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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 TRANSACTION:  
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 Supply Agreement to the Independent Shareholders is set out on page 8 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 9 to 13 of this circular.

A notice convening the SGM to be held on 27 July 2010 at Mont Blanc Room, 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 21 and 22 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.

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## DEFINITIONS

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

“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 Computer 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” 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 Futures Ordinance, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Supply Agreement (including the Supply Caps)
“Independent Shareholders”	shareholders of the Company except for CEC and its associates
“Latest Practicable Date”	2 July 2010, being the latest practicable date for ascertaining certain information prior to printing of this circular

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## DEFINITIONS

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“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
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“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
“Shareholders(s)”	holders of Share(s)
“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

# 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. Robert Theodoor Smits  
Mr. Chen Yen-Sung, Eddie  
Mr. Junichi Kodama

*Independent non-executive Directors:*

Mr. Chan Boon-Teong  
Dr. Ku Chia-Tai  
Mr. Wong Chi Keung

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal office and place  
of business in Hong Kong:*

Suite 1023, Ocean Centre  
Harbour City  
Kowloon  
Hong Kong

6 July 2010

*To the Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTION: THE SUPPLY AGREEMENT**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 21 June 2010 in relation to the entering into of the Supply Agreement. The Board announced that on 21 June 2010, the Company and CGCSZ entered into the Supply Agreement. Since CGCSZ is a subsidiary of CEC, which is a substantial shareholder of the Company, the Supply Agreement constitutes a continuing connected transaction for the Company.

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## LETTER FROM THE BOARD

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

- (i) the relevant information relating to the Supply Agreement (including the Supply Caps);
- (ii) the recommendation and advice of the Independent Board Committee on 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 Supply Agreement (including the Supply Caps); and
- (iv) the notice of the SGM to consider and, if thought fit, to ratify and approve the Supply Agreement (including the Supply Caps).

### **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

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## LETTER FROM THE BOARD

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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 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 the Shareholders as a whole are concerned, the Directors 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 computers ("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.

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## LETTER FROM THE BOARD

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### 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.

CGCSZ and its associates (together holding 822,408,647 Shares, representing approximately 35.06% of the issued Shares as at the Latest Practicable Date) will abstain from voting on the resolution relating to the Supply Agreement (including the Supply Caps).

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

The Independent Board Committee has been established to advise the Independent Shareholders in connection with 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.

### SGM

A notice convening the SGM to be held on 27 July 2010 at Mont Blanc Room, 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 21 and 22 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

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## LETTER FROM THE BOARD

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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 Supply Agreement and the Supply Caps will be taken by a poll.

### RECOMMENDATIONS

The Directors consider the entering into of 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 Shareholders as a whole. The Directors also consider that the terms of 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 to be proposed at the SGM in relation to the Supply Agreement and the Supply Caps.

The Independent Board Committee, having taken into account the advice of Somerley, considers the entering into of 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 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 ordinary resolution to be proposed at the SGM in relation to the Supply Agreement and the Supply Caps.

### GENERAL

Your attention is drawn to the letter of advice from the Independent Board Committee set out on page 8 and the letter from Somerley set out on pages 9 to 13 containing its recommendation to the Independent Board Committee and the Independent Shareholders in relation to 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.

Yours faithfully  
For and 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)**

6 July 2010

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION:  
THE SUPPLY AGREEMENT**

We refer to the circular dated 6 July 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 Supply Agreement and the Supply Caps are fair and reasonable as far as the Independent Shareholders are concerned and whether the entering into of 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 3 to 7 of the Circular which contains, inter alia, information on the Supply Agreement, as well as to the letter from Somerley set out on pages 9 to 13 of the Circular which contains its advice in respect of the terms of the Supply Agreement and the Supply Caps.

After taking into consideration the advice of Somerley, we consider the entering into of 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 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 Supply Agreement 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**

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## LETTER FROM SOMERLEY

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*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

6 July 2010

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

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION: THE SUPPLY AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the Supply Agreement and the transactions contemplated thereunder. Details of the terms of the Supply Agreement are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 6 July 2010 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As CEC is a substantial shareholder of the Company and CGCSZ is a subsidiary of CEC, CGCSZ is an associate of CEC and 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.

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 Supply Agreement 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, CGCSZ, or their respective substantial shareholders or associates, and accordingly, are considered eligible to give independent advice on the Supply Agreement and the transactions contemplated thereunder. Apart from

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## LETTER FROM SOMERLEY

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normal professional fees payable to us in connection with this and other similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, CGCSZ, or their substantial shareholders or associates.

In formulating our opinion and recommendation, we have reviewed, among other things, the Supply Agreement, the annual reports of the Company for the two years ended 31 December 2009 and the unaudited quarterly results announcement of the Company for the three months ended 31 March 2010. We have also discussed with the management of 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 management of 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.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation with regard to the Supply Agreement 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 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.

#### **2. Reasons for entering into the Supply Agreement**

As set out in the letter from the Board, 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. Since the Company is the world's largest PC monitor manufacturer and the CGCSZ Group is a large computer system manufacturer in the PRC, we consider the sale of the Products by the Group to the CGCSZ Group is a normal trade activity.

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## LETTER FROM SOMERLEY

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The management of the Company consider that the Supply Agreement will allow the Group to sell the Products to the CGCSZ Group and to generate revenue. Given CGCSZ's annual monitor production volume has reached 4.5 million units per annum (as set out in its website) and its presence in the PRC, the entering into of the Supply Agreement will enable the Group to widen its customer base as well as expand its market share in the PRC.

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

### **3. Principal terms of the Supply Agreement**

Pursuant to the Supply Agreement, the Group has agreed to supply, and the CGCSZ Group has agreed to purchase, the Products.

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 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). The Supply Agreement shall continue in force from the date of the Supply Agreement, being 21 June 2010, to 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 period.

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.

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, amongst other things, whether the transactions contemplated under the Supply Agreement are conducted on normal terms; and (iii) the auditors of the Company will for the purpose of Rule 14A.38 of the Listing Rules review, amongst 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 under 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.

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## LETTER FROM SOMERLEY

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### 4. 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 (Note)	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.

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

*a) Sales projection of the CGCSZ Group*

As set out in its website, CGCSZ's annual monitor production volume has reached 4.5 million units per annum and, based on our discussion with the management of the Group, certain of CGCSZ's production volume has been outsourced to other manufacturers. The management of the Group state that it is the intention of the CGCSZ Group to outsource certain monitor production to the Group under the Supply Agreement.

The CGCSZ Group has provided a production forecast to the Company for the approximately two and a half years ending 31 December 2012. The number of monitor shipment in 2011 is projected to increase by 60% from the corresponding period in 2010 (i.e. second half of 2010) and the number is expected to grow by another 50% in 2012 as compared to that for 2011. The growth in shipment in the production forecast reflects, among others, the expected growth in demand for the Products and the potential quantity variance. Based on our review, we note that such forecast has been the basis of estimation of the Supply Caps. We also consider it reasonable to take into account CGCSZ's production forecast in assessing the fairness and reasonableness of the Supply Caps.

*b) Unit price of purchases*

The unit prices of sales to the CGCSZ Group are determined based on the prevailing market prices of similar models of monitors. For the purpose of estimation of the Supply Caps, the average unit price is assumed to be no significant change during the three years ending 31 December 2012. Based on our

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## LETTER FROM SOMERLEY

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sample review of the unit sales price of similar models of monitors sold by the Group, we note that the estimated sales price to the CGCSZ Group is generally in line with the prevailing market price.

*c) Buffer to accommodate price variance*

In light of the volatility of the industry that the Group is involved in, a buffer of 20% for each of the three years ending 31 December 2012 has been added to the sales projection. The management of the Group are of the view that sales price of the Products and cost of goods sold may change considerably subject to the then prevailing market demand and conditions. Based on our review of the historical average selling prices of the Group's products, we noted that they 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 Supply Agreement is 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 the terms of 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 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 Supply Agreement and the Supply Caps.

Yours faithfully  
For and on behalf of  
**SOMERLEY LIMITED**  
**Jenny Leung**  
*Director — Corporate Finance*

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document 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)	Approximate % of the issued Shares
China Electronics Corporation ("CEC")	822,408,647 (Note 1)	N/A	35.06%
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	251,958,647 (Note 1)	N/A	10.74%
CEIEC (H.K.) Limited ("CEIEC HK")	251,958,647 (Note 1)	N/A	10.74%
Mitsui & Co., Ltd	353,008,590	N/A	15.05%
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%

Name of Shareholder	Number of Shares held (long position)	Maximum number of Shares that may be converted under the Convertible Bonds (long position)	Approximate % of the issued Shares
Philips Electronics Hong Kong Limited ("Philips HK")	63,176,463 (Note 2)	313,300,433	16.05%
Chimei Innolux Corporation	150,500,000 (Note 3)	N/A	6.42%
Chi Mei 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 822,408,647 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 251,958,647 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 convertible bonds issued by the Company on 5 September 2005 (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 Chimei Innolux Corporation ("CMI"). CMI is owned as to 13.57% by Chi Mei Corporation, and as to 3.57% by Linklinear Development Co. Ltd, which in turn is owned as to 54.22% by Chi Mei Corporation.

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 2009 (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. Robert Theodoor Smits, who is also an officer 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, Mr. Chen Yen-Sung, Eddie who is an officer of Chi Mei Corporation, and Mr. Junichi Kodama who is an officer of Mitsui & Co., Ltd, 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.
- (d) As at the Latest Practicable Date, save for Mr. Liu Liehong, Mr. Lu Ming, Ms. Wu Qun, Mr. Xu Haihe, Mr. Du Heping and Mr. Tam Man Chi who are officers of China Electronics Corporation, none of the Directors have a material interest in the Supply Agreement. Mr. Liu Liehong, Mr. Lu Ming, Ms. Wu Qun, Mr. Xu Haihe, Mr. Du Heping and Mr. Tam Man Chi who are officers of China Electronics Corporation have abstained from voting on the relevant board resolution of the Company.

#### **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 2009 (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**

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 2009 (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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 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 27 July 2010:

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

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NOTICE OF SPECIAL GENERAL MEETING

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**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 Mont Blanc Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on 27 July 2010 for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT** the Supply Agreement entered into between the Company and China Great Wall Computer Shenzhen Co., Ltd., (“CGCSZ”) (details of which are contained on pages 4 to 5 of the circular issued by the Company dated 6 July 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 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 5 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, 6 July 2010

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

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## NOTICE OF SPECIAL GENERAL MEETING

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*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 2 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. 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.*