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# TPV

## TPV TECHNOLOGY LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 903)**

### CONTINUING CONNECTED TRANSACTION

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



**SOMERLEY LIMITED**

#### **THE SUPPLY AGREEMENT**

The Company and CGCSZ entered into the Supply Agreement on 21 June 2010 so that the Group may supply the Products to the CGCSZ Group.

As the relevant ratios (as defined under the Listing Rules) in respect of the Supply Caps exceed 5.0% and the Supply Caps exceed HK\$10.0 million, the transactions contemplated under the Supply Agreement (including the Supply Caps) are subject to the announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

The Board therefore will convene the SGM for the purpose of considering and approving the Supply Agreement (including the Supply Caps). A circular containing, among other things, (i) details of the Supply Agreement (including the Supply Caps); (ii) a letter from the Independent Board Committee; (iii) a letter of recommendation from the Independent Financial Adviser; and (iv) a notice convening the SGM, is expected to be despatched to the shareholders of the Company by no later than 12 July 2010.

#### **INTRODUCTION**

On 21 June 2010, the Company and CGCSZ entered into the Supply Agreement and details of the Supply Agreement are as follows:

#### **THE SUPPLY AGREEMENT**

##### **Date**

21 June 2010

**Parties**

- (1) CGCSZ
- (2) The Company

**Products**

Pursuant to the Supply Agreement, the Group has agreed to supply, and the CGCSZ Group 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 of each of the Company and GWT at a general meeting by way of poll to approve 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 CGCSZ 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.

**Pricing basis**

The Group will sell the Products to the CGCSZ Group 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 the CGCSZ Group 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 are the Supply Caps covering the period from the date of the Supply Agreement to 31 December 2012:

	For the year ending 31 December		
	2010	2011	2012
	US\$'000	US\$'000	US\$'000
Supply Caps	56,000 ( <i>Note</i> )	170,000	247,000

*Note:* The cap amount for the year ending 31 December 2010 only covers the period from the date of the Supply Agreement, to 31 December 2010.

The Supply Caps are determined by reference to a number of factors, particularly (i) the historical demand for the Products of the CGCSZ Group; (ii) the expected growth in demand for the Group's Products from the CGCSZ Group; and (iii) the projected purchase prices of the Products.

## REASONS FOR AND BENEFITS OF THE SUPPLY AGREEMENT

The sale of the Products by the Group to the CGCSZ Group is an integral part of the ordinary and usual course of business of the Group and will be conducted on normal commercial terms and on an arm's length basis. The Directors (excluding the independent non-executive Directors, whose views will be rendered after considering the recommendations from the Independent Financial Adviser) consider that the Supply Agreement will allow the Group to sell the Products to the CGCSZ Group and to generate revenue.

As 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 its shareholders as a whole.

## INFORMATION ON CGCSZ AND THE GROUP

### CGCSZ

CGCSZ is principally engaged in the manufacture and trading of personal computer ("PC") and PC peripheral products. CGCSZ is owned as to 47.82% by GWT and whose A-shares are listed on the Shenzhen Stock Exchange in the PRC. As GWT maintains management control over CGCSZ, it is considered a subsidiary of GWT.

### The Group

The Company is a leading display solutions provider. The Group designs and produces a full range of 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 CEC is a substantial shareholder of the Company and CGCSZ is a subsidiary and an associate of CEC, therefore CGCSZ 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 the Supply Caps exceed 5.0% and the Supply Caps exceeds HK\$10.0 million, the transactions contemplated under the Supply Agreement (including the Supply Caps) are subject to the announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

In addition, the independent non-executive Directors and auditors of the Company shall also conduct annual reviews on the transactions contemplated under 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 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**

The Board will convene the SGM for the purpose of considering and approving the Supply Agreement (including the Supply Caps). A circular containing, among other things, (i) the Supply Agreement (including the Supply Caps); (ii) a letter from the Independent Board Committee; (iii) a letter of recommendation from the Independent Financial Adviser; and (iv) a notice convening the SGM, is expected to be despatched to the shareholders of the Company by no later than 12 July 2010.

## **DEFINITIONS**

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|----------------|---|
| “associate(s)” | : has the meaning given to it in the Listing Rules  |
| “CEC”          | : China Electronics Corporation, a state-owned company incorporated in the PRC  |
| “CGCSZ”        | : China Great Wall Shenzhen Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange in the PRC                                  |
| “CGCSZ Group”  | : CGCSZ and its subsidiaries but excluding the Group  |
| “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 |

“connected person(s)”	: has the meaning given to it in the Listing Rules
“Directors”	: the directors of the Company
“Group”	: the Company and its subsidiaries
“GWT”	: Great Wall Technology Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange, 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 Futures 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 Supply Agreement (including the Supply Caps)
“Independent Shareholders”	: shareholders of the Company except CEC and its associates
“LCD”	: liquid crystal display
“LCD Monitors”	: a monitor with a LCD
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“ODM”	: original design manufacturer
“PRC”	: the People’s Republic of China
“Products”	: LCD Monitors and such other products as may be agreed by the parties from time to time
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SGM”	: the special general meeting to be convened by the Company for the purpose of considering and approving the Supply Agreement (including the Supply Caps)

- “Share(s)” : ordinary shares of US\$0.01 each in the share capital of the Company
- “Singapore Exchange” : the Singapore Exchange Securities Trading Limited
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “subsidiary” : has the meaning given to it in the Listing Rules
- “substantial shareholder” : has the meaning given to it in the Listing Rules
- “Supply Agreement” : the Supply Agreement dated 21 June 2010 entered into between the Company and CGCSZ in respect of the purchase of Products by the CGCSZ Group from the Group
- “Supply Caps” : the maximum annual aggregate value for the transaction contemplated under the Supply Agreement for the period from the date of the Supply Agreement to 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, 21 June 2010

*As at the date of this joint announcement, the board of Directors 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. Robert Theodoor Smits, Mr. Chen Yen-Sung, Eddie and Mr. Junichi Kodama, and three independent non-executive Directors, namely Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung.*