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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED SALE OF THE COMMERCIAL BUSINESS

(2) INTENDED CONDITIONAL SPECIAL CASH DIVIDEND

THE PROPOSED DISPOSAL

Reference is made to the announcements of the Company dated 23 November 2016 and 23 May 2017 in relation to the Company's strategic review of its Commercial Business.

The Board is pleased to announce that on 3 August 2017 (after trading hours of the Stock Exchange), the Company and the Purchaser entered into a Sale and Purchase Agreement (as defined below) in relation to the sale of the Commercial Business of the Company.

The total consideration payable by the Purchaser for the Proposed Disposal (as defined below) will be US\$94 million (approximately HK\$728.5 million) in cash, subject to the Adjustment. Closing of the Proposed Disposal is subject to the fulfilment or waiver of the Conditions specified under the Sale and Purchase Agreement.

The Commercial Business to be disposed of comprises the commercial carpets manufacturing, distribution and sales businesses of the Company. Upon Closing, the Company will cease to engage in the Commercial Business and will continue to engage in the Remaining Business.

INTENDED CONDITIONAL SPECIAL CASH DIVIDEND

The Board intends that, subject to the conditions described below, a special cash dividend of approximately HK\$361 million will be distributed to the Shareholders. For the purpose of illustration, based on 212,187,488 Shares in issue as at the date of this announcement, the Intended Special Dividend would be HK\$1.70 per Share. The Intended Special Dividend is conditional upon the Shareholders' approval at the SGM of the Proposed Disposal, as well as Closing having taken place. An ordinary resolution will be put forward to the Shareholders at the SGM for the Intended Special Dividend.

The Intended Special Dividend will be paid out of the net proceeds from the Proposed Disposal and will represent approximately 50% of the estimated net proceeds from the Proposed Disposal. The Intended Special Dividend would allow the Shareholders to immediately realise value from their shareholdings in the Company.

Further details of the actual amount of the Intended Special Dividend, the closure date of the register of members of the Company and the record date and the payout date for the Intended Special Dividend will be set out in the circular to be despatched to the Shareholders containing the notice convening the SGM.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal exceeds 75%, the Proposed Disposal constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company.

A circular containing, among other things, the information required under the Listing Rules in relation to the Proposed Disposal, the Intended Special Dividend and a notice of the SGM will be despatched to the Shareholders on or around 24 August 2017.

Shareholders and potential investors should note that the (i) the Proposed Disposal and (ii) the Intended Special Dividend may or may not proceed, as they are subject to a number of conditions, which may or may not be fulfilled (or waived). Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

1. INTRODUCTION

Reference is made to the announcements of the Company dated 23 November 2016 and 23 May 2017 in relation to the Company's strategic review of its Commercial Business.

As stated in the announcement dated 23 November 2016, the Company has undertaken a strategic review of the Company's Commercial Business with a view to optimising value for the Shareholders. The Company had since received a number of non-binding proposals from various independent third parties to acquire the Commercial Business.

As stated in the announcement dated 23 May 2017, the Company has continued to pursue the strategic review through ongoing discussions with a preferred buyer in relation to a possible sale of the Commercial Businesses as a going concern.

The Board is pleased to announce that on 3 August 2017 (after trading hours of the Stock Exchange), the Company and the preferred buyer, the Purchaser, entered into a sale and purchase agreement in relation to the Proposed Disposal (the "**Sale and Purchase Agreement**").

2. THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

(a) Transaction

The Company, on its own behalf and on behalf of the Share Sellers and the Business Sellers, has agreed to sell, and the Purchaser, on its own behalf and on behalf of the Share Purchasers and the Business Purchasers, has agreed to purchase, the Commercial Business (the "**Proposed Disposal**").

The Proposed Disposal will proceed in the following manner:

- (i) prior to Closing, the Company will, at its own cost, implement a pre-sale reorganisation of the Commercial Business in preparation for the sale of the Commercial Business to the Purchaser pursuant to the Proposed Disposal (the "**Reorganisation**"); and
- (ii) on Closing:
 - (A) the Company (through the Share Sellers) will sell, and the Purchaser (through the Share Purchasers) will purchase, the Sale Shares; and

- (B) the Company (through the Business Sellers) will sell, and the Purchaser (through the Business Purchasers) will purchase, the Sale Businesses as a going concern.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company.

(b) Assets to be disposed of

Sale Shares

The Sale Shares represent the entire issued share capitals of CTG and VC. As at the date of this announcement, CTG is a wholly-owned subsidiary of the Company. VC is 48.999% owned by Amberfield Investments Co. S.A., which is wholly owned by CTG and the remaining 51.001% is held by the Individual Share Sellers.

Sale Businesses

The Sale Businesses comprise the commercial carpets distribution and sales businesses carried on by Tai Ping Carpets UK Limited and Tai Ping Carpets Europe (both indirect wholly-owned subsidiaries of the Company) immediately prior to Closing.

(c) Consideration

The consideration for the Proposed Disposal will be US\$94 million (approximately HK\$728.5 million) (subject to the Adjustment) which will be payable in cash by the Purchaser (on behalf of the Share Purchasers and the Business Purchasers) to the Company (on behalf of the Share Sellers) and each of the Business Sellers in the following manner:

- (i) a US\$3 million deposit within five Business Days of signing the Sale and Purchase Agreement (the “**Deposit**”); and
- (ii) the balance, upon Closing.

The Consideration (together with the Adjustment, if any) will be apportioned:

- (a) among the Individual Share Sellers in accordance with their respective paid in amounts for their holdings of Sale Shares (being THB510,010 (approximately HK\$117,302 in aggregate); and

- (b) in respect of the balance (being approximately HK\$728.4 million) among the Group Share Sellers and the Business Sellers in accordance with their respective holdings of Sale Shares and the Sale Businesses.

The Surplus Cash Dividend will also be paid by CIT, a Target Company, to the Company prior to Closing.

The Consideration (together with the Adjustment, if any) was arrived at following a strategic review which included a competitive sales process and was determined based on arm's length negotiations between the Company and the Purchaser after taking into account a number of factors including the financial performance of the Commercial Business, prevailing market conditions, and the ability of the Purchaser, as a committed industry player in the commercial carpets sector, to continue to invest in, and to realise value from, the Commercial Business.

(d) Conditions Precedent

Closing of the Sale and Purchase Agreement is conditional on the following conditions precedent (the “**Conditions**”) being satisfied or waived:

- (i) the Proposed Disposal having been approved by the shareholders of the Purchaser in a general meeting in accordance with the requirements of the rules governing the listing of securities on the Stock Exchange of Thailand and the Limited Public Company Act B.E. 2535 (1992) of Thailand;
- (ii) the Company having obtained all necessary approvals from the Stock Exchange for the Proposed Disposal and the Proposed Disposal having been approved by the shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules; and
- (iii) all legal documentation detailed in the agreed Reorganisation steps plans having been executed by all relevant parties so that the Reorganisation will complete before Closing and the Company having confirmed to the Purchaser in writing that it is satisfied (acting reasonably and in good faith and having consulted with key employees of the Commercial Business and having given due consideration to their views) that, following Closing, the Target Companies will be able to continue to operate the Commercial Business independently from the Group and as a going concern, in each case in all material respects (other than any services to be provided by the Remaining Group under the Sale and Purchase Agreement, any Transaction Document, or any related transitional arrangements between the Group and the Target Companies or other ordinary course intercompany trading arrangements).

Neither the Company nor the Purchaser (so far as the Company is aware) has any intention to waive any of the Conditions as at the date of this announcement.

If Conditions (ii) and (iii) are not fulfilled or (as appropriate) waived on or before the Long Stop Date and the Purchaser terminates the Sale and Purchase Agreement as a result, the Deposit will be repayable by the Company to the Purchaser. The Deposit will also be repayable by the Company to the Purchaser in other agreed circumstances where the Sale and Purchase Agreement is terminated.

A further amount in USD equal to the Deposit shall also be payable by the Company to the Purchaser if the Sale and Purchase Agreement terminates prior to Closing:

- (a) as a result of a breach by the Company of its obligations to satisfy Conditions (ii) and (iii) above; or
- (b) as a result of either Condition (ii) or (iii) not being fulfilled or waived by the Long Stop Date; or
- (c) if the Company fails to comply with its material Closing obligations.

(e) Termination

If any of the Conditions has not been fulfilled or (as appropriate) waived on or before the Long Stop Date, either the Company or the Purchaser is entitled to terminate the Sale and Purchase Agreement by giving written notice to the other party.

In addition, the Proposed Disposal may also not proceed under certain circumstances, including where:

- (i) the Purchaser fails to pay the Deposit to the Company in the prescribed manner within five Business Days of the date of the Sale and Purchase Agreement, following which the Company may terminate the Sale and Purchase Agreement;
- (ii) the Purchaser fails to comply with any of its Closing obligations, following which the Company may terminate the Sale and Purchase Agreement;
- (iii) the Company fails to comply with any of its material Closing obligations, following which the Purchaser may terminate the Sale and Purchase Agreement;
- (iv) if the Unconditional Date has not occurred on or before the Long Stop Date as a result of the Company failing to satisfy its condition precedents, following which either the Company or Purchaser may terminate the Sale and Purchase Agreement;
- (v) a Force Majeure Event occurs prior to Closing, following which the Purchaser may terminate the Sale and Purchase Agreement;

- (vi) a Force Majeure Delay Event occurs at any time prior to the Closing Date and the Company and the Purchaser agree that the Force Majeure Delay Event is not a Remediable Force Majeure Delay Event, following which either the Company or the Purchaser may terminate the Sale and Purchase Agreement; or
- (vii) a Force Majeure Delay Event occurs at any time prior to the Closing Date and the Thai Factory has not returned to its Usual Production Capacity before the date that is six months after the Force Majeure Delay Event, then either the Company or the Purchaser may terminate the Sale and Purchase Agreement.

Other than in the circumstances outlined in sub-paragraphs (e)(iii), (e)(iv), (e)(v), (e)(vi) and (e)(vii) above and also where:

- (a) there is a breach by the Company of its obligations to satisfy Conditions (d)(ii) and (d)(iii) above; or
- (b) where the termination of the Sale and Purchase Agreement is by operation of law (other than as a result of breach by the Purchaser),

then the Deposit shall be forfeited and shall not be repayable by the Company to the Purchaser.

(f) Closing

Closing will take place on the Closing Date following the satisfaction or (as appropriate) waiver of the Conditions, unless the Company and the Purchaser otherwise agree in writing. Closing is currently expected to take place on 29 September 2017.

Closing may be deferred in certain circumstances, including where:

- (i) a Force Majeure Delay Event occurs at any time prior to the Closing Date and the Parties agree that the Force Majeure Delay Event is a Remediable Force Majeure Delay Event; or
- (ii) the Parties cannot agree (despite acting reasonably and in good faith) on whether or not the Force Majeure Delay Event is a Remediable Force Majeure Delay Event,

following which Closing will be deferred to the FMDE Closing Date.

3. OTHER RELATED AGREEMENTS

Pursuant to the Sale and Purchase Agreement, the following transaction documents will also be entered into on Closing in connection with the Proposed Disposal (each a “**Transaction Document**”):

- (a) an agreement for the provision of certain IT services and support by the Remaining Group to the Target Companies to be entered into between Hong Kong Carpet (Holdings) Limited, a subsidiary of the Company and Global Carpets (Holdings) Limited;
- (b) an agreement for the licensing by Tai Ping Limited to Global Carpets (Holdings) Limited of certain software;
- (c) an assignment of trade marks agreement for the assignment by the Purchaser to the Company of all right, title and interest in the “Tai Ping” marks and all associated intellectual property rights;
- (d) the Axminster Supply and Manufacturing Agreement, pursuant to which the Purchaser agrees to be the Group’s exclusive third party manufacturer and supplier of Axminster carpet, carpet tile, needle punched carpet and machine tufted carpet products which meet the applicable specifications for a period of seven years after Closing in order to ensure that the Remaining Group has continued access to such products to satisfy any of its customers’ requirements from time to time; and
- (e) the Hand Tufted Supply and Manufacturing Agreement, pursuant to which the Company agrees to be the Purchaser group’s exclusive third party manufacturer and supplier of hand tufted carpet products to the Purchaser’s group for a period of seven years after Closing in order to provide the Purchaser’s group with a reliable third party source to satisfy any of its customers’ requirements from time to time.

4. INFORMATION ON THE COMPANY AND THE INDIVIDUAL SHARE SELLERS

The Company

The Company is Asia’s premier carpet manufacturer and is a leader in the international custom carpet industry, manufacturing, distributing and selling hand tufted, machine woven and tufted carpets in over 70 countries.

The Individual Share Sellers

The Individual Share Sellers hold in aggregate 51.001% of the equity interests in VC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Individual Share Sellers are third parties independent of the Company and not connected persons (as defined in the Listing Rules) of the Company.

5. INFORMATION ON THE PURCHASER

The Purchaser is a company organised and existing under the laws of Thailand and is listed on the Stock Exchange of Thailand. Its principal business is that of a manufacturer and distributor of carpets to domestic and international markets.

6. INFORMATION ON THE COMMERCIAL BUSINESS

The Commercial Business of the Company is a market leader in high end commercial, hospitality and automotive carpets sectors with global operations of over 40 years. The business is vertically integrated comprising of design, productions, customer service and sales and distribution covering Asia, the United States and EMEA. The business is supported by its own 16-hectare manufacturing facility in Pathumthani, Thailand, with 10 million square meters annual production capacity.

Certain financial information on the Commercial Business, which is derived from the unaudited management accounts of the Commercial Business, is set out below:

	For the year ended 31 Dec 2016 HK\$'000 (unaudited)	For the year ended 31 Dec 2015 HK\$'000 (unaudited)
Turnover	789,103	793,041
Profit (before tax)	96,533	104,631
Profit (after tax)	78,668	86,532
	As at 31 Dec 2016 HK\$'000 (unaudited)	As at 31 Dec 2015 HK\$'000 (unaudited)
Assets and liabilities		
Total assets	595,132	613,149
Total liabilities	135,080	133,241

7. FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

As a result of the Proposed Disposal, the Company expects to realise a gain of approximately HK\$367 million, subject to the Adjustment. The expected gain is calculated based on the consideration for the Proposed Disposal less (i) the carrying value of the Commercial Business as at 31 December 2016, and (ii) the estimated transaction costs and expenses related to the Proposed Disposal.

Shareholders should note that the above figures are for illustrative purposes only. The actual gain on the Proposed Disposal may be different from that above and will be determined based on the financial position of the Company on the Closing Date and the review by the Group's auditors upon finalisation of the consolidated financial statements of the Group.

Upon Closing, the Company will be able to maintain sufficient operations under Rule 13.24 of the Listing Rules based on the Remaining Business.

Upon Closing, the Target Companies will cease to be subsidiaries of the Company and the Purchaser will assume all obligations and liabilities of the Sale Business, except for the liabilities expressly excluded under the Transaction Documents and any liability to tax of the relevant Business Sellers in respect of income, profits or gains of the relevant Sale Businesses earned, accrued or received on or prior to Closing.

8. USE OF PROCEEDS

The Company intends to apply the net proceeds from the Proposed Disposal to finance the Company's plans to invest in its Remaining Business, support on-going initiatives, repay existing debt, for working capital purposes, and also to fund the Intended Special Dividend.

9. REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Company operates the Commercial Business and the Remaining Business. The Commercial Business involves larger projects which require machinery supported by ongoing capital expenditure, and the sales process is dependent upon a diverse group of influencers including professional purchasing groups, designers, contractors, specifiers and hospitality companies. The Remaining Business involves small and complex orders which require experienced and highly skilled craftspeople making goods primarily by hand, and the sale process is made primarily through the interior designers and high-end decorator communities. As a result, robust and increasingly discrete Remaining Business and Commercial Business platforms have been established, each with their own separate and distinct design, marketing, production, distribution, sales resources and sales offices.

Maintaining and growing the two businesses in an increasingly competitive global marketplace requires ongoing investment as well as greater specialisation in both management and support. It has become evident that the Commercial Business in particular is subject to increasing competitive pressure, requiring ongoing capital expenditure to remain in a leading position. As a result of the strategic review conducted by the Company in late 2016, the Board has decided to divest the Commercial Business and focus on the Remaining Business – bringing the Company back to its origins as a hand-made carpet manufacturer.

The Remaining Business will focus exclusively on producing hand-made or traditionally woven carpets at the Tai Ping factory (in Xiamen, China) and the Cogolin workshop (in Southern France). These products are sold to interior designers, specialist decorators and wealthy end-users for use in homes, private yachts and jets and to boutique stores for use in the premium or VIP areas of corporate offices, luxury hotels and resorts. The tangible assets retained will include the new Artisan workshop in Xiamen, China, the hand-woven workshop at Cogolin, France, regional “flag-ship” showrooms in New York, Paris, Hong Kong and Shanghai as well as a number of smaller showrooms primarily in major cities of the United States.

The reduced scope of the Remaining Business will enable greater targeting of the retained resources and faster exploitation of business opportunities. Post-Closing, the geographically dispersed back-office infrastructure that supported the more complex dual-business company will be replaced, and the Remaining Business will be under-pinned by a leaner and simpler management and support structure located principally in Hong Kong. In addition to cost reduction, this centralisation will enable greater efficiency and speed in management decision making.

Based on the above, the Company is of the view that the Proposed Disposal represents a good opportunity for the Group to realise its assets at a fair price, which will enable the Group to further strengthen its financial and liquidity position, and provide cash resources for its development and investments in the Remaining Business.

The Directors, including the independent non-executive Directors, consider the terms of the transactions contemplated under the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

10. INTENDED SPECIAL DIVIDEND

The Board proposes that, subject to the conditions described below, a special cash dividend of approximately HK\$361 million may be distributed to the Shareholders. For the purpose of illustration, based on 212,187,488 Shares in issue as at the date of this announcement, the Intended Special Dividend would be HK\$1.70 per Share.

The Intended Special Dividend is conditional upon the Shareholders’ approval at the SGM of the Proposed Disposal, as well as Closing having taken place. An ordinary resolution will be put forward to the Shareholders at the SGM for the Intended Special Dividend.

The Intended Special Dividend will be paid out of the net proceeds from the Proposed Disposal and will represent approximately 50% of the estimated net proceeds from the Proposed Disposal. The Intended Special Dividend would allow the Shareholders to immediately realise value from their shareholdings in the Company.

Further details of the actual amount of the Intended Special Dividend, the closure date of the register of members of the Company and the record date and the payout date for the Intended Special Dividend will be set out in the circular to be despatched to the Shareholders containing the notice convening the SGM.

11. LISTING RULES IMPLICATIONS

Very Substantial Disposal

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal exceeds 75%, the Proposed Disposal constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll and therefore the ordinary resolutions to be put to vote at the SGM will be taken by way of poll as required by the Listing Rules.

12. GENERAL

A circular containing, among other things, the information required under the Listing Rules in relation to the Proposed Disposal, the Intended Special Dividend and a notice of the SGM will be despatched to the Shareholders on or around 24 August 2017.

Shareholders and potential investors should note that the (i) the Proposed Disposal and (ii) the Intended Special Dividend may or may not proceed, as they are subject to a number of conditions, which may or may not be fulfilled (or waived). Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

13. DEFINITIONS

“Adjustment”	the adjustment (based on the external debt, cash (which shall exclude an amount relating to retirement benefit obligations under the Commercial Business) and working capital position of the Commercial Business as at Closing) to be made to the Consideration in accordance with the terms of the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9.00 a.m. and 5.00 p.m.) on which banks are open in Hong Kong for general commercial business
“Business Purchaser”	Thai UK (2017) Ltd, a company incorporated under the laws of England and Wales and wholly-owned by the Purchaser
“Business Sellers”	Tai Ping Carpets UK Limited and Tai Ping Carpets Europe
“CIT”	Carpets International Thailand Public Company Limited, a public company incorporated under the laws of Thailand
“Closing”	completion of the sale and purchase of the Sale Shares and the Sale Businesses in accordance with the provisions of the Sale and Purchase Agreement
“Closing Date”	the date on which Closing occurs: (i) if the Unconditional Date falls on any date before 21 September 2017, on 29 September 2017; and (ii) if the Unconditional Date falls on any date on or after 21 September 2017, on the last Funding Business Day of the month in which the Unconditional Date falls (or, if the Unconditional Date falls less than ten Business Days before the last Funding Business Day of that month, on the last Funding Business Day of the following month)
“Commercial Business”	the commercial carpets manufacturing, distribution and sales businesses of the Company, comprising the Sale Businesses and businesses carried out by the Target Companies

“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
“Conditions”	has the meaning given in Section 2(d) of this announcement
“Consideration”	the consideration for the Proposed Disposal (subject to the Adjustment) payable by the Purchaser to the Company, as further set out in section 2(c) of this announcement
“CTG”	Costigan Limited, a company incorporated under the laws of the British Virgin Islands
“Deposit”	the deposit in the amount of US\$3 million to be paid by the Purchaser to the Company within five Business Days of signing the Sale and Purchase Agreement
“Directors”	the directors of the Company
“FMDE Closing Date”	the date that is on the last Funding Business Day of the month in which the FMDE End Date falls (or, if the FMDE End Date falls less than 10 Business Days before the last Funding Business Day of that month, on the last Funding Business Day of the following month)
“FMDE End Date”	the date that is the later of either (i) the date on which the Thai Factory has, in the Company’s opinion (acting reasonably and in good faith having consulted with the Purchaser (and having had regard to their reasonable comments and requests)), returned to being able to operate at or above the level of its Usual Production Capacity; and (ii) the first Business Day on or by which all Conditions have been fulfilled or waived
“Force Majeure Delay Event”	any epidemic, tidal wave, earthquake, flood, typhoon, fire, explosion, collapse or natural disaster which (i) first occurs after the signing of the Sale and Purchase Agreement; and (ii) results in the Thai Factory ceasing or being unable to operate at or above the level of its Usual Production Capacity

“Force Majeure Event”	any epidemic, tidal wave, earthquake, typhoon, fire, explosion, collapse or natural disaster that (i) first occurs after the signing of the Sale and Purchase Agreement; (ii) was not reasonably foreseeable by the Purchaser, the Share Purchasers or the Business Purchasers prior to or on the date of this Agreement; (iii) results in the Commercial Business ceasing or unable to operate or carry on the business as usual, wholly or substantially for a consecutive period of 20 Business Days; (iv) (in the opinion of a loss adjustor appointed by the respective insurance company) is excluded from, inadequately insured by, or not sufficiently covered by, (in each case to a material extent) the insurance coverage in place for the Commercial Business; and (v) has a material and adverse effect on the business and operations of the Target Companies taken as a whole which will continue for a sustained and long term period (of at least 12 months) and which will reduce the market value of the Target Companies taken as a whole, in excess of the aggregate of US\$45,000,000, with certain exclusions
“Funding Business Day”	a day (other than a Saturday or Sunday or public holiday in Hong Kong, Bangkok and The City of New York and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9.00 a.m. and 5.00 p.m.) on which banks are open in Hong Kong, Bangkok and The City of New York for general commercial business
“Group”	the Company and its subsidiaries
“Group Share Sellers”	the Company and Amberfield Investments Co. S.A. (an indirect wholly-owned subsidiary of the Company)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Individual Share Sellers”	Mark Stuart Worgan; Suwat Nampoolsuksan; Somluck Boonsaner; Suchada Kanjanawenich; and Nichanun Pimukmanuskit
“Intended Special Dividend”	the intended special cash dividend of approximately HK\$361 million which may be distributed by the Company to the Shareholders as set out in the section headed “Intended Special Dividend”
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time

“Long Stop Date”	nine months after the date of the Sale and Purchase Agreement or such other date as may be agreed in writing by each of the Company and Purchaser
“Parties”	the parties to the Sale and Purchase Agreement and Party means any one of them
“percentage ratios”	has the meaning ascribed to such term in Chapter 14 of the Listing Rules
“PRC” or “China”	the People’s Republic of China, for the purposes of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Disposal”	the proposed sale of the Commercial Business by the Company, on its own behalf and on behalf of the Group Share Sellers, the Individual Share Sellers and the Business Sellers, to the Purchaser, on its own behalf and on behalf of the Share Purchasers and the Business Purchasers, pursuant to the terms and conditions set out in the Sale and Purchase Agreement
“Purchaser”	Thailand Carpet Manufacturing Public Company Limited, a company organised and existing under the laws of Thailand
“Remediable Force Majeure Delay Event”	a Force Majeure Delay Event that the Parties agree can be remedied such that the Thai Factory will return to its Usual Production Capacity before the date that is 6 months after the Force Majeure Delay Event has occurred
“Remaining Business”	the business of the Remaining Group which involves the manufacture, distribution and sale of hand-tufted and artisan carpets as carried on as at the date of this announcement and from time to time
“Remaining Group”	the Company and its subsidiaries from time to time but excludes the Target Companies
“Reorganisation”	the pre-sale reorganisation of the Commercial Business that the Company implements at its own costs prior to Closing in preparation for sale of the Commercial Business pursuant to the Proposed Disposal
“Sale and Purchase Agreement”	the agreement entered into by the Company and the Purchaser on 3 August 2017 in relation to the Proposed Disposal

“Sale Businesses”	the commercial carpets distribution and sales businesses carried on by Tai Ping Carpets UK Limited and Tai Ping Carpets Europe immediately prior to Closing
“Sale Shares”	the shares in the relevant Target Companies held by the Share Sellers
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve the Proposed Disposal and the Intended Special Dividend
“Share Purchasers”	together, (i) TCMC HK (2017) Limited (a company incorporated under the laws of Hong Kong, which will be wholly-owned by the Purchaser on or before Closing); (ii) Pimol Srivikorn; and (iii) the Purchaser
“Share Sellers”	the Group Share Sellers and the Individual Share Sellers
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surplus Cash Dividend”	(i) any interim dividend, or interim dividends, in an aggregate amount of up to US\$15 million, declared, paid or made by a Target Company to the Remaining Group prior to Closing (provided such dividends shall leave CIT with cash at least equal to the retirement benefit obligations under the Commercial Business); and (ii) any interim dividend or distribution declared, paid or made by one Target Company to another Target Company for the purposes of facilitating the payment of any dividend referred to in (i) above
“Target Companies”	together, (i) CTG; (ii) Tai Ping Carpets Commercial Inc.; (iii) Global Carpets (Holdings) Limited; (iv) VC; (v) CIT; (vi) Anderry Limited; (vii) Onsen Limited; (viii) Tai Ping Carpets India Private Limited; (ix) TPC Macau Limitada; and (x) Tai Ping Carpets (S) Pte. Ltd.
“Thai Factory”	the manufacturing facility located at No.80 Moo 1 Leab Khlong Koh Krieng Subroad, Pathum Thani – Bang Bua Thong (Highway No.345), Bang Kuwad Subdistrict, Mueang District, Pathum Thani Province, Thailand

“THB”	Thai Baht, the lawful currency of the Kingdom of Thailand
“Transaction Document”	has the meaning given in section 3 of this announcement
“Unconditional Date”	the first Business Day on or by which all Conditions have been fulfilled or waived
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“Usual Production Capacity”	in respect of a given calendar month, the Thai Factory’s production capacity being equal to 65% of the arithmetic mean of the Thai Factory’s production capacity for that calendar month (on a seasonally adjusted basis) over the preceding three calendar years
“VC”	Vechachai Co., Limited, a private company incorporated under the laws of Thailand

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

In this announcement, United States dollars converted into Hong Kong dollars at the rate of US\$1 = HK\$7.75 and Thai Baht converted into Hong Kong dollars at the rate of THB1 = HK\$0.23.

Hong Kong, 3 August 2017

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. David C. L. Tong, Mr. John J. Ying, Mr. Nelson K. F. Leong, Mr. Andrew C. W. Brandler.