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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 9 October 2008, Priceless entered into a binding Letter of Intent to sell its rights, title and interest in the Property to the Purchaser for an aggregate consideration of RMB17,800,000 (equivalent to HK\$20,210,000) subject to the Lease and the Tenant's waiver of its right of first refusal to purchase the Property.

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

The Board of the Company announces that on 9 October 2008, Priceless entered into the binding Letter of Intent to sell its rights, title and interest in the Property to the Purchaser.

DETAILS OF THE LETTER OF INTENT

Date

9 October 2008

Parties

Seller : Priceless

Purchaser : Hangzhou Aupu Electrical Appliances Co., Ltd.

Pursuant to the terms of the Letter of Intent, Priceless and the Purchaser shall enter into the Formal Sale and Purchase Agreement in respect of the Property within 30 days from the execution of the Letter of Intent. Should the Purchaser be in breach of the Letter of Intent and fail to enter into the Formal Sale and Purchase Agreement within the aforesaid period, Priceless shall be entitled to forfeit the deposit paid by the Purchaser. Should Priceless be in breach of the Letter of Intent and fail to enter into the Formal Sale and Purchase Agreement within the aforesaid period, the Purchaser shall be entitled to a refund of the deposit paid by the Purchaser together with a sum equivalent to the deposit.

Conditions

The Disposal is subject to the Lease and the Tenant's waiver of its right of first refusal to purchase the Property.

Consideration

The aggregate consideration for the Property of RMB17,800,000 will be payable in cash in the following manner:

- (i) an initial deposit of RMB1,780,000 (equivalent to HK\$2,021,000) shall be paid by the Purchaser to the Escrow Agent within three days after the execution of the Letter of Intent;
- (ii) the balance of the consideration of RMB16,020,000 (equivalent to HK\$18,189,000) shall be payable by the Purchaser to the Escrow Agent within twenty business days after the execution of the Formal Sale and Purchase Agreement;
- (iii) RMB10,000,000 (equivalent to HK\$11,354,000) shall be released by the Escrow Agent to Priceless within three days after the issue of the property ownership certificate to the Purchaser by the Real Estate Transaction Center of Jingan District; and
- (iv) the balance of the consideration of RMB7,800,000 (equivalent to HK\$8,856,000) shall be released by the Escrow Agent to Priceless within three days after the execution of the letter of delivery of the Property by Priceless and the Purchaser.

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 amount in the sum of HK\$17,100,000 in accordance with the valuation made by an independent property valuer appointed by the Group as at 31 December 2007. The Company was advised that the valuation is based on both income approach and direct comparison approach by making reference to comparable sales evidence as available in the market.

Completion

Pursuant to the Letter of Intent, it is expected that the Completion will take place around December 2008. The Purchaser has agreed to purchase the Property subject to the Lease and the Tenant's waiver of its right of first refusal to purchase the Property. Priceless has obtained from the Tenant the waiver of its right of first refusal to purchase the Property. The Lease will be assigned to the Purchaser on the date of issue of the property ownership certificate to the Purchaser by the Real Estate Transaction Centre of Jingan District.

INFORMATION ON THE PROPERTY

The Property has been leased out to the Tenant by the Group for rental income.

The rental income attributable to the Property for the last two financial years ended 31 December 2007 and 2006 was HK\$1,096,000 and HK\$1,070,000 respectively.

The surplus on revaluation of the Property before taxation for the financial years ended 31 December 2007 and 2006 was HK\$1,600,000 and HK\$800,000 respectively.

The profit before and after taxation attributable to the Property (inclusive of the surplus on revaluation) for the last two financial years ended 31 December 2007 and 2006 was HK\$2,567,000 and HK\$1,485,000 respectively.

The book value of the Property as at 31 December 2007, as booked in the audited consolidated accounts of the Company, was HK\$17,100,000 and represented approximately 2% of the consolidated net asset value of the Group as at 31 December 2007. When compared with the consideration of RMB17,800,000 (equivalent to HK\$20,210,000), the consideration represents a premium of approximately 18%. The value of the Property as at 31 December 2007 was based on the valuation conducted by an independent property valuer appointed by the Group.

The gain on Disposal would amount to HK\$3,110,000 and the net loss arising from the Disposal, after deducting commission, legal and other expenses, levies and taxes, would amount to approximately HK\$1,000,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED APPLICATION OF THE PROCEEDS FROM THE DISPOSAL

The Property is not a core asset of the Group and the yield from leasing the Property 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 commercial property market in Shanghai during the past few years.

The Directors are of the view that the terms of the Letter of Intent are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Disposal of approximately HK\$16,100,000 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.

Priceless is a wholly-owned 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 Purchaser is the manufacture and distribution of bathroom masters, exhaust fans and other home appliances.

Also, to the best of the knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, the Purchaser and its 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
“Escrow Agent”	a notary public in Shanghai, an Independent Third Party jointly appointed by the Purchaser and Priceless as the escrow agent
“Directors”	the directors (including non-executive and independent non-executive directors) of the Company
“Disposal”	the sale of all of Priceless' title, rights and interest in the Property
“Formal Sale and Purchase Agreement”	the formal agreement for sale and purchase to be entered into between Priceless and the Purchaser in respect of the Property
“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 person(s) of the Company (as defined in the Listing Rules)
“Lease”	the existing lease of the Property

“Letter of Intent”	Letter of Intent dated 9 October 2008 between Priceless and the Purchaser in respect of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Priceless”	Priceless Properties Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Property”	the whole of Level 3 with a total gross floor area of approximately 1,271 square meters and three car parks (numbers 30, 31 and 32) on basement of May Fair Tower, no. 85 and 87 Fumin Road, Jingan District, Shanghai, People’s Republic of China
“Purchaser”	Hangzhou Aupu Electrical Appliances Co., Ltd., a company incorporated in the People’s Republic of China with limited liability
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholders”	the shareholders of the Company
“Tenant”	the tenant under the Lease, an Independent Third Party

Note: Unless otherwise specified herein, amounts denominated in RMB in this announcement have been translated, for illustration purpose only, into HK\$ amounts using the rate of HK\$1.1354 to RMB1. No representation is made that any amount in RMB could have been or could be converted at the above rate or any other rates at all.

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

Hong Kong, 14 October 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).