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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, 18 May 2018 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.

18 April 2018

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:

Mark S. Worgan

Non-executive Directors:

David C. L. Tong

John J. Ying

Nelson K. F. Leong

Andrew C. W. Brandler

Independent Non-executive Directors:

Yvette Y. H. Fung

Roderic N. A. Sage

Lincoln C. K. Yung

Aubrey K. S. Li

Daniel G. Green

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM EX

Bermuda

Principal Office in Hong Kong:

Units 1801-1804, 18th Floor

909 Cheung Sha Wan Road

Cheung Sha Wan

Kowloon

Hong Kong

18 April 2018

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. Mark S. Worgan, Mr. Andrew C. W. Brandler, Mr. Daniel G. Green and Mr. Lincoln C. K. Yung will retire by rotation pursuant to the bye-laws of the Company (the “Bye-Laws”). Mr. Mark S. Worgan, Mr. Andrew C. W. Brandler, Mr. Daniel G. Green and Mr. Lincoln C. K. Yung, 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. Lincoln C. K. Yung has served as Independent Non-Executive Director of the Company for more than nine years since December 2004. 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. Lincoln C. K. Yung a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Mr. Lincoln C. K. Yung 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. Lincoln C. K. Yung to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Accordingly, Mr. Lincoln C. K. Yung 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

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Mark S. Worgan, aged 54. He has been the Chief Executive Officer and Executive Director since 2018 and is a member of the Executive Committee of the Company.

Mr. Worgan joined the Company in 2008 and was the Vice President of Operations and Chief Operation Officer of the Company. Mr. Worgan is a director of a number of subsidiaries of the Company. Mr. Worgan has over 30 years of experience in textiles and floorcovering industry and prior to joining the Company, Mr. Worgan held various positions including global operations director, and chief executive officer of the US operations of Brintons Carpets Limited. Mr. Worgan holds a Bachelor of Science degree from the University of Aston in Birmingham, United Kingdom.

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

As at 31 March 2018, 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. Worgan did not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO").

Mr. Worgan is entitled to receive the same remuneration as the Chief Executive Officer of the Company which includes (i) a total remuneration package of HK\$4,200,000 per annum (comprising of monthly basic salaries and allowances); and (ii) a discretionary bonus which is based on the performance of both Mr. Worgan and the Company. The employment agreement has no fixed term and may be terminated by either party by 3 months' written notice. Mr. Worgan is subject to retirement by rotation and re-election at the first general meeting after his appointment as Executive Director of the Company and thereafter he is subject to retirement at least once every three years and re-election pursuant to the Bye-Laws.

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

NON-EXECUTIVE DIRECTOR

Andrew C. W. Brandler: aged 61. 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, a Non-Executive Director of CLP Holdings Limited and an Independent Non-executive Director of MTR Corporation Limited. Mr. Brandler has had an extensive career as an international banker and company executive. Mr. Brandler 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 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

Daniel G. Green, aged 44. He has been an Independent Non-executive Director since 2018.

Mr. Green is the Managing Director of Arnhold Holdings Limited. Mr. Green joined Arnhold in 2002 and has served as an Executive Director since 2006. Prior to joining Arnhold, Mr. Green worked in New York as a strategy consultant for Andersen Consulting (now Accenture), and as an equity analyst for Sofaer Capital's Global Hedge Fund. Mr. Green is currently on the General Committee of The Hong Kong Exporters' Association and on the Executive Committee of the Hong Kong Chapter of Young Presidents' Organization. Mr. Green graduated with honors from the University of Pennsylvania with a degree in Systems Engineering.

Mr. Green does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Green 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. Green but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Green is subject to retirement by rotation and re-election at the first general meeting after his appointment and thereafter he is subject to retirement at least once every three years and re-election pursuant to the Bye-Laws. Mr. Green is currently entitled to remuneration of HK\$100,000 per annum as a base fee 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. Green that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

The independence of Mr. Green has been reviewed by the Nomination Committee in accordance with the applicable Listing Rules. Mr. Green has made a 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. Green meets the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and is independent, and that Mr. Green will continue to bring independent and objective perspectives to the Company's affairs.

Lincoln C. K. Yung, JP, FHKIB: aged 72. He has been a Non-executive Director of the Company for 24 years before his redesignation as an Independent Non-executive Director in December 2004 and is a member of the Nomination Committee of the Company.

Mr. Yung is currently Deputy Managing Director of Nanyang Holdings Limited, Honorary Chairman of Shanghai Commercial Bank Limited, a Director of The Shanghai Commercial & Savings Bank, Limited, Honorary President of HK Wuxi Trade Association Limited and the Executive Vice-chairman of Federation of HK Jiangsu Community Organisations Limited. Mr. Yung has extensive experience in the textile, banking and investment industries and served on various committees and boards. Mr. Yung is an Honorary Advisory Vice President and Fellow of The Hong Kong Institute of Bankers and holds a Master of Business Administration degree from the University of Chicago and is a graduate of Cornell University. Mr. Yung was appointed an Adjunct Professor of The Hong Kong Polytechnic University (School of Accounting and Finance).

Mr. Yung does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Yung was interested personally in 30,000 shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Yung but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Yung is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Yung 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 Nomination 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. Yung that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

The independence of Mr. Yung has been reviewed by the Nomination Committee in accordance with the applicable Listing Rules. Mr. Yung 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. Yung meets the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and is independent, and that Mr. Yung 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, 18 May 2018 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 the auditor for the year ended 31 December 2017.
2.
 - (a) To re-elect Mr. Mark S. Worgan as an executive director of the Company.
 - (b) To re-elect Mr. Andrew C. W. Brandler as a non-executive director of the Company.
 - (c) To re-elect Mr. Daniel G. Green as an independent 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.
3. To re-elect Mr. Lincoln C. K. Yung (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.
4. To re-appoint PricewaterhouseCoopers as the Company’s auditor and to authorise the Board to fix their remuneration.

By order of the Board
Lung Chi Sing Alex
Company Secretary

Hong Kong, 18 April 2018

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, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at 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 less than 48 hours before the time fixed 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 Tuesday, 15 May 2018 to Friday, 18 May 2018, 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 deposited at 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 Monday, 14 May 2018.
6. With regard to resolutions 2 and 3 in this notice, the Board proposes that the retiring directors, namely Mr. Mark S. Worgan, Mr. Andrew C. W. Brandler, Mr. Daniel G. Green and Mr. Lincoln C. K. Yung 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 18 April 2018.