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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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in TPV Technology Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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# **TPV**

## **TPV TECHNOLOGY LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 903)**

### **CONTINUING CONNECTED TRANSACTIONS: THE COMPONENT SOURCING AGREEMENT AND THE SUPPLY AGREEMENT**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



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A letter from the Independent Board Committee containing its recommendations in respect of the Component Sourcing Agreement and the Supply Agreement to the Independent Shareholders is set out on page 13 of this circular. A letter from Somerley, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 22 of this circular.

A notice convening the SGM to be held on 21 April 2010 at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. ("**SGM Notice**") is set out on pages 30 and 31 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the form of proxy in accordance with the instructions set out in the SGM Notice. If your shares are registered with the Company's Hong Kong share registrar, you should deposit your form of proxy at Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or the Company's principal office in Hong Kong at Suite 1023, Ocean Centre, Harbour City, Kowloon, Hong Kong. If your shares are registered with the Company's Singapore share transfer office, you should deposit your form of proxy at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 or the Company's principal office in Hong Kong at the address stated above. The proxy form should be deposited as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM in order to be valid. Completion of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

31 March 2010

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## DEFINITIONS

*In this circular, the following expressions have the meanings set out below unless the context otherwise requires:*

“associates”	has the meaning given to it in the Listing Rules
“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 and secondarily listed on Singapore Exchange
“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 the period from 16 March 2010 to 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
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region 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

## DEFINITIONS

“Independent Financial Adviser” or “Somerley”	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 in respect of the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) and the transactions contemplated thereunder
“Independent Shareholders”	shareholders of the Company other than Mitsui and its associates
“Joint Announcement”	the announcement dated 29 January 2010 jointly made by CEIEC (H.K.) Ltd., Mitsui and the Company relating to, amongst other things, the Subscription Agreement
“Latest Practicable Date”	29 March 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“LCD”	liquid crystal display
“LCD Television”	a television with a LCD
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mitsui”	Mitsui & Co., Ltd., a company incorporated in Japan with limited liability
“ODM”	original design manufacturer
“Products”	LCD modules, open cells and such other products as may be agreed between Mitsui and the Company from time to time
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

## DEFINITIONS

“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) and the transactions contemplated thereunder
“Share(s)”	ordinary shares of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of Share(s)
“Singapore Exchange”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Mitsui pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription 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 then existing issued share capital of the Company as at the date of the Joint Announcement and approximately 10.00% of the current 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 the 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 the period from 16 March 2010 to 31 December 2012
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*This circular contains currency translations between US\$ and HK\$ at US\$1.0 = HK\$7.8. The translations shall not be taken as representations that the relevant amounts can actually be converted into the respective currencies at the stated rates, or at all.*

# TPV

## TPV TECHNOLOGY LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 903)**

*Executive Director:*

Dr. Hsuan, Jason

*(Chairman and Chief Executive Officer)*

*Non-executive Directors:*

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

Mr. Chen Yen-Sung, Eddie

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Principal office and place*

*of business in Hong Kong:*

Suite 1023, Ocean Centre

Harbour City

Kowloon

Hong Kong

*Independent non-executive Directors:*

Mr. Chan Boon-Teong

Dr. Ku Chia-Tai

Mr. Wong Chi Keung

31 March 2010

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:  
THE COMPONENT SOURCING AGREEMENT  
AND  
THE SUPPLY AGREEMENT**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 16 March 2010 in relation to the completion of the Subscription Agreement, the Component Sourcing Agreement and the Supply Agreement.

The Company announced on 16 March 2010 that all conditions precedent to the Subscription Agreement had been fulfilled and that the Subscription had completed on 16 March 2010.

## LETTER FROM THE BOARD

As a result of the Subscription, Mitsui now holds the Subscription Shares. As at the Latest Practicable Date, Mitsui held approximately 10% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company for the purposes of the Listing Rules. Mitsui and its associates are regarded as connected persons of the Company under the Listing Rules 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, on 16 March 2010, the Company and Mitsui entered into the Component Sourcing Agreement and the Supply Agreement to record the principles governing, and the principal terms of, such continuing connected transactions.

Since the relevant ratios (as defined in the Listing Rules) in respect of each of the Component Sourcing Caps and the Supply Caps exceed 2.5% and each of the Component Sourcing Caps and the Supply Caps exceeds HK\$10 million, the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) are subject to the announcement, reporting and the Independent Shareholders' approval requirements under the Listing Rules.

Mitsui and its associates will abstain from voting on the resolution relating to the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps).

The purpose of this circular is to provide the Shareholders with:

- (i) the relevant information relating to the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps);
- (ii) the recommendation and advice of the Independent Board Committee on the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps);
- (iii) the letter of advice from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps); and
- (iv) the notice of the SGM to consider and, if thought fit, to ratify and approve the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps).

### THE COMPONENT SOURCING AGREEMENT

#### Date

16 March 2010

## LETTER FROM THE BOARD

### **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.

## LETTER FROM THE BOARD

### Component Sourcing Caps

Set out below are 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	1,287,000	2,021,000
	(Note)		

*Note:* The cap amount for the year ending 31 December 2010 only covers the period from 16 March 2010, being the date of completion of the Subscription Agreement, 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 of approximately US\$87.8 million, US\$72.0 million and US\$30.9 million for the financial years ended 31 December 2008 and 31 December 2009 and the two months ended 28 February 2010, respectively; (ii) the expected growth in demand for 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 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

## LETTER FROM THE BOARD

### **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.

## LETTER FROM THE BOARD

### The Supply Caps

Set out below are 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	1,239,000	1,980,000
	(Note)		

*Note:* The cap amount for the year ending 31 December 2010 only covers the period from 16 March 2010, being the date of completion of the Subscription Agreement, 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 of approximately US\$19.1 million for the two months ended 28 February 2010; (ii) the expected growth in demand for 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 on a price competitive basis to Mitsui and/or its associates and to maintain an important existing relationship. The Directors 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.

## LETTER FROM THE BOARD

### **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. 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 at the Latest Practicable Date, Mitsui held approximately 10% of the total issued capital of the Company and is a therefore substantial shareholder of the Company for the purposes of the Listing Rules. Mitsui and its associates are regarded as connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Component Sourcing Agreement and Supply Agreement constitute continuing connected transactions for the Company.

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 each of 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 the Independents Shareholders' approval requirements under the Listing Rules.

Mitsui and its associates will abstain from voting on the resolution relating to the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps).

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**

The 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, the Independent Financial Adviser, has been appointed to make recommendation to the Independent Board Committee and the Independent Shareholders in the same regard.

## LETTER FROM THE BOARD

### SGM

A notice convening the SGM to be held on 21 April 2010 at Room K-2, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. ("**SGM Notice**") is set out on pages 30 and 31 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the form of proxy in accordance with the instructions set out in the SGM Notice. If your shares are registered with the Company's Hong Kong share registrar, you should deposit your form of proxy at Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or the Company's principal office in Hong Kong at Suite 1023, Ocean Centre, Harbour City, Kowloon, Hong Kong. If your shares are registered with the Company's Singapore share transfer office, you should deposit your form of proxy at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 or the Company's principal office in Hong Kong at the address stated above. The proxy form should be deposited as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM in order to be valid. Completion of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

As required by the Listing Rules, the votes taken at the SGM to seek approval of the Component Sourcing Agreement and the Supply Agreement, the Component Sourcing Caps and the Supply Caps will be taken by a poll.

### RECOMMENDATIONS

The Directors consider the entering into of the Component Sourcing Agreement and the Supply Agreement to be in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders as a whole. The Directors also consider that the terms of the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the SGM relating to the Component Sourcing Agreement and the Supply Agreement, the Component Sourcing Caps and the Supply Caps.

The Independent Board Committee, having taken into account the advice of Somerley, considers the entering into of the Component Sourcing Agreement and the Supply Agreement to be in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders as a whole. The Independent Board Committee also considers that the terms of the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution which will be proposed at the SGM relating to the Component Sourcing Agreement and the Supply Agreement, the Component Sourcing Caps and the Supply Caps.

## LETTER FROM THE BOARD

### GENERAL

Your attention is drawn to the letter of advice from the Independent Board Committee set out on page 13 and the letter from Somerley set out on pages 14 to 22 containing its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps).

Your attention is also drawn to the additional information set out in the appendix of this circular and the notice of the SGM.

On behalf of the Board  
**TPV Technology Limited**  
**Dr Hsuan, Jason**  
*Chairman and Chief Executive Officer*

# TPV

## TPV TECHNOLOGY LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 903)**

31 March 2010

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTION: THE COMPONENT SOURCING AGREEMENT AND THE SUPPLY AGREEMENT**

We refer to the circular dated 31 March 2010 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meaning herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the Component Sourcing Agreement and the Supply Agreement, the Component Sourcing Caps and the Supply Caps are fair and reasonable as far as the Independent Shareholders are concerned and whether the entering into of the Component Sourcing Agreement and the Supply Agreement are in the interests of the Company and the Independent Shareholders as a whole. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 12 of the Circular which contains, inter alia, information on the Component Sourcing Agreement and the Supply Agreement, as well as to the letter from Somerley set out on pages 14 to 22 of the Circular which contains its advice in respect of the terms of the Component Sourcing Agreement and the Supply Agreement, the Component Sourcing Caps and the Supply Caps.

After taking into consideration the advice of Somerley, we consider the entering into of the Component Sourcing Agreement and the Supply Agreement to be in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders as a whole. We also consider that the terms of the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the Component Sourcing Agreement and the Supply Agreement, the Component Sourcing Caps and the Supply Caps.

Yours faithfully  
For and on behalf of  
**Independent Board Committee of  
TPV Technology Limited**

**Mr. Chan Boon-Teong**

**Dr. Ku Chia-Tai**  
*Independent non-executive Directors*

**Mr. Wong Chi Keung**

## LETTER FROM SOMERLEY

*The following is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY LIMITED**  
10th Floor  
The Hong Kong Club Building  
3A Chater Road  
Central  
Hong Kong

31 March 2010

*To: the Independent Board Committee and  
the Independent Shareholders of TPV Technology Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS: THE COMPONENT SOURCING AGREEMENT AND THE SUPPLY AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the Component Sourcing Agreement, the Supply Agreement and the transactions contemplated thereunder. Details of the terms of the Component Sourcing Agreement and the Supply Agreement are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 31 March 2010 (the “**Circular**”), of which this letter forms a part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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.

As a result of the Subscription, Mitsui now holds the Subscription Shares. As at the Latest Practicable Date, Mitsui held approximately 10% of the total issued share capital of the Company and is therefore a substantial shareholder of the Company for the purposes of the Listing Rules. Mitsui and its associates are regarded as connected persons of the Company under the Listing Rules and any future on-going transactions or arrangements between the Company and Mitsui and/or their respective associates will be continuing

## LETTER FROM SOMERLEY

connected transactions. In order to comply with the requirements of the Listing Rules and to regulate their future business relationship, on 16 March 2010, 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.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung, has been established to make a recommendation to the Independent Shareholders as to the Component Sourcing Agreement (including the Component Sourcing Caps), the Supply Agreement (including the Supply Caps) and the transactions contemplated thereunder. We, Somerley, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Mitsui, or their respective substantial shareholders or associates, and accordingly, are considered eligible to give independent advice on the Component Sourcing Agreement (including the Component Sourcing Caps), the Supply Agreement (including the Supply Caps) and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this or similar appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Mitsui, or their substantial shareholders or associates.

In formulating our opinion and recommendation, we have reviewed, among other things, the Component Sourcing Agreement, the Supply Agreement, the annual reports of the Company for the two years ended 31 December 2008, the interim report of the Company for the six months ended 30 June 2009 and the unaudited quarterly results announcement of the Company for the three months ended 30 September 2009. We have also discussed with the Company regarding the business of the Group.

In addition, we have relied on the information and facts supplied, and the opinions expressed, by the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete up to the date of the SGM. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been withheld, nor to doubt the truth or accuracy of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

## LETTER FROM SOMERLEY

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Component Sourcing Agreement (including the Component Sourcing Caps) and the Supply Agreement (including the Supply Caps) and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

#### 1. Information on 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. 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.

#### 2. Reasons for entering into the Component Sourcing Agreement and the Supply Agreement

As set out in the letter from the Board, the purchase of the Components and the sale of the Products by the Group with Mitsui and/or its associates are an integral part of the ordinary and usual course of business of the Group and have 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 and the Supply Agreement will allow the Company to continue to source the Components from and sell the Products to Mitsui and/or its associates on a price competitive basis respectively and to maintain an important existing relationship.

Based on the above, we consider that the entering into of the Component Sourcing Agreement and the Supply Agreement are in the ordinary and usual course of the business of the Company and in the interests of the Company and the Shareholders as a whole.

#### 3. Principal terms of the Component Sourcing Agreement

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

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) and it 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.

## LETTER FROM SOMERLEY

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.

The Component Sourcing Agreement terminates automatically if Mitsui and its associates cease to be connected persons of the Company. As the entering into of the Component Sourcing Agreement is, among other things, to comply with the requirements of the Listing Rules, in the event that the Listing Rules requirements are no longer applicable, the Company will still be able to continue purchasing the Components on a purchase order basis. This will allow the Group to continue its operations without any interruption. On such basis, we consider the above terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on the above and given (i) the pricing will be determined based on normal commercial terms, (ii) the independent non-executive Directors will, pursuant to Rule 14A.37 of the Listing Rules, review, among other things, whether the transactions contemplated under the Component Sourcing Agreement are conducted on normal commercial terms; and (iii) the auditors of the Company will, for the purpose of Rule 14A.38 of the Listing Rules, review, among other things, whether the transactions contemplated under the Component Sourcing Agreement are conducted in accordance with the terms of the Component Sourcing Agreement, we are of the view that (i) the terms of the Component Sourcing Agreement are on normal commercial terms and are fairly and reasonably determined; and (ii) adequate measures have been put in place, as required under the Listing Rules mentioned above, to monitor the transactions contemplated under the Component Sourcing Agreement in order to protect the interests of the Company and the Independent Shareholders.

#### 4. Component Sourcing Caps

Set out below are 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	1,287,000	2,021,000
	(Note)		

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

## LETTER FROM SOMERLEY

As set out in the letter from the Board, 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 of approximately US\$87.8 million, US\$72.0 million and US\$30.9 million for the financial years ended 31 December 2008 and 31 December 2009 and two months ended 28 February 2010, respectively; (ii) the expected growth in demand for 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.

In assessing the fairness and reasonableness of the Component Sourcing Caps, we have reviewed the followings:

(a) *Purchase of the Components*

It is expected that the Group will principally purchase two major types of components from Mitsui and/or its associates, namely modules and open cells.

(i) *Modules*

The Group has acquired modules from Mitsui and/or its associates since 2008 and the total purchases amounted to approximately US\$87.8 million and US\$57.9 million for 2008 and 2009 respectively. The estimated purchases of modules for the period from 16 March 2010, being the date of completion of the Subscription Agreement and Mitsui became a connected person of the Company, to 31 December 2010 (the "First Year") and two years ending 31 December 2012 are expected to increase by around 1.55 times, 89% and 49% from the preceding year respectively.

As discussed with the management of the Group, the Group has diversified its purchases from various sources. Depending on the pricing and quality available at the then market, the Group may buy the same raw materials or components from different suppliers from time to time. Accordingly, the amount of purchases from each individual supplier may change considerably in each year. Based on our review of the amount and percentage of purchases from the top 10 suppliers of the Group in each of 2007, 2008 and 2009, we noted and agreed to the management's view that the purchases from some suppliers had varied significantly during the review period.

In addition, the anticipated purchases of modules from Mitsui and/or its associates under the Component Sourcing Caps for the First Year and each of two years ending 31 December 2012 only constitute a small proportion of total purchases, representing approximately 2.1%, 3.9% and 5.9% of total cost of inventories of the Group for 2008. Therefore, a slight shift in the allocation of purchases may result in significant increase in the purchase from any of the suppliers, including Mitsui and/or its associates.

## LETTER FROM SOMERLEY

(ii) Open cells

As discussed with the management of the Group and Mitsui, the Group has commenced buying open cells from Mitsui and/or its associates for the assembly of television sets and reselling the finished products to Mitsui and/or its associates since December 2009. Such process used to be handled by LCD suppliers in the past but, due to the cost pressure, more and more suppliers have recently started to leave it to integrators like the Group. Based on the projection provided by Mitsui's and the Group's management, the estimated purchases of open cells for the First Year and two years ending 31 December 2012 will be approximately US\$530 million, US\$794 million and US\$1,269 million, respectively.

All these purchases of open cells from Mitsui and/or its associates, after the Group's processing, will be resold to Mitsui and/or its associates on normal commercial terms with an estimated mark-up. Details of the sales transactions, which are contemplated under the Supply Agreement, are set out below in this letter.

(b) *Unit price of purchases*

The unit prices of purchases from Mitsui and/or its associates are determined based on the prevailing market prices of the relevant modules and open cells. In the projection as to the purchases of the Components by the Group from Mitsui and/or its associates, the unit prices are assumed to be unchanged during the three years ending 31 December 2012. Based on our review of the unit prices of recent purchases, we noted that the estimation of purchase price was generally in line with the prevailing market price.

(c) *Buffer to accommodate variances*

In light of the volatility of the industry that the Group involved in, a buffer of 20% for each of the three years ending 31 December 2012 has been added to the purchase projection. The management of the Group were of the view that prices of various raw materials and components might change considerably subject to the then prevailing market demand and conditions. We have reviewed the historical costs of inventories sold and noted that their unit price have varied more than 20% in the same year. Therefore, we are of the view that a buffer of around 20% is reasonable and will allow flexibility to the Group to ensure its smooth operations.

Having considered the basis on which the Component Sourcing Caps were determined as described above, we are of the view that the Component Sourcing Caps are fair and reasonable as far as the Independent Shareholders are concerned.

**5. Principal terms of the Supply Agreement**

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

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) and it 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 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 Agreement terminates automatically if Mitsui and its associates cease to be connected persons of the Company. As the entering into of the Supply Agreement is, among other things, to comply with the requirements of the Listing Rules, in the event that the Listing Rules requirements are no longer applicable, the Company will still be able to continue supplying the Products on a purchase order basis. This will allow the Group to continue its operations without any interruption. On such basis, we consider the above terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on the above and given (i) the pricing will be determined based on normal commercial terms, (ii) the independent non-executive Directors will, pursuant to Rule 14A.37 of the Listing Rules, review, among other things, whether the transactions contemplated under the Supply Agreement are conducted on normal commercial terms; and (iii) the auditors of the Company will, for the purpose of Rule 14A.38 of the Listing Rules, review, among other things, whether the transactions contemplated under the Supply Agreement are conducted in accordance with the terms of the Supply Agreement, we are of the view that (i) the terms of the Supply Agreement are on normal commercial terms and are fairly and reasonably determined; and (ii) adequate measures have been put in place, as required under the Listing Rules mentioned above, to monitor the transactions contemplated under the Supply Agreement in order to protect the interests of the Company and the Independent Shareholders.

## LETTER FROM SOMERLEY

### 6. The Supply Caps

Set out below are 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	1,239,000	1,980,000
	(Note)		

*Note:* The cap amount for the year ending 31 December 2010 only covers the period from 16 March 2010, being the date of completion of the Subscription Agreement, 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 of approximately US\$19.1 million for the two months ended 28 February 2010; (ii) the expected growth in demand for the Group's Products and the related products; and (iii) the projected sale prices of the Products.

In assessing the fairness and reasonableness of the Supply Caps, we have reviewed the followings:

(a) *Historical sales to Mitsui*

The Group has not sold any Products to Mitsui for the three years ended 2009. For the two months ended 28 February 2010, the total amount of sales to Mitsui and/or its associates were approximately US\$19.1 million in relation to the new sales arrangement as described in section 4(a)(ii) in this letter above. We consider it reasonable to take into account the historical sales amount in assessing the fairness and reasonableness of the Supply Caps but, given such arrangement has been only established since December 2009, we have not put a strong weighting on this factor in our assessment.

(b) *New sales arrangement*

As set out in section 4(a)(ii) above, it is anticipated that the supply mainly represents the resell of the finished television sets to Mitsui and/or its associates after purchasing open cells from and finishing the assembly for Mitsui and/or its associates. Based on the projection provided by Mitsui's and the Group's management, the estimated sales for the First Year and two years ending 31 December 2012 will be approximately US\$689 million, US\$1,032 million and US\$1,650 million respectively.

## LETTER FROM SOMERLEY

The unit prices of sales to Mitsui are determined based on the normal commercial terms and it is expected that the Group will earn a processing margin. Based on our review on the processing margin of the actual transactions carried out in recent months, we considered that the margin under the Supply Caps estimated by the management of the Group was within a reasonable range.

(c) *Buffer to accommodate variances*

Similar to the purchases, in view of the volatility of the industry that the Group involved in, a buffer of 20% for each of the three years ending 31 December 2012 has been added to the projection of the Supply Caps. Based on our review of the historical average selling prices of the Group's products, we noted that the unit prices of sales, might vary significantly and have gone up and down more than 20% in the same year. Accordingly, we are of the view that a buffer of around 20% is reasonable and will allow the flexibility to the Group to ensure its smooth operations.

Having considered the basis on which the Supply Caps were determined as described above, we are of the view that the Supply Caps are fair and reasonable as far as the Independent Shareholders are concerned.

### OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider the entering into of the Component Sourcing Agreement and the Supply Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders as a whole. We also consider that the terms of the Component Sourcing Agreement, the Supply Agreement and the relevant annual caps are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favor of the ordinary resolution to be proposed at the SGM in relation to the transactions contemplated under the Component Sourcing Agreement and the Supply Agreement, the Component Sourcing Caps and the Supply Caps.

Yours faithfully  
For and on behalf of  
**SOMERLEY LIMITED**  
**Kenneth Chow**

*Managing Director – Corporate Finance*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of providing information with regard to the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

**DIRECTORS' INTERESTS**

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions in which they were taken or deemed to have under such provisions of the SFO, or (b) were required to be and were entered in the register required to be kept pursuant to section 352 of the SFO, or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in the Listing Rules, were as follows:

**Interests and short position in Shares**

<b>Name of Director</b>	<b>Type of interest</b>	<b>Number of Shares held (long position)</b>	<b>Approximate % of the issued Shares</b>
Dr. Hsuan, Jason	Corporate ( <i>Note 1</i> )	24,754,803	1.06

*Note:*

- (1) The interest of Dr. Hsuan, Jason disclosed herein includes the holding of 24,754,803 shares by Bonstar International Limited, a company beneficially and wholly owned by Dr. Hsuan, Jason.

## Details of share options held by Directors

Name of Director	Date of grant of options	Exercise Price (HK\$)	Exercise Period	Number of Options
Mr. Chan Boon-Teong	12/12/2007	5.750 (Note 2)	12/12/2008-11/12/2012	80,000
			12/12/2009-11/12/2012	120,000
			12/12/2010-11/12/2012	200,000
Dr. Ku Chia-Tai	12/12/2007	5.750 (Note 2)	12/12/2008-11/12/2012	60,000
			12/12/2009-11/12/2012	90,000
			12/12/2010-11/12/2012	150,000
Mr. Wong Chi Keung	12/12/2007	5.750 (Note 2)	12/12/2008-11/12/2012	60,000
			12/12/2009-11/12/2012	90,000
			12/12/2010-11/12/2012	150,000

Note:

- (2) These options are exercisable at HK\$5.75 per share in three tranches; the maximum percentage of options exercisable within the periods commencing from 12 December 2008 to 11 December 2012, from 12 December 2009 to 11 December 2012 and from 12 December 2010 to 11 December 2012 are 20 percent, 50 percent and 100 percent respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates had or was deemed to have any interest or short position in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions in which they were taken or deemed to have under such provisions of the SFO; (b) were required to be and were recorded in the register required to be kept pursuant to section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, each of the following persons (not being a Director or chief executive of the Company) had an interest in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

## Interests in Shares and the convertible bond of the Company

Name of Shareholder	Number of Shares held (long position)	Maximum number of Shares that may be converted under the Convertible Bonds (long position) (Note 4)	Approximate % of the issued Shares
China Electronics Corporation ("CEC")	774,060,000 (Note 1)	N/A	33.00%
China Great Wall Computer Group Company	570,450,000 (Note 1)	N/A	24.32%
Great Wall Technology Co., Ltd ("GWT")	570,450,000 (Note 1)	N/A	24.32%
China Great Wall Computer (Shenzhen) Co., Ltd ("CGCSZ")	570,450,000 (Note 1)	N/A	24.32%
China Great Wall Computer (H.K.) Holding Limited ("CGCHK")	370,450,000 (Note 1)	N/A	15.79%
China National Electronics Imp. & Exp. Corporation	203,610,000 (Note 1)	N/A	8.68%
CEIEC (H.K.) Limited ("CEIEC HK")	203,610,000 (Note 1)	N/A	8.68%
Mitsui	234,583,614	N/A	10.00%

Name of Shareholder	Number of Shares held (long position)	Maximum number of Shares that may be converted under the Convertible Bonds (long position) (Note 4)	Approximate % of the issued Shares
Koninklijke Philips Electronics N.V. ("Philips")	63,176,463 (Note 2)	313,300,433	16.05%
Philips Electronics China B.V.	63,176,463 (Note 2)	313,300,433	16.05%
Philips Electronics Hong Kong Limited ("Philips HK")	63,176,463 (Note 2)	313,300,433	16.05%
Chi Mei Corporation	150,500,000 (Note 3)	N/A	6.42%
Chi Mei Optoelectronics Corporation	150,500,000 (Note 3)	N/A	6.42%

## Notes:

- (1) CGCHK, CGCSZ and CEIEC HK are the registered holders of the aggregate of 774,060,000 Shares held within the CEC Group, of which 370,450,000 Shares are held by CGCHK, 200,000,000 Shares are held by CGCSZ, and 203,610,000 Shares are held by CEIEC HK. 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.
- (2) These Shares are held by Philips HK, which is owned as to 42% by Philips and as to 58% by Philips Electronics China B.V. ("PEC"). PEC is a wholly-owned subsidiary of Philips.  
  
Pursuant to the terms of the Convertible Bonds, Philips HK may exercise the conversion rights attaching thereto and the Company may issue a maximum of 313,300,433 Shares to Philips HK upon conversion of the Convertible Bonds by Philips HK.
- (3) These Shares are held by Chi Mei Optoelectronics Corporation ("CMO"). CMO is owned as to 28.21% by Chi Mei Corporation, and as to 7.42% by Linklinear Development Co. Ltd, which in turn is owned as to 54.22% by Chi Mei Corporation.
- (4) As at the Latest Practicable Date, there were 2,345,836,139 Shares in issue.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person who had, or was deemed to have, an interest or short position in the Shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**INTEREST IN CONTRACTS OR ARRANGEMENT AND COMPETING BUSINESS**

- (a) As at the Latest Practicable Date, none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31 December 2008 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this circular which was significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, other than Mr. Maarten Jan de Vries and Mr. Robert Theodoor Smits, who are also officers of Philips, Mr. Liu Liehong, Mr. Lu Ming, Ms. Wu Qun, Mr. Xu Haihe, Mr. Du Heping, Mr. Tam Man Chi who are officers of China Electronics Corporation, and Mr. Chen Yen-Sung, Eddie who is an officer of Chi Mei Corporation, none of the Directors or their associates has interests in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had existing or proposed service agreements with the Company which will not expire or are not terminable within one year without payment of compensation (other than statutory compensation).

**EXPERT**

The following are the qualifications of the expert who has given its opinion and letter of advice contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Somerley	Licensed corporation under the SFO for carrying out 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 SFO

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinion and letter of advice as set out in this circular and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Somerley was not beneficially interested in the share capital of any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor had any interest, direct or indirect, in any assets which have been, since 31 December 2008 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**LITIGATION**

Neither the Company nor any of its subsidiaries has any litigation or claims of material importance as known to the Directors pending or threatened against the Company or any of its subsidiaries.

**MATERIAL ADVERSE CHANGE**

Entering 2009, the Group faced headwinds as the economic downturn continued to batter consumer confidence and product demand. Amid the difficult environment, revenue of the Group for the nine months ended 30 September 2009 dropped 26.4% to US\$5,359.1 million as compared with US\$7,279.9 million recorded in the corresponding period in 2008. Profit for the same period declined in tandem to US\$95.6 million. As the year passed by, there were more and more signs that the global economy was stabilising. The thin film transistor-LCD industry also staged a recovery from the second quarter of 2009 as evidenced by the recovery of demand and the rebounding of average selling prices for PC monitors and LCD Televisions. The per unit dollar gross profits for the Group's products in the first three quarters of 2009 have also improved from the fourth quarter of 2008 bottom but they were still less than the full year 2008 figures.

The information set out in the above paragraph has been disclosed in the interim report of the Company for the six months ended 30 June 2009 (the "Interim Report") and the quarterly results announcement of the Company for the three months ended 30 September 2009 (the "Q3 Results Announcement"). Further details of the changes in the revenue and the profit of the Group have been set out in the sections headed "Business review" and "condensed consolidated interim income statement" together with the relevant notes in the Interim Report and the Q3 Results Announcement.

Save as disclosed above, the Directors have confirmed that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2008 (being the date to which the latest published audited accounts of the Company were made up).

**MISCELLANEOUS**

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The secretary of the Company is Ms Lee Wa Ying, Phyllis who is a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants.
- (c) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited at Hopewell Centre, Rooms 1712-1716, 17th Floor, 183 Queen's Road East, Wanchai, Hong Kong. The Singapore share transfer office of the Company is at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623.

- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over the Chinese text.

#### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal office of the Company in Hong Kong from the date of this circular up and including 21 April 2010:

- (a) the Component Sourcing Agreement;
- (b) the Supply Agreement;
- (c) the Subscription Agreement;
- (d) the letter from Somerley, the text of which is set out in the section "Letter from Somerley" in this circular; and
- (e) the letter of consent from Somerley referred to in this appendix.

**NOTICE OF SPECIAL GENERAL MEETING**

**TPV**  
**TPV TECHNOLOGY LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 903)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of shareholders (the “SGM”) of TPV Technology Limited (the “Company”) will be held at K-2 Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on 21 April 2010 for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

**“THAT:**

- (a) the Component Sourcing Agreement entered into between the Company and Mitsui (details of which are contained on pages 5 to 7 of the circular issued by the Company dated 31 March 2010, a copy of which has been produced to this SGM marked “A” and signed by the chairman of the SGM for the purpose of identification (the “Circular”) be and is hereby approved, ratified and confirmed AND the fixing of the respective Component Sourcing Caps for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 (details of which are contained on page 7 of the Circular) be and are hereby ratified, approved and confirmed AND the Directors of the Company acting together or by committee, or any Director acting individually, be and is/are hereby authorised to do on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the performance and implementation by the Company of the Component Sourcing Agreement and any other documents relating thereto or contemplated thereby (in each case amended if necessary) and to make or agree such alterations, amendments and additions thereto as the Director(s) may, in his/their absolute discretion, consider necessary, desirable or expedient in the interests of the Company; and
- (b) the Supply Agreement entered into between the Company and Mitsui (details of which are contained on pages 7 to 9 of the Circular) be and is hereby approved, ratified and confirmed AND the fixing of the respective Supply Caps for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 (details of which are contained on page 9 of the Circular) be and are hereby ratified, approved and confirmed AND the Directors of the Company acting together or by committee, or any Director acting individually, be and is/are hereby authorised to do on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the performance and implementation by the Company of the Supply Agreement and any other documents relating thereto or contemplated thereby (in each case amended if necessary) and to make or agree such alterations, amendments and additions thereto as the Director(s) may, in his/their absolute discretion, consider necessary, desirable or expedient in the interests of the Company.”

On behalf of the Board  
**Dr. Hsuan, Jason**  
*Chairman and Chief Executive Officer*

Hong Kong, 31 March 2010

## NOTICE OF SPECIAL GENERAL MEETING

*Principal office in Hong Kong:*  
Suite 1023, Ocean Centre,  
Harbour City  
Kowloon, Hong Kong

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the meetings of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof.
3. If you are a shareholder whose name appears on the register of members keeping at Computershare Hong Kong Investor Services Limited, you should deposit the enclosed proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof at (i) Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or (ii) the Company's principal office in Hong Kong at Suite 1023, Ocean Centre, Harbour City, Kowloon, Hong Kong. To be valid, this should be done not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or poll (as the case may be).
4. If you are a shareholder whose name appears on the Company's records of members keeping at Boardroom Corporate & Advisory Services Pte. Ltd., you should deposit the enclosed proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof at (i) Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, or (ii) the Company's principal office in Hong Kong at Suite 1023, Ocean Centre, Harbour City, Kowloon, Hong Kong. To be valid, this should be done not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or poll (as the case may be).
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders be present at the meeting personally or by proxy, then the registered holder so present whose name stands first on the Company's register of members in respect of such share will alone be entitled to vote in respect thereof.
6. The votes for approving the above Resolution will be taken by poll.
7. Capitalised terms used in this notice have the same meanings as is set out in the section entitled "Definitions" on pages 1 to 3 of this Circular.

*As at the date of this notice, the Board 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.*