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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) 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, 27 July 2012 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTION

“THAT:

- (a) the master contract which sets out the framework for the transactions contemplated under the PRC Contracts (as defined below) and TLC Agreement (as defined below) (copies of which having been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purposes) dated 3 May 2012 (the “**Master Contract**”) entered into between Treasure Looms Limited (“**Treasure Looms**”), Treasure Looms (China) Limited (“**TLC**”), Ms. Liu Xiaohong (“**Ms. Liu**”) and Weihai Huixiang Investment Co., Ltd. (威海惠祥投資有限責任公司, “**Weihai Company**”) and the transactions and agreements contemplated thereunder, be and are hereby approved, confirmed and/or ratified;
- (b) the draft contracts for the transfer of equity interests (the “**PRC Contracts**”) (copies of which having been produced to the meeting marked “B” and signed by the chairman of the meeting for identification purposes) to be entered into between TLC (as vendor) and Weihai Company (as purchaser) pursuant to which TLC has agreed to sell and Weihai Company has agreed to purchase (i) 49% equity interests in each of Weihai Shanhua Huabao Carpet Co., Ltd. (威海山花華寶地毯有限公司) and Weihai Shanhua Premier Carpets Co., Ltd. (威海山花博美地毯有限公司), and (ii) 24% equity interest in Weihai Shanhua Weavers Carpet Co., Ltd. (威海山花惠美地毯有限公司) for an aggregate consideration of RMB225,410,000 (approximately HK\$275,000,000) upon and subject to the terms and conditions contained therein, and the transactions and agreements contemplated thereunder, be and are hereby approved, confirmed and/or ratified;

- (c) the draft sale and purchase agreement for the sale and purchase of the entire shareholdings (the “**TLC Agreement**”) (a copy of which having been produced to the meeting marked “C” and signed by the chairman of the meeting for identification purposes) to be entered into between Treasure Looms (as vendor) and a company to be incorporated and wholly-owned by Ms. Liu (the “**Offshore Purchaser**”, as purchaser) pursuant to which Treasure Looms and the Offshore Purchaser have agreed that subject to completion of the PRC Contracts, Treasure Looms will sell and the Offshore Purchaser will purchase all the shares held by Treasure Looms in TLC (representing the entire issued share capital of TLC) for an aggregate consideration of RMB54,590,000 (approximately HK\$66,600,000) upon and subject to the terms and conditions contained therein, and the transactions and agreements contemplated thereunder, be and are hereby approved, confirmed and/or ratified; and
- (d) any director or directors of the Company be and is or are hereby authorised to sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the bye-laws of the Company) in connection with the Master Contract, PRC Contracts and TLC Agreement, to make such amendments and changes relating thereto and to do and take all such action, steps, deeds and things in such manner as he or they may deem necessary, desirable or appropriate to give effect to the Master Contract, PRC Contracts and TLC Agreement, and the transactions and agreements contemplated thereunder.”

By order of the Board
Tai Ping Carpets International Limited
Lee Siu Kau
Company Secretary

Hong Kong, 29 June 2012

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any Shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, then one of the said persons whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.

4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be returned to the Company's branch share registrar and registration office in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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 and Mr. Aubrey K. S. Li; Non-executive Directors – Mr. Ian D. Boyce, Mr. David C. L. Tong, Mr. Nelson K. F. Leong and Mr. John J. Ying.