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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



VERY SUBSTANTIAL DISPOSAL AND RESUMPTION OF TRADING

On 3 May 2012, Treasure Looms and TLC, both wholly-owned subsidiaries of the Company, entered into the Master Contract with Weihai Company and Ms. Liu. The Master Contract sets out the framework for the disposal of the Company's entire interests in the PRC Entities for a total consideration of RMB280,000,000 (approximately HK\$341,600,000).

The Disposal will be effected in two stages:

- (a) First, TLC will sell and Weihai Company will purchase (i) 49% equity interests in each of Weihai Huabao and Weihai Premier, which represent all the equity interests held by TLC in these two companies, and (ii) 24% equity interests in Weihai Weavers, which represent approximately 48.98% of all the equity interests held by TLC in this company. The consideration for such sale and purchase is RMB225,410,000 (approximately HK\$275,000,000). Upon completion of the sale and purchase, the Company, through TLC, will continue to hold 25% equity interests in Weihai Weavers.
- (b) Upon completion of the sale and purchase in (a) above, Treasure Looms will sell and the Offshore Purchaser will purchase the TLC Sale Shares, which represent the entire issued share capital held by Treasure Looms in TLC, for a consideration of RMB54,590,000 (approximately HK\$66,600,000). Upon completion of the sale and purchase, the Company will have disposed of all its equity interests in the PRC Entities.

Ms. Liu will incorporate the Offshore Purchaser after signing the Master Contract. When the Offshore Purchaser is incorporated, TLC and Weihai Company will enter into the PRC Contracts to give effect to the sale and purchase set out in (a) above, and Treasure Looms and the Offshore Purchaser will enter into the TLC Agreement to give effect to the sale and purchase in (b) above.

The transactions in relation to the Disposal under the PRC Contracts and the TLC Agreement are aggregated pursuant to Rule 14.22 of the Listing Rules. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholder has a materially different interest in the Disposal, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM to approve the Disposal.

A circular containing, amongst other things, details of the Disposal together with a notice of the SGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules. It is expected that the circular will be dispatched on or before 22 June 2012, as additional time is required for the Company and its advisers to prepare and finalise the information in the circular, which includes the financial information relating to the Disposal, valuation relating to the properties located in numerous cities in the PRC which are held by the PRC Entities, and opinions from the PRC legal advisers on the title to such properties.

Completion of the Disposal is subject to the obtaining of the approval of the Shareholders, and hence the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:00 p.m. on Thursday, 3 May 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Wednesday, 9 May 2012.

THE MASTER CONTRACT, PRC CONTRACTS AND TLC AGREEMENT

The Board is pleased to announce that on 3 May 2012, Treasure Looms and TLC, both wholly-owned subsidiaries of the Company, entered into the Master Contract with Weihai Company and Ms. Liu. The Master Contract sets out the framework for the disposal of the Company's entire interests in the PRC Entities for a total consideration of RMB280,000,000 (approximately HK\$341,600,000).

The Disposal will be effected in two stages:

- (a) First, TLC will sell and Weihai Company will purchase (i) 49% equity interests in each of Weihai Huabao and Weihai Premier, which represent all the equity interests held by TLC in these two companies, and (ii) 24% equity interests in Weihai Weavers, which represent approximately 48.98% of all the equity interests held by TLC in this company. The consideration for such sale and purchase is RMB225,410,000 (approximately HK\$275,000,000). Upon completion of the sale and purchase, the Company, through TLC, will continue to hold 25% equity interests in Weihai Weavers.

- (b) Upon completion of the sale and purchase in (a) above, Treasure Looms will sell and the Offshore Purchaser will purchase the TLC Sale Shares, which represent the entire issued share capital held by Treasure Looms in TLC, for a consideration of RMB54,590,000 (approximately HK\$66,600,000). Upon completion of the sale and purchase, the Company will have disposed of all its equity interests in the PRC Entities.

The principal terms of the Master Contract, the PRC Contracts and the TLC Agreement are set out below.

The Master Contract

- Date: 3 May 2012
- Parties: Treasure Looms, TLC, Weihai Company and Ms. Liu
- Nature: The Master Contract sets out the framework for the transactions contemplated under the PRC Contracts and the TLC Agreement
- Key terms:
- (1) Ms. Liu shall complete the incorporation of the Offshore Purchaser within 45 business days of the signing of the Master Contract.
 - (2) Within 15 business days of the incorporation of the Offshore Purchaser, TLC (as vendor) and Weihai Company (as purchaser) will enter into the PRC Contracts, pursuant to which TLC will sell and Weihai Company will purchase the PRC Equity Interests on terms and conditions set out in the PRC Contracts.
 - (3) Within 15 business days of the incorporation of the Offshore Purchaser, Treasure Looms (as vendor) and the Offshore Purchaser (as purchaser) will enter into the TLC Agreement, pursuant to which Treasure Looms will sell and the Offshore Purchaser will purchase the TLC Sale Shares on terms and conditions set out in the TLC Agreement.
 - (4) The aggregate consideration for the transfer of the PRC Equity Interests and the TLC Sale Shares is RMB280,000,000 (approximately HK\$341,600,000).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Ms. Liu, Weihai Company, the Offshore Purchaser and their respective ultimate beneficial owners are and/or will be (as the case may be) Independent Third Parties.

The PRC Contracts

Weihai Huabao Contract

Date:	Within 15 business days of the incorporation of the Offshore Purchaser, which is expected to be on or about 30 July 2012
Parties:	TLC (as vendor) and Weihai Company (as purchaser)
Assets to be disposed of:	49% equity interests in Weihai Huabao
Transfer price:	RMB104,000,000 (approximately HK\$126,880,000)

Weihai Premier Contract

Date:	Within 15 business days of the incorporation of the Offshore Purchaser, which is expected to be on or about 30 July 2012
Parties:	TLC (as vendor) and Weihai Company (as purchaser)
Assets to be disposed of:	49% equity interests in Weihai Premier
Transfer price:	RMB69,000,000 (approximately HK\$84,180,000)

Weihai Weavers Contract

Date:	Within 15 business days of the incorporation of the Offshore Purchaser, which is expected to be on or about 30 July 2012
Parties:	TLC (as vendor) and Weihai Company (as purchaser)
Assets to be disposed of:	24% equity interests in Weihai Weavers
Transfer price:	RMB52,410,000 (approximately HK\$63,940,000)

Consideration

The aggregate consideration for the transfer of the PRC Equity Interests of RMB225,410,000 (approximately HK\$275,000,000) (the “**PRC Transfer Price**”) is payable in Hong Kong dollars or United States dollars based on the mid-point exchange rate between Renminbi and Hong Kong dollars or United States dollars on the relevant payment date, as published by the People’s Bank of China.

The PRC Transfer Price is based on normal commercial terms and determined after arm's length negotiations between TLC and Weihai Company with reference to the combined net asset value of the PRC Entities, their historical performance and volume of transactions with the Group in the past years, the price offered by the purchasers, the future business intents of the Group and the prevailing market conditions.

Weihai Company shall pay the PRC Transfer Price in the following manner:

- (1) Within 3 business days of the date of signing of the PRC Contracts, Weihai Company shall deposit the full amount of the PRC Transfer Price into the PRC Escrow Account.
- (2) Within 3 business days of the obtaining of the approval from the relevant department of commerce in the PRC for the transfer of the PRC Equity Interests from TLC to Weihai Company, the PRC Transfer Price (after deducting the estimated amount of applicable PRC withholding enterprise income tax payable by TLC) will be released from the PRC Escrow Account and be paid to a wholly-owned subsidiary of the Company in China pending the obtaining of approval from SAFE for the remittance of the money outside China to TLC. Upon obtaining such SAFE approval, the PRC Transfer Price (after deducting the actual amount of PRC withholding enterprise income tax payable by TLC) will be remitted to TLC outside China.

Conditions Precedent

The sale and purchase of the PRC Equity Interests is conditional upon the following key conditions:

- (1) all the PRC government approvals having been obtained, including the approvals for the PRC Contracts, the transfer of the PRC Equity Interests and the remittance of the PRC Transfer Price outside China; and
- (2) the equity transfer having been approved by the board of directors of each of the PRC Entities, Weihai Company and TLC and by the Shareholders in a Shareholders' meeting by way of an ordinary resolution. In this regard, if a Shareholders' meeting is not convened before the approval(s) for the transfer of the PRC Contracts and PRC Equity Interests has/have been given, Weihai Company has agreed to accept the irrevocable undertakings given by major shareholders of the Company to vote in favour of the resolution to approve the transactions contemplated under the PRC Contracts. In any event, the Company will comply with the relevant requirements under the Listing Rules and obtain approval of Shareholders at general meeting.

If due to reasons other than a breach of the Master Contract or any of the PRC Contracts by any Party, any of the relevant department in charge of the administration of commerce in the PRC issues any official documents rejecting the approval(s) for (a) all of the PRC Contracts; and (b) the transfer of the PRC Equity Interests from TLC to Weihai Company in respect of all the PRC Entities, resulting in the transactions under the PRC Contracts failing to be completed in its entirety by the Long Stop Date, then all the transactions contemplated under the Master Contract, the PRC Contracts and the

TLC Agreement will be terminated. If (a) no approvals or objection documents are issued in respect of any PRC Entities at least 7 business days before the Long Stop Date, or (b) objection documents are issued in respect of any one or two of the PRC Entities, then (i) in respect of any of the PRC Entities for which government approval(s) for the transfer of the PRC Equity Interests is/are given, the Parties shall proceed to complete the transfer of the equity interests of such PRC Entity(ies) according to the terms of the Master Contract and the relevant PRC Contracts; and (ii) in respect of the PRC Entity(ies) for which the rejection document(s) is/are issued, the Parties shall proceed to complete the transfer of equity interests held by TLC in such PRC Entity(ies) through an offshore transaction pursuant to the terms and conditions of the Master Contract.

The TLC Agreement

Date: Within 15 business days of the incorporation of the Offshore Purchaser, which is expected to be on or about 30 July 2012

Parties: Treasure Looms (as vendor) and the Offshore Purchaser (as purchaser)

Assets to be disposed of: The TLC Sale Shares

Transfer price: RMB54,590,000 (approximately HK\$66,600,000)

Consideration

The consideration for the TLC Sale Shares is RMB54,590,000 (approximately HK\$66,600,000) (the “**TLC Transfer Price**”) and is payable in Hong Kong dollars or United States dollars based on the mid-point exchange rate between Renminbi and Hong Kong dollars or United States dollars on the relevant payment date, as published by the People’s Bank of China.

The TLC Transfer Price is based on normal commercial terms and determined after arm’s length negotiations between Treasure Looms and the Offshore Purchaser with reference to the combined net asset value of TLC and the PRC Entities, their historical performance and volume of transactions with the Group in the past years, the price offered by the purchasers, the future business intents of the Group and the prevailing market conditions.

The Offshore Purchaser shall pay the TLC Transfer Price in the following manner:

- (1) Within 3 business days of the date of signing of the TLC Agreement, the Offshore Purchaser shall deposit the full amount of the TLC Transfer Price into the Offshore Escrow Account.
- (2) On completion, the TLC Transfer Price shall be released from the Offshore Escrow Account and paid to Treasure Looms or as it may designate.

Conditions Precedent

The sale and purchase of the TLC Sale Shares is conditional upon the following key conditions:

- (1) the sale and purchase of the PRC Equity Interests having been completed (save as mentioned in the section headed “Conditions Precedent” under “The PRC Contracts” where the sale and purchase of the PRC Equity Interests has to be restructured as an offshore transaction); and
- (2) the Shareholders having given approval to the sale of the TLC Sale Shares. In this regard, the Offshore Purchaser has agreed to accept the irrevocable undertakings given by major shareholders of the Company to vote in favour of the resolution to approve the transactions contemplated under the TLC Agreement. In any event, the Company will comply with the relevant requirements under the Listing Rules and obtain approval of Shareholders at general meeting.

Completion of the Disposal and the Long Stop Date

The entire Disposal (including the transactions contemplated under the PRC Contracts and the TLC Agreement) has to be completed on or before the Long Stop Date.

INFORMATION ON THE PARTIES TO THE DISPOSAL

Treasure Looms

Treasure Looms is an investment holding company. It is an indirect wholly-owned subsidiary of the Company.

TLC

TLC is an investment holding company. It is wholly-owned by Treasure Looms and an indirect wholly-owned subsidiary of the Company.

Weihai Company

Weihai Company is a limited liability company established under the laws of the PRC and is wholly-owned by Huixiang (Tianjin) Investment Co., Ltd. (“**Huixiang Tianjin**”). Both Weihai Company and Huixiang Tianjin are investment holding companies.

The Offshore Purchaser

The Offshore Purchaser is an investment holding company to be incorporated in Singapore, which will be beneficially owned by Ms. Liu. Ms. Liu is a natural person and the supervisor of Weihai Company. Ms. Liu does not hold any interests, either directly or indirectly, in Weihai Company or Huixiang Tianjin. Ms. Liu will incorporate the Offshore Purchaser in accordance with applicable PRC laws and

relevant laws. Upon incorporation of the Offshore Purchaser, all the obligations and liabilities of Ms. Liu will be assumed by the Offshore Purchaser. In case the Offshore Purchaser is not incorporated, Ms. Liu will irrevocably assume all the obligations and liabilities of the Offshore Purchaser.

The PRC Entities

As at the date of this announcement, each of Weihai Huabao, Weihai Premier and Weihai Weavers is held as to 49% by TLC, which is in turn wholly-owned by Treasure Looms. The PRC Entities are principally engaged in the manufacture of machine-woven carpets.

At the time when the Group invested in the PRC Entities, the Group did not have its own production plants in the PRC for its carpet manufacturing operations. Therefore, the Group has made investments in the PRC Entities for strategic reasons. Since the establishment of the Group's current production plant in Nanhai in or around 1993, the strategic value for the PRC Entities has diminished accordingly. Based on the information in the annual report of the Company for the year ended 31 December 2011, the total purchases of the Group from the PRC Entities accounted for less than 3% of the Group's total production.

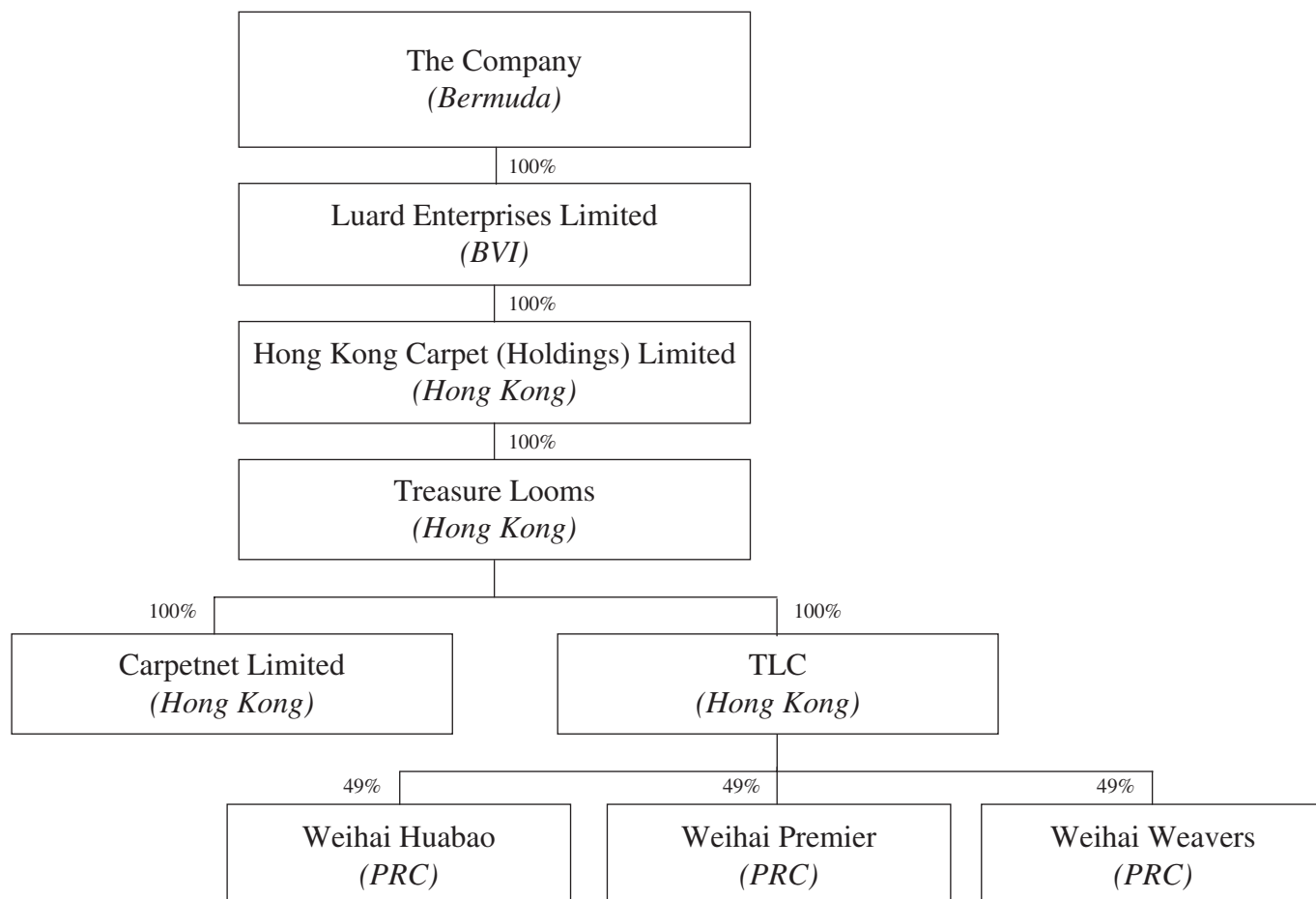
The combined net profits (both before and after taxation and extraordinary items) attributable to the PRC Entities for the two financial years ended 31 December 2010 and 2011 immediately preceding the PRC Contracts and the TLC Agreement and the combined net asset value as at 31 December 2011 are as follows:

	For the two financial years ended 31 December	
	2011	2010
	<i>RMB\$'000</i>	<i>RMB\$'000</i>
	(audited)	(audited)
Combined net profits (before taxation and extraordinary items)	24,907	28,741
Combined net profits (after taxation and extraordinary items)	16,321	18,752

As at 31 December 2011, the combined total assets and the combined total liabilities of the PRC Entities attributable to the Group were approximately RMB500,004,000 (approximately HK\$610,005,000) and RMB219,871,000 (approximately HK\$268,243,000), respectively. The combined net asset value of the PRC Entities was approximately RMB280,133,000 (approximately HK\$341,762,000).

Subject to and upon the completion of the transactions under the TLC Agreement, TLC shall cease to be a subsidiary of the Company and the results of the PRC Entities shall no longer be accounted for in the Group's financial statements.

Please see the below shareholding chart of the disposal group before the Disposal:



Please see the below shareholding chart of the disposal group after the Disposal:



FINANCIAL EFFECTS OF THE DISPOSAL

As at 31 December 2011, the aggregate value of the PRC Equity Interests and the TLC Sale Shares were RMB280,133,000 (approximately HK\$341,762,000). After deducting the value of such aggregate value and other incidental cost (which includes the professional fees payable to the Company's legal advisers, accountants and property valuers) regarding the Disposal, the Group expects to realise a loss of approximately RMB24,474,000 (approximately HK\$29,858,000) from the Disposal. The estimated loss is computed by reference to, among other things, (a) the net proceeds from the aggregate consideration in the amount of approximately RMB255,659,000 (approximately HK\$311,904,000), and (b) the combined net asset value of the PRC Entities of approximately RMB280,133,000 (approximately HK\$341,762,000). The estimated loss from the Disposal is an accounting loss as a result of the accounting treatment. The Disposal will in fact generate substantial funds for the Group to allow it to have more flexibility when making future investments.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Having taken into consideration that (a) the PRC Entities are engaged in the manufacturing of lower price point machine-woven carpets but the Group's long-term intention is to focus on developing strong global brands focused on higher price point products (including hand-woven carpets), (b) the opportunity to reallocate the Group's resources to other business segments (including the manufacturing of higher price point hand-woven carpets) after the Disposal may have better growth potential, and (c) the Group's strategic plan is to have a majority stake and management control of its production facilities so as to make optimum use of its resources, the Directors (including the independent non-executive Directors) are of the view that the Disposal and the terms of the PRC Contracts and the TLC Agreement (including the amount of the consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Directors intend that the net proceeds from the Disposal of approximately RMB255,659,000 (approximately HK\$311,904,000) will be used for future investment in businesses when suitable opportunities arise. The remaining proceeds will be used as general working capital of the Group. The Company currently has no intention to acquire any new business and is not in negotiation with any parties for any acquisition.

BUSINESS OF THE REMAINING GROUP

The Group is principally engaged in the manufacture, import, export and sale of carpets, and manufacture and sale of yarns. 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. Following the Disposal, the business of the remaining members of the Group will remain unchanged and the Group will continue to be engaged in its existing carpet trading and carpet manufacturing activities.

As at 31 December 2011, the audited net tangible assets of the Group (excluding TLC and the PRC Entities) amounted to approximately HK\$532,298,000.

The Group's major production bases are in Nanhai and Thailand and they provide all of the carpet products required by the Group save for those purchased from the PRC Entities. Since October 2011, the Group's production base in Thailand has been temporarily suspended due to severe flooding, but the facility was back in full operation by the end of March 2012. Each of production bases in Nanhai and Thailand could produce and cover the quantity of machine woven carpets currently supplied by the PRC Entities to the Group. Therefore, the Directors consider that the Group's current production capacity is adequate for its business need after the Disposal. As (i) the Group intends to focus on the manufacturing of higher price point hand-woven carpets but the PRC Entities are engaged in lower price point machine-woven carpets, and (ii) the total purchases from the PRC Entities only accounted for less than 3% of the Group's total production, the Directors are of the view that the Disposal will not have any material impact on the Group's carpet manufacturing operation. In any event, the Group could purchase from the PRC Entities after the Disposal, if and when required.

In view of the aforesaid operations of the remaining members of the Group and the amount of net tangible assets, the Board considers that the Group will have sufficient net tangible assets and level of operations after the Disposal to warrant its continued listing of its securities as required under Rule 13.24 of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

The relevant transactions in relation to the Disposal are aggregated pursuant to Rule 14.22 of the Listing Rules. Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholder has a materially different interest in the Disposal, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM to approve the Disposal.

GENERAL

A circular containing, amongst other things, details of the Disposal together with a notice of the SGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules. It is expected that the circular will be dispatched on or before 22 June 2012, as additional time is required for the Company and its advisers to prepare and finalise the information in the circular, which includes the financial information relating to the Disposal, valuation relating to the properties located in numerous cities in the PRC which are held by the PRC Entities, and opinions from the PRC legal advisers on the title to such properties.

The Disposal is subject to the obtaining of the approval of the Shareholders, and hence it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 1:00 p.m. on Thursday, 3 May 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Wednesday, 9 May 2012.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“Disposal”	the disposal of the PRC Equity Interests and the TLC Sale Shares pursuant to the Master Contract, the PRC Contracts and the TLC Agreement
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an independent third party 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)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	2 November 2012 (or such later date as agreed in writing by the parties to the Master Contract), which may be extended by Treasure Looms or TLC by one month

“Master Contract”	the master contract which sets out the framework for the sale and purchase of the PRC Equity Interests and the TLC Sale Shares dated 3 May 2012 entered into between Treasure Looms, TLC, Weihai Company and Ms. Liu
“Ms. Liu”	Ms. Liu Xiaohong (劉曉紅女士)
“Offshore Escrow Account”	an escrow account in the name of the Offshore Purchaser with Citibank, N.A., Hong Kong Branch, the operation of which is to be jointly supervised by Treasure Looms and the Offshore Purchaser
“Offshore Purchaser”	a limited liability company to be incorporated in Singapore, which will be beneficially owned by Ms. Liu
“Parties”	Treasure Looms, TLC, Ms. Liu and Weihai Company
“PRC” or “China”	the People’s Republic of China but excluding, for the purpose of this Announcement, Hong Kong and Macau, and Taiwan
“PRC Contracts”	the Weihai Huabao Contract, Weihai Premier Contract and Weihai Weavers Contract
“PRC Entities”	Weihai Huabao, Weihai Premier and Weihai Weavers
“PRC Equity Interests”	all the 49% equity interests held by TLC in each of Weihai Huabao and Weihai Premier and 24% equity interests held by TLC in Weihai Weavers
“PRC Escrow Account”	an escrow account in the name of Weihai Company with Shanghai Pudong Development Bank Weihai Branch, the operation of which is to be jointly supervised by TLC and Weihai Company
“PRC Transfer Price”	the aggregate consideration for the transfer of the PRC Equity Interests from TLC to Weihai Company, being RMB225,410,000 (approximately HK\$275,000,000)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC and/or its branches

“SGM”	the special general meeting of the Shareholders to be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TLC”	Treasure Looms (China) Limited (寶隆地氈(中國)有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“TLC Agreement”	the agreement for the sale and purchase of the TLC Sale Shares to be entered into between Treasure Looms (as vendor) and the Offshore Purchaser (as purchaser)
“TLC Sale Shares”	the 1,000 ordinary shares held by Treasure Looms in TLC, representing the entire issued share capital of TLC
“TLC Transfer Price”	the consideration for the transfer of the TLC Sale Shares from Treasure Looms to the Offshore Purchaser, being RMB54,590,000 (approximately HK\$66,600,000)
“Treasure Looms”	Treasure Looms Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“US\$” or “United States dollars”	United States dollars, the lawful currency of the United States
“Weihai Company”	Weihai Huixiang Investment Co., Ltd. (威海惠祥投資有限責任公司), a limited liability company established in the PRC
“Weihai Huabao”	Weihai Shanhua Huabao Carpet Co., Ltd. (威海山花華寶地毯有限公司), a sino-foreign equity joint venture with limited liability established in the PRC
“Weihai Huabao Contract”	the contract described under the subsection headed “Weihai Huabao Contract” under the section headed “The PRC Contracts” in this announcement

“Weihai Premier”	Weihai Shanhua Premier Carpets Co., Ltd. (威海山花博美地毯有限公司), a sino-foreign equity joint venture with limited liability established in the PRC
“Weihai Premier Contract”	the contract described under the subsection headed “Weihai Premier Contract” under the section headed “The PRC Contracts” in this announcement
“Weihai Weavers”	Weihai Shanhua Weavers Carpet Co., Ltd. (威海山花惠美地毯有限公司), a sino-foreign equity joint venture with limited liability established in the PRC
“Weihai Weavers Contract”	the contract described under the subsection headed “Weihai Weavers Contract” under the section headed “The PRC Contracts” in this announcement

By order of the Board
Tai Ping Carpets International Limited
Nicholas T. J. Colfer
Chairman

Hong Kong, 9 May 2012

The exchange rate used to convert Renminbi into Hong Kong dollars in this announcement is RMB1.00 = HK\$1.22.

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. Roderic N. A. Sage, Mr. Lincoln C. K. Yung, Mr. Aubrey K. S. Li; 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).