



TAI PING

TAI PING CARPETS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0146)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Members 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, 10 June 2005 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited Statements of Accounts and the Reports of Directors and Auditors for the year ended 31 December 2004.
2. To declare a final dividend for the year ended 31 December 2004.
3. To re-elect directors of the Company and fix their remuneration.
4. To re-appoint Auditors and authorize directors of the Company to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions shown as items 5 and 6 as ordinary resolutions:

5. **“THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to allot shares of HK\$0.10 each in the share capital of the Company (“Shares”) and to make and grant offers, agreements and options which would or might require Shares to be allotted be and is hereby generally and unconditionally approved provided that the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors otherwise than Shares issued as a result of a Rights Issue (as defined below) shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution;
- (b) the approval in paragraph (a) shall authorize the directors of the Company during the Relevant Period to make and grant offers, agreements and options which would or might require Shares to be allotted after the end of the Relevant Period; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;

- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held.

“Rights Issue” means an offer of Shares open for a period fixed by the directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. **“THAT:**

- (a) the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase shares of HK\$0.10 each in the share capital of the Company (“Shares”), subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved provided that the aggregate nominal amount of Shares to be purchased by the Company shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution; and
- (b) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held.”

To consider and, if thought fit, pass the following resolution shown as item 7 as a special resolution:

7. **“THAT:**

The Bye-laws of the Company be and are hereby amended in the following respects:

- (a) by inserting into Bye-law 78 the words “required by the Listing Rules or” immediately after the word “unless” in the second line of the introductory paragraph of that Bye-law;
- (b) by deleting the word “right.” at the end of Bye-law 78(iv) and replacing it with the words “right; or”;
- (c) by inserting the following as a new paragraph (v) to Bye-law 78:

“if required by the Listing Rules, by the Chairman of the meeting and/or Directors who individually or collectively hold proxies in respect of shares holding 5% or more of the total voting rights at such meeting.”;

- (d) by deleting the words “unless an ordinary resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it;” from Bye-law 113;
- (e) by deleting the word “annual” from Bye-law 189(v);
- (f) by deleting Bye-law 189(ix)(A) in its entirety and replacing it with the following paragraph:

“189(ix)(A)(1) Notwithstanding any other provisions in these Bye-laws, at each annual general meeting, one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire from office, provided that every Director shall be subject to retirement by rotation at least once every three years 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.

- (2) As between two or more Directors who have been in office for the same length of time, the Director or Directors to retire shall in default of agreement between them be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Any Director who wishes to retire and not to offer himself for re-election and any Director appointed pursuant to Bye-law 100 shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”.

By Order of the Board
Ernest P. L. LAW
Company Secretary

Hong Kong, 18 May 2005

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 must be deposited at 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, Hong Kong not less than 48 hours before the time appointed for holding the meeting together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority. Completion and return of the form of proxy will not preclude you from attending the meeting and voting in person, if you wish.
3. The register of members of the Company will be closed from Wednesday, 8 June 2005 to Friday, 10 June 2005, both days inclusive, during which period no transfer of Shares will be registered.

4. With reference to item 4 above regarding the re-election of Directors, Ms. Alison Siobhan Bailey, Mr. Michael Tze Hau Lee, Mr. Lincoln Chu Kuen Yung retire at the meeting by rotation and Mr. David Chi Leung Tong retires at the meeting because he was appointed by the board of the Company pursuant to the Company's Bye-laws and, being eligible, all offer themselves for re-election. 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 is set out in Appendix I of the circular of the Company containing notice of the Annual General Meeting dated 18 May 2005.
5. Concerning items 5 and 6 above, the Directors wish to state that they have no immediate plans to issue and repurchase any Shares. Approval is being sought from the shareholders to approve the general mandates in order to give flexibility and discretion to the Directors in the event that it becomes desirable for the Company to issue and/or repurchase Shares. The obtaining of such mandates is in accordance with the Listing Rules.
6. Explanatory notes to the proposed amendments to the Bye-laws of the Company:
 - (i) Bye-law 78 To be consistent with the provisions of paragraph E.2.1 of the Code it is proposed that this Bye-law be amended to allow the Chairman of meeting and/or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of total voting rights at a particular meeting to collectively demand a poll.
 - (ii) Bye-law 113 To be consistent with the paragraph E.1.1 of the Code it is proposed that this Bye-law be amended to prohibit the appointment of two or more Directors by a single resolution.
 - (iii) Bye-law 189 (v) To be consistent with paragraph A.4.2 of the Code it is proposed that this Bye-law be amended to require that directors appointed to fill a casual vacancy be subject to election by shareholders at the first general meeting after their appointment rather than at the first annual general meeting after their appointment.
 - (iv) Bye-law 189 (ix)(A) To be more consistent with paragraph A.4.2 of the Code it is proposed that this Bye-law be amended to ensure that every Director other than any executive chairman or managing Director retire by rotation at least once every 3 years. The Directors have been advised that the executive chairman or managing Director cannot be required to retire by rotation in the Bye-laws pursuant to section 3(e) of the Tai Ping Carpets International Limited Company Act 1990 of Bermuda. Notwithstanding this, the Directors intend to comply with the Code in this respect by asking any executive chairman or managing Director to voluntarily retire by rotation at least once every 3 years.

As at the date of this announcement the Directors of the Company are – Chairman: Mr. Nicholas T. J. Colfer, Honorary Life President: Mr. Anthony Y. C. Yeh, Chief Executive Officer: Mr. James H. Kaplan, Executive Director: Ms. Alison S. Bailey, Independent Non-Executive Directors: Mr. Michael T. H. Lee, Mrs. Yvette Y. H. Fung, Mr. Lincoln C. K. Yung, Non-Executive Directors: Mr. Ian D. Boyce, Mr. John J. Ying, Mr. Kent M. C. Yeh, Mr. Lincoln K. K. Leong, Mr. David C. L. Tong, Alternate Director: Mr. Nelson K. F. Leong (Alternate to Mr. Lincoln K. K. Leong)