1,650,000 (approximately HK\$340,000). The lease expired in June 2006 and was extended for another two months.

The rental income attributable to the Land and Assets for the last two financial years ended 31 December 2005 and 31 December 2004 was approximately Thai Baht 17,800,000 (approximately HK\$3,600,000, representing 0.5% of the Group's turnover) and Thai Baht 18,600,000 (approximately HK\$3,800,000, representing 0.7% of the Group's turnover), respectively.

The profit before taxation attributable to the Land and Assets for the last two financial years ended 31 December 2005 and 31 December 2004 was approximately Thai Baht 17,000,000 (approximately HK\$3,500,000, representing 8% of the Group's profit before taxation) and Thai Baht 14,200,000 (approximately HK\$2,900,000, representing 25% of the Group's profit before taxation), respectively.

The value of the Land and Assets as at 31 December 2005, as booked in the audited consolidated accounts of the Company, was Thai Baht 202,000,000 (approximately HK\$41,100,000). When compared with the consideration of Thai Baht 217,700,000 (approximately HK\$44,300,000), the consideration represents a premium of approximately 8%. The above value of the Land and Assets as at 31 December 2005 was based on the valuation conducted on an open market basis by an independent property valuer appointed by the Group.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Land and Assets are located in the outskirts region of Bangkok and the market prices for such properties have stayed flat over the past few years.

The Land and Assets are not core assets of the Group. The Directors of the Company intend to deploy the Company's assets and financial resources to focus on growing the carpets business. Kimberly-Clark has leased the Land and Assets for over ten years and its offer was the highest amongst all the others received.

The Directors, including the independent non-executive directors, are of the view that the terms of the Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The estimated expenses for the Disposal are approximately Thai Baht 57,700,000 (approximately HK\$11,700,000) representing the Thailand profits and business tax, commission and legal fees. The net proceeds from the Disposal of approximately Thai Baht 160,000,000 (approximately HK\$32,600,000) will be used as general working capital by the Group.

## **GENERAL**

The Group is principally engaged in the manufacture, import, export and sale of carpets. The Group offers its customers access to a full range of quality floorcovering products, from luxury to affordable, appropriate for every commercial and residential environment.

Carpets Inter is a subsidiary of the Company and is principally engaged in the manufacture and sale of carpets.

Kimberly-Clark is principally engaged in the manufacture and marketing of health and hygiene products and is a subsidiary of Kimberly-Clark Corporation.

To the best of the knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, Kimberly-Clark and its beneficial owner are Independent Third Parties.

The Disposal constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the Disposals will be despatched to Shareholders as soon as practicable.

## **DEFINITIONS**

“Agreement”	the Land and Asset Purchase and Sale Agreement dated 23 August 2006 between Kimberly-Clark and Carpets Inter
“Board”	the board of Directors
“Carpets Inter”	Carpets International Thailand Public Company Limited, a company incorporated in Thailand with limited liability and a subsidiary of the Company
“Company”	Tai Ping Carpets International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited (Stock Code:146)
“Completion”	the completion of the Disposal in accordance with the Agreement
“Directors”	the directors (including non-executive and independent non-executive directors) of the Company

“Disposal”	the sale of all its title, rights and interest in the Land and Assets by Carpets Inter, as described in this Announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates and is(are) not connected persons of the Company (as defined in the Listing Rules)
“Kimberly-Clark”	Kimberly-Clark Thailand Limited, a company incorporated in Thailand with limited liability
“Land and Assets”	the land located in the Pathumthani Province, Thailand and the buildings, structures, fixtures, landscaping, roads, electrical and mechanical items, water facilities and general infrastructure on the land
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shareholders”	the shareholders of the Company
“Thai Baht”	the lawful currency of Thailand

*Note:* For the purpose of this announcement and for reference only, the exchange rate of HK\$1.00 to Thai Baht 4.914 is adopted.

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

Hong Kong, 23 August 2006

*As at the date of this announcement, the Directors of the Company are: Chairman and Non-executive Director – Mr Nicholas T. J. Colfer; Chief Executive Officer and Executive Director – Mr James H. Kaplan; Independent Non-executive Directors – Mrs Yvette Y. H. Fung, Mr Michael T. H. Lee, Mr Roderic N. A. Sage, Mr Lincoln C. K. Yung; Non-executive Directors – Mr Ian D. Boyce, Mr Lincoln K. K. Leong, Mr David C. L. Tong, Mr John J. Ying; Alternate Director – Mr Nelson K. F. Leong (Alternate to Mr Lincoln K. K. Leong).*