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TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 903)

ANNOUNCEMENT IN RELATION TO COMPLETION OF THE SUBSCRIPTION AGREEMENT AND CONTINUING CONNECTED TRANSACTIONS

COMPLETION OF THE SUBSCRIPTION AGREEMENT

The board of Directors is pleased to announce that all the conditions precedent to the Subscription Agreement have been fulfilled and that the Subscription was completed on 16 March 2010.

As a result of the Subscription, Mitsui now holds the Subscription Shares and has therefore become a substantial shareholder of the Company for the purposes of the Listing Rules. Mitsui and its associates will be regarded as connected persons of the Company and any future on-going transactions or arrangements between the Company and Mitsui and/or their respective associates will be continuing connected transactions. In order to comply with the requirements of the Listing Rules, and to regulate their future business relationship, the Company and Mitsui have entered into the Component Sourcing Agreement and the Supply Agreement to record the principles governing, and the principal terms of, such continuing connected transactions.

SHAREHOLDINGS OF JOINT OFFERORS AND PARTIES ACTING IN CONCERT WITH EITHER OF THEM

Set out in the table below are the shareholding structure of the Company (i) immediately before completion of the Subscription and (ii) after completion of the Subscription:

	Immediately before completion of the Subscription		Upon completion of the Subscription	
	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares
CEC				
– CGCHK	370,450,000 <i>(Note)</i>	17.55	370,450,000 <i>(Note)</i>	15.79
– CGCSZ	200,000,000 <i>(Note)</i>	9.47	200,000,000 <i>(Note)</i>	8.53
– CEIEC HK	203,610,000 <i>(Note)</i>	9.64	203,610,000 <i>(Note)</i>	8.68
Mitsui	0	0.00	234,583,614	10.00
Morgan Stanley Entities	232,830	0.01	232,830	0.01
Joint Offerors and parties acting in concert with either of them	774,292,830	36.67	1,008,876,444	43.01
Philips HK	63,176,463	2.99	63,176,463	2.69
Public	1,273,783,232	60.33	1,273,783,232	54.30
Total	<u>2,111,252,525</u>	<u>100.00</u>	<u>2,345,836,139</u>	<u>100.00</u>

Note: As at the date of this announcement, CGCHK, CGCSZ and CEIEC HK were the registered holders of the aggregate of 774,060,000 Shares held within the CEC Group. CGCHK is a wholly-owned subsidiary of CGCSZ. CGCSZ is owned as to 47.82% by GWT. GWT is a company owned as to 62.11% by China Great Wall Computer Group Company, which is a wholly-owned subsidiary of CEC. CEIEC HK is an indirectly wholly-owned subsidiary of CEC.

THE COMPONENT SOURCING AGREEMENT AND THE SUPPLY AGREEMENT

The Company and Mitsui entered into each of the Component Sourcing Agreement and the Supply Agreement on 16 March 2010 so that the Group may continue to purchase the Components from Mitsui and/or its associates, in respect of the Component Sourcing Agreement and Mitsui and/or associates may continue to purchase the Products from the Company, in respect of the Supply Agreement.

As the relevant ratios (as defined under the Listing Rules) in respect of each of Component Sourcing Caps and Supply Caps exceed 2.5% and the Component Sourcing Caps and Supply Caps exceed HK\$10.00 million, the transactions contemplated under the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) are subject to the announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

As both the Component Sourcing Agreement and the Supply Agreement will be carried out in the ordinary and usual course of the Group's business on normal commercial terms and on terms that are fair and reasonable as far as shareholders of the Company as a whole are concerned, the Directors (excluding the independent non-executive Directors whose views will be rendered after considering the recommendations from the Independent Financial Adviser) are of the view that the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole. The Board therefore will convene the SGM for the purpose of considering and approving the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps). A circular containing, among other things, (i) details of the Component Sourcing Agreement (including the Component Sourcing Caps); (ii) the Supply Agreement (including the Supply Caps); (iii) a letter from the Independent Board Committee of the Company; (iv) a letter of recommendation from the Independent Financial Adviser of the Company; and (v) a notice convening the SGM will be despatched to the shareholders of the Company as soon as practicable.

INTRODUCTION

Reference is made to the Joint Announcement dated 29 January 2010 in relation to, amongst others, the Subscription Agreement. Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the Joint Announcement.

COMPLETION OF THE SUBSCRIPTION AGREEMENT

As explained in the Joint Announcement, in the event that Mitsui was to become a connected person of the Company, any future on-going transactions or arrangements between the Company and Mitsui and/or their respective associates would constitute connected transactions for the Company for the purposes of the Listing Rules and would therefore be carried out in compliance with the Listing Rules.

The board of Directors is pleased to announce that all the conditions precedent to the Subscription Agreement have been fulfilled and that the Subscription was completed on 16 March 2010.

As a result of the Subscription, Mitsui now holds the Subscription Shares and has therefore become a substantial shareholder of the Company for the purposes of the Listing Rules. Mitsui and its associates will be regarded as connected persons of the Company and any future on-going transactions or arrangements between the Company and Mitsui and/or their respective associates will be continuing connected transactions. In order to comply with the requirements of the Listing Rules, and to regulate their future business relationship, the Company and Mitsui have entered into the Component Sourcing Agreement and the Supply Agreement to record the principles governing, and the principal terms of, such continuing connected transactions.

SHAREHOLDINGS OF JOINT OFFERORS AND PARTIES ACTING IN CONCERT WITH EITHER OF THEM

Set out in the table below are the shareholding structure of the Company (i) immediately before completion of the Subscription and (ii) after completion of the Subscription:

	Immediately before completion of the Subscription		Upon completion of the Subscription	
	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares
CEC				
– CGCHK	370,450,000 (Note)	17.55	370,450,000 (Note)	15.79
– CGCSZ	200,000,000 (Note)	9.47	200,000,000 (Note)	8.53
– CEIEC HK	203,610,000 (Note)	9.64	203,610,000 (Note)	8.68
Mitsui	0	0.00	234,583,614	10.00
Morgan Stanley Entities	232,830	0.01	232,830	0.01
Joint Offerors and parties acting in concert with either of them	774,292,830	36.67	1,008,876,444	43.01
Philips HK	63,176,463	2.99	63,176,463	2.69
Public	1,273,783,232	60.33	1,273,783,232	54.30
Total	<u>2,111,252,525</u>	<u>100.00</u>	<u>2,345,836,139</u>	<u>100.00</u>

Note: As at the date of this announcement, CGCHK, CGCSZ and CEIEC HK were the registered holders of the aggregate of 774,060,000 Shares held within the CEC Group. CGCHK is a wholly-owned subsidiary of CGCSZ. CGCSZ is owned as to 47.82% by GWT. GWT is a company owned as to 62.11% by China Great Wall Computer Group Company, which is a wholly-owned subsidiary of CEC. CEIEC HK is an indirectly wholly-owned subsidiary of CEC.

THE COMPONENT SOURCING AGREEMENT

Date

16 March 2010

Parties

- (1) The Company
- (2) Mitsui

Components

Pursuant to the Component Sourcing Agreement, Mitsui has agreed to supply, and the Company has agreed to purchase, the Components.

Condition precedent to the Component Sourcing Agreement

The Component Sourcing Agreement is conditional on the passing of an ordinary resolution by the Independent Shareholders at the SGM approving the Component Sourcing Agreement (including the Component Sourcing Caps).

Term and renewal

The Component Sourcing Agreement shall continue in force until 31 December 2012. Subject to compliance with the requirements of the Listing Rules, the Company and Mitsui may agree in writing to renew or extend the term of the Component Sourcing Agreement for subsequent three year periods. The Company will comply with the appropriate Listing Rules if the Component Sourcing Agreement is to be renewed or extended after its expiry on 31 December 2012.

Termination

Either party may terminate the Component Sourcing Agreement forthwith by giving notice to the other if (a) the other party commits any breach of any of the terms and conditions of the agreement and fails to remedy that breach (if capable of remedy) within one month after notice from the other party giving full particulars of the breach and requiring it to be remedied; or (b) the other party enters into liquidation, makes any arrangement with its creditors or a receiver is appointed over all or substantially all of its assets.

The Component Sourcing Agreement also terminates automatically if Mitsui and its associates cease to be connected persons of the Company.

Pricing basis

The Group will purchase the Components from Mitsui and/or its associates on a purchase order basis. The price and payment terms of the Components shall be set out in the relevant purchase order. The purchase prices of the Components to be paid by the Group to Mitsui and/or its associates shall be on normal commercial terms and determined after arm's length negotiation with reference to the prevailing market prices.

Component Sourcing Caps

Set out below is a summary of the Component Sourcing Caps covering the period for three years ending 31 December 2012:

	For the year ending 31 December		
	2010	2011	2012
	US\$'000	US\$'000	US\$'000
Component Sourcing Caps	813,000 (Note)	1,287,000	2,021,000

Note: The cap amount for the year ending 31 December 2010 only covers the period from the date of completion of the Subscription Agreement, being 16 March 2010, to 31 December 2010.

The Component Sourcing Caps are determined by reference to a number of factors, particularly (i) the historical purchase amount with Mitsui and/or its associates; (ii) the expected growth in demand of the Group's LCD Televisions and the related products; (iii) the projected purchase prices of the Components from Mitsui and/or its associates; and (iv) the expected purchase amount of the Components from Mitsui and/or its associates for the purposes of supplying the Products by the Group to Mitsui and/or its associates under the Supply Agreement.

Reasons for and benefits of the Component Sourcing Agreement

The purchase of Components by the Group from Mitsui and/or its associates is an integral part of the ordinary and usual course of business of the Group and has been conducted on normal commercial terms and on an arm's length basis. As Mitsui is a substantial shareholder of the Company, the Directors consider that the Component Sourcing Agreement will allow the Company to continue to source the Components on a price competitive basis from Mitsui and/or its associates and to maintain an important existing relationship. The Directors (excluding the Directors who comprise the members of the Independent Board Committee, whose views will be rendered after considering the recommendation from the Independent Financial Adviser) consider the terms of the Component Sourcing Agreement and the Component Sourcing Caps to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE SUPPLY AGREEMENT

Date

16 March 2010

Parties

- (1) Mitsui
- (2) The Company

Products

Pursuant to the Supply Agreement, the Company has agreed to supply, and Mitsui has agreed to purchase, the Products.

Condition precedent to the Supply Agreement

The Supply Agreement is conditional on the passing of an ordinary resolution by the Independent Shareholders at the SGM approving the Supply Agreement (including the Supply Caps).

Term and renewal

The Supply Agreement shall continue in force until 31 December 2012. Subject to compliance with the requirements of the Listing Rules, the Company and Mitsui may agree in writing to renew or extend the term of the Supply Agreement for subsequent three year periods. The Company will comply with the appropriate Listing Rules if the Supply Agreement is to be renewed or extended after its expiry on 31 December 2012.

Termination

Either party may terminate the Supply Agreement forthwith by giving notice to the other if (a) the other party commits any breach of any of the terms and conditions of the agreement and fails to remedy that breach (if capable of remedy) within one month after notice from the other party giving full particulars of the breach and requiring it to be remedied; or (b) the other party enters into liquidation, makes any arrangement with its creditors or a receiver is appointed over all or substantially all of its assets.

The Supply Agreement also terminates automatically if Mitsui and its associates cease to be connected persons of the Company.

Pricing basis

The Group will sell the Products to Mitsui and/or its associates on a purchase order basis. The price and payment terms of the Products shall be set out in the relevant purchase order. The price of the Products to be paid by Mitsui and/or its associates shall be on normal commercial terms and determined after arm's length negotiation with reference to the prevailing market prices.

The Supply Caps

Set out below is a summary of the Supply Caps covering the period for three years ending 31 December 2012:

	For the year ending 31 December		
	2010	2011	2012
	US\$'000	US\$'000	US\$'000
Supply Caps	827,000 (Note)	1,239,000	1,980,000

Note: The cap amount for the year ending 31 December 2010 only covers the period from the date of completion of the Subscription Agreement, being 16 March 2010, to 31 December 2010.

The Supply Caps are determined by reference to a number of factors, particularly (i) the historical sales amount with Mitsui and/or its associates; (ii) the expected growth in demand of the Group's Products and the related products; and (iii) the projected sale prices of the Products.

Reasons for and benefits of the Supply Agreement

The sale of the Products by the Group to Mitsui and/or its associates is an integral part of the ordinary and usual course of business of the Group and has been conducted on normal commercial terms and on an arm's length basis. As Mitsui is a substantial shareholder of the Company, the Directors consider that the Supply Agreement will allow the Company to continue to sell the Products to Mitsui and/or its associates and to maintain an important existing relationship. The Directors (excluding the Directors who comprise the members of the Independent Board Committee, whose views will be rendered after considering the recommendation from the Independent Financial Adviser) consider the terms of the Supply Agreement and the Supply Caps to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON MITSUI AND THE GROUP

Mitsui

Mitsui was incorporated on 25 July 1947 under the Commercial Code of Japan. It is one of the largest general trading companies from Japan engaged in a range of global business activities including worldwide trading of various commodities, arranging financing for customers and suppliers in connection with its trading activities, organizing and coordinating industrial projects, participating in financing and investing arrangements, assisting in the procurement of raw materials and equipment, providing new technologies and processes for manufacturing, and coordinating the transportation and marketing of finished goods.

Mitsui's shares are listed on a number of stock exchanges with a primary listing on the Tokyo Stock Exchange. Mitsui has no controlling shareholder. Its shareholder base is diverse and comprises a range of retail and institutional shareholders.

The Group

The Company is a leading display solutions provider. The Group designs and produces a full range of personal computer ("PC") monitors and LCD Televisions on an ODM basis for its long list of customers which comprise many of the top-tier PC and Televisions brands. The Company's products add value to its customers through cost leadership, timely delivery and superior quality. The Group also distributes its products globally under its own brands AOC and Envision. Today, the Company is the world's largest PC monitor manufacturer and fifth largest LCD Television maker in terms of unit shipments. The Shares have been primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Singapore Exchange since October 1999.

LISTING RULES IMPLICATIONS AND REQUIREMENTS

As Mitsui is a substantial shareholder of the Company, Mitsui and its associates are regarded as connected persons of the Company under the Listing Rules. Since the relevant ratios (as defined under the Listing Rules) in respect of each of the Component Sourcing Caps and the Supply Caps exceed 2.5% and the Component Sourcing Caps and the Supply Caps exceeds HK\$10.00 million, the transactions contemplated under the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) are subject to the announcement, reporting and independents shareholders' approval requirements under the Listing Rules.

In addition, the independent non-executive Directors and auditors of the Company shall also conduct annual review on the transactions contemplated under the Component Sourcing Agreement and the Supply Agreement pursuant to Rules 14A.37 and 14A.38 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been established to advise the Independent Shareholders in connection with the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps). Somerley Limited, the Independent Financial Adviser, has been appointed to make recommendation to the Independent Board Committee and the Independent Shareholders in the same regard.

GENERAL

As both the Component Sourcing Agreement and the Supply Agreement will be carried out in the ordinary and usual course of the Group's business on normal commercial terms and on terms that are fair and reasonable as far as shareholders of the Company as a whole are concerned, the Directors (excluding the independent non-executive Directors whose views will be rendered after considering the recommendations from the Independent Financial Adviser) are of the view that the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole. The Board therefore will convene the SGM for the purpose of considering and approving the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps). A Circular containing, among other things, (i) details of the Component Sourcing Agreement (including the Component Sourcing Caps); (ii) the Supply Agreement (including the Supply Caps); (iii) a letter from the Independent Board Committee of the Company; (iv) a letter of recommendation from the Independent Financial Adviser; and (v) a notice convening the SGM will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

- “associates” : has the meaning given to it in the Listing Rules
- “CEC” : 中國電子信息產業集團有限公司 (China Electronics Corporation), a state-owned company incorporated in the PRC
- “CEIEC HK” : 華電有限公司 (CEIEC (H.K.) Limited), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of CEC, being one of the Joint Offerors
- “CGCHK” : 中國長城計算機香港控股有限公司 (China Great Wall Computer (H.K.) Holding Limited), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of CGCSZ
- “CGCSZ” : 中國長城計算機深圳控股有限公司 (China Great Wall Computer (Shenzhen) Co., Ltd.), a joint stock limited company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange in the PRC, a subsidiary of GWT, currently held as to 47.82% by GWT
- “Company” : TPV Technology Limited, a company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the main board of The Stock Exchange of Hong Kong Limited and secondarily listed on Singapore Exchange Securities Trading Limited
- “Components” : bare cells, printed circuit boards, integrated circuits, backlights, panels and such other components as agreed between Mitsui and the Company from time to time
- “Component Sourcing Agreement” : the component sourcing agreement dated 16 March 2010 entered into between the Company and Mitsui in respect of the purchase of the Components by the Company from Mitsui and/or its associates
- “Component Sourcing Caps” : the maximum annual aggregate value for the transactions contemplated under the Component Sourcing Agreement for three years ending 31 December 2012
- “connected person” : has the meaning given to it in the Listing Rules

“Directors”	: the directors of the Company
“Group”	: the Company and its subsidiaries
“GWT”	: 長城科技股份有限公司 (Great Wall Technology Co., Ltd), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange (Stock Code: 0074), an indirect subsidiary of CEC
“HK\$”	: Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	: an independent committee of the board of Directors comprising all independent non-executive Directors, Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung
“Independent Financial Adviser”	: Somerley Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Future Ordinance, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders amongst others in respect of the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps)
“Independent Shareholders”	: the independent shareholders of the Company
“Joint Announcement”	: the announcement dated 29 January 2010 made by CEIEC (H.K.) Ltd., Mitsui and the Company relating to, amongst other things, the Subscription Agreement
“Joint Offerors”	: CEIEC HK and Mitsui
“LCD”	: liquid crystal display
“LCD Television”	: a television with a LCD
“Listing Rules”	: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mitsui”	: Mitsui & Co., Ltd., a company incorporated in Japan with limited liability

“Morgan Stanley Entities”	: Morgan Stanley Asia Limited and entities which control or are controlled by or under the same control as Morgan Stanley (other than exempt principal traders and exempt fund managers), being presumed concert parties of Mitsui
“ODM”	: original design manufacturer
“Philips HK”	: Philips Electronics Hong Kong Limited, a company incorporated in Hong Kong with limited liability, and owned as to 42% by Philips and as to 58% by Philips China Electronics China B.V., which is a wholly-owned subsidiary of Philips
“Products”	: LCD modules, open cells and such other products as may be agreed by the parties from time to time
“SGM”	: the special general meeting to be convened by the Company for purpose of considering and approving the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps)
“Share(s)”	: ordinary shares of US\$0.01 each in the share capital of the Company
“Subscription”	: the subscription of the Subscription Shares by Mitsui pursuant to the Subscription Agreement
“Subscription Agreement”	: the agreement dated 28 January 2010 between the Company and Mitsui relating to the Subscription
“Subscription Shares”	: 234,583,614 new Shares, representing approximately 11.11% of the existing issued share capital of the Company as at the date of the Joint Announcement and approximately 10.00% of the enlarged issued share capital of the Company as a result of the issue of new Shares issued by the Company to Mitsui pursuant to the Subscription Agreement
“substantial shareholder”	: has the meaning given to it in the Listing Rules
“Supply Agreement”	: the Supply Agreement dated 16 March 2010 entered into between the Company and Mitsui in respect of the purchase of Products by Mitsui and/or its associates from the Company

- “Supply Caps” : the maximum annual aggregate value for the transaction contemplated under the Supply Agreement for three years ending 31 December 2012
- “US\$” : United States dollars, the lawful currency of the United States of America.

By Order of the board of the Company
Dr. Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 16 March 2010

As at the date of this announcement, the board of Directors of the Company comprises an executive Director, namely Dr. Hsuan, Jason, and nine non-executive Directors, namely Mr. Liu Liehong, Mr. Lu Ming, Ms. Wu Qun, Mr. Xu Haihe, Mr. Du Heping, Mr. Tam Man Chi, Mr. Maarten Jan de Vries, Mr. Robert Theodoor Smits and Mr. Chen Yen-Sung, Eddie, and three independent non-executive Directors, namely Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.