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TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0146)



DISCLOSEABLE TRANSACTION

The Board of the Company announces that on 29 January 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Stock Purchase Agreement with the Sellers to purchase the entire issued share capital in JSL and 50% of the membership interest in WG for an aggregate consideration of US\$3,600,000 (equivalent to HK\$28,080,000). In addition, the Sellers will also be entitled to additional payments based upon the net profits generated by JSL until 31 December 2011. Completion of the Acquisition took place on 29 January 2008.

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

THE TRANSACTION

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THE STOCK PURCHASE AGREEMENT

The principal terms of the Stock Purchase Agreement are set out below.

Date

Dated as of 1 January 2008

Parties

Sellers : (i) Leonard Braunstein;
(ii) Glen Carr; and
(iii) Stacy Carr

Purchaser : JSL Acquisition Corporation, a wholly-owned subsidiary of the Company

Target company : J.S.L. Carpet Corporation, a corporation incorporated under the laws of the State of New York

Consideration

The aggregate consideration for the Acquisition of US\$3,600,000 (equivalent to HK\$28,080,000) will be payable in cash in the following manner:

- (i) US\$2,340,000 (equivalent to HK\$18,252,000) shall be payable on Completion; and
- (ii) the balance of the aggregate consideration of US\$1,260,000 (equivalent to HK\$9,828,000) shall be payable as follows:

Payment Date	Amount
1st anniversary of Completion	US\$540,000 (equivalent to HK\$4,212,000)
2nd anniversary of Completion	US\$252,000 (equivalent to HK\$1,965,600)
3rd anniversary of Completion	US\$252,000 (equivalent to HK\$1,965,600)
4th anniversary of Completion	US\$216,000 (equivalent to HK\$1,684,800)

In addition, the Sellers will also be entitled to additional payments based on the Net Profits for the period from 1 January 2008 to 31 December 2011 as set out below provided that the aggregate additional amount payable to the Sellers shall not exceed US\$6,000,000 (equivalent to HK\$46,800,000):

Period	Additional amounts payable to the Sellers
1 January 2008 to 31 December 2008	35% of the Net Profits
1 January 2009 to 31 December 2009	20% of the Net Profits
1 January 2010 to 31 December 2010	13% of the Net Profits
1 January 2011 to 31 December 2011	6% of the Net Profits

The additional amounts shall be payable to the Sellers no later than five (5) business days after audited financial statements for JSL are prepared for the calendar year relating to the relevant period for which payment shall be made, but in no event later than 95 days after December 31 of the applicable year.

The payment of the consideration and the additional payments are both guaranteed by Tai Ping Carpets America, Inc., a wholly-owned subsidiary of the Company incorporated under the laws of the State of Georgia.

The aggregate consideration and the additional payments payable to the Sellers were determined following arm's length negotiations between the Purchaser and the Sellers with reference to the past, present and expected future performance and the potential strategic values and synergies of JSL and WG to the Group.

Completion

Completion took place on 29 January 2008.

INFORMATION OF JSL AND WG

JSL is a recognised leader as a source for custom high-end carpets and operates a wholesale business with distribution channels based across the United States. JSL was incorporated under the laws of the State of New York.

WG is a 50:50 joint venture between Leonard Braunstein and a customer of JSL to design, manufacture and distribute handmade rugs on a wholesale basis. WG was incorporated under the laws of the State of New York with limited liability on 9 December 2005.

Both the annual accounts of JSL and WG were not required to be audited under the laws of the United States and their accounts had not been audited. The unaudited net profits before and after taxation and extraordinary items attributable to JSL for the year ended 31 December 2006 were approximately US\$313,000 (equivalent to HK\$2,441,400) and US\$283,000 (equivalent to HK\$2,207,400) respectively. The unaudited net profits before and after taxation and extraordinary items attributable to JSL for the year ended 31 December 2005 were approximately US\$45,000 (equivalent to HK\$351,000) and US\$43,000 (equivalent to HK\$335,400) respectively.

The unaudited net profits before and after taxation and extraordinary items attributable to WG for the year ended 31 December 2006 were approximately US\$70,000 (equivalent to HK\$546,000) and US\$69,000 (equivalent to HK\$538,200) respectively.

The unaudited net asset value of JSL and WG as at 31 December 2006 were approximately US\$241,000 (equivalent to HK\$1,879,800) and US\$149,000 (equivalent to HK\$1,162,200) respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

The Directors believe that the Acquisition would broaden the Group's global product offerings by establishing direct links with a selected group of quality suppliers for certain high-end custom carpets. In addition, the Group and JSL could utilise each other's distribution channels and product offerings to further expand the Group's businesses in the United States.

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

GENERAL

To the best of the knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, the Sellers are Independent Third Parties.

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

DEFINITIONS

“Acquisition”	The acquisition of the entire issued share capital in JSL and the WG Interest by the Purchaser from the Sellers pursuant to the Stock Purchase Agreement
“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: 0146)
“Completion”	completion of the Acquisition, which took place on 29 January 2008
“Directors”	the directors (including non-executive and independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, 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)
“JSL”	J.S.L. Carpet Corporation, a corporation incorporated under the laws of the State of New York
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Net Profits”	All revenues generated by JSL (including with respect to the WG Interest), exclusive of any revenues generated by businesses or assets acquired by JSL after Completion, less all expenses of JSL (including with respect to the WG Interest), exclusive of (i) expenses and depreciation incurred by businesses or assets acquired by JSL after Completion and (ii) any write off/amortization of goodwill or any intangible assets as recognized based upon the purchase price in relation to the Acquisition.
“Purchaser”	JSL Acquisition Corporation, a corporation incorporated under the laws of the State of Georgia and a wholly-owned subsidiary of the Company
“Sellers”	Leonard Braunstein, Glen Carr and Stacy Carr
“Shareholders”	the shareholders of the Company
“Stock Purchase Agreement”	the stock purchase agreement dated as of 1 January 2008 between the Purchaser, the Sellers and JSL in relation to the Acquisition
“US\$”	US dollar, the lawful currency of the United States
“WG”	Weavers Guild LLC, a company incorporated under the laws of the State of New York with limited liability
“WG Interest”	50% of the membership interest in WG

Note: Unless otherwise specified herein, amounts denominated in US\$ in this announcement have been translated, for the purpose of illustration only, into HK\$ amounts using the rate of HK\$7.8 = US\$1. No representation is made that any amount in US\$ or HK\$ could have been or could be converted at the above rate or at any other rates at all.

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

Hong Kong, 30 January 2008

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).