

# TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00146)



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Members of Tai Ping Carpets International Limited (the “Company”) will be held at 21st Floor, St. George’s Building, 2 Ice House Street, Central, Hong Kong, on Friday, 16 June 2006 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited Statements of Accounts and the Reports of Directors and Auditors for the year ended 31 December 2005.
2. To re-elect Directors of the Company and authorise the Board to fix their remuneration (note 4).
3. To consider the appointment of BDO McCabe Lo Limited as auditors of the Company to replace the retiring auditors PricewaterhouseCoopers and to authorise the Board to fix their remuneration.

### Special Business

To consider and, if thought fit, pass the following resolutions shown as items 4 and 5 as ordinary resolutions:

4. **“THAT:**
  - (a) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to allot shares of HK\$0.10 each in the share capital of the Company (“Shares”) and to make and grant offers, agreements and options which would or might require Shares to be allotted be and is hereby generally and unconditionally approved provided that the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors otherwise than Shares issued as a result of a Rights Issue (as defined below) shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution;
  - (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make and grant offers, agreements and options which would or might require Shares to be allotted after the end of the Relevant Period; and
  - (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting; or
    - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held.

“Rights Issue” means an offer of Shares open for a period fixed by the Directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

5. **“THAT:**

(a) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase shares of HK\$0.10 each in the share capital of the Company (“Shares”), subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved provided that the aggregate nominal amount of Shares to be purchased by the Company shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution; and

(b) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting; or

(iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held.”

To consider and, if thought fit, pass the following resolution shown as item 6 as a special resolution:

6. **“THAT:**

The Bye-laws of the Company be and are hereby amended in the following respects:

(a) by deleting the words “a special” and substituting therefor the words “an ordinary” in Bye-law 107(A)(vii); and

(b) by deleting the word “special” and substituting therefor the word “ordinary” in Bye-law 115.”

By Order of the Board  
**Ernest P. L. LAW**  
Company Secretary

Hong Kong, 24 May 2006

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

*Notes:*

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy must be deposited at the Company's Branch Registrars and Registration Office in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority. Completion and return of the form of proxy will not preclude you from attending the meeting and voting in person, if you wish.
3. The register of members of the Company will be closed from Wednesday, 14 June 2006 to Friday, 16 June 2006, both days inclusive, during which period no transfer of Shares will be registered.
4. With reference to item 2 above regarding the re-election of Directors, Mr. Ian D. Boyce, Mr. John J. Ying and Mrs. Yvette Y. H. Fung retire at the meeting by rotation, while Mr. Roderic N. A. Sage retires at the meeting because he was appointed by the board of the Company to hold office until the next following annual general meeting pursuant to the Company's Bye-laws, being eligible, all offer themselves for re-election. The re-election of these retiring Directors will be individually voted upon by shareholders by way of separate resolutions. Details regarding each of these Directors is set out in Appendix I of a circular of the Company containing notice of the Annual General Meeting dated 24 May 2006. In the Directors' report on page 35 of the 2005 Annual Report, it was stated by mistake that Mr. David C. L. Tong would retire as Director pursuant to the Company's Bye-laws and Mr. James H. Kaplan would retire voluntarily to satisfy paragraph A.4.2 of the Code of Corporate Governance Practices per Appendix 14 of the Listing Rules at the forthcoming Annual General Meeting. Actually, Mr. Kaplan and Mr. Tong retired and were re-elected as Director at the annual general meetings held on 25 May 2004 and 10 June 2005 respectively. As such, Mr. Tong is not required by the Bye-laws to retire and Mr. Kaplan is not required to retire voluntarily at the forthcoming Annual General Meeting. Instead, Mrs. Yvette Y. H. Fung will retire at the forthcoming Annual General Meeting (in addition to Mr. Roderic N. A. Sage, Mr. Ian D. Boyce, and Mr. John J. Ying) and offer herself for re-election.
5. Concerning items 4 and 5 above, the Directors wish to state that they have no immediate plans to issue and repurchase any Shares. Approval is being sought from the shareholders to approve the general mandates in order to give flexibility and discretion to the Directors in the event that it becomes desirable for the Company to issue and/or repurchase Shares. The obtaining of such mandates is in accordance with the Listing Rules.
6. Explanatory note to the proposed amendments to the Bye-laws of the Company:

Bye-laws 107(A)(vii) and 115

To bring the Bye-laws in line with the amendment in paragraph 4(3) of Appendix 3 of the Listing Rules relating to the procedure for the removal of Directors which came into effect on 1 March 2006, the Board proposes to pass a special resolution at the Annual General Meeting to amend the Bye-laws 107(A)(vii) and 115 such that Directors can be removed by ordinary resolution at a general meeting.