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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)



**RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A copy of the notice of the annual general meeting of Tai Ping Carpets International Limited (the “Annual General Meeting”) to be held at 21st Floor, St. George’s Building, 2 Ice House Street, Central, Hong Kong on Friday, 20 May 2016 at 9:30 a.m. is set out on pages 7 to 8 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, at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, 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.

8 April 2016

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:

David C. L. Tong

John J. Ying

Nelson K. F. Leong

Andrew C. W. Brandler

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM EX

Bermuda

Principal Office in Hong Kong:

33rd Floor, Global Trade Square

21 Wong Chuk Hang Road

Wong Chuk Hang

Hong Kong

Independent Non-executive Directors:

Yvette Y. H. Fung

Roderic N. A. Sage

Lincoln C. K. Yung

Aubrey K. S. Li

8 April 2016

Dear Shareholders

RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

Notice of the Annual General Meeting (the "Notice") of Tai Ping Carpets International Limited (the "Company") together with a proxy form are enclosed with this circular. Details of the relevant 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 Appendix to this circular.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Mr. John J. Ying, Mr. Nelson K. F. Leong, Mr. Andrew C. W. Brandler and Mr. Roderic N. A. Sage will retire by rotation pursuant to the bye-laws of the Company (the “Bye-Laws”). Mr. John J. Ying, Mr. Nelson K. F. Leong, Mr. Andrew C. W. Brandler and Mr. Roderic N. A. Sage, 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 Appendix to this circular.

Mr. Roderic N. A. Sage has served as Independent Non-executive Director of the Company for more than nine years since November 2005. Pursuant to Code A.4.3 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 (the “Listing Rules”), (a) such service to the Company for more than nine years could be relevant to determining an independent non-executive director’s independence and (b) if an independent non-executive director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

The Company has received from Mr. Roderic N. A. Sage a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Mr. Roderic N. A. Sage has not engaged in any executive management of the Company and its subsidiaries. Taking into consideration his record of independence during his term of service, the Directors consider Mr. Roderic N. A. Sage to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Accordingly, Mr. Roderic N. A. Sage shall be subject to retirement by rotation and re-election by way of a separate resolution to be approved by the shareholders of the Company (the “Shareholders”) in the Annual General Meeting.

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) and the Company (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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the proposed resolutions as set out in the Notice are in the best interests of the Company and the Shareholders and recommends that the 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

NON-EXECUTIVE DIRECTORS

Mr. John J. Ying: aged 53. He has been a Non-executive Director since 1999 and is a member of the Executive Committee and Audit Committee of the Company.

Mr. Ying is the Managing Director of Peak Capital, a private investment firm focused on investments in Greater China, Chairman of Bracell Limited (formerly Sateri Holdings Limited) and the Asian Republican Coalition. He holds a Master of Business Administration degree from the Wharton School, a Master of Arts degree from the University of Pennsylvania, and a Bachelor of Science degree from the Massachusetts Institute of Technology.

Save as disclosed above, Mr. Ying does not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular (the “Latest Practicable Date”), Mr. Ying was interested in 32,605,583 shares of the Company held by Peak Capital Partners I, L.P. of which he is the sole shareholder of the general partner of Peak Capital Partners I, L.P., within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).

There is no service contract between the Company and Mr. Ying but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Ying is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Ying is currently entitled to a remuneration of HK\$170,000 per annum, comprising a base fee of HK\$100,000 in respect of his capacity as a non-executive member of the board of directors of the Company (the “Board”), and an additional HK\$10,000 and HK\$60,000 for being a member of the Executive Committee and Audit Committee of the Company. The amount of remuneration payable to him is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

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

Mr. Nelson K. F. Leong: aged 52. 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 an Executive Director of Henry G. Leong Estates Limited, a Director of Fontana Enterprises Limited and 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.

Save as disclosed above, Mr. Leong does not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Leong was interested personally in 700,000 shares of the Company and 2,000,000 shares held by Gainsborough Associates Limited and 182,000 shares held by Fontana Enterprises Limited which are controlled by Mr. Leong within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Leong but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Leong is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Leong is currently entitled to remuneration of HK\$110,000 per annum, comprising a base fee of HK\$100,000 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 of the Company. The amount of remuneration payable to him is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

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

Mr. Andrew C. W. Brandler: aged 59. He has been a Non-executive Director since 2014.

Mr. Brandler is a Director and Chairman of Sir Elly Kadoorie & Sons Limited, a Non-Executive Director and Deputy Chairman of The Hongkong and Shanghai Hotels, Limited and a Non-Executive Director of CLP Holdings Limited. He was the Group Managing Director and Chief Executive Officer and an Executive Director of CLP Holdings Limited in the past three years. He has had an extensive career as an international banker and company executive. He is a Chartered Accountant, and holds a Bachelor of Arts and a Master of Arts degrees from the University of Cambridge and a Master of Business Administration degree from Harvard Business School.

Save as disclosed above, Mr. Brandler does not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Brandler did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Brandler but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Brandler is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Brandler is currently entitled to remuneration of HK\$100,000 per annum as a base fee of HK\$100,000 in respect of his capacity as a Non-executive member of the Board. The amount of remuneration payable to him is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Roderic N. A. Sage: aged 63. 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 the Executive Chairman of Equiom Holdings (Hong Kong) Limited, 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.

As at the Latest Practicable Date, Mr. Sage did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Sage but he does have a letter of appointment detailing the terms of his appointment. The term of office for Mr. Sage is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Sage is currently entitled to remuneration of HK\$200,000 per annum, comprising a base fee of HK\$100,000 in respect of his capacity as a non-executive member of the Board, and an additional HK\$60,000 and HK\$40,000 for being chairman of the Audit Committee and the Remuneration Committee. The amount of remuneration payable to him is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

Save as disclosed above, there is no information relating to Mr. Sage that is required to be disclosed pursuant to Rule 13.51(2) 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 affairs.

NOTICE OF ANNUAL GENERAL MEETING

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 21st Floor, St. George’s Building, 2 Ice House Street, Central, Hong Kong on Friday, 20 May 2016 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 2015.
2. To declare a final dividend for the year ended 31 December 2015.
3.
 - (a) To re-elect Mr. John J. Ying as a non-executive director of the Company.
 - (b) To re-elect Mr. Nelson K. F. Leong as a non-executive director of the Company.
 - (c) To re-elect Mr. Andrew C. W. Brandler as a non-executive director of the Company.
 - (d) To authorise the board of directors of the Company (the “Board”) to fix the remuneration of the directors.
4. To re-elect Mr. Roderic N. A. Sage (who has served as an independent non-executive director of the Company for more than 9 years) as an independent non-executive director of the Company and to authorise the Board to fix his remuneration.
5. To re-appoint PricewaterhouseCoopers as the Company’s auditors and to authorise the Board to fix their remuneration.

By order of the Board
Yip Wai Wan
Company Secretary

Hong Kong, 8 April 2016

NOTICE OF ANNUAL GENERAL MEETING

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/her 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/she so wishes. In that event, his/her 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 meeting, either personally or by proxy, in respect of such shares as if he/she was 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.
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, at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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, 18 May 2016 to Friday, 20 May 2016, 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, at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 17 May 2016.
6. The transfer books and the register of members of the Company will be closed from Thursday, 26 May 2016 to Monday, 30 May 2016, both days inclusive if the final dividend for the year ended 31 December 2015 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, at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Wednesday 25 May 2016.
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, 30 May 2016.
8. With regard to resolutions 3 and 4 in this notice, the Board proposes that the retiring directors, namely Mr. John J. Ying, Mr. Nelson K. F. Leong, Mr. Andrew C. W. Brandler and Mr. Roderic N. A. Sage be re-elected as directors of the Company. Details of these retiring directors are set out in the Appendix to the circular to the shareholders dated 8 April 2016.