
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTEREST IN THE JOINT VENTURE

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 12 to 13 of this circular. A letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 30 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on Wednesday, 27 June 2018 at Units 1208–16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong is set out on pages SGM-1 to SGM-3 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 branch share registrar, Computershare Hong Kong Investor Services Limited, you should deposit your form of proxy at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or the Company's principal office in Hong Kong at Units 1208–16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, 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, #32-01 Singapore Land Tower, Singapore 048623 or the Company's principal office in Hong Kong at the address stated above. The form of proxy 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.

8 June 2018

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	12
LETTER FROM SOMERLEY	14
APPENDIX — GENERAL INFORMATION	31
NOTICE OF THE SGM	SGM-1

DEFINITIONS

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
“Board”	the board of Directors
“CEC”	中國電子信息產業集團有限公司 (China Electronics Corporation*), a state-owned company established in the PRC with limited liability and the ultimate controlling shareholder of the Company
“CEC Group”	CEC and its subsidiaries
“CEC Panda”	南京中電熊貓信息產業集團有限公司 (Nanjing Electronics Information Industrial Corporation*), a state-owned company established in the PRC with limited liability
“close associate(s)”	has the meaning given to it in the Listing Rules
“Company” or “TPV”	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 Limited
“connected person(s)”	has the meaning given to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 0.8% equity interest in the Joint Venture by Top Victory to Panda LCD pursuant to the proposed exercise of the Put Option
“Equity Interest”	the 0.8% equity interest in the Joint Venture held by Top Victory as at the Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Chan Boon Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung, to advise the Independent Shareholders on the Disposal
“Independent Shareholders”	the Shareholders other than CEC and its associates

DEFINITIONS

“Joint Venture”	南京中電熊貓平板顯示科技有限公司 (CEC Panda Flat Panel Display Technology Co., Ltd.*), being the joint venture company established in the PRC with limited liability pursuant to the Joint Venture Agreement, the Supplemental Joint Venture Agreement and the Second Supplemental Joint Venture Agreement
“Joint Venture Agreement”	the joint venture agreement dated 27 April 2012 entered into between Top Victory and Panda LCD in relation to the establishment of the Joint Venture
“Latest Practicable Date”	1 June 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“LCD”	liquid crystal display
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Huadong”	南京華東電子信息科技股份有限公司 (Nanjing Huadong Electronics Information & Technology Company Limited*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of CEC
“Panda LCD”	南京中電熊貓液晶顯示科技有限公司 (CEC Panda LCD Technology Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of CEC
“Panda LCD Group”	Panda LCD, its parent companies, subsidiaries and close associates
“PC”	personal computer
“PRC” or “China”	the People’s Republic of China, for the purpose of this circular, specifically exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Products”	G10 TFT-LCD panels, colour filters and LCD modules and such other product to be agreed between the parties to the Joint Venture Agreement from time to time
“Put Option”	an option of Top Victory to require Panda LCD, failing which, CEC, to acquire Top Victory’s equity stake in the Joint Venture

DEFINITIONS

“Registration Date”	21 December 2012, being the issuing date of the business license for the Joint Venture by the State Administration for Industry and Commerce of the PRC or a local branch thereof
“Renewed Panda LCD Procurement Agreement”	the procurement agreement dated 19 December 2017 entered into between Top Victory and Panda LCD in relation to the procurement of the Panda LCD Products by the Top Victory, its subsidiaries and close associates from the Panda LCD Group
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Joint Venture Agreement”	the second supplemental joint venture agreement dated 5 December 2014 entered into among Top Victory, CEC, CEC Panda, Xingong, Xingang, Sharp and Nanjing Huadong in relation to the Joint Venture
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	special general meeting of the Company to be convened on 27 June 2018 for the purpose of considering, and if thought fit, approving the Disposal
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Sharp”	夏普株式會社 (Sharp Corporation), a company incorporated in Japan with limited liability
“Sommerley” or “Independent Financial Adviser”	Sommerley Capital Limited, a corporation licensed under the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning given to it under the Listing Rules
“Supplemental Investment Agreement”	the supplemental investment agreement dated 20 January 2014 entered into among Top Victory, CEC Panda, Panda LCD and CEC in relation to Joint Venture Agreement and the Joint Venture

DEFINITIONS

“Supplemental Joint Venture Agreement”	the supplemental joint venture agreement dated 20 January 2014 entered into among Top Victory, CEC, CEC Panda, Xingong, Xingang and Sharp in relation to the Joint Venture
“Top Victory”	Top Victory Investments Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Top Victory Group”	Top Victory and its subsidiaries and close associates
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Xingang”	南京新港開發總公司 (Nanjing Xingang Development Corporation*), a company established in the PRC with limited liability
“Xingong”	南京新工投資集團有限責任公司 (Nanjing New Industrial Investment Group Company Limited*), a company established in the PRC with limited liability
“%”	per cent.

For the purpose of this circular and illustration only, conversions of RMB into US\$ are based on the exchange rate of RMB6.3 to US\$1.0. No representation is made that any amount in RMB or US\$ could be or could have been converted at the above rate or at any other rates.

** The English translations of the Chinese company names are for identification purpose only.*

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:

Dr. Li Jun

Ms. Jia Haiying

Ms. Bi Xianghui

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:

Units 1208–16, 12th Floor

C-Bons International Center

108 Wai Yip Street

Kwun Tong, Kowloon

Hong Kong

8 June 2018

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF INTEREST IN THE JOINT VENTURE**

(A) INTRODUCTION

Reference is made to the announcement of the Company dated 14 May 2018 in relation to, among other things, the Disposal. Details of the Disposal are set out in this circular.

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

- (i) the relevant information relating to the Disposal;
- (ii) the recommendation and advice of the Independent Board Committee on the Disposal;

LETTER FROM THE BOARD

- (iii) the letter of advice from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders on the Disposal; and
- (iv) the notice of the SGM to consider and, if thought fit, to ratify and approve the Disposal.

(B) THE DISPOSAL

Background

Reference is made to the announcement of the Company dated 27 April 2012 in relation to the establishment of the Joint Venture, the announcement of the Company dated 20 January 2014 in relation to the Supplemental Joint Venture Agreement and the Supplemental Investment Agreement and the announcement of the Company dated 5 December 2014 in relation to the Second Supplemental Joint Venture Agreement. On 27 April 2012, Top Victory, a wholly-owned subsidiary of the Company, and Panda LCD, a subsidiary of CEC, entered into the Joint Venture Agreement in relation to the establishment of the Joint Venture. Pursuant to the Joint Venture Agreement, Panda LCD has granted the Put Option to Top Victory, which allows Top Victory to require Panda LCD to acquire Top Victory's equity stake (i.e. 0.8% equity interest) in the Joint Venture at a price equivalent to the original registered capital contributed by Top Victory (i.e. RMB140 million (equivalent to approximately US\$22.2 million)) plus an interest which is equivalent to 4% per annum within three years from the earlier of: (i) the fourth anniversary of the Registration Date; and (ii) the date on which the Joint Venture issues its first invoice in relation to the Products (i.e. 2 July 2015), whichever is earlier. The Put Option will expire after 1 July 2018.

In addition, pursuant to the Supplemental Investment Agreement, all rights and obligations of Panda LCD under the Joint Venture Agreement will be taken up by CEC Panda, including the obligations to acquire the 0.8% equity interest if and when Top Victory decides to exercise the Put Option.

On 14 May 2018, Top Victory has notified CEC Panda and Panda LCD that Top Victory has exercised on the same date the Put Option to require CEC Panda to acquire Top Victory's stake in the Joint Venture for a consideration of approximately RMB164.4 million (equivalent to approximately US\$26.1 million) pursuant to the Joint Venture Agreement and the Supplemental Investment Agreement.

LETTER FROM THE BOARD

Consideration

The consideration for the sale and purchase of the Equity Interest is approximately RMB164.4 million (equivalent to approximately US\$26.1 million), being the original registered capital contributed by Top Victory (i.e. RMB140.0 million (equivalent to approximately US\$22.2 million)) plus an interest up to the date of notice of exercise of the Put Option (i.e. 14 May 2018), which is of approximately RMB24.4 million (equivalent to approximately US\$3.9 million). The interest is equivalent to 4% per annum on the original registered capital contributed by Top Victory according to the Joint Venture Agreement and the Supplemental Investment Agreement.

CEC Panda shall pay the consideration in cash within 90 days upon receipt the notice of exercise of the Put Option from Top Victory.

Completion

Completion of the Disposal is subject to the approval by the Independent Shareholders by way of a poll at the SGM to approve the Disposal and shall take place within 90 days from the date of exercise of the Put Option. Upon completion of the Disposal, the Group will cease to hold any interest in the Joint Venture.

(C) INFORMATION ON THE JOINT VENTURE

The Joint Venture is a company established in the PRC with limited liability. It is principally engaged in (a) manufacturing and selling of the Products; (b) conducting the business-related research and development works in relation to the Products; and (c) providing services in relation to the Products, including after-sales service to the customers of the Joint Venture. Set out below is the list of shareholders of the Joint Venture as at the Latest Practicable Date:

Parties	Shareholding percentage
Top Victory	0.800%
CEC	17.168%
CEC Panda	5.217%
Xingong	11.451%
Sharp	7.718%
Nanjing Huadong	<u>57.646%</u>
Total	<u><u>100.000%</u></u>

LETTER FROM THE BOARD

The operating loss, loss before taxation and other income and non-operating income and the net profits (both before and after taxation) for the two financial years ended 31 December 2016 and 2017 based on the audited financial statements of the Joint Venture prepared in accordance with the China Accounting Standards for Business Enterprises (“CASBE”) are as follow. While there are differences between the accounting standards adopted by the Company (i.e. Hong Kong Financial Reporting Standards) and the Joint Venture (i.e. CASBE), it is considered that such differences do not have any significant impact on the financial information of the Joint Venture contained in this letter from the Board.

	For the year ended	
	31 December	
	2017	2016
Operating (loss)		
<i>(RMB million)</i>	(741.0)	(353.6)
<i>(US\$ million equivalent)</i>	(117.6)	(56.1)
(Loss) before taxation and other income and non-operating income		
<i>(RMB million)</i>	(741.0)	(353.9)
<i>(US\$ million equivalent)</i>	(117.6)	(56.2)
Profit before taxation		
<i>(RMB million)</i>	156.0	284.0
<i>(US\$ million equivalent)</i>	24.8	45.1
Profit after taxation		
<i>(RMB million)</i>	164.4	207.8
<i>(US\$ million equivalent)</i>	26.1	33.0

As at 31 December 2017, the audited net asset value of the Joint Venture was approximately RMB17,918.6 million (equivalent to approximately US\$2,844.2 million).

(D) REASONS FOR AND BENEFITS OF THE DISPOSAL

After the establishment of the Joint Venture, the global panel supply capacity increased significantly and offered the manufacturers with more choices with latest generation of technology. On 19 December 2017, the Group has entered into the Renewed Panda LCD Procurement Agreement with the Panda LCD Group with effect from 1 January 2018. Equity shareholding in the Joint Venture is not a condition in the Renewed Panda LCD Procurement Agreement and therefore the exercise of the Put Option will not affect the panel supply from the Panda LCD Group. Furthermore, the Panda LCD Group has newly set up a factory in Chengdu, the PRC and the CEC Group has also recently established a manufacturing plant in Xianyang City, the PRC, both of which were for the production of advanced display panels. The Group can continue to secure stable panel supply for high value-added products while enjoying saving on import tariff without having an equity interest in the Joint Venture. As the Joint Venture recorded loss before taxation

LETTER FROM THE BOARD

and other income and non-operating income, the Board considered that the Disposal represents a good opportunity to realise the Group's investment in the Joint Venture before the expiry of the Put Option without adversely affecting the panel supply to the Group. Upon completion of the Disposal, the Company will receive approximately RMB164.4 million (equivalent to approximately US\$26.1 million), including an interest income of RMB24.4 million (equivalent to approximately US\$3.9 million), being the gain on the Disposal. The Group intends to use the proceeds from the Disposal for replenishing its working capital.

Save for Mr. Zhu Lifeng (resigned as a non-executive Director on 16 May 2018), Dr Li Jun, Ms Jia Haiying and Ms Bi Xianghui, who are officers of CEC, none of the Directors has a material interest in the Disposal. As such, Mr. Zhi Lifeng (resigned as a non-executive Director on 16 May 2018), Dr. Li Jun, Ms. Jia Haiying and Ms. Bi Xianghui had abstained from voting on the board resolution regarding the Disposal.

(E) INFORMATION ON THE PARTIES

The Company

TPV is an internationally-renowned monitor and TV manufacturer. It has been listed on both the Hong Kong and Singapore stock exchanges since 1999.

TPV has enjoyed significant growth over the last two decades by successfully leveraging its core competencies in manufacturing, operational efficiency, research and development as well as its exceptional commitment to quality.

TPV serves as an original design manufacturer for some of the best-known TV and PC brands and also distributes its own brands "AOC", "Envision" and licensed Philips monitors, TVs, mobile phones and tablets products in most regions worldwide.

Top Victory

Top Victory is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. The principal activities are the trading of monitors, TVs, mobile phones and tablets products and the sourcing of raw materials for the production of monitors, TVs, mobile phones and tablets products.

Panda LCD

Panda LCD is a company established in the PRC with limited liability and a non wholly-owned subsidiary of CEC. It is principally engaged in the manufacture of LCD panels and displays.

CEC Panda

CEC Panda is a company established in the PRC with limited liability and a non-wholly owned subsidiary of CEC. It is principally engaged in three major sectors, including new displays, electronic devices and modern services, which cover industries

LETTER FROM THE BOARD

such as display devices, high-tech electronic equipment, industrial automation system equipment, transport electronic system equipment, digital home electrical appliances, components, trading and services.

(F) LISTING RULES IMPLICATIONS

CEC Panda is a connected person of the Company under the Listing Rules by virtue of it being a subsidiary of CEC, the controlling shareholder of the Company. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio as defined under the Listing Rules exceeds 5% but is less than 25%, the Disposal constitutes a discloseable and connected transaction for the Company and is subject to the announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

(G) INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the Disposal. The Company has appointed Somerley as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

(H) SGM

A notice convening the SGM to be held at 10:00 a.m. on Wednesday, 27 June 2018 at Units 1208–16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong (the “**SGM Notice**”) is set out on pages SGM-1 to SGM-3 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 branch share registrar, Computershare Hong Kong Investor Services Limited, you should deposit your form of proxy at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or the Company's principal office in Hong Kong at Units 1208–16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, 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, #32-01 Singapore Land Tower, Singapore 048623 or the Company's principal office in Hong Kong at the address stated above. The form of proxy 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, CEC and its associates, which collectively held an aggregate of 869,088,647 Shares, representing approximately 37.05% of the issued share capital of the Company, had material interests in the Disposal. CEC and its associates will abstain from voting on the ordinary resolutions relating to the Disposal at the SGM.

(I) RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that: (i) although not in the ordinary and usual course of business of the Group, the Disposal is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Disposal are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Directors, including the independent non-executive Directors, recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in relation to the Disposal.

(J) GENERAL

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 12 to 13 of this circular and the letter from Somerley set out on pages 14 to 30 of this circular containing its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

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

Yours faithfully,
for and on behalf of the board of
TPV Technology Limited
Dr. Hsuan, Jason
Chairman and Chief Executive Officer

TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

8 June 2018

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF INTEREST IN THE JOINT VENTURE**

We refer to the circular dated 8 June 2018 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, (i) the Disposal is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Disposal are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Somerley has been appointed 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 5 to 11 of the Circular which contains, inter alia, information on the Disposal as well as the letter from Somerley set out on pages 14 to 30 of the Circular which contains its advice in respect of the Disposal.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Disposal, and taken into account the advice of Somerley, we consider that (i) although not in the ordinary and usual course of business of the Group, the Disposal is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Disposal are on normal commercial terms and fair and reasonable so 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 Disposal.

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

Mr. Chan Boon Teong

Dr. Ku Chia-Tai

Mr. Wong Chi Keung

Independent non-executive Directors

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 CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

8 June 2018

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTEREST IN THE JOINT VENTURE

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Disposal. Details of the Disposal are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 8 June 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the letter from the Board, on 27 April 2012, Top Victory, a wholly-owned subsidiary of the Company, and Panda LCD, a subsidiary of CEC, entered into the Joint Venture Agreement in relation to the establishment of the Joint Venture. Pursuant to the Joint Venture Agreement, Panda LCD has granted the Put Option to Top Victory, which allows Top Victory to require Panda LCD to acquire Top Victory's equity stake (i.e. 0.8% equity interest) in the Joint Venture at a price equivalent to the original registered capital contributed by Top Victory (i.e. RMB140 million (equivalent to approximately US\$22.2 million)) plus an interest which is equivalent to 4% per annum within three years from the earlier of: (i) the fourth anniversary of the Registration Date; and (ii) the date on which the Joint Venture issues its first invoice in relation to the Products (i.e. 2 July 2015), whichever is earlier. The Put Option will expire after 1 July 2018.

In addition, pursuant to the Supplemental Investment Agreement, all rights and obligations of Panda LCD under the Joint Venture Agreement have been taken up by CEC Panda, including the obligation to acquire the 0.8% equity interest if and when Top Victory decides to exercise the Put Option.

LETTER FROM SOMERLEY

On 14 May 2018, Top Victory has notified CEC Panda and Panda LCD that Top Victory has exercised on the same date the Put Option to require CEC Panda to acquire Top Victory's stake in the Joint Venture for a consideration of approximately RMB164.4 million (equivalent to approximately US\$26.1 million) pursuant to the Joint Venture Agreement and the Supplemental Investment Agreement.

CEC Panda is a connected person of the Company under the Listing Rules by virtue of it being a subsidiary of CEC, the controlling shareholder of the Company. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios as defined under the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable and connected transaction for the Company and is 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 formed to advise and make recommendations to the Independent Shareholders in respect of the terms of the Disposal. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

During the past two years, we have, on two occasions acted as an independent financial adviser to the Company in relation to (i) renewal of existing continuing connected transactions and entering into of new continuing connected transactions (circular dated 18 January 2018); and (ii) entering into of a new continuing connected transaction in relation to the procurement of mobile phones, tablets and related components (circular dated 10 February 2017). The past engagements were limited to providing independent advisory services to the Company pursuant to the Listing Rules, for which we received normal professional fees relevant to this type of engagement. Accordingly, we do not consider the past engagements would affect our independence to act as the independent financial adviser to the Company under the current engagement.

We are not associated with the Company, the Joint Venture, Top Victory, CEC Panda or their respective core connected persons, close associates or associates (all as defined in the Listing Rules) and accordingly are considered eligible to give independent advice on the terms of the Disposal. Apart from normal professional fees payable to us in connection with this and similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, the Joint Venture, Top Victory, CEC Panda or their respective core connected persons, close associates or associates.

LETTER FROM SOMERLEY

In formulating our opinion, we have reviewed, amongst others, the Joint Venture Agreement, the Renewed Panda LCD Procurement Agreement, the Second Supplemental Joint Venture Agreement, the Supplemental Investment Agreement, the Supplemental Joint Venture Agreement, the notice given by Top Victory to CEC Panda and Panda LCD in relation to the exercise of the Put Option, the unaudited quarterly results announcement of the Company for the three months ended 31 March 2018 (the “**2018 First Quarter Results Announcement**”), the annual reports of the Company for the three years ended 31 December 2015, 2016 and 2017 (the “**Annual Reports**”), the unaudited financial statements of the Joint Venture for the two years ended 31 December 2016 and 2017 and the information contained in the Circular. We have also discussed with and reviewed information provided by management of the Group regarding the business and the prospects of the Joint Venture.

We have relied on the information and facts supplied, and the opinions expressed to us, by management of the Group 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. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Joint Venture or the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Disposal, we have taken into account the principal factors and reasons set out below.

1. Information on the Group

(a) Business

TPV is an internationally-renowned PC monitor and TV manufacturer. It has been listed on both the Hong Kong and Singapore stock exchanges since 1999.

TPV has enjoyed significant growth over the last two decades by successfully leveraging its core competencies in manufacturing, operational efficiency, research and development as well as its exceptional commitment to quality.

TPV serves as an original design manufacturer for some of the best-known TV and PC brands and also distributes its own brands “AOC”, “Envision” and licensed Philips monitors, TVs, mobile phones and tablets products in most regions worldwide.

LETTER FROM SOMERLEY

(b) Financial results

Set out below is a summary of the consolidated income statement of the Company for the two years ended 31 December 2016 and 2017 and for the three months ended 31 March 2017 and 2018:

	For the three months ended 31 March		For the year ended 31 December	
	2018	2017	2017	2016
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Revenue	2,239	2,123	9,585	9,808
Gross profit	200	169	783	848
Operating profit	12	25	2	125
Profit/(loss) for the period/year	(9)	11	(58)	44
Profit/(loss) attributable to the Shareholders	(8)	10	(51)	39

Revenue of the Group decreased from approximately US\$9,808 million for the year ended 31 December 2016 to approximately US\$9,585 million for the year ended 31 December 2017, representing a drop of approximately 2.3%. The fall in revenue was primarily due to (i) the economic slowdown in China; (ii) decrease in orders from the over-the-top content industry in China; and (iii) increased market competition in China. Gross profit margin of the Group also reduced from approximately 8.6% in 2016 to approximately 8.2% in 2017 as a result of the sharp decline in panel prices, leading to an inventory provision of US\$53.8 million. The Group's operating results for the year ended 31 December 2017 were worse than that for the year ended 31 December 2016 with a significant drop in operating profit from approximately US\$125 million for the year ended 31 December 2016 to approximately US\$2 million for the year ended 31 December 2017 and change from a net profit for the year ended 31 December 2016 to a net loss for the year ended 31 December 2017. The Group's deteriorating financial performance was due to (i) the decline of revenue and gross profit margin as mentioned above; (ii) increased selling and distribution expenses; (iii) the loss of approximately US\$40 million in foreign exchange hedges; (iv) the provision of US\$68.5 million for doubtful receivables; and (v) impairment of approximately US\$30 million for goodwill in the television business.

For the three months ended 31 March 2018, the Group recorded a revenue of approximately RMB2,239 million, representing a year-on-year increase of approximately 5.5%. The enhancement was chiefly attributable to growth in shipments and weakening of United States dollars. Due to revenue growth and together with the improvement in panel price, the Group's gross profit margin increased by approximately 97 basis points year-on-year to 8.9%. However, operating profit fell approximately 52% from approximately US\$25 million for the three months ended 31 March 2017 to approximately US\$12 million for the corresponding period in 2018 and the results also turned from a net profit for the three months ended 31 March

LETTER FROM SOMERLEY

2017 to a net loss for the corresponding period in 2018, which were largely attributable to the higher logistics costs due to the growth in export sales and marketing expenses relating to the upcoming World Cup.

(c) Financial position

Set out below is a summary of the consolidated balance sheet of the Group as at 31 December 2016 and 2017 and 31 March 2018.

	As at 31 March 2018	As at 31 December 2017	2016
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
ASSETS			
Non-current assets	1,441	1,461	1,454
Current assets			
Inventories	1,355	1,318	1,384
Trade receivables	1,866	1,984	1,844
Cash and cash equivalents	434	450	601
Others	<u>360</u>	<u>351</u>	<u>505</u>
	<u>4,015</u>	<u>4,103</u>	<u>4,334</u>
Total assets	<u>5,456</u>	<u>5,564</u>	<u>5,788</u>
LIABILITIES			
Non-current liabilities	659	658	522
Current liabilities	<u>3,251</u>	<u>3,343</u>	<u>3,585</u>
Total liabilities	<u>3,910</u>	<u>4,001</u>	<u>4,107</u>
Net current assets	<u>764</u>	<u>760</u>	<u>749</u>
Net assets attributable to the Shareholders	<u>1,542</u>	<u>1,559</u>	<u>1,669</u>

As at 31 March 2018, total assets of the Group were approximately US\$5,456 million, representing a decrease of approximately 1.9% from that as at 31 December 2017. The Group had a significant portion, around 24.8% and 34.2%, of its total assets as at 31 March 2018 represented by inventories and trade receivables respectively. Cash and cash equivalents were approximately US\$434 million, which accounted for approximately 8.0% of the Group's total assets, as at 31 March 2018, represented a drop of approximately 27.8% from approximately US\$601 million as at 31 December 2016. The decline in the balance of cash and cash equivalents was primarily due to the net cash used in operating activities.

LETTER FROM SOMERLEY

Net asset value (“NAV”) attributable to the Shareholders was approximately US\$1,542 million as at 31 March 2018, representing a drop of approximately 7.6% from that as at 31 December 2016. The decrease in the NAV was chiefly attributable to the Group’s recent deteriorating financial performance as discussed above.

The Group’s gearing ratio, as calculated by total borrowings and payables under discounting arrangement divided by its total assets, amounted to approximately 16.5% as at 31 March 2018, up 1.3% from 15.2% as at 31 December 2017.

2. Information of the Joint Venture

(a) Business and shareholding

The Joint Venture is a company established in the PRC with limited liability. It is principally engaged in (a) manufacturing and selling of the Products (mainly LCD panels); (b) conducting the business-related research and development works in relation to the Products; and (c) providing services in relation to the Products, including after-sales service to the customers of the Joint Venture. Set out below is the list of shareholders of the Joint Venture as at the Latest Practicable Date:

Parties	Shareholding percentage
Top Victory	0.800%
CEC	17.168%
CEC Panda	5.217%
Xingong	11.451%
Sharp	7.718%
Nanjing Huadong	<u>57.646%</u>
Total	<u><u>100.000%</u></u>

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(b) Financial results

Set out below is a summary of the audited income statement of the Joint Venture for the two years ended 31 December 2016 and 2017.

	For the year ended	
	31 December	
	2017	2016
	<i>(RMB million)</i>	<i>(RMB million)</i>
Revenue	5,212.4	748.3
Cost of sales	<u>(5,503.6)</u>	<u>(729.3)</u>
Gross (loss)/profit	(291.2)	19.0
Other gains/(losses)	(214.2)	123.5
Selling and distribution expenses	(78.9)	(28.8)
Administrative expenses	(282.4)	(397.1)
Net finance costs	(423.7)	(16.3)
Net exchange gain/(loss)	610.0	(28.6)
Other operating expenses	<u>(60.6)</u>	<u>(25.3)</u>
Operating (loss)	(741.0)	(353.6)
Other income and non-operating income	<u>897.0</u>	<u>637.6</u>
Profit before tax	156.0	284.0
Income tax income/(expense)	<u>8.4</u>	<u>(76.2)</u>
Profit for the year	<u><u>164.4</u></u>	<u><u>207.8</u></u>

As shown in the table above, revenue of the Joint Venture increased significantly from approximately RMB748.3 million (equivalent to approximately US\$118.8 million) in 2016 to approximately RMB5,212.4 million (equivalent to approximately US\$827.4 million) in 2017. The growth was mainly because the Joint Venture commenced mass production in November 2016 and the revenue in 2017 reflected a whole year of operation. Sales from the Joint Venture to the Group for the two years ended 31 December 2016 and 2017 were approximately RMB39.0 million (equivalent to approximately US\$6.2 million) and RMB466.0 million (equivalent to approximately US\$74.0 million) respectively, representing approximately 5.2% and 8.9% of the total revenue of the Joint Venture for 2016 and 2017 respectively.

LETTER FROM SOMERLEY

Although there was a substantial increase in revenue, the Joint Venture recorded a gross loss of approximately RMB291.2 million (equivalent to approximately US\$46.2 million) for 2017 as compared to a gross profit of approximately RMB19.0 million (equivalent to approximately US\$3.0 million) for 2016. Such change was mainly due to the considerable decrease in the selling price of LCD panels during 2017.

Furthermore, the Joint Venture recorded operating losses in both 2016 and 2017. The operating loss for the year ended 31 December 2016 was mainly due to the research and development expenses of RMB233.9 million (equivalent to approximately US\$37.1 million) for the development of LCD panels in different sizes. The operating loss for 2017 was primarily due to (i) the gross loss as mentioned above; (ii) the surge in net finance costs as the construction of plant was completed in October 2016 and the interest expenses were no longer capitalised since then; and (iii) an inventory provision of approximately RMB214.8 million (equivalent to approximately US\$34.1 million) to reduce the carrying value of the LCD panels on hand at year end because of substantial decrease in the selling price of LCD panels during the year. The operating loss for 2017 was partly offset by the exchange gain arising from the United States dollar bank borrowings of approximately RMB610.0 million (equivalent to approximately US\$96.8 million) as Renminbi appreciated against the United States dollar during the year.

Despite having recorded operating losses, the Joint Venture achieved profits before tax of approximately RMB284.0 million (equivalent to approximately US\$45.1 million) and RMB156.0 million (equivalent to approximately US\$24.8 million) for 2016 and 2017 respectively. The turnarounds were mainly attributable to the government grants of approximately RMB632.6 million (equivalent to approximately US\$100.4 million) and approximately RMB870.0 million (equivalent to approximately US\$138.1 million) received by the Joint Venture in 2016 and 2017 respectively. Based on the information provided by the management of the Group, the Nanjing Municipal Government and CEC entered into an agreement in 2013, pursuant to which the Joint Venture would be entitled to an one-time subsidy of RMB3 billion (equivalent to approximately US\$476.2 million) as compensation for the operating loss of the Joint Venture (the “**Government Grant**”), payable within five years from the commencement of production of the Joint venture.

As advised by the management of the Group, the Joint Venture has not declared dividend to its shareholders since its incorporation.

LETTER FROM SOMERLEY

(c) Financial position

Set out below is the summary of audited balance sheet of the Joint Venture as at 31 December 2016 and 2017.

	As at 31 December	
	2017	2016
	<i>(RMB million)</i>	<i>(RMB million)</i>
Non-current assets		
Fixed assets	24,316.5	26,299.6
Intangible assets	1,028.6	953.3
Deferred tax assets	157.7	348.5
Other non-current assets	<u>150.0</u>	<u>121.5</u>
	<u>25,652.8</u>	<u>27,722.9</u>
Current assets		
Inventories	2,059.0	773.3
Trade and other receivables	1,848.8	2,024.8
Other current assets	716.8	641.3
Cash and cash equivalents	<u>1,708.2</u>	<u>1,533.1</u>
	<u>6,332.8</u>	<u>4,972.5</u>
Total assets	<u>31,985.6</u>	<u>32,695.4</u>
Current liabilities		
Trade and bills payables	2,817.0	3,715.1
Short-term borrowings	1,227.0	—
Current portion of non-current liabilities	1,687.1	—
Accruals and other payables	<u>339.9</u>	<u>250.6</u>
	<u>6,071.0</u>	<u>3,965.7</u>
Non-current liabilities		
Long-term borrowings	6,494.9	10,336.1
Deferred tax liabilities	234.3	432.4
Other non-current liabilities	<u>1,266.8</u>	<u>200.7</u>
	<u>7,996.0</u>	<u>10,969.2</u>
Total liabilities	<u>14,067.0</u>	<u>14,934.9</u>
Net assets attributable to shareholders of the Joint Venture	<u><u>17,918.6</u></u>	<u><u>17,760.5</u></u>

LETTER FROM SOMERLEY

The assets of the Joint Venture mainly comprised fixed assets, accounting for approximately 76.0% of the total assets as at 31 December 2017. The fixed assets comprised property, plant and equipment of its manufacturing plant in Nanjing. The remaining assets mainly consisted of inventories, trade and other receivables and cash and cash equivalents. The operation of the Joint Venture was mainly financed by the shareholders' capital and two external bank borrowings at the interest rates of approximately 4.2% and 3-months London Interbank Offered Rate plus 2.7% respectively.

With relatively large asset base, the return on assets of the Joint Venture was, however, not satisfactory. The return on assets of the Joint Venture for the year ended 31 December 2017 was approximately 0.5%. Such thin margin has included the non-recurring Government Grant of approximately RMB870.0 million (equivalent to approximately US\$138.1 million) received during the year. If the Government Grant was excluded, the return on assets of the Joint Venture would be negative for 2017.

As advised by the management of the Group, the Joint Venture was one of the most advanced film transistor-liquid crystal displays (“TFT-LCDs”) factories in the PRC. However, the operating result of the Joint Venture has not been satisfactory since its incorporation. The Joint Venture has been struggling to optimise its operating efficiency and lower its operating cost, and at the same time the panel price substantially decreased in last year. In addition, as discussed in the section headed “3. Industry overview” below, with the growing number of plants specialising in manufacturing of advanced panels, it is expected that the supply of advanced panels will continue to increase. This will intensify the competition in panel manufacturing and trigger price competition, further eroding profit margin. Having considered the above, the outlook of the Joint Venture is increasingly challenging.

3. Industry overview

As mentioned in the Annual Reports, on the demand side, global shipments for television had declined for three consecutive years from 224 million sets in 2015 to 214 million sets in 2017, representing a drop of approximately 4.5%. Meanwhile, worldwide monitor shipment in 2017 remained largely stable compared to that in previous year. In overall, both monitor and television segments were stagnant. In particular, according to IHS Markit (an independent global provider of diverse global market and economic information, industry and technical expertise), global shipments for television to China fell by approximately 10% to approximately 53 million units in 2017. According to the 2018 First Quarter Results Announcement, demand for televisions in China showed recovery as the downswing in panel prices helped to stimulate a 3% year-on-year growth in shipments of television in China during the first quarter of 2018.

On the supply side, prices of LCD panels, a major component for manufacturing of monitors or televisions, had shown high volatility during 2017. Prices for monitor panels peaked at the beginning of 2017 and fell afterwards by up to 10% quarter-on-quarter until the fourth quarter of 2017. Similarly, prices for large-size panels, namely 50 inches and above, also experienced severe drop in prices at about double digits percentage levels per

LETTER FROM SOMERLEY

quarter until the end of 2017. Overall, panel prices at the end of 2017 were lower than the previous year in general. At the same time, according to IHS Markit and Witsview (a LCD market research firm that provides the latest information on panel price), and internal data of the Group, it is expected that global shipments for LCD panels will increase substantially by approximately 15% per annum during the period from 2018 to 2020. According to the 2018 First Quarter Results Announcement, the LCD panel market continued to adjust for its excess capacity during the first quarter of 2018, with TV panel prices falling significantly due to inventory correction to accommodate excess supply in the market. In particular, the large-screen segments witnessed price erosion in various degrees of up to over 10% on a quarterly basis. It is expected that the growth in supply of LCD panels in the coming years may further drive the panel price down.

In our view, the LCD panel manufacturing industry that the Joint Venture engages in remains to be challenging due to the relatively slow growth in the demand for both monitors and televisions, as well as the downward pressure on the LCD panel prices.

4. Reasons for and benefits of entering into of the Disposal

As stated in the letter from the Board contained in the Circular, after the establishment of the Joint Venture, the global panel supply capacity increased significantly and offered the manufacturers with more choices with latest generation of technology. On 19 December 2017, the Group has entered into the Renewed Panda LCD Procurement Agreement with the Panda LCD Group with effect from 1 January 2018. Equity shareholding in the Joint Venture is not a condition in the Renewed Panda LCD Procurement Agreement and therefore the exercise of the Put Option will not affect the panel supply from the Panda LCD Group. Furthermore, the Panda LCD Group has newly set up a factory in Chengdu, the PRC and the CEC Group has also recently established a manufacturing plant in Xianyang City, the PRC, both of which were for the production of advanced display panels. The Company can continue to secure stable panel supply for high value-added products while enjoying saving on import tariff without having an equity interest in the Joint Venture. As the Joint Venture recorded loss before taxation and other income and non-operating income, the Board considered that the Disposal represents a good opportunity to realise the Group's investment in the Joint Venture before the expiry of the Put Option without adversely affecting the panel supply to the Group. Upon completion of the Disposal, the Company will receive approximately RMB164.4 million (equivalent to approximately US\$26.1 million), including an interest income of RMB24.4 million (equivalent to approximately US\$3.9 million), being the gain on the Disposal. The Group intends to use the proceeds from the Disposal for replenishing its working capital.

As stated in the announcement of the Company dated 27 April 2012, by investing in the Joint Venture, it was expected that the Company would secure a stable advanced panel supply for the production of very large screen TV and public signage and at the same time enjoy a saving on import tariff from the local procurement.

LETTER FROM SOMERLEY

As an international leading PC monitor and television manufacturer, the Company has been able to purchase advanced panels from a number of suppliers in the PRC other than the Joint Venture. In fact, the procurement of panels and related products by the Group from the Joint Venture only accounted for approximately 0.9% of the Group's total cost of inventories for the year ended 31 December 2017.

As discussed in the section headed "3. Industry overview" above, it is expected the overall supply of the LCD panels will increase substantially by approximately 15% per annum during the period from 2018 to 2020. Furthermore, the management of the Group further advised that the Panda LCD Group has newly set up a factory in Chengdu, the PRC and the CEC Group has also recently established a manufacturing plant in Xianyang City, the PRC, both of which were for the production of advanced display panels. Accordingly, it is anticipated that the Group may have less purchase from and will have less reliance on the Joint Venture for the supply of panels going forward.

Having considered the unsatisfactory financial performance of the Joint Venture, the challenging industry outlook and the increasing supply of panels in the market, we concur with the management's view that the Disposal represents a good opportunity to realise the Group's investment in the Joint Venture before the expiry of the Put Option without adversely affecting the panel supply to the Group.

5. Principal terms of the Disposal

(a) Consideration

The consideration for the sale and purchase of the Equity Interest (the "**Consideration**") is approximately RMB164.4 million (equivalent to approximately US\$26.1 million), being the original registered capital contributed by Top Victory (i.e. RMB140.0 million (equivalent to approximately US\$22.2 million)) plus an interest up to the date of notice of exercise of the Put Option (i.e. 14 May 2018), which is of approximately RMB24.4 million (equivalent to approximately US\$3.9 million). The interest is equivalent to 4% per annum on the original registered capital contributed by Top Victory according to the Joint Venture Agreement and the Supplemental Investment Agreement.

CEC Panda shall pay the Consideration in cash within 90 days upon receipt the notice of exercise of the Put Option from Top Victory.

(b) Completion

Completion of the Disposal is subject to the approval by the Independent Shareholders by way of a poll at the SGM to approve the Disposal and shall take place within 90 days from the date of exercise of the Put Option.

Upon completion of the Disposal, the Group will cease to hold any interest in the Joint Venture.

LETTER FROM SOMERLEY

6. Evaluation of the Consideration

The Joint Venture is principally engaged in (i) manufacturing and selling of the Products; (ii) conducting business-related research and development works in relation to the Products; and (iii) providing services in relation to the Products, including after-sales service to the customers of the Joint Venture. In order to assess the fairness and reasonableness of the Consideration of RMB164.4 million (equivalent to approximately US\$26.1 million), we have identified and reviewed the companies that are (i) listed on the stock exchanges of developed countries within the Asia Pacific region and China; and (ii) principally engaged in manufacturing of display panels (the “**Comparable Companies**”). We consider the Comparable Companies to be exhaustive for the purpose of drawing a meaningful comparison to the Joint Venture based on the selection criteria as set out above.

Given the Joint Venture recorded losses before taxation and other income and non-operating income in the last two financial years, we choose the price-to-book multiple (the “**P/B Multiples**”) as the parameter for our assessment as price-to-earnings multiple would not provide meaningful comparison in assessing the fairness and reasonableness of the Consideration. Based on the above selection criteria, we have identified 6 Comparable Companies, details of which are set out below:

Company name	Stock code	Listing location	Principal business activities	Market capitalisation as at the Latest Practicable Date <i>(US\$ million)</i>	P/B Multiple <i>(Note 1)</i> <i>(times)</i>
BOE Technology Group Co. Ltd. (“ BOE ”)	000725 (A shares) and 200725 (B shares)	Shenzhen, the PRC	BOE manufactures and markets monitors and related parts, precision electric accessories and materials, and mobile digital products. It also provides information technology services.	22,071.9	1.61 <i>(Note 2)</i>
LG Display Co., Ltd. (“ LG Display ”)	034220	Korea	LG Display develops and manufactures digital display products. The Company’s products include TFT-LCD for notebook and desktop computer monitors, TVs, mobile phones, and medical equipment.	7,653.7	0.58
AU Optronics Corp. (“ AUO ”)	2409	Taiwan	AUO manufactures and markets TFT-LCDs and plasma display panels (PDPs).	4,274.5	0.60

LETTER FROM SOMERLEY

Company name	Stock code	Listing location	Principal business activities	Market capitalisation as at the Latest Practicable Date (US\$ million)	P/B Multiple (Note 1) (times)
Innolux Corporation ("Innolux")	3481	Taiwan	Innolux manufactures TFT-LCD, LCD models and LCD monitors. It also provides research, development, manufacturing and retails business.	3,919.7	0.44
Japan Display Inc. ("Japan Display")	6740	Japan	Japan Display manufactures small and medium sized displays panels.	953.7	1.29
Giantplus Technology Co., Ltd. ("Giantplus")	8105	Taiwan	Giantplus develops, manufactures, and sells LCD modules and panels, as well as LCDs.	229.4	0.80
				Average	0.89
				Median	0.70
				Maximum	1.61
				Minimum	0.44
The Disposal					1.15 (Note 3)

Source: Bloomberg and respective Comparable Companies' 2018 first quarterly results or latest annual results

Notes:

1. The P/B Multiples of the Comparable Companies are calculated based on the market capitalisation of the Comparable Companies as at the Latest Practicable Date divided by the equity attributable to the shareholders of the Comparable Companies as at 31 March 2018 as shown in their respective 2018 first quarterly results or latest annual results.
2. The P/B Multiple of BOE is calculated based on the aggregate market capitalisation of both A shares and B shares as at the Latest Practicable Date divided by the equity attributable to the shareholders of BOE as at 31 March 2018.
3. The implied P/B Multiple of the Disposal of approximately 1.15 times is calculated based on the Consideration of approximately RMB164.4 million divided by the Joint Venture's equity attributable to Top Victory, i.e. 0.8%, of approximately RMB143.3 million.

The P/B Multiples of the Comparable Companies range from approximately 0.44 times to approximately 1.61 times and have an average and a median of approximately 0.89 times and 0.70 times respectively. The implied P/B Multiple of the Consideration of 1.15 times is higher than both the average and the median of the P/B Multiples of the Comparable Companies.

LETTER FROM SOMERLEY

As mentioned in the section headed “2. Information on the Joint Venture”, the Joint Venture was entitled to the Government Grant of RMB3 billion (equivalent to approximately US\$476.2 million), of which approximately RMB1,502.6 million (equivalent to approximately US\$238.5 million) had been received by the Joint Venture by the end of 2017. Therefore, the Joint Venture may receive the remainder of the Government Grant of approximately RMB1,497.4 million (equivalent to approximately US\$237.7 million) in the coming three years. If the abovementioned remainder of the Government Grant is taken into account by assuming the Joint Venture has received the remainder of the Government Grant as at the Latest Practicable Date, the NAV of the Joint Venture (the “**Adjusted NAV**”) would increase by the remainder of the Government Grant. The implied P/B Multiple of the Consideration using the Adjusted NAV would be approximately 1.06 times, which is still higher than both the average and the median of the P/B Multiples of the Comparable Companies.

7. Financial impact of the Disposal on the Group

(a) Earnings

Upon completion of the Disposal, the Group will cease to hold any interest in the Joint Venture. As mentioned in the section headed “5. Principal terms of the Disposal” above, an interest income (representing a gain on disposal) of approximately RMB24.4 million (equivalent to approximately US\$3.9 million) is expected to be recognised by the Company upon completion of the Disposal. The actual amount of the interest income to be recognised may vary and is subject to, among other things, the exchange rate as of the date of receipt of the Consideration.

(b) NAV

Upon completion of the Disposal, the interest in the Joint Venture will cease to be recognised in the consolidated balance sheet of the Company. Given the book value of the investment in the Joint Venture in the consolidated balance sheet of the Company is RMB140 million (equivalent to approximately US\$22.2 million), being the original registered capital contributed by Top Victory, the NAV of the Group is expected to be enhanced by the gain, i.e. the interest income of approximately RMB24.4 million (equivalent to approximately US\$3.9 million) as mentioned in paragraph (a) above upon completion of the Disposal. The actual amount of the increase in the NAV of the Group may vary and is subject to, among other things, the exchange rate as of the date of receipt of the Consideration.

(c) Liquidity

As at 31 March 2018, the Group had cash and cash equivalents of approximately US\$434 million and net current assets of approximately US\$764 million. Given the Consideration will be solely satisfied in cash of approximately RMB164.4 million (equivalent to approximately US\$26.1 million) and the investment in the Joint Venture is currently classified as a non-current asset in the consolidated balance sheet of the Company, both the cash and the net current asset positions of the Group are anticipated to improve upon completion of the Disposal.

(d) Gearing

As at 31 March 2018, the Group's gearing ratio, being the total borrowings and payables under discounting arrangement divided by its total assets, amounted to approximately 16.5%. As the Consideration exceeds the book value of the investment in the Joint Venture, the Group's total assets are anticipated to increase and accordingly the Group's gearing ratio is expected to decrease upon completion of the Disposal.

DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacture and sales of personal computer monitors and televisions globally. It also operates its own brands "AOC", "Envision" and cooperate brands such as Philips.

The major business activities of the Joint Venture include manufacturing and selling of the LCD panels. The Equity Interest represents the entire investment of the Group in the Joint Venture agreed in 2012. It was expected then that the Group would secure a stable advanced panel supply for the production of very large screen TV and public signage and at the same time enjoy a saving on import tariff from the local procurement through procurement of LCD panels from the Joint Venture. While the Group did purchase LCD panels and related products from the Joint Venture in the last two years, the procurement amount only accounted for approximately 0.9% of the Group's total cost of inventories for the year ended 31 December 2017. The rest of the Group's local demand for the advanced panels were satisfied by the supplies from a number of suppliers in the PRC. Furthermore, it is expected the overall supply of the LCD panels will increase substantially by approximately 15.0% per annum during the period from 2018 to 2020 and there will be additional supply of advanced LCD panels from other factories of the Panda LCD Group as well as the newly established manufacturing plant of the CEC Group. Accordingly, it is expected that the Group will have less reliance on the Joint Venture for the supply of panels and the Disposal is not anticipated to have any significant negative impact on the panel supply to the Group.

LETTER FROM SOMERLEY

Moreover, the financial performance of the Joint Venture has been unsatisfactory and the Joint Venture remain in operating loss after commencement of the mass production in 2016. Having considered the challenging outlook of the LCD panel manufacturing industry, the relatively slow growth in the demand for both monitors and televisions as well as the downward pressure on the LCD panel prices, we concur with the management of the Group that the Disposal represents a good opportunity to realise the Group's investment in the Joint Venture without adversely affecting the panel supply to the Group.

For the Consideration, the P/B Multiples of the Comparable Companies range from approximately 0.44 times to approximately 1.61 times and have an average and a median of approximately 0.89 times and 0.70 times respectively. The implied P/B Multiple of the Consideration is higher than both the average and the median of the P/B Multiples of the Comparable Companies. It is so even if the Government Grant that may receive is taken into account.

It is expected that the Group will recognise an interest income of approximately US\$3.9 million and an enhancement of NAV in the same amount upon completion of the Disposal. The cash proceeds from the Disposal will be retained as working capital and therefore it will ease the tightened cash flow as well as improve the working capital position and gearing ratio of the Group.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) although not in the ordinary and usual course of business of the Group, the Disposal is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Disposal are on normal commercial terms and fair and reasonable so 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 favour of the ordinary resolution to be proposed at the SGM in relation to the Disposal.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

Mr. Danny Cheng is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.

1. 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 circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S 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 Appendix 10 — Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in the Listing Rules, were as follows:

Interests in Shares

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

Note: 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 a Director

Name of Director	Date of grant of share options	Exercise price (HK\$)	Exercise period	Number of share options
Dr. Hsuan, Jason	18/01/2011	5.008 (Note)	18/01/2012–17/01/2021	150,000
			18/01/2013–17/01/2021	150,000
			18/01/2014–17/01/2021	150,000
			18/01/2015–17/01/2021	150,000

Note: These options are exercisable at HK\$5.008 (US\$0.64) per share in four tranches: the maximum percentage of share options exercisable within the periods commencing from 18 January 2012 to 17 January 2021, from 18 January 2013 to 17 January 2021, from 18 January 2014 to 17 January 2021 and from 18 January 2015 to 17 January 2021 are 25 per cent, 50 per cent, 75 per cent and 100 per cent 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.

3. 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

Name of Shareholders	Number of Shares held (long position)	Approximate % of the issued Shares
CEC	869,088,647 (<i>Notes 1, 2</i>)	37.05%
China National Electronics Imp. & Exp. Corporation	251,958,647 (<i>Notes 1, 2</i>)	10.74%
CEIEC (H.K.) Limited (“ CEIEC HK ”)	251,958,647 (<i>Notes 1, 2</i>)	10.74%
Mitsui & Co., Ltd. (“ Mitsui ”)	426,802,590 (<i>Note 2</i>)	18.20%
Long Nice Corporation Limited (“ Long Nice ”)	426,802,590 (<i>Note 3</i>)	18.20%
Shanghai Putao Corporate Management Advisory Partnership (Limited Partnership) (“ Shanghai Putao ”)	426,802,590 (<i>Note 3</i>)	18.20%
Zhuhai Kedi Equity Investment Management Co. Ltd. (“ Zhuhai Kedi ”)	426,802,590 (<i>Note 3</i>)	18.20%
Zhuhai Puluo Capital Management Co. Ltd. (“ Zhuhai Puluo ”)	426,802,590 (<i>Note 3</i>)	18.20%
Shanghai Providence Equity Investment Management Partnership (Limited Partnership) (“ Shanghai Providence ”)	426,802,590 (<i>Note 3</i>)	18.20%
Xu Chenhao ¹	426,802,590 (<i>Note 3</i>)	18.20%
Innolux Corporation (“ Innolux ”)	150,500,000 (<i>Note 4</i>)	6.42%
Chimei Corporation (“ CMC ”)	150,500,000 (<i>Note 4</i>)	6.42%
FMR LLC	122,000,000	5.20%

¹ English translation is for identification purpose only.

Notes:

- (1) CEC and CEIEC HK are the registered holders of the aggregate of 869,088,647 Shares held within the CEC Group, of which 617,130,000 Shares are held by CEC and 251,958,647 Shares are held by CEIEC HK. CEIEC HK is an indirect wholly-owned subsidiary of CEC.

- (2) CEC, CEIEC HK and Mitsui are parties to a consortium agreement dated 28 January 2010 (the “**Consortium Agreement**”) and to a shareholders’ agreement dated 28 January 2010 (the “**Shareholders’ Agreement**”). The Consortium Agreement and the Shareholders’ Agreement are agreements to which section 317(a) of the SFO applies. CEC and Mitsui are acting in concert with each other in respect of their aggregate 1,295,891,237 Shares.
- (3) These Shares are held by Long Nice. Long Nice is wholly-owned by Shanghai Putao. Shanghai Putao is wholly-owned by Zhuhai Kedi which is wholly-owned by Zhuhai Puluo. Zhuhai Puluo is owned as to 99.5% by Shanghai Providence while Shanghai Providence is owned as to 98.5% by Xu Chenhao.
- (4) These Shares are held by Innolux. Innolux is owned as to 5.74% by CMC.

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.

4. INTEREST IN CONTRACTS OR ARRANGEMENT AND COMPETING BUSINESS

- (a) As at the Latest Practicable Date, save for the Disposal as disclosed in 4(d) below, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Company 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 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, none of the Directors or their close associates had 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 Dr. Li Jun, Ms. Jia Haiying and Ms. Bi Xianghui who were officers of CEC, none of the Directors had a material interest in the Disposal. Dr. Li Jun, Ms. Jia Haiying and Ms. Bi Xianghui had abstained from voting on the relevant board resolutions of the Company in approving the Disposal.

5. DIRECTORS' SERVICE CONTRACTS

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

6. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice as contained in this circular:

Name	Qualification
Somerley	A corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) 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 they respectively appear in this circular.

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 2017 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017 (being the date to which the latest published audited financial statements of the Company were made up).

8. 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 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. The Singapore share transfer office of the Company is Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, 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.

9. 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 at Units 1208–16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong from the date of this circular up to and including 27 June 2018:

- (a) the Renewed Panda LCD Procurement Agreement;
- (b) the Joint Venture Agreement;
- (c) the Supplemental Joint Venture Agreement;
- (d) the Supplemental Investment Agreement;
- (e) the Second Supplemental Joint Venture Agreement;
- (f) the notice given by Top Victory to CEC Panda and Panda LCD in relation to the exercise of the Put Option;
- (g) the letter from the Board, the text of which is set out on pages 5 to 11 of this circular;
- (h) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 12 to 13 of this circular;
- (i) the letter from Somerley to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 30 of this circular;
- (j) the letter of consent from Somerley referred to in this appendix; and
- (k) this circular.

TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of shareholders (the “SGM”) of TPV Technology Limited (the “Company”) will be held at 10:00 a.m. on Wednesday, 27 June 2018 at Units 1208–16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT

- (a) the Disposal proposed by the Company (details of which are contained on pages 6 to 7 of the circular of the Company dated 8 June 2018 (the “Circular”)) be and is hereby approved, ratified 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 Disposal 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, 8 June 2018

Principal office in Hong Kong:

Units 1208–16, 12th Floor
C-Bons International Center
108 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

NOTICE OF THE SGM

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. 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 kept 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or (ii) the Company's principal office in Hong Kong at Units 1208-16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, 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 kept 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, #32-01 Singapore Land Tower, Singapore 048623, or (ii) the Company's principal office in Hong Kong at Units 1208-16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, 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. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in this notice will be voted by poll.
7. Capitalised terms used in this notice have the same meanings as are set out in the section entitled "Definitions" on pages 1 to 4 of the Circular.

NOTICE OF THE SGM

8. If a Typhoon Signal No. 8 or above remains hoisted or a Black Rainstorm Warning Signal is in force at 8:00 a.m. on the date of SGM, the SGM will be postponed or adjourned. The Company will post an announcement on the websites of the Company, the Stock Exchange and Singapore Exchange Limited to notify shareholders of the details of the rescheduled meeting.

The SGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should make their own decision as to whether they would attend the SGM under bad weather conditions bearing in mind their own situation.