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## **TAI PING CARPETS INTERNATIONAL LIMITED**

*(incorporated in Bermuda with limited liability)*

(Stock Code: 146)



## **TAI PING**

### **DISCLOSEABLE TRANSACTIONS AND MAJOR TRANSACTIONS IN RELATION TO PURCHASE OF STRUCTURED DEPOSIT PRODUCTS**

#### **PURCHASE OF STRUCTURED DEPOSIT PRODUCTS**

During the period from 7 January 2022 to 5 September 2022, TPCX, a wholly owned subsidiary of the Company, purchased certain Structured Deposit Products offered by Bank of China Limited. Whilst the Structured Deposit Products are principal-guaranteed in nature, the interest income derived are variable and are subjected to the performance of certain linked indices, such as foreign exchanges.

#### **LISTING RULES IMPLICATIONS**

As the transactions in relation to the purchase of the Structured Deposit Products were entered into with the same bank and were of similar nature, pursuant to Rules 14.22 and 14.23 of the Listing Rules, the purchase of the Structured Deposit Products offered by Bank of China Limited shall be aggregated.

As the highest applicable percentage ratio in respect of each of the transactions in relation to the purchase of the Structured Deposit Products as set out in items no. 1, 2, 3, 4, 6, 8, 9, 10, 12 and 13 above, individually or when aggregated with the then outstanding principal amount of the Structured Deposit Products at the relevant time pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 5% but is less than 25%, each of such transactions constitutes a discloseable transaction for the Company and therefore shall subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of each of the transactions in relation to the purchase of the Major Structured Deposit Products, individually or when aggregated with the then outstanding principal amount of the Structured Deposit Products at the relevant time pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 25% but is less than 100%, the purchase of each of the Major Structured Deposit Products constitutes a major transaction for the Company and therefore shall subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Structured Deposit Products are principal-guaranteed in nature, the responsible staff and management of the Company believed that they would be treated as if they were akin to fixed deposits, which do not constitute “transactions” under Chapter 14 of the Listing Rules. As a result, the Company had not complied with the applicable reporting, announcement and/or shareholders’ approval requirements under Chapter 14 of the Listing Rules in a timely manner.

### **REMEDIAL ACTIONS**

Pursuant to Rule 14.34 of the Listing Rules, after the terms of a discloseable transaction have been finalised, the Company must publish an announcement as soon as possible. The purchase of the Major Structured Deposit Products were also subject to the circular and shareholders’ approval requirements under Rule 14.38A, Rule 14.40 and Rule 14.41. As such, the failure by the Company to comply with the above requirement constituted breach of Rule 14.34, Rule 14.38A, Rule 14.40 and Rule 14.41 of the Listing Rules.

The Company deeply regrets its non-compliance with the Listing Rules as disclosed in this announcement, but it would like to stress that such non-compliances were inadvertent and the Company had no intention to withhold any information relating to the purchase of the Structured Deposit Products from disclosure.

Considering that (i) the purchases of Major Structured Deposit Products have already been completed and (ii) the Major Structured Deposit Products have matured as of the date of this announcement, no Shareholders’ meeting will be convened by the Company to approve, confirm and/or ratify the purchase of each of the Major Structured Deposit Products.

### **DESPATCH OF CIRCULAR**

The Company will despatch a circular containing, inter alia details of the purchase of the Major Structured Deposit Products to the Shareholders for their information as soon as practicable, but in any event not later than 22 November 2022.

### **PURCHASE OF STRUCTURED DEPOSIT PRODUCTS**

During the period from 7 January 2022 to 5 September 2022, TPCX, a wholly owned subsidiary of the Company, purchased certain Structured Deposit Products offered by Bank of China Limited. Whilst the Structured Deposit Products are principal-guaranteed in nature, the interest income derived are variable and are subjected to the performance of certain linked indices, such as foreign exchanges.

Set forth below are principal terms of the Structured Deposit Products:

No.	Name of product	Purchase date	Principal amount (RMB million)	Expected annualised return rate	Actual annualised return rate	Investment term (days)	Type of product and Investment return	Internal risk rating by the bank
Bank of China Limited								
1.	Structured Deposit Product 20210791# (對公結構性存款 20210791)	7 January 2022	5.0	1.30% - 2.90%	2.90%	From 7 January 2022 to 11 February 2022 (35 days)	Structured deposit product with variable return <sup>1</sup>	Low
2.	Structured Deposit Product 20210793# (對公結構性存款 20210793)	7 January 2022	15.0	1.30% - 3.30%	3.30%	From 7 January 2022 to 11 April 2022 (94 days)	Structured deposit product with variable return <sup>1</sup>	Low
3.	Structured Deposit Product 20220813# (對公結構性存款 20220813)	17 January 2022	7.0	1.30% - 3.41%	3.41%	From 17 January 2022 to 19 April 2022 (92 days)	Structured deposit product with variable return <sup>2</sup>	Low
4.	Structured Deposit Product 20220823# (對公結構性存款 20220823)	21 January 2022	3.7	1.30% - 2.90%	2.90%	From 21 January 2022 to 25 February 2022 (35 days)	Structured deposit product with variable return <sup>1</sup>	Low
5.	Structured Deposit Product 20220839# (對公結構性存款 20220839)	28 January 2022	3.0	1.30% - 2.90%	2.90%	From 28 January 2022 to 4 March 2022 (35 days)	Structured deposit product with variable return <sup>3</sup>	Low
6.	Structured Deposit Product 20220953# (對公結構性存款 20220953)	25 March 2022	10.0	1.30% - 3.30%	3.30%	From 25 March 2022 to 27 June 2022 (94 days)	Structured deposit product with variable return <sup>2</sup>	Low
7.	Structured Deposit Product 20220995# (對公結構性存款 20220995)	15 April 2022	20.0	1.30% - 3.30%	3.30%	From 15 April 2022 to 18 July 2022 (94 days)	Structured deposit product with variable return <sup>4</sup>	Low
8.	Structured Deposit Product 20221035# (對公結構性存款 20221035)	9 May 2022	4.0	1.30% - 3.41%	3.41%	From 9 May 2022 to 9 August 2022 (92 days)	Structured deposit product with variable return <sup>5</sup>	Low

No.	Name of product	Purchase date	Principal amount (RMB million)	Expected annualised return rate	Actual annualised return rate	Investment term (days)	Type of product and Investment return	Internal risk rating by the bank
9.	Structured Deposit Product 20221063# (對公結構性存款 20221063)	20 May 2022	4.0	1.30% - 3.30%	3.30%	From 20 May 2022 to 22 August 2022 (94 days)	Structured deposit product with variable return <sup>1</sup>	Low
10.	Structured Deposit Product 20221187# (對公結構性存款 20221187)	11 July 2022	10.0	1.30% - 3.29%	3.29%	From 11 July 2022 to 11 October 2022 (92 days)	Structured deposit product with variable return <sup>6</sup>	Low
11.	Structured Deposit Product 20221207# (對公結構性存款 20221207)	20 July 2022	20.0	1.30% - 3.18%	3.18%	From 20 July 2022 to 20 October 2022 (92 days)	Structured deposit product with variable return <sup>6</sup>	Low
12.	Structured Deposit Product 20221245# (對公結構性存款 20221245)	5 August 2022	5.0	1.30% - 2.78%	2.78%	From 5 August 2022 to 9 September 2022 (35 days)	Structured deposit product with variable return <sup>1</sup>	Low
13.	Structured Deposit Product 20221247# (對公結構性存款 20221247)	5 August 2022	13.0	1.30% - 3.18%	To be confirmed on the maturity date	From 5 August 2022 to 7 November 2022 (94 days)	Structured deposit product with variable return <sup>2</sup>	Low
14.	Structured Deposit Product 20221320# (對公結構性存款 20221320)	5 September 2022	2.0	1.30% - 3.29%	To be confirmed on the maturity date	From 5 September 2022 to 6 December 2022 (92 days)	Structured deposit product with variable return <sup>4</sup>	Low

Notes:

- <sup>1</sup> The rate of return of the Structured Deposits Product is linked to Australian dollars/United States dollars spot exchange rate.
- <sup>2</sup> The rate of return of the Structured Deposits Product is linked to Euro/United States dollars spot exchange rate.
- <sup>3</sup> The rate of return of the Structured Deposits Product is linked to New Zealand dollars/United States dollars spot exchange rate.
- <sup>4</sup> The rate of return of the Structured Deposits Product is linked to Japanese Yen/United States dollars spot exchange rate.
- <sup>5</sup> The rate of return of the Structured Deposits Product is linked to Swiss Franc/United States dollars spot exchange rate.
- <sup>6</sup> The rate of return of the Structured Deposits Product is linked to British Pound sterling/United States dollars spot exchange rate.

# English translated name is for identification purpose only

Structured Deposit Product nos. 1 to 12 above have matured and the respective principals together with accrued returns were received by TPCX in full.

## **REASONS AND BENEFITS FOR PURCHASE OF THE STRUCTURED DEPOSIT PRODUCTS**

TPCX principally funded the purchase of the Structured Deposit Products by utilising its idle fund deposited at bank accounts. The Structured Deposit Products are denominated in RMB, principal-guaranteed, short-term investment products with low risks. The Structured Deposit Products were issued by Bank of China Limited, a reputable bank which offered better interest rates than the then prevailing fixed-term deposit interest rates offered by banks or licensed financial institutions. The Directors believe that the purchase of the Structured Deposit Products would efficiently and reasonably utilise the idle funds of the Group with secured returns. Accordingly, the Directors are of the view that the purchase of the Structured Deposit Products are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The purchase of the Major Structured Deposit Products were financed by internal resources.

## **LISTING RULES IMPLICATIONS**

As the transactions in relation to the purchase of the Structured Deposit Products were entered into with the same bank and were of similar nature, pursuant to Rules 14.22 and 14.23 of the Listing Rules, the purchase of each of the Structured Deposit Products offered by Bank of China Limited shall be aggregated as follows:

On 7 January 2022, TPCX purchased Structured Deposit Product no. 2. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 2, when aggregated with the then outstanding principal amount of Structured Deposit Product no. 1 pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 5% but is less than 25%, the purchases of Structured Deposit Product no. 1 and no. 2, when aggregated, constitute a discloseable transaction for the Company and therefore shall subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 21 January 2022, TPCX purchased Structured Deposit Product no. 4. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 4, when aggregated with the then outstanding principal amount of Structured Deposit Products no. 3 pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 5% but is less than 25%, the purchases of Structured Deposit Product no. 3 and no. 4, when aggregated, constitute a discloseable transaction for the Company and therefore shall subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 25 March 2022, TPCX purchased Structured Deposit Product no. 6. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 6, exceeds 5% but is less than 25%, the purchase of Structured Deposit Product no. 6 constitutes a discloseable transaction for the Company and therefore shall subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 15 April 2022, TPCX purchased Structured Deposit Product no. 7. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 7, when aggregated with the then outstanding principal amount of Structured Deposit Products nos. 3 and 6 pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 25% but is less than 100%, the purchases of Structured Deposit Product no. 3, no. 6 and no. 7, when aggregated, constitute a major transaction for the Company and therefore shall subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On 20 May 2022, TPCX purchased Structured Deposit Product no. 9. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 9, when aggregated with the then outstanding principal amount of Structured Deposit Products no. 8 pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 5% but is less than 25%, the purchases of Structured Deposit Product no. 8 and no. 9, when aggregated, constitute a discloseable transaction for the Company and therefore shall subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 11 July 2022, TPCX purchased Structured Deposit Product no. 10. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 10, exceeds 5% but is less than 25%, the purchase of Structured Deposit Product no. 10 constitutes a discloseable transaction for the Company and therefore shall subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 20 July 2022, TPCX purchased Structured Deposit Product no. 11. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 11, when aggregated with the then outstanding principal amount of Structured Deposit Products nos. 8 to 10 pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 25% but is less than 100%, the purchases of Structured Deposit Product no. 8, no. 9, no. 10 and no. 11, when aggregated, constitute a major transaction for the Company and therefore shall subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On 5 August 2022, TPCX purchased Structured Deposit Product no. 13. As the highest applicable percentage ratio in respect of the purchase of Structured Deposit Product no. 13, when aggregated with the then outstanding principal amount of Structured Deposit Products no. 12 pursuant to Rules 14.22 and 14.23 of the Listing Rules, exceeds 5% but is less than 25%, the purchases of Structured Deposit Product no. 12 and no. 13, when aggregated, constitute a discloseable transaction for the Company and therefore shall subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Structured Deposit Products are principal-guaranteed in nature, the responsible staff and management of the Company believed that they would be treated as if they were akin to fixed deposits, which do not constitute "transactions" under Chapter 14 of the Listing Rules. As a result, the Company had not complied with the applicable reporting, announcement and/or shareholders' approval requirements under Chapter 14 of the Listing Rules in a timely manner.

## REMEDIAL ACTIONS

In relation to each of the purchase of the Structured Deposit Products as set out in items no. 1, 2, 3, 4, 6, 8, 9, 10, 12 and 13 above, pursuant to Rule 14.34 of the Listing Rules, after the terms of a discloseable transaction have been finalised, the Company must publish an announcement as soon as possible. In relation to the purchases of the Major Structured Deposit Products, the purchases were also subject to the circular and shareholders' approval requirements under Rule 14.38A, Rule 14.40 and Rule 14.41. As such, the failure by the Company to comply with the above requirement constituted breach of Rule 14.34, Rule 14.38A, Rule 14.40 and Rule 14.41 of the Listing Rules.

The Company attributes the incidents of non-compliance with the Listing Rules as disclosed in this announcement to the misunderstanding over the treatment of the purchase of the Structured Deposit Products under Chapter 14 of the Listing Rules by its responsible staff and management. As the Structured Deposit Products are principal-guaranteed in nature, the responsible staff and management of the Company believed that they would be treated as if they were akin to fixed deposits, which do not constitute “transactions” under Chapter 14 of the Listing Rules.

The Company deeply regrets its non-compliance with the Listing Rules as disclosed in this announcement, but it would like to stress that such non-compliances were inadvertent and the Company had no intention to withhold any information relating to the purchase of the Structured Deposit Products from disclosure.

Considering that (i) the purchases of Major Structured Deposit Products have already been completed and (ii) the Major Structured Deposit Products have matured as of the date of this announcement, no Shareholders' meeting will be convened by the Company to approve, confirm and/or ratify the purchase of each of the Major Structured Deposit Products.

To prevent the reoccurrence of the similar incidents of non-compliance with the Listing Rules as disclosed in this announcement, the Company has adopted the following measures:

1. The Company has reminded its responsible staff and management of the treatment of the purchase of structured deposit products under the Listing Rules to avoid delay in disclosure in the future should such obligations arise. The Company will also offer trainings to the responsible staff, management and the Directors relating to notifiable transactions under the Listing Rules in order to strengthen and reinforce their existing knowledge as well as their ability to identify potential issues at an early stage. Such trainings will be completed by end of November 2022.
2. The Company will work more closely with its legal advisers on compliance issues and shall, as and when appropriate, consult other professional advisers before entering into any potential notifiable transaction. If necessary, the Company might also consult the Stock Exchange on the proper treatment of a proposed transaction.
3. The Company has strengthened the coordination and reporting arrangements for notifiable transactions among various departments of the Company to ensure due compliance of the Listing Rules. Prior to entering into any transaction not in the ordinary and usual course of business of the Group in the future where disclosure threshold is met, the Group's finance team will be notified and draft agreements will be circulated for their review to assess the relevant implications under Listing Rules and to ensure compliance with applicable requirements under the Listing Rules.

The Directors believe that the implementation of the remedial measures as disclosed in this announcement will effectively rectify such misunderstanding, strengthen and reinforce the knowledge of the responsible staff, management and Directors relating to notifiable transactions under the Listing Rules, and improve the regulatory compliance abilities of the Company in the identification and reporting of related issues with assistance from appropriate external advisers.

## **DESPATCH OF CIRCULAR**

The Company will despatch a circular containing, inter alia, details of the purchase of the Major Structured Deposit Products to the Shareholders for their information as soon as practicable, but in any event **not later than 22 November 2022**.

## **INFORMATION ON THE PARTIES**

### **The Company and TPCX**

The Company is a limited liability company incorporated in Bermuda whose Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacture, import, export and sale of carpets, and manufacture and sale of yarns.

TPCX is a limited liability company incorporated in the PRC, and a wholly owned subsidiary of the Company.

### **Bank of China Limited**

Bank of China Limited is a commercial bank in the PRC, which engages principally in provision of bank products and services, including deposit taking, loans and interbank financing, etc. and whose A shares are listed on The Shanghai Stock Exchange and H shares are listed on The Stock Exchange.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each Bank of China Limited and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors
“Company”	Tai Ping Carpets International Limited, a company incorporated in the Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 146)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Major Structured Deposit Products”	collectively, the Structured Deposit Product nos. 3, 6, 7 to 11 referred to in the section headed “Purchase of the Structured Deposit Products” of this announcement
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Deposit Products”	structured deposit products issued by Bank of China Limited, details of which are set forth in the section headed “Purchase of the Structured Deposit Products” of this announcement
“TPCX”	Tai Ping Carpets (Xiamen) Company Limited
“%”	per cent

By order of the Board  
**Tai Ping Carpets International Limited**  
**Nicholas Timothy James Colfer**  
*Chairman*

Hong Kong, 1 November 2022

*As at the date of this announcement, the Directors of the Company are: Chairman and Non-executive Director – Mr. Nicholas Timothy James Colfer; Chief Executive Officer and Executive Director – Mr. Mark Stuart Worgan; Independent Non-executive Directors – Mrs. Fung Yeh Yi Hao Yvette, Mr. Roderic Noel Anthony Sage, Mr. Yung Lincoln Chu Kuen, Mr. Daniel George Green; Non-executive Directors – Mr. Tong Chi Leung David, Mr. John Jeffrey Ying, Mr. Leong Kwok Fai Nelson, Mr. Andrew Clifford Winawer Brandler.*