
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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, 18 June 2010 at 9:30 a.m. is set out on page 6 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 Registrars and Registration Office in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th 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.

28 April 2010

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:

Ian D. Boyce

Lincoln K. K. Leong

David C. L. Tong

John J. Ying

Nelson K. F. Leong

(Alternate Director to Lincoln K. K. Leong)

Registered Office:

Canon's Court

22 Victoria Street

P.O. Box HM 1179

Hamilton HM EX

Bermuda

Principal Office in Hong Kong:

26/F, Tower A

Regent Centre

63 Wo Yi Hop Road

Kwai Chung

Hong Kong

Independent Non-executive Directors:

Yvette Y. H. Fung

Michael T. H. Lee

Roderic N. A. Sage

Lincoln C. K. Yung

28 April 2010

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") 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.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Mr. Nicholas T. J. Colfer, Mr. James H. Kaplan, Mr. Lincoln C. K. Yung, Mr. Lincoln K. K. Leong and Mr. Michael T. H. Lee shall retire by rotation pursuant to the Bye-laws of the Company. Mr. Nicholas T. J. Colfer, Mr. James H. Kaplan, Mr. Lincoln C. K. Yung and Mr. Lincoln K. K. Leong, being eligible, have offered themselves for re-election at the Annual General Meeting. Mr. Michael T. H. Lee has indicated to the Company that he will not offer himself for re-election as a Director 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 I to this circular.

PROXY ARRANGEMENT

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“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 (<http://www.irasia.com/listco/hk/taipingcarpets/index.htm>) respectively. 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 and Registration Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th 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 proposed resolutions.

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

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Nicholas T. J. Colfer: aged 50; has been a Non-executive Director since 2003 and Chairman since 2005.

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. Save as disclosed above, Mr. Colfer 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. Colfer does 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, which is once in at least three years in order to comply with code provision A.4.2 of the Code of Corporate Governance Practices (Appendix 14 of the Listing Rules). Mr. Colfer is currently entitled to a remuneration of HK\$50,000 per annum. The amount of remuneration payable to him is determined on the basis of experience, demand for his services and market practice.

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 54; has been Chief Executive Officer and an Executive Director since 2003.

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

Mr. Kaplan does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. 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 Latest Practicable Date, he was interested personally in 522,000 shares in the Company (the "Shares") within the meaning of Part XV of SFO.

As disclosed in note 10 to the audited accounts of the Company's 2009 Annual Report, the total emoluments received and receivable by Mr. Kaplan for the year ended 31 December 2009 amounted to HK\$6,923,000. 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. Mr. Kaplan is entitled to an annual base salary of US\$500,000 (approximately HK\$3,900,000) together with a potential annual incentive bonus of up to US\$250,000 (approximately HK\$1,950,000) 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, in addition to the statutory compensation, Mr. Kaplan is also entitled to a severance payment of US\$500,000 (approximately HK\$3,900,000) 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 DIRECTOR

Lincoln K. K. Leong: aged 49; has been a Non-executive Director since 1997.

Mr. Leong is the Finance and Business Development Director of MTR Corporation Limited and a Non-executive Director of Hong Kong Aircraft Engineering Company Limited. He is a Chartered Accountant and holds a Master of Arts Degree from the University of Cambridge.

Mr. Leong is the elder brother of his alternate, Mr. Nelson K. F. Leong. Save as disclosed above, Mr. Leong does not have any other relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Leong has a corporate interest of 2,000,000 Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Leong. The term of office for Mr. Leong is the period up to his retirement by rotation in accordance with the Company's Bye-laws. Mr. Leong is currently entitled to a remuneration of HK\$50,000 (which was paid to his alternate Mr. Nelson K. F. Leong), per annum. The amount of remuneration payable to him is determined on the basis of experience, demand for his services and market practice.

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 DIRECTOR

Lincoln C. K. Yung, JP: aged 64; has been a Non-Executive Director of the Company for 24 years before his redesignation as an Independent Non-executive Director in December 2004.

Mr. Yung has extensive experience in the textile industry, banking and investment, and has served on various community and government committees. He is currently Deputy Managing Director of Nanyang Holdings Limited, Chairman and Non-executive Director of Shanghai Commercial Bank Limited and Paofong Insurance Company (Hong Kong) Limited and; a Director of The Shanghai Commercial & Savings Bank, Limited, and Vice-Chairman of Shanghai Sung Nan Textile Company Limited. He is an economics graduate from the Cornell University and received a Master of Business Administration Degree in accounting and finance from the University of Chicago.

Mr. Yung does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, he was interested personally in 30,000 Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Yung. The term of office for Mr. Yung is the period up to his retirement by rotation in accordance with the Company's Bye-laws. Mr. Yung is currently entitled to a remuneration of HK\$50,000 per annum. The amount of remuneration payable to him is determined on the basis of experience, demand for his services and market practice.

There is no information relating to Mr. Yung that is required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules.

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 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, 18 June 2010 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 Auditor for the year ended 31 December 2009.
2. To declare a final dividend for the year ended 31 December 2009.
3. To re-elect retiring Directors and authorise the Board to fix their remuneration.
4. To re-appoint BDO Limited as auditor of the Company and to authorise the Board to fix the remuneration.

By order of the Board
Chan Wing Sze
Company Secretary

Hong Kong, 28 April 2010

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. The register of Members of the Company will be closed from Wednesday, 16 June 2010 to Friday, 18 June 2010, both days inclusive, during which period no transfer of Shares will be registered.
3. To be entitled to receive the final dividend, Shareholders must ensure that all transfer documents accompanied by the relevant Share certificates are lodged with 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 for registration no later than 4:30 p.m. on Tuesday, 15 June 2010.
4. Subject to the passing of the necessary resolution at the Annual General Meeting, the final dividend will be payable on or about 12 July 2010 to Shareholders whose names appear on the register of Members of the Company at the close of business on 18 June 2010.
5. With reference to item 3 above regarding the re-election of Directors, Mr. Nicholas T. J. Colfer, Mr. James H. Kaplan, Mr. Lincoln C. K. Yung, Mr. Lincoln K. K. Leong and Mr. Michael T. H. Lee shall retire by rotation pursuant to the Bye-laws of the Company. Mr. Nicholas T. J. Colfer, Mr. James H. Kaplan, Mr. Lincoln C. K. Yung and Mr. Lincoln K. K. Leong, being eligible, have 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 Appendix I of this circular. Mr. Michael T. H. Lee has indicated to the Company that he will not offer himself for re-election as a Director at the Annual General Meeting.