
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tai Ping Carpets International Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TAI PING CARPETS INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 146)



**PROPOSED CHANGE OF AUDITOR
AND
NOTICE OF SPECIAL GENERAL MEETING**

A copy of the notice of the special general meeting of Tai Ping Carpets International Limited (the "Special General Meeting") to be held at 21st Floor, St. George's Building, 2 Ice House Street, Central, Hong Kong on Monday, 19 July 2010 at 9:30 a.m. is set out on page 4 of this circular. Whether or not you are able to attend the Special General Meeting, please complete the accompanying proxy form in accordance with the instructions printed thereon and return it to 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, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Special General Meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the Special General Meeting should you so wish.

29 June 2010

LETTER FROM THE BOARD

TAI PING CARPETS INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 146)



Chairman and Non-executive Director:

Nicholas T. J. Colfer

Chief Executive Officer and Executive Director:

James H. Kaplan

Non-executive Directors:

Ian D. Boyce

Lincoln K. K. Leong

David C. L. Tong

John J. Ying

Nelson K. F. Leong

(Alternate Director to Lincoln K. K. Leong)

Registered office:

Canon's Court

22 Victoria Street

P.O. Box HM 1179

Hamilton HM EX

Bermuda

Principal Office in Hong Kong:

26/F, Tower A

Regent Centre

63 Wo Yi Hop Road

Kwai Chung

Hong Kong

Independent Non-executive Directors:

Yvette Y. H. Fung

Roderic N. A. Sage

Lincoln C. K. Yung

29 June 2010

Dear Shareholders,

PROPOSED CHANGE OF AUDITOR AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The Board of Directors (the "Board") announces that BDO Limited ("BDO") has resigned as auditor of the Company with effect from 22 June 2010. The Board has proposed to appoint PricewaterhouseCoopers as the auditor of the Company to fill the casual vacancy following the resignation of BDO and to hold office until the conclusion of the next annual general meeting of the Company.

The purpose of this circular is to provide you with details of the change of auditor and to give you the notice convening a special general meeting at which an ordinary resolution will be proposed to be considered, and if thought fit, approve the appointment of PricewaterhouseCoopers as the auditor of the Company.

LETTER FROM THE BOARD

PROPOSED CHANGE OF AUDITOR

The Board announces that BDO has resigned as auditor of the Company with effect from 22 June 2010. The Board has proposed to appoint PricewaterhouseCoopers to fill the casual vacancy following the resignation of BDO and to hold office until the conclusion of the next annual general meeting of the Company, subject to the appointment being approved by the shareholders of the Company (“Shareholders”) at a special general meeting (“SGM”).

The Board considers it is in the best interests of the Company and its Shareholders as a whole, to appoint PricewaterhouseCoopers as the new auditor taking into account the factors that, including but not limited to, future expansion of the Company and its subsidiaries (the “Group”) and the future services required by the Group as a whole. The Board would like to express its appreciation for the professional services of BDO to the Company in the past years.

BDO has confirmed that there are no circumstances connected with their resignation which they consider should be brought to the attention of the Shareholders of the Company. The Board also confirms that there are no circumstances in respect of the change of the auditor which they consider should be brought to the attention of the Shareholders.

Further announcement will be made once the appointment of PricewaterhouseCoopers as the auditor of the Company has been approved by the Shareholders.

SGM

The SGM of the Company will be held at 21st Floor, St. George’s Building, 2 Ice House Street, Central, Hong Kong on Monday, 19 July 2010 at 9:30 a.m., the notice of which is set out on page 4 to this circular. Whether or not you will be able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to 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, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment meeting thereof if you so wish.

LETTER FROM THE BOARD

VOTING AT SGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the SGM must be taken by poll.

RECOMMENDATION

The Directors consider that the ordinary resolution relating to the proposed appointment of PricewaterhouseCoopers as the auditor of the Company as referred to in this circular is in the best interests of the Company and the Shareholders as a whole and so recommend the Shareholders to vote in favour of the ordinary resolution at the SGM.

Yours faithfully,
On behalf of the Board
Nicholas T. J. Colfer
Chairman

NOTICE OF SPECIAL GENERAL MEETING

TAI PING CARPETS INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 146)



NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting 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 Monday, 19 July 2010 at 9:30 a.m. to consider and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**THAT** Messrs. PricewaterhouseCoopers be and is hereby appointed as the auditor of Tai Ping Carpets International Limited (the “Company”) in place of the resigned auditor, Messrs. BDO Limited to hold office until the conclusion of the next annual general meeting of the Company, and the Directors of the Company be and are hereby authorised to fix the remuneration for the appointed auditor.”

By order of the Board
Chan Wing Sze
Company Secretary

Hong Kong, 29 June 2010

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 together with any power of attorney or authority, if any, under which it is signed or a certified copy of such power of attorney or authority, must be returned to 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, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the above meeting or any adjournment thereof (as the case may be).
- (3) Completion and return of the form of proxy will not preclude a Shareholder of the Company from attending and voting in person at the above meeting or any adjournment thereof (as the case may be) and in such event, the authority of the proxy shall be deemed to be revoked.