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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 5 September 2007, Everfit entered into the Provisional Sale and Purchase Agreements to sell its rights, title and interest in the constituent Units comprising the Property to the relevant Purchasers for an aggregate consideration of HK\$20,060,000.

The Directors consider the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Disposal 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

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DETAILS OF EACH PROVISIONAL SALE AND PURCHASE AGREEMENT

Date

5 September 2007

Parties

Seller : Everfit
Purchaser : the relevant Purchaser
Agent : a real estate agent holding an Estate Agent's Licence (Company) in Hong Kong

Everfit and each Purchaser will enter into the Formal Sale and Purchase Agreements in respect of the relevant Unit(s) on or before 19 September 2007.

Consideration

The aggregate consideration for the Property of HK\$20,060,000 will be payable in cash in the following manner:

- (i) an initial deposit of HK\$2,006,000 was paid on the signing of the Provisional Sale and Purchase Agreements; and
- (ii) the balance of the consideration of HK\$18,054,000 shall be payable on Completion.

The aggregate consideration was determined following arm's length negotiations between the parties on normal commercial terms, after taking into account past transaction prices, monthly rental income and the valuation made by an independent property valuer appointed by the Group as at 31 December 2006.

Completion

Pursuant to the Provisional Sale and Purchase Agreements, it is expected that the Completion will take place on or before 20 December 2007. The Purchasers have agreed to purchase the relevant Units comprising the Property subject to the existing tenancies upon Completion.

Other terms

Completion is conditional upon the sale and purchase of all the Units comprising the Property occurring simultaneously.

Should the Purchasers fail to complete the purchase of the Property, Everfit shall be entitled to forfeit the deposits paid by the Purchasers. Should Everfit fail to complete the sale of the Property, the Purchasers shall be entitled to a refund of all the deposits paid by the Purchasers together with a sum equivalent to the amount of the deposits paid by the Purchasers as liquidated damages.

INFORMATION ON THE PROPERTY

The Property was used by Everfit as a factory to manufacture canvas until such business ceased in 2001. The Property was then leased to third parties by the Group to earn rental income.

The rental income attributable to the Property for the last two financial years ended 31 December 2006 and 2005 was HK\$672,000 and HK\$586,000 respectively.

The profit before taxation attributable to the Property for the last two financial years ended 31 December 2006 and 2005 was HK\$578,000 and HK\$423,000 respectively.

The value of the Property as at 31 December 2006, as booked in the audited consolidated accounts of the Company, was HK\$11,600,000 and represented approximately 1% of the consolidated net asset value of the Group as at 31 December 2006. Such value of the Property as at 31 December 2006 was extracted from the valuation conducted by an independent property valuer appointed by the Group. When compared with the consideration of HK\$20,060,000, the consideration represents a premium of approximately 73%.

The net gain arising from the Disposal, after deducting commission and legal and other expenses, amounted to approximately HK\$8,160,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property is not a core asset of the Group and the yield from leasing the Property has declined in relative terms and is low. The Directors of the Company intend to deploy the Group's assets and financial resources to focus on growing the carpets business, and considers this an opportune time to sell the Property and realise the capital gain on the growth in the industrial property market.

The Directors are of the view that the terms of the Provisional Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Disposals of approximately HK\$19,760,000 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.

Everfit is a 85% subsidiary of the Company and is principally engaged in the holding of the Property.

To the best of the Directors' knowledge, the principal business activity of the Purchasers are investment holding.

Also, to the best of the knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, the Purchasers and their ultimate beneficial owner(s) are Independent Third Parties.

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

DEFINITIONS

“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 Stock Exchange of Hong Kong Limited (Stock Code: 146)
“Completion”	the completion of the Disposal
“Directors”	the directors (including non-executive and independent non-executive directors) of the Company
“Disposal”	the sale of all of Everfit’s title, rights and interest in the Property
“Everfit”	Everfit Textile Limited, a company incorporated in Hong Kong with limited liability and a 85% subsidiary of the Company
“Formal Sale and Purchase Agreements”	the formal agreement for sale and purchase to be entered on or before 19 September 2007 between Everfit and each Purchaser in respect of the relevant Unit(s) of the Property
“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)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	Units A, B, C, D and E on the 10th Floor and two car parks (numbers 26 and 27) on the Ground Floor of Mai Gar Industrial Building, 146 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong
“Provisional Sale and Purchase Agreements”	6 provisional sale and purchase agreements dated 5 September 2007 between, among others, Everfit and the Purchasers in respect of the Property

“Purchasers”	Ample Sun Limited, Sotime Limited, Mainyer Ltd., Fai Hwa Limited, Genius Express Limited and Jitaki Ltd., companies incorporated in Hong Kong with limited liability
“Shareholders”	the shareholders of the Company
“Units”	Units A, B, C, D and E and two car parks (numbers 26 and 27) of the Property or any one of them as the context may require

By Order of the Board
Tai Ping Carpets International Limited
Raymond W. M. Mak
Company Secretary

Hong Kong, 5 September 2007

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).