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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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)



**NOTICE OF ANNUAL GENERAL MEETING  
AND  
RE-ELECTION OF DIRECTORS  
AND  
PROPOSED AMENDMENTS TO THE BYE-LAWS**

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A copy of the notice of the annual general meeting of Tai Ping Carpets International Limited (the “Annual General Meeting”) to be held at 8<sup>th</sup> Floor, Tower 1, Kowloon Commerce Centre, 51-53 Kwai Cheong Road, Kwai Chung, Hong Kong on Friday, 24 May 2013 at 9:30 a.m. is set out on pages 9 to 11 of this circular. Whether or not you are able to attend the Annual General Meeting, please complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 46<sup>th</sup> Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

16 April 2013

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## LETTER FROM THE BOARD

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### **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

David C. L. Tong

John J. Ying

Nelson K. F. Leong

*Independent Non-executive Directors:*

Yvette Y. H. Fung

Roderic N. A. Sage

Lincoln C. K. Yung

Aubrey K. S. Li

*Registered Office:*

Canon's Court

22 Victoria Street

P.O. Box HM 1179

Hamilton HM EX

Bermuda

*Principal Office in Hong Kong:*

8<sup>th</sup> Floor, Tower 1

Kowloon Commerce Centre

51-53 Kwai Cheong Road

Kwai Chung

Hong Kong

16 April 2013

*Dear Shareholders*

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
RE-ELECTION OF DIRECTORS  
AND  
PROPOSED AMENDMENTS TO THE BYE-LAWS**

#### **INTRODUCTION**

The notice of the Annual General Meeting (the "Notice") of Tai Ping Carpets International Limited (the "Company") is set out in this document, and a proxy form accompanies this circular. Details of the resolutions to be proposed at the Annual General Meeting are set out in the Notice.

Details of the directors of the Company (the "Director(s)") who are proposed to be re-elected at the Annual General Meeting are set out in the Appendix to this circular.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

Mr. Nicholas T. J. Colfer, Mr. David C. L. Tong, Mr. Nelson K. F. Leong, Mr. Roderic N. A. Sage and Mr. Aubrey K. S. Li shall retire by rotation pursuant to the Bye-laws while Mr. James H. Kaplan shall retire voluntarily from office at the Annual General Meeting in order to comply with code provision A.4.2 of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). All retiring Directors, being eligible, have offered themselves for re-election at the Annual General Meeting.

Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in the Appendix to this circular.

### PROPOSED AMENDMENTS TO THE BYE-LAWS

The Directors propose to amend the following bye-laws of the Company (the “Bye-law(s)”) to bring them in line with the CG Code as contained in Appendix 14 of the Listing Rules:

- (i) Bye-law 190(iii) To be more consistent with code provision A.4.2 of the CG Code, it is proposed that this Bye-law be amended to allow all Directors appointed to fill a casual vacancy be subject to election by shareholders at the first general meeting after appointment and shall be taken into account in determining the number of Directors who are to retire by rotation at such meeting.
- (ii) Bye-law 190(vii)(A)(1) To be more consistent with code provision A.4.2 of the CG Code, it is proposed that this Bye-law be amended to ensure that every Director including any executive chairman or managing director retire by rotation at least once every three years and shall be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The proposed amendments to the Bye-laws are as follows:

- (a) by deleting Bye-law 190(iii) in its entirety and replacing the same with the following new Bye-law 190(iii):–

“(iii) Bye-law 100 shall read as follows:–

“The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting and shall then be eligible for re-election, and shall be taken into account in determining the number of Directors who are to retire by rotation at such meeting.”; and

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## LETTER FROM THE BOARD

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- (b) by deleting the words “and further provided that no Director holding office as executive chairman or as a managing director shall be subject to retirement by rotation or taken into account in determining the number of Directors to retire” from paragraph (A)(1) of Bye-law 190(vii).

### VOTING BY POLL AND PROXY ARRANGEMENT

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A proxy form for use at the Annual General Meeting is enclosed with this circular and such proxy form is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.taipingcarpets.com](http://www.taipingcarpets.com)). Whether or not you are able to attend the Annual General Meeting, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46<sup>th</sup> Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time of the Annual General Meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

### RECOMMENDATION

The Directors consider that the proposed resolutions set out in the Notice are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting.

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

**CHAIRMAN AND NON-EXECUTIVE DIRECTOR**

**Nicholas T. J. Colfer:** aged 53. He has been a Non-Executive Director since 2003 and Chairman since 2005 and he is Chairman of the Executive Committee and the Nomination Committee of the Company.

Mr. Colfer is a Director of Sir Elly Kadoorie & Sons Limited, overseeing a number of the Kadoorie Family's interests in Hong Kong and overseas and, as such, is associated with certain substantial shareholders of the Company. Mr. Colfer is also a Non-Executive Director of The Hongkong and Shanghai Hotels, Limited (listed in Hong Kong) and serves on several other corporate boards in Hong Kong. Mr. Colfer holds a Master of Arts degree from the University of Oxford.

Save as disclosed above, Mr. Colfer does not have any other relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. Further, Mr. Colfer does not currently hold any directorships in any other listed companies and did not hold any such directorships in the last three years.

As at the date of this circular, Mr. Colfer did not have any interests in the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO").

There is no service contract between the Company and Mr. Colfer. The term of office for Mr. Colfer is the period up to his retirement by rotation in accordance with the Bye-laws. Mr. Colfer is currently entitled to a remuneration of HK\$90,000 per annum, comprising a base fee of HK\$70,000 in respect of his capacity as a non-executive member of the board of the Company (the "Board"), and an additional HK\$10,000 each for being Chairman of both the Executive Committee and the Nomination Committee. The amount of remuneration payable to him is determined with reference to his experience, duties and market trends.

Save as disclosed above, there is no information relating to Mr. Colfer that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.

**CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR**

**James H. Kaplan:** aged 57. He has been the Chief Executive Officer and an Executive Director since 2003 and he is a member of the Executive Committee of the Company.

Prior to join the Company, Mr. Kaplan was the Divisional Vice President of the high-end global furniture manufacturer Knoll International. Mr. Kaplan holds a Bachelor of Arts degree from Lafayette College.

Mr. Kaplan does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. Further, Mr. Kaplan does not currently hold any directorships in any other listed companies and did not hold any such directorships in the last three years.

As at the date of this circular, Mr. Kaplan had a personal interest of 522,000 shares of the Company within the meaning of Part XV of SFO.

The total emoluments received and receivable by Mr. Kaplan for the year ended 31 December 2012 amounted to US\$993,815.15 (approximately HK\$7,751,758). Mr. Kaplan entered into a service contract with Tai Ping Carpets Americas, Inc., a wholly-owned subsidiary of the Company, on 15 October 2003 (subsequently amended by a letter agreement dated 14 December 2006 setting out the new terms of employment with effect from 1 January 2006). This contract has no fixed term and may be terminated by either party by 3 months' written notice. Base on the latest review by the remuneration committee, Mr. Kaplan is entitled to an annual base salary of US\$634,400 (approximately HK\$4,948,320) together with a potential annual incentive bonus of up to US\$317,200 (approximately HK\$2,474,160) upon achieving certain targets. Mr. Kaplan is also entitled to participate in a profit-sharing scheme and other benefits and allowances. If this service contract is terminated due to a change of control of the Company, Mr. Kaplan will be entitled to statutory compensation. Mr. Kaplan is also entitled to a severance payment of US\$634,400 (approximately HK\$4,948,320) subject to certain conditions.

Save as disclosed above, there is no information relating to Mr. Kaplan that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.

#### NON-EXECUTIVE DIRECTORS

**David C. L. Tong:** aged 42. He has been a Non-Executive Director since 1997 and is member of the Executive Committee and the Remuneration Committee of the Company.

Mr. Tong is a Director of Sir Elly Kadoorie & Sons Limited. He is also an Independent Non-Executive Director of Hong Kong Aircraft Engineering Company Limited (listed in Hong Kong) and serves on several other corporate boards in Hong Kong. Mr. Tong is a Chartered Engineer and holds a Bachelor of Engineering degree from the University of London.

Save as disclosed above, Mr. Tong does not have any other relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. Further, Mr. Tong does not currently hold any directorships in any other listed companies and did not hold any such directorships in the last three years.

As at the date of this circular, Mr. Tong was personally interested in 431,910 shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Tong. The term of office of Mr. Tong is the period up to his retirement by rotation in accordance with the Bye-laws. Mr. Tong is currently entitled to a remuneration of HK\$110,000 per annum, comprising a base fee of HK\$70,000 in respect of his capacity as a non-executive member of the Board, and an additional HK\$10,000 and HK\$30,000 for being member of the Executive Committee and the Remuneration Committee. The amount of remuneration payable to him is determined with reference to his experience, duties and market trends.

Save as disclosed above, there is no information relating to Mr. Tong that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.

**Nelson K. F. Leong:** aged 49. He was an Alternate Director to his elder brother Mr. Lincoln K. K. Leong for 14 years before his appointment as a Non-Executive Director in June 2012 and is a member of the Executive Committee of the Company.

Mr. Leong is a Director of a number of companies involved in real estate in Hong Kong and North America. He holds a Master of Business Administration degree from the University of Toronto and a Bachelor of Arts degree from Brown University.

Mr. Leong does not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. Further, Mr. Leong does not currently hold any directorships in any other listed companies and did not hold such directorships in the last three years.

As at the date of this circular, Mr. Leong was interested in 2,000,000 shares of the Company. The shares were held through a company which was controlled by Mr. Leong within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Leong. The term of office of Mr. Leong is the period up to his retirement by rotation in accordance with the Bye-laws. Mr. Leong is currently entitled to remuneration of HK\$80,000 per annum, comprising a base fee of HK\$70,000 in respect of his capacity as a non-executive member of the Board, and an additional HK\$10,000 for being member of the Executive Committee. The amount of remuneration payable to him is determined with reference to his experience, duties and market trends.

Save as disclosed above, there is no information relating to Mr. Leong that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.

#### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Roderic N. A. Sage:** aged 60. He has been an Independent Non-Executive Director since 2005 and is the Chairman of the Remuneration Committee and the Audit Committee of the Company.

Mr. Sage is Chief Executive Officer of a consultancy specialising in taxes, corporate services and trusts. He is a Chartered Accountant and was formally a Senior Partner and member of the board of KPMG in Hong Kong.

Mr. Sage does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. Further, Mr. Sage does not currently hold any directorships in any other listed companies and did not hold such directorships in the last three years.

As at the date of this circular, Mr. Sages did not have any interests in the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Sage. The term of office of Mr. Sage is the period up to his retirement by rotation in accordance with the Bye-laws. Mr. Sage is currently entitled to a remuneration of HK\$140,000 per annum, comprising a base fee of HK\$70,000 in respect of his capacity as a

non-executive member of the Board, and an additional HK\$40,000 and HK\$30,000 for being chairman of the Audit Committee and the Remuneration Committee. The amount of remuneration payable to him is determined with reference to his experience, duties and market trends.

Save as disclosed above, there is no information relating to Mr. Sage that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.

The independence of Mr. Sage has been reviewed by the Nomination Committee in accordance with the applicable Listing Rules. Mr. Sage has made an annual written confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board is of the view that Mr. Sage meets the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and is independent, and that Mr. Sage will continue to bring independent and objective perspectives to the Company's affair.

**Aubrey K. S. Li:** aged 63. He has been an Independent Non-Executive Director since 2010 and is a member of the Audit Committee of the Company.

Mr. Li is the Chairman of MCL Partners Limited ("MCL"), a Hong Kong-based financial advisory and investment group, a Non-Executive Director of The Bank of East Asia, Limited and an Independent Non-Executive Director of Café de Coral Holdings Limited, China Everbright International Limited, Kunlun Energy Company Limited, Kowloon Development Company Limited and Pokfulam Development Company Limited, all being listed companies in Hong Kong (except MCL). He is also a Non-Executive Director of Affin Bank Berhad. He has over 35 years experience in merchant and commercial banking and holds a Master of Business Administration degree from Columbia University and a Bachelor of Science degree in Civil Engineering from Brown University.

Save as disclosed above, Mr. Li does not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. Further, Mr. Li does not currently hold any directorships in any other listed companies and did not hold any such directorships in the last three years.

As at the date of this circular, Mr. Li was beneficially interested in 100,000 shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Li. The term of office of Mr. Li is the period up to his retirement by rotation in accordance with the Bye-laws. Mr. Li is currently entitled to a remuneration of HK\$110,000 per annum, comprising a base fee of HK\$70,000 in respect of his capacity as a non-executive member of the Board, and an additional HK\$40,000 for being member of the Audit Committee. The amount of remuneration payable to him is determined with reference to his experience, duties and market trends.

Save as disclosed above, there is no information relating to Mr. Li that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.



The independence of Mr. Li has been reviewed by the Nomination Committee in accordance with the applicable Listing Rules. Mr. Li has made an annual written confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board is of the view that Mr. Li meets the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and is independent, and that Mr. Li will continue to bring independent and objective perspectives to the Company's affair.

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## NOTICE OF ANNUAL GENERAL MEETING

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### TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 146)



### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “Annual General Meeting”) of Tai Ping Carpets International Limited (the “Company”) will be held at 8<sup>th</sup> Floor, Tower 1, Kowloon Commerce Centre, 51-53 Kwai Cheong Road, Kwai Chung, Hong Kong on Friday, 24 May 2013 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2012.
2. To declare a final dividend for the year ended 31 December 2012.
3. To re-elect retiring directors and authorise the board of directors of the Company to fix their remuneration.
4. To re-appoint PricewaterhouseCoopers as the Company’s auditors and to authorise the board of directors of the Company to fix their remuneration.

#### Special Business

To consider and, if thought fit, pass the following resolution as a special resolution:

5. **“THAT**

The bye-laws of the Company (the “Bye-law(s)”) be and are hereby amended in the following manner:

- (a) by deleting Bye-law 190(iii) in its entirety and replacing the same with the following new Bye-law 190(iii):–

“(iii) Bye-law 100 shall read as follows:–

“The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting and shall then be eligible for re-election, and shall be taken into account in determining the number of Directors who are to retire by rotation at such meeting.”; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) by deleting the words “and further provided that no Director holding office as executive chairman or as a managing director shall be subject to retirement by rotation or taken into account in determining the number of Directors to retire” from paragraph (A)(1) of Bye-law 190(vii).”

By order of the Board  
**Lee Siu Kau**  
*Company Secretary*

Hong Kong, 16 April 2013

*Notes:*

1. A shareholder entitled to attend and vote at the Annual General 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. The proxy form for use at the Annual General Meeting is enclosed in the circular. Completion and return of the form of proxy will not preclude a member from attending and voting at the Annual General Meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the Annual General 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 Annual General 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.
4. In order to be valid, the proxy form, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 46<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof.
5. The transfer books and the register of members of the Company will be closed from Wednesday, 22 May 2013 to Friday, 24 May 2013, both days inclusive. During such period, no transfer of shares will be effected. In order to establish the right to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 46<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 21 May 2013.
6. The transfer books and the register of members of the Company will be closed from Thursday, 30 May 2013 to Monday, 3 June 2013, both days inclusive if the final dividend for the year ended 31 December 2012 was approved at the Annual General Meeting. During such period, no transfer of shares will be effected. To ensure that shareholders are entitled to receive the distribution of final dividend to be approved at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 46<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 29 May 2013.
7. Subject to the passing of the necessary resolution at the Annual General Meeting, the final dividend will be payable to shareholders whose names appear on the register of Members of the Company at the close of business on Monday, 3 June 2013.
8. With reference to resolution 3 above regarding the re-election of Directors, Mr. Nicholas T. J. Colfer, Mr. David C. L. Tong, Mr. Nelson K. F. Leong, Mr. Roderic N. A. Sage and Mr. Aubrey K. S. Li, shall retire by rotation pursuant to the Bye-laws while Mr. James H. Kaplan shall retire voluntarily from office at the Annual General Meeting in order to comply with code provision A.4.2 of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. All retiring Directors, being eligible, have

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## NOTICE OF ANNUAL GENERAL MEETING

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offered themselves for re-election at the Annual General Meeting. The re-election of these retiring Directors will be individually voted upon by shareholders by way of separate resolutions. Details regarding each of these directors are set out in the Appendix to the circular dated 16 April 2013.

9. Explanatory notes to the proposed amendments to the Bye-laws:

- (i) Bye-law 190(iii) To be more consistent with code provision A.4.2 of the CG Code, it is proposed that this Bye-law be amended to allow all directors appointed to fill a casual vacancy be subject to election by shareholders at the first general meeting after appointment and shall be taken into account in determining the number of directors who are to retire by rotation at such meeting.
  
- (ii) Bye-law 190(vii)(A)(1) To be more consistent with code provision A.4.2 of the CG Code, it is proposed that this Bye-law be amended to ensure that every director including any executive chairman or managing director retire by rotation at least once every three years and shall be taken into account in determining the number of directors who are to retire by rotation at such meeting.