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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)

(I) REVISION OF EXISTING CONTINUING CONNECTED TRANSACTION;

(II) ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTIONS;

AND

(III) NOTICE OF SPECIAL GENERAL MEETING

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



SOMERLEY CAPITAL LIMITED

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 44 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on Thursday, 24 January 2019 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-5 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.

9 January 2019

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DEFINITIONS

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

“Annual Caps”	the SZIT Procurement Annual Caps, the Epilight Procurement Annual Caps, the CEC Jiutian Purchase and Services Annual Caps, the Jingwah Procurement Annual Caps and the Distribution Annual Caps
“associate(s)”	has the meaning given to it in the Listing Rules
“Board”	the board of Directors
“Cap Period”	for the three years ending 31 December 2021
“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 Jiutian”	中電九天智能科技有限公司 (CEC Jiutian Intelligent Technology Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of CEC
“CEC Jiutian Equipment and Services”	equipment and services related to intelligent manufacturing including software, automation, smart logistics and intelligent warehousing
“CEC Jiutian Purchase and Services Agreement”	the purchase and services agreement dated 11 December 2018 entered into between Top Victory and CEC Jiutian in relation to the purchase of the CEC Jiutian Equipment and Services
“CEC Jiutian Purchase and Services Annual Caps”	the proposed annual maximum aggregate value for the CEC Jiutian Purchase and Services Continuing Connected Transaction for the three years ending 31 December 2021
“CEC Jiutian Purchase and Services Continuing Connected Transaction”	the CEC Jiutian Purchase and Services Agreement and the transactions contemplated thereunder
“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

DEFINITIONS

“Continuing Connected Transactions”	the SZIT Procurement Continuing Connected Transaction, the Epilight Procurement Continuing Connected Transaction, the CEC Jiutian Purchase and Services Continuing Connected Transaction, the Jingwah Procurement Continuing Connected Transaction and the Distribution Continuing Connected Transaction
“Director(s)”	the director(s) of the Company
“Distribution Agreement”	the non-exclusive distributorship agreement dated 11 December 2018 entered into between MMD and JWD in relation to the distribution of the Philips Audio and Video Products in the PRC
“Distribution Annual Caps”	the proposed annual maximum aggregate value for the Distribution Continuing Connected Transaction for the three years ending 31 December 2021
“Distribution Continuing Connected Transaction”	the Distribution Agreement and the transactions contemplated thereunder
“Epilight”	Hefei IRICO Epilight Technology Co., Ltd.* (合肥彩虹藍光科技有限公司), a company established in the PRC with limited liability and an associate of IRICO Group Company Limited* (彩虹集團公司), which is controlled by CEC
“Epilight Group”	Epilight and its parent companies, subsidiaries and close associates
“Epilight Procurement Agreement”	the procurement agreement dated 11 December 2018 entered into between Top Victory and Epilight in relation to the procurement of the Epilight Products by the Top Victory Group from the Epilight Group
“Epilight Procurement Annual Caps”	the proposed annual maximum aggregate value for the Epilight Procurement Continuing Connected Transaction for the three years ending 31 December 2021
“Epilight Procurement Continuing Connected Transaction”	the Epilight Procurement Agreement and the transactions contemplated thereunder
“Epilight Products”	light bar materials and other related products

DEFINITIONS

“Existing SZIT Procurement Agreement”	the procurement agreement dated 19 December 2017 entered into between Top Victory and SZIT in relation to the procurement of the SZIT Products by the Top Victory Group from the SZIT Group
“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 Continuing Connected Transactions (including the Annual Caps)
“Independent Shareholders”	the Shareholders other than CEC and its associates
“Jingwah”	Jingwah Information Technology Co., Ltd (深圳市京華信息技術有限公司), a company established in the PRC with limited liabilities and an associate of CEC
“Jingwah Group”	Jingwah and its subsidiaries and close associates
“Jingwah Procurement Agreement”	the procurement agreement dated 11 December 2018 entered into between MMD and Jingwah in relation to the procurement of the Philips Audio and Video Products in the PRC
“Jingwah Procurement Annual Caps”	the proposed annual maximum aggregate value for the Jingwah Procurement Continuing Connected Transaction for the three years ending 31 December 2021
“Jingwah Procurement Continuing Connected Transaction”	the Jingwah Procurement Agreement and the transactions contemplated thereunder
“JWD”	Jingwah Digital Technology Co., Ltd (深圳市京華數碼科技有限公司), a company established in the PRC with limited liabilities and an associate of CEC
“Latest Practicable Date”	2 January 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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“MMD”	MMD (Shanghai) Electronics Technology Co., Ltd* (飛生(上海)電子科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“MMD Group”	MMD and its subsidiaries and close associates
“PC”	personal computers
“Philips”	Philips Koninklijke Philips N.V.
“Philips Audio and Video Products”	the Philips branded MP3 players, MP4 players, digital video recorders and related products
“PRC”	the People’s Republic of China, for the purpose of this announcement, specifically exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Revised SZIT Procurement Agreement”	the Existing SZIT Procurement Agreement as revised by the supplemental agreement dated 11 December 2018 entered into between Top Victory Group and SZIT in relation to the revision of payment term and extension the validity period of the Existing SZIT Procurement Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“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 24 January 2019 for the purpose of considering, and if thought fit, approving the Continuing Connected Transactions (including the Annual Caps)
“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
“Somerley” or “Independent Financial Adviser”	Somerley 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 Continuing Connected Transactions (including the Annual Caps)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“substantial shareholder(s)”	has the meaning given to it under the Listing Rules
“SZIT”	深圳中電國際信息科技有限公司 (Shenzhen CECI Information Technology Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of CEC
“SZIT Group”	SZIT and its parent companies, subsidiaries and close associates
“SZIT Procurement Annual Caps”	the proposed annual maximum aggregate value for the Supplemental SZIT Procurement Continuing Connected Transaction for the three years ending 31 December 2021
“SZIT Procurement Continuing Connected Transaction”	the Revised SZIT Procurement Agreement and the transactions contemplated thereunder
“SZIT Products”	electronic components or semi-conductors and other related products
“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
“TV(s)”	television(s)
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

For the purpose of this circular and illustration only, conversions of RMB into US\$ are based on the exchange rate of RMB6.9 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 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. Zhang Dongchen

Mr. Xu Guofei

Ms. Jia Haiying

Dr. Li Jun

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

9 January 2019

To the Shareholders

Dear Sir or Madam,

**REVISION OF
EXISTING CONTINUING CONNECTED TRANSACTIONS
AND
ENTERING INTO OF
NEW CONTINUING CONNECTED TRANSACTIONS**

(A) INTRODUCTION

Reference is made to the announcement of the Company dated 11 December 2018 in relation to, among other things, the entering into of the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement and the Distribution Agreement. Details of the Continuing Connected Transactions (including the Annual Caps) are set out in this circular.

LETTER FROM THE BOARD

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

- (i) the relevant information relating to the Continuing Connected Transactions (including the Annual Caps);
- (ii) the recommendation and advice of the Independent Board Committee on the Continuing Connected Transactions (including the Annual Caps);
- (iii) the letter of advice from Somerley containing its advice to the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions (including the Annual Caps); and
- (iv) the notice of the SGM to consider and, if thought fit, to ratify and approve the Continuing Connected Transactions (including the Annual Caps).

(B) THE REVISED SZIT PROCUREMENT AGREEMENT

1. Background

Reference is made to the circular of the Company dated 18 January 2018 regarding the Existing SZIT Procurement Agreement. On 11 December 2018, the Board announces that Top Victory, a wholly-owned subsidiary of the Company, and SZIT entered into a supplemental agreement, pursuant to which, Top Victory and SZIT mutually agreed to revise the payment term from 120 days to a new payment term which will be based on normal commercial terms and determined by reference to prevailing market terms. Top Victory and SZIT agreed to extend the term of the Existing SZIT Procurement Agreement to 31 December 2021. Other terms of the Existing SZIT Procurement Agreement remain unchanged. Principal terms of the Revised SZIT Procurement Agreement are set out below.

2. Date

11 December 2018

3. Parties

- (i) Top Victory (as buyer); and
- (ii) SZIT (as seller)

4. Subject matter

Pursuant to the Revised SZIT Procurement Agreement, the Top Victory Group may procure the SZIT Products from the SZIT Group.

5. Pricing basis

The procurement of the SZIT Products by the Top Victory Group from the SZIT Group will be by way of purchase order. The pricing terms of the SZIT Products shall be determined as fair and reasonable based on normal commercial terms by reference to the costs of the raw materials and core components, as well as prevailing market prices. Payment term shall be based on normal commercial terms. In any event, such terms shall be no less favourable to the Top Victory Group than those offered by independent third party vendors.

6. Safety stock level

The SZIT Group guarantees the Top Victory Group that there will not be any stock shortage throughout the term of the Revised SZIT Procurement Agreement.

7. Conditions precedent

The Revised SZIT Procurement Agreement is conditional upon, if applicable:

- (i) the approvals by the Board and the Independent Shareholders by way of a poll at the SGM to approve the SZIT Procurement Continuing Connected Transaction (including the SZIT Procurement Annual Caps); and
- (ii) the approval under all relevant regulations in relation to the Revised SZIT Procurement Agreement.

8. Term and renewal

Subject to fulfillment of the conditions precedent, the Revised SZIT Procurement Agreement shall become effective on 1 January 2019 and continue in force until 31 December 2021. Subject to compliance with the requirements of the Listing Rules, Top Victory and SZIT may renew the Revised SZIT Procurement Agreement.

9. Termination

Unless otherwise specified in the Revised SZIT Procurement Agreement, Top Victory has a right to terminate the Revised SZIT Procurement Agreement if, among other things, SZIT commits a material breach of the Revised SZIT Procurement Agreement and fails to remedy that breach after giving a 30-day written notice.

LETTER FROM THE BOARD

10. The SZIT Procurement Annual Caps

Set out below are the SZIT Procurement Annual Caps for the Cap Period.

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The SZIT Procurement Annual Caps	51,950	65,170	73,820

The SZIT Procurement Annual Caps were determined by reference to a number of factors, particularly (i) the historical annual growth rates for the past two years of approximately 22.5% and 244.5% (on annualised basis for the nine months ended 30 September 2018) based on historical procurements of the SZIT Products by the Group amounted to approximately US\$5,801,000, US\$7,105,000 and US\$18,356,000 for the two years ended 31 December 2016 and 2017 and for the nine months ended 30 September 2018, respectively; (ii) the historical procurement of the electronic components or semi-conductors and other related products from the SZIT Group and other suppliers; (iii) the projected growth in demand for electronic components or semi-conductors and other related products during the term of the Revised SZIT Procurement Agreement; and (iv) the projected purchase prices of the SZIT Products during the term of the Revised SZIT Procurement Agreement by reference to the latest average market prices of the SZIT Products in the third quarter of 2018.

(C) THE EPILIGHT PROCUREMENT AGREEMENT

1. Background

The Board announces that Top Victory and Epilight entered into the Epilight Procurement Agreement on 11 December 2018. Pursuant to the Epilight Procurement Agreement, the Top Victory Group may procure the Epilight Products, which are light bar materials and other related products, from the Epilight Group. Principal terms of the Epilight Procurement Agreement are set out below.

2. Date

11 December 2018

3. Parties

- (i) Top Victory (as buyer); and
- (ii) Epilight (as seller)

LETTER FROM THE BOARD

4. Subject matter

Pursuant to the Epilight Procurement Agreement, the Top Victory Group may procure the Epilight Products from the Epilight Group.

5. Pricing basis

The procurement of the Epilight Products by the Top Victory Group from the Epilight Group will be by way of purchase order. The pricing and payment terms of the Epilight Products shall be determined as fair and reasonable based on normal commercial terms by reference to the costs of the raw materials and core components, as well as prevailing market prices. In any event, such terms shall be no less favourable to the Top Victory Group than those offered by independent third party vendors.

6. Safety stock level

The Epilight Group guarantees the Top Victory Group that there will not be any stock shortage throughout the term of the Epilight Procurement Agreement.

7. Conditions precedent

The Epilight Procurement Agreement is conditional upon the fulfilment of the following conditions:

- (i) the approvals by the Board and the Independent Shareholders by way of a poll at the SGM to approve the Epilight Continuing Connected Transaction (including the Epilight Procurement Annual Caps); and
- (ii) the approval under all relevant regulations in relation to the Epilight Procurement Agreement.

8. Term and renewal

Subject to fulfillment of the conditions precedent, the Epilight Procurement Agreement shall become effective on 1 January 2019 and continue in force until 31 December 2021. Top Victory and Epilight may agree to renew or extend the term of the Epilight Procurement Agreement for subsequent three-year periods subject to the approval procedures in accordance with the Listing Rules.

9. Termination

Unless otherwise specified in the Epilight Procurement Agreement, Top Victory has a right to terminate the Epilight Procurement Agreement if, among other things, Epilight commits a material breach of the Epilight Procurement Agreement and fails to remedy that breach after giving a 30-day written notice.

LETTER FROM THE BOARD

10. The Epilight Procurement Annual Caps

Set out below are the Epilight Procurement Annual Caps for the Cap Period.

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The Epilight Procurement Annual Caps	4,000	5,000	5,000

The Epilight Procurement Annual Caps were determined by reference to a number of factors, particularly (i) the estimated total amount of light bar materials required by the factories of the Top Victory Group located in the PRC during the term of the Epilight Procurement Agreement; (ii) the expected allocation of procurement of light bar materials by the factories of the Top Victory Group from Epilight; and (iii) the projected purchase prices of the light bar materials and other related products during the term of the Epilight Procurement Agreement by reference to the latest average market prices of the light bar materials and other related products.

(D) THE CEC JIUTIAN PURCHASE AND SERVICES AGREEMENT

1. Background

The Board announces that Top Victory and CEC Jiutian entered into the CEC Jiutian Purchase and Services Agreement on 11 December 2018. Pursuant to the CEC Jiutian Purchase and Services Agreement, the Top Victory Group (including its parent companies and close associates) may purchase the CEC Jiutian Equipment and Services, which are equipment and services related to intelligent manufacturing including software, automation, smart logistics and intelligent warehousing, from the CEC Jiutian Group. Principal terms of the CEC Jiutian Purchase and Services Agreement are set out below.

2. Date

11 December 2018

3. Parties

- (i) Top Victory (as purchaser); and
- (ii) CEC Jiutian (as supplier)

4. Subject matter

Pursuant to the CEC Jiutian Purchase and Services Agreement, the Top Victory Group (including its parent companies and close associates) may purchase the CEC Jiutian Equipment and Services from the CEC Jiutian Group.

5. Pricing basis

The purchase of the CEC Jiutian Equipment and Services from the CEC Jiutian Group will be by way of purchase order. The pricing and payment terms of the CEC Jiutian Equipment and Services shall be determined as fair and reasonable based on normal commercial terms and in any event CEC Jiutian guarantees the pricing and other terms will not be less favourable to the Group than the pricing and other terms of similar products and services offered by independent third party suppliers. CEC Jiutian further guarantees that the prices offered by the CEC Jiutian Group should be aligned to the lowest available price offered by the CEC Jiutian Group to independent third party purchasers.

6. Conditions precedent

The CEC Jiutian Purchase and Services Agreement is conditional upon the fulfilment of the following conditions:

- (i) the approvals by the Board and the Independent Shareholders by way of a poll at the SGM to approve the CEC Jiutian Purchase and Services Continuing Connected Transaction (including the CEC Jiutian Equipment Procurement Annual Caps); and
- (ii) the approval under all relevant regulations in relation to the CEC Jiutian Purchase and Services Agreement.

7. Term and renewal

Subject to fulfillment of the conditions precedent, the CEC Jiutian Purchase and Services Agreement shall become effective on 1 January 2019 and continue in force until 31 December 2021. Subject to compliance of the Listing Rules, Top Victory and CEC Jiutian may agree to renew or extend the term of the CEC Jiutian Purchase and Services Agreement for subsequent three-year periods.

8. Termination

Unless otherwise specified in the CEC Jiutian Purchase and Services Agreement, Top Victory has a right to terminate the CEC Jiutian Purchase and Services Agreement if, among other things, CEC Jiutian commits a material breach of the CEC Jiutian Purchase and Services Agreement and fails to remedy that breach after giving a 30-day written notice.

9. After-sale services

CEC Jiutian undertakes to provide all necessary technical support and training in relation to the CEC Jiutian Equipment and Services.

LETTER FROM THE BOARD

10. The CEC Jiutian Purchase and Services Annual Caps

Set out below are the CEC Jiutian Purchase and Services Annual Caps for the Cap Period.

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The CEC Jiutian Purchase and Services Annual Caps	12,500	12,500	12,500

The CEC Jiutian Purchase and Services Annual Caps were determined by reference to a number of factors, particularly (i) the procurement of equipment and the corresponding installation services of RMB44,460,000 (equivalent to approximately US\$6,443,000) on 19 December 2017 (details of which are set out in the announcement of the Company dated 19 December 2017) (other than the abovementioned procurement, there is no other historical procurement); (ii) the projected total capital expenditure of the Group for the year ending 31 December 2019; (iii) the number of intelligent manufacturing projects to be implemented by the Group for the year ending 31 December 2019; and (iv) the estimated capital expenditure to be invested in the intelligent manufacturing projects for the years ending 31 December 2020 and 2021.

(E) THE JINGWAH PROCUREMENT AGREEMENT

1. Background

The Board announces that MMD, a wholly-owned subsidiary, and Jingwah entered into the Jingwah Procurement Agreement on 11 December 2018. Pursuant to the Jingwah Procurement Agreement, the MMD Group may procure the Philips Audio and Video Products, which are the Philips branded MP3 players, MP4 players, digital video recorders and related products, from the Jingwah Group. Principal terms of the Jingwah Procurement Agreement are set out below.

2. Date

11 December 2018

3. Parties

- (i) MMD (as buyer); and
- (ii) Jingwah (as seller)

4. Subject matter

Pursuant to the Jingwah Procurement Agreement, the MMD Group may procure the Philips Audio and Video Products from the Jingwah Group.

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5. Pricing basis

The procurement of the Philips Audio and Video Products by the MMD Group from the Jingwah Group will be by way of purchase order. The pricing and payment terms of the Philips Audio and Video Products shall be determined as fair and reasonable based on normal commercial terms by reference to the costs of the raw materials and core components, as well as prevailing market prices. In any event, such terms shall be no less favourable to the MMD Group than those offered by independent third party vendors.

6. Safety stock level

The Jingwah Group guarantees the MMD Group that there will not be any stock shortage throughout the term of the Jingwah Procurement Agreement.

7. Conditions precedent

The Jingwah Procurement Agreement is conditional upon the fulfilment of the following conditions:

- (i) the approvals by the Board and the Independent Shareholders by way of a poll at the SGM to approve the Jingwah Procurement Continuing Connected Transaction (including the Jingwah Procurement Annual Caps); and
- (ii) the approval under all relevant regulations in relation to the Jingwah Procurement Agreement.

8. Term and renewal

Subject to fulfillment of the conditions precedent, the Jingwah Procurement Agreement shall become effective on 1 January 2019 and continue in force until 31 December 2021. Subject to compliance of the Listing Rules, MMD and Jingwah may agree to renew or extend the term of the Jingwah Procurement Agreement for subsequent three-year periods.

9. Termination

Unless otherwise specified in the Jingwah Procurement Agreement, MMD has a right to terminate the Jingwah Procurement Agreement if, among other things, Jingwah commits a material breach of the Jingwah Procurement Agreement and fails to remedy that breach after giving a 30-day written notice.

LETTER FROM THE BOARD

10. The Jingwah Procurement Annual Caps

Set out below are the Jingwah Procurement Annual Caps for the Cap Period.

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The Jingwah Procurement Annual Caps	1,248	1,248	1,248

The Jingwah Procurement Annual Caps were determined by reference to a number of factors, particularly (i) the purchase forecast on the Philips Audio and Video Products for the year ending 31 December 2019 provided by JWD; and (ii) a buffer of 30% on top of the purchase forecast provided by JWD for the introduction of two new potential products (i.e. digital frames and video conferencing equipment) which are not included in the demand forecast provided by JWD during the Cap Period.

(F) THE DISTRIBUTION AGREEMENT

1. Background

The Board announces that MMD and JWD entered into the Distribution Agreement on 11 December 2018. Pursuant to the Distribution Agreement, MMD appointed JWD as a non-exclusive distributor of the Philips Audio and Video Products in the PRC. Principal terms of the Distribution Agreement are set out below.

2. Date

11 December 2018

3. Parties

- (i) MMD (as supplier); and
- (ii) JWD (as distributor)

4. Subject matter

Pursuant to the Distribution Agreement, MMD appointed JWD as a non-exclusive distributor of the Philips Audio and Video Products in the PRC.

5. Purchase forecast

Pursuant to the Distribution Agreement, MMD shall sell the Philips Audio and Video Products to JWD on a purchase-by-purchase basis. During the term of the Distribution Agreement, JWD shall submit a report on monthly basis including three-

LETTER FROM THE BOARD

month rolling purchase quantity forecast, comparison between sales target and actual sales, financial results, development plan, status of receivables, market research report and product service status of the Philips Audio and Video Products.

6. Basis of determining prices and other terms for distribution of the Philips Audio and Video Products

MMD shall issue a monthly update on the price list of the Philips Audio and Video Products. MMD has the right to adjust the price of the Philips Audio and Video Products at its discretion. JWD shall purchase the Philips Audio and Video Products in accordance to the price list as agreed with MMD.

The price and specifications of the Philips Audio and Video Products shall be specified in a purchase order, which includes the model, purchase quantity and delivery location, to be issued by JWD. The terms of the sales of the Philips Audio and Video Products will be determined after arm's length negotiation between the parties to the Distribution Agreement. The pricing and other terms of the Philips Audio and Video Products shall be (i) on normal commercial terms; (ii) determined after arm's length negotiation; and (iii) in any event, on normal commercial terms or no less favourable than prevailing reasonable market price and terms to MMD.

7. Payment term

MMD only delivers goods upon receipt of payment from JWD.

8. Conditions precedent

The Distribution Agreement is conditional upon the fulfilment of the following conditions:

- (i) receiving the approval by the Board and passing of an ordinary resolution by the Independent Shareholders at the SGM by way of a poll to approve the Distribution Agreement (including the Distribution Annual Caps); and
- (ii) compliance of all other relevant regulation(s) in relation to the Distribution Agreement.

9. Term and renewal

Subject to fulfillment of the conditions precedent, the Distribution Agreement shall commence on 1 January 2019 and continue in force until 31 December 2021. Subject to compliance of the Listing Rules, MMD and JWD may agree to renew or extend the term of the Distribution Agreement for subsequent three-year period.

10. Termination

The Distribution Agreement can be terminated if, among other things, (i) any party to the Distribution Agreement commits a breach of the Distribution Agreement and fails to rectify such breach within 30 days from receiving the written notice from

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another party; (ii) JWD fails to meet the minimum sales amount target under the Distribution Agreement; (iii) JWD fails to settle any payments within 15 days from receiving written notice from MMD; or (iv) JWD becomes insolvent or declares bankruptcy.

11. Other terms

JWD shall guarantee the spread rate between the final selling price of the Philips Audio and Video Products sold to retail customers and the purchase price of the Philips Audio and Video Product purchased from MMD shall be no less than 20%–20.5% (depending on products).

MMD will provide a rebate of 3% for MP3 players and MP4 players and no rebate for digital video recorders of the procurement amount, on a quarterly or an annual basis, to JWD if JWD achieves target procurement amount, which can be used to offset the amount payable for the procurement in the subsequent month.

12. The Distribution Annual Caps

Set out below are the Distribution Annual Caps for the Cap Period.

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The Distribution Annual Caps	1,560	1,560	1,560

The Distribution Annual Caps were determined by reference to a number of factors, particularly (i) the purchase forecast on the Philips Audio and Video Products for the year ending 31 December 2019 provided by JWD; and (ii) a buffer of 30% on top of the purchase forecast provided by JWD for the introduction of two new potential products (i.e. digital frames and video conferencing equipment) which are not included in the demand forecast provided by JWD during the Cap Period.

(G) PRICING POLICIES AND PROCEDURES FOR THE CONTINUING CONNECTED TRANSACTIONS

Set out below are the pricing policies and procedures of the Group for the Continuing Connected Transactions.

1. Procurements of the SZIT Products, the Epilight Products and the CEC Jiutian Equipment and Services

In the course of procurements of the SZIT Products, the Epilight Products and the CEC Jiutian Equipment and Services, the relevant member of the Epilight Group, the SZIT Group and the CEC Jiutian Group (the “**Seller Group**”) shall sell the relevant products and services to members of the Top Victory Group on a purchase-by-

LETTER FROM THE BOARD

purchase basis. The price and specifications of the relevant products and services shall be specified in a purchase order to be issued by members of the Top Victory Group to members of the Seller Group.

Prior to the issue of the purchase order, the procurement officer of the Top Victory Group (who is independent to the counterparties and their associates) will obtain price quotation from the Seller Group through a request for quotation. The price quotation is subject to a tendering process by the Top Victory Group, in which price quotations provided by at least two independent third party suppliers will be benchmarked. The procurement officer will select the price quotations obtained from independent third party suppliers with products and/or services that resemble most closely with specifications of the relevant products and/or services and compare with the price quotation issued by the Seller Group. Afterwards, the procurement officer will present the request for quotation and the relevant supporting documents of the tendering process (including the reasons for the chosen independent third party price quotations) for further review and approval by a manager and the director of procurement department of the Top Victory Group (who are independent to the counterparties and their associates) to ensure the supplier offering the lowest price is selected given the other terms are equivalent. The final price and other terms of the purchase order are determined on normal commercial terms and subject to mutual agreement by the management of both parties after arm's length negotiations.

2. Procurement and distribution of the Philips Audio and Video Products

On 1 June 2018, the Group and Philips entered into an exclusive trademark license agreement, pursuant to which Philips granted the use of the Philips trademarks for sales, marketing and distribution of certain audio and video products, including the Philips Audio and Video Products, worldwide (subject to certain exceptions) to the Group. Since the Group does not have the production capacity and distribution network of the Philips Audio and Video Products in the PRC, the Group shall procure from Jingwah and sell to JWD, a fellow subsidiary of Jingwah, the Philips Audio and Video Products in the PRC on a back-to-back basis (i.e. the Group will only purchase the Philips Audio and Video Products from Jingwah when a purchase order of the same is received from JWD and the Group will not keep any inventory of the Philips Audio and Video Products in this process).

In respect of the pricing of the distribution of the Philips Audio and Video Products to JWD, given the mature stage of product cycle and limited market size of the Philips Audio and Video Products, JWD is currently the only non-exclusive distributor of the Philips Audio and Video Products appointed by the Group in the PRC. Accordingly, it may not be practical to conduct benchmarking for determining the pricing of the sales of the Philips Audio and Video Products to JWD. Instead, a mark-up of 25% over the procurement price of the Philips Audio and Video Products under the Jingwah Procurement Agreement will be applied to the selling price of the Philips Audio and Video Products under the Distribution Agreement. The mark-up

LETTER FROM THE BOARD

was determined based on the budgeted mark-up of all other existing Philips audio and video products be sold by the Group for the year ending 31 December 2019, which ranges from 20% to 27%.

Given the mature stage of product cycle and limited market size of the Philips Audio and Video Products, the Group is unable to identify any supplier of the Philips Audio and Video Products in the PRC except for Jingwah, the pricing of the Philips Audio and Video Products procured from Jingwah will be determined solely based on Jingwah's quotations. Since the purchase and sales of the Philips Audio and Video Products will be on a back-to-back basis as mentioned above, the Group will earn the mark-up of 25% in any circumstances regardless of the procurement price.

(H) REASONS FOR AND BENEFITS OF ENTERING INTO OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions are considered 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 (including the independent non-executive Directors) consider that:

1. the SZIT Procurement Continuing Connected Transaction will enable the Group to (i) optimise its electronic components procurement channels; (ii) bring in the latest electronic components product resources to the Top Victory Group; and (iii) generate a certain degree of cost savings from economics of bulk purchasing and one-stop procurement of logistics services as provided by the electronic components e-commerce platform operated by the SZIT Group for the delivery of purchased electronic components;
2. the Epilight Continuing Connected Transaction will enable the Group to (i) optimise its light bar materials procurement channels; (ii) generate a certain degree of cost savings; and (iii) command better bargaining power in future negotiations with other suppliers;
3. the CEC Jiutian Purchase and Services Continuing Connected Transaction will enable the Group to (i) provide total solutions for the automation projects in factory intelligent manufacturing; (ii) generate a certain degree of cost savings; and (iii) command better bargaining power in future negotiations with other suppliers;
4. the Jingwah Procurement Continuing Connected Transaction will enable the Group to (i) outsource the production of the Philips Audio and Video Products without investing additional capital; and (ii) generate a certain degree of cost savings; and
5. the Distribution Continuing Connected Transaction will enable the Group to (i) generate additional revenue with guaranteed margin for the Group by securing a stable and long-term distributor; (ii) distribute the Philips Audio and Video

LETTER FROM THE BOARD

Products through leveraging on JWD's strong distribution channels and capabilities in the PRC; and (iii) command better bargaining power in future negotiation should there be any other non-exclusive distributors in future.

They also consider the entering into of the Continuing Connected Transactions (including the Annual Caps) are in the interests of the Company and the Shareholders as a whole and the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable.

(I) INFORMATION ON THE PARTIES

1. 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 in the industry. In addition to developing these constructive partnerships, TPV distributes its products worldwide under its own brands "AOC" and "Envision".

In 2009 and 2011, TPV entered into noteworthy license agreements with Koninklijke Philips N.V. ("**Philips**") to secure the rights to sell Philips-branded monitors globally and Philips-branded TVs in the PRC. In April 2012, the Group established TP Vision Holding B.V., a joint-venture company with Philips, to takeover Philips' TV business in most regions of the world. In June 2014, TP Vision Holding B.V. became a wholly-owned subsidiary of TPV.

2. Top Victory

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

3. MMD

MMD is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in sales and distribution of computer monitors and flats TVs.

4. CEC

CEC is a state-owned conglomerate directly under the administration of the central government of the PRC, and the largest state-owned information technology company in China. It was established in 1989 and originated from the former Ministry of Electronics Industry as a result of government restructuring. The principal activities of CEC comprise the manufacture and sale of electronic products.

5. SZIT

SZIT is a company established in the PRC with limited liability and a wholly-owned subsidiary of CEC. It is a national electronic components e-commerce platform of CEC focusing on internet information technology, electronic components trading, media community, application innovation, technical support, big data, finance, modern supply chain and distribution services.

6. Epilight

Epilight is a company established in the PRC with limited liability and an associate of IRICO Group Company Limited, which is controlled by CEC. It is principally engaged in full-colour, UHB LED epitaxial wafers, chip, lamp beads, light bar, compound semiconductor device development and production.

7. CEC Jiutian

CEC Jiutian is a company established in the PRC with limited liability and an indirectly non wholly-owned subsidiary of CEC. CEC Jiutian is principally engaged in the research and development, promotion, technology transfer and technical services of computer software, hardware and technology; the development and production of electronic product; information system integration; wholesale and retail of goods; the foreign trade deal of the import and export of goods and technologies; house leasing; and enterprise management services.

8. Jingwah

Jingwah is a company established in the PRC with limited liability and an associate of CEC. It is principally engaged in research, development and production of high-technology products.

9. JWD

JWD is a company established in the PRC with limited liability and an associate of CEC. It is principally engaged in sale, production and trading of high-technology products.

LETTER FROM THE BOARD

(J) LISTING RULES IMPLICATIONS

CEC is a connected person of the Company under the Listing Rules by virtue of it being the ultimate controlling shareholder of the Company. Each of SZIT, Epilight, CEC Jiutian, Jingwah, JWD and Panda FPD is connected person of the Company under the Listing Rules by virtue of each of them being a subsidiary or an associate of CEC.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the Annual Caps, when aggregated, exceeds 5%, each of the Continuing Connected Transactions (including the Annual Caps) is subject to the announcement, reporting, annual review and independent shareholders' approval requirements under the Listing Rules.

Save for Mr. Zhang Dongchen, Mr. Xu Guofei, Ms. Jia Haiying, Dr. Li Jun and Ms. Bi Xianghui who are officers of CEC, none of the Directors had material interest in the Continuing Connected Transactions. As such, Mr. Zhang Dongchen, Mr. Xu Guofei, Ms. Jia Haiying, Dr. Li Jun and Ms. Bi Xianghui had abstained from voting in respect of Board resolutions in relation to the Continuing Connected Transactions.

(K) 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 Continuing Connected Transactions (including the Annual Caps). The Company has appointed Somerley as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

(L) SGM

A notice convening the SGM to be held at 10:00 a.m. on Thursday, 24 January 2019 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-5 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

LETTER FROM THE BOARD

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 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 Continuing Connected Transactions. CEC and its associates will abstain from voting on the ordinary resolutions relating to the Continuing Connected Transactions (including the Annual Caps) at the SGM.

(M) RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that: (i) the entering into of the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement and the Distribution Agreement are 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 Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and 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 resolutions to be proposed at the SGM in relation to the Continuing Connected Transactions (including the Annual Caps).

(N) GENERAL

Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 24 to 25 of this circular and the letter from Somerley set out on pages 26 to 44 of this circular containing its recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions (including the Annual Caps).

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)

9 January 2019

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF
EXISTING CONTINUING CONNECTED TRANSACTION;
AND
ENTERING INTO OF
NEW CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 9 January 2019 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 entering into of the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement and the Distribution Agreement are 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 Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and 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 6 to 23 of the Circular which contains, inter alia, information on the Continuing Connected Transactions (including the Annual Caps) as well as the letter from Somerley set out on pages 26 to 44 of the Circular which contains its advice in respect of the Continuing Connected Transactions (including the Annual Caps).

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Continuing Connected Transactions, and taken into account the advice of Somerley, we consider that (i) the entering into of the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement and the Distribution Agreement are 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 Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the Continuing Connected Transactions (including the Annual Caps).

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

Mr. Chan Boon Teong

Dr. Ku Chia-Tai
Independent non-executive Directors

Mr. Wong Chi Keung

LETTER FROM SOMERLEY

The following is the full text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

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

9 January 2019

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

Dear Sirs,

REVISION OF EXISTING CONTINUING CONNECTED TRANSACTION AND ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions (including the Annual Caps). Details of the Continuing Connected Transactions (including the Annual Caps) are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 9 January 2019 (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, the Company announced on 11 December 2018 that (i) Top Victory and SZIT entered into a supplemental agreement to the Existing SZIT Procurement Agreement, pursuant to which the payment term was revised from 120 days to a new payment term, which will be based on normal commercial terms and determined by reference to prevailing market terms, and Top Victory and SZIT agreed to extend the term of the Existing SZIT Procurement Agreement to 31 December 2021; (ii) Top Victory and Epilight entered into the Epilight Procurement Agreement, pursuant to which the Top Victory Group will procure the Epilight Products from the Epilight Group; (iii) Top Victory and CEC Jiutian entered into the CEC Jiutian Purchase and Services Agreement, pursuant to which the Top Victory Group may purchase the CEC Jiutian Equipment and Services from the CEC Jiutian Group; (iv) MMD and Jingwah entered into the Jingwah Procurement Agreement, pursuant to which the MMD Group may procure the Philips

LETTER FROM SOMERLEY

Audio and Video Products from the Jingwah Group; and (v) MMD and JWD entered into the Distribution Agreement, pursuant to which MMD appointed JWD as a non-exclusive distributor of the Philips Audio and Video Products in the PRC.

CEC is a connected person of the Company under the Listing Rules by virtue of it being the ultimate controlling shareholder of the Company. Each of SZIT, Epilight, CEC Jiutian, Jingwah and JWD is a connected person of the Company under the Listing Rules by virtue of each of them being a subsidiary or an associate of CEC. As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the Annual Caps, when aggregated, exceeds 5%, each of the Continuing Connected Transactions (including the Annual Caps) is subject to the announcement, reporting, annual review 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 on the Continuing Connected Transactions (including the Annual Caps). 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 three occasions acted as an independent financial adviser to the Company in relation to (i) 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); (ii) renewal of existing continuing connected transactions and entering into of new continuing connected transactions (circular dated 18 January 2018); and (iii) discloseable and connected transaction in relation to disposal of interest in a joint venture (circular dated 8 June 2018). 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, Top Victory, MMD, CEC, SZIT, Epilight, CEC Jiutian, Jingwah and JWD or their respective core connected persons, close associates or associates and accordingly are considered to be eligible to give independent advice on the Continuing Connected Transactions (including the Annual Caps). 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, Top Victory, MMD, CEC, SZIT, Epilight, CEC Jiutian, Jingwah and JWD or their respective core connected persons, close associates or associates.

In formulating our opinion, we have reviewed, amongst others, the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement, the Distribution Agreement, the business plans in respect of each of the Continuing Connected Transactions, the annual report of the Company for the year ended 31 December 2017 (the **"2017 Annual Report"**),

the interim report of the Company for the six months ended 30 June 2018 (the “**2018 Interim Report**”) and the information contained in the Circular. We have also discussed with and reviewed information provided by management of the Group regarding the businesses of the Group and the prospects of conducting the Continuing Connected Transactions.

We have relied on the information and facts supplied, and the opinions expressed to us, by management of the Group and each of CEC, SZIT, Epilight, CEC Jiutian, Jingwah and JWD 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 to be 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 Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation with regard to the Continuing Connected Transactions (including the Annual Caps), we have taken into account the principal factors and reasons set out below.

1. Information on 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 in the industry. In addition to developing these constructive partnerships, TPV distributes its products worldwide under its own brands “AOC” and “Envision”.

In 2009 and 2011, TPV entered into noteworthy license agreements with Philips to secure the rights to sell Philips-branded monitors globally and Philips-branded TVs in the PRC. In April 2012, the Group established TP Vision Holding B.V., a joint-venture company with Philips, to takeover Philips’ TV business in most regions of the world. In June 2014, TP Vision Holding B.V. became a wholly-owned subsidiary of TPV.

2. Information on the parties of the Continuing Connected Transactions

(a) Top Victory

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

(b) MMD

MMD is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in sales and distribution of computer monitors and flats TVs.

(c) CEC

CEC is a state-owned conglomerate directly under the administration of the central government of the PRC, and the largest state-owned information technology company in China. It was established in 1989 and originated from the former Ministry of Electronics Industry as a result of government restructuring. The principal activities of CEC comprise the manufacture and sale of electronic products.

(d) SZIT

SZIT is a company established in the PRC with limited liability and a wholly-owned subsidiary of CEC. It is a national electronic components e-commerce platform of CEC focusing on internet information technology, electronic components trading, media community, application innovation, technical support, big data, finance, modern supply chain and distribution services.

(e) Epilight

Epilight is a company established in the PRC with limited liability and an associate of IRICO Group Company Limited, which is controlled by CEC. It is principally engaged in full-colour, UHB LED epitaxial wafers, chip, lamp beads, light bar, compound semiconductor device development and production.

(f) CEC Jiutian

CEC Jiutian is a company established in the PRC with limited liability and an indirectly non wholly-owned subsidiary of CEC. CEC Jiutian is principally engaged in the research and development, promotion, technology transfer and technical services of computer software, hardware and technology; the development and production of electronic product; information system integration; wholesale and retail of goods; the foreign trade deal of the import and export of goods and technologies; house leasing; and enterprise management services.

(g) Jingwah

Jingwah is a company established in the PRC with limited liability and an associate of CEC. It is principally engaged in research, development and production of high-technology products.

(h) JWD

JWD is a company established in the PRC with limited liability and an associate of CEC. It is principally engaged in sale, production and trading of high-technology products.

3. Reasons for and benefits of the entering into of the Continuing Connected Transactions

The Directors (excluding the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee contained in the Circular) are of the view that the Continuing Connected Transactions are 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. They consider that:

- (a) the SZIT Procurement Continuing Connected Transaction will enable the Group to (i) optimise its electronic components procurement channels; (ii) bring in the latest electronic components product resources to the Top Victory Group; and (iii) generate a certain degree of cost savings from economics of bulk purchasing and one-stop procurement of logistics services as provided by the electronic components e-commerce platform operated by the SZIT Group for the delivery of purchased electronic components;
- (b) the Epilight Continuing Connected Transaction will enable the Group to (i) optimise its light bar materials procurement channels; (ii) generate a certain degree of cost savings; and (iii) command better bargaining power in future negotiations with other suppliers;
- (c) the CEC Jiutian Purchase and Services Continuing Connected Transaction will enable the Group to (i) provide total solutions for the automation projects in factory intelligent manufacturing; (ii) generate a certain degree of cost savings; and (iii) command better bargaining power in future negotiations with other suppliers;
- (d) the Jingwah Procurement Continuing Connected Transaction will enable the Group to (i) outsource the production of the Philips Audio and Video Products without investing additional capital; and (ii) generate a certain degree of cost savings; and
- (e) the Distribution Continuing Connected Transaction will enable the Group to (i) generate additional revenue with guaranteed margin for the Group by securing a stable and long-term distributor; (ii) distribute the Philips Audio and Video Products through leveraging on JWD's strong distribution channels and capabilities in the PRC; and (iii) command better bargaining power in future negotiation should there be any other non-exclusive distributors in future.

LETTER FROM SOMERLEY

The Directors (excluding the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee) also consider the entering into of the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole and the terms of the Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and fair and reasonable.

Having regard to the principal business and operations of the Group and the reasons for and benefits of the entering into of the Continuing Connected Transactions above, we concur with the aforesaid Directors' view that the entering into of the Continuing Connected Transactions are in the ordinary and usual course of the business of the Group.

4. Principal terms of the Continuing Connected Transactions

(a) Procurements of the SZIT Products, the Epilight Products and the CEC Jiutian Equipment and Services

On 11 December 2018, Top Victory entered into a supplemental agreement to the Existing SZIT Procurement Agreement, the Epilight Procurement Agreement and the CEC Jiutian Purchase and Services Agreement (collectively, the “**Procurement Agreements**”). Details of each of the Procurement Agreements are set out in the section headed “(B) The Revised SZIT Procurement Agreement”, “(C) The Epilight Procurement Agreement” and “(D) The CEC Jiutian Purchase and Services Agreement” in the letter from the Board. Set out below is a summary of the principal terms of the Procurement Agreements.

Pursuant to the Procurement Agreements, the Top Victory Group may procure the SZIT Products, the Epilight Products and the CEC Jiutian Equipment and Services (the “**Procurement Products and Services**”) from the relevant member of the SZIT Group, the Epilight Group and the CEC Jiutian Group (the “**Seller Group**”) respectively.

The procurement of the Procurement Products and Services by the Top Victory Group from the respective member of the Seller Group will be by way of purchase order. The pricing and payment terms of the Procurement Products and Services shall be based on normal commercial terms. In any event, such terms shall be no less favourable to the Top Victory Group than those offered by independent third party suppliers. Further, pursuant to the CEC Jiutian Purchase and Services Agreement, CEC Jiutian guarantees that the prices offered by the CEC Jiutian Group should be aligned to the lowest available price offered by the CEC Jiutian Group to independent third party purchasers.

In the course of the procurement of the Procurement Products and Services, the Top Victory Group will follow the established pricing policy to determine the pricing of the Procurement Products and Services. Further details of the pricing policy are set out in the section headed “5. Pricing policies and procedures for the Continuing Connected Transactions” below.

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The Procurement Agreements are conditional on, among other things, the passing of an ordinary resolution by the Independent Shareholders at the SGM by way of a poll to approve the corresponding Procurement Agreements (including the corresponding annual caps). Subject to the fulfillment of the conditions precedents, the Procurement Agreements would become effective on 1 January 2019 and shall continue in force until 31 December 2021. Subject to the compliance with the requirements of the Listing Rules, the Procurement Agreements may be renewed or extended for subsequent three-year periods.

We have reviewed the Procurement Agreements and noted that the pricing and payment terms of the Procurement Agreements will be determined on the basis as mentioned above. Having considered (i) the pricing and payment terms of the Procurement Agreements will be determined based on normal commercial terms; (ii) the pricing and payment terms of the Procurement Products and Services shall be no less favourable to the Top Victory Group than those offered by independent third party suppliers; and (iii) the Group's internal pricing policies and procedures for procurement of the Procurement Products and Services as described below, we consider the terms of the Procurement Agreements to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

(b) The Jingwah Procurement Agreement and the Distribution Agreement

On 11 December 2018, MMD entered into the Jingwah Procurement Agreement with Jingwah. Pursuant to the Jingwah Procurement Agreement, MMD may procure the Philips Audio and Video Products from the Jingwah Group. The procurement of the Philips Audio and Video Products by the MMD Group from the Jingwah Group will be by way of purchase order. The pricing and payment terms of the Philips Audio and Video Products shall be determined as fair and reasonable based on normal commercial terms by reference to the costs of the raw materials and core components, as well as prevailing market prices. In any event, such terms shall be no less favourable to the MMD Group than those offered by independent third party vendors.

On 11 December 2018, MMD entered into the Distribution Agreement with JWD. Pursuant to the Distribution Agreement, MMD appointed JWD as a non-exclusive distributor of the Philips Audio and Video Products in the PRC. The MMD Group shall sell the Philips Audio and Video Products to the JWD Group on a purchase-by-purchase basis. The price and specifications of the Philips Audio and Video Products shall be specified in a purchase order, which includes the model, purchase quantity and delivery location, to be issued by JWD. The terms of the sales of the Philips Audio and Video Products will be determined after arm's length negotiation between the parties to the Distribution Agreement. The pricing and other terms of the Philips Audio and Video Products shall be (i) on normal commercial terms; (ii) determined after arm's length negotiation; and (iii) in any event, such terms shall be no less favourable than prevailing reasonable market price and terms to MMD.

In the course of the procurement and the distribution of the Philips Audio and Video Products, the MMD Group will follow the pricing policy to determine the pricing of the Philips Audio and Video Products as set out in the in the section headed “5. Pricing policies and procedures for the Continuing Connected Transactions” below.

The Jingwah Procurement Agreement and the Distribution Agreement are conditional on, among other things, the passing of an ordinary resolution by the Independent Shareholders at the SGM by way of a poll to approve the Jingwah Procurement Agreement and the Distribution Agreement respectively. Subject to the fulfillment of the conditions precedent, the Jingwah Procurement Agreement and the Distribution Agreement would commence on 1 January 2019 and shall continue in force until 31 December 2021. Subject to the compliance with the requirements of the Listing Rules, the Jingwah Procurement Agreement and the Distribution Agreement may be renewed or extended for subsequent three-year periods.

We have reviewed the Jingwah Procurement Agreement and the Distribution Agreement and noted that the pricing and other terms of the procurement and the distribution of the Philips Audio and Video Products will be determined on the basis as mentioned above. Having considered (i) the pricing and payment terms of the Jingwah Procurement Agreement and the Distribution Agreement will be determined based on normal commercial terms; (ii) the pricing and payment terms of the Philips Audio and Video Products shall be no less favourable to the MMD Group than the prevailing market price and terms; and (iii) the Group’s internal pricing policies and procedures for the procurement and distribution of the Philips Audio and Video Products as described below, we consider the terms of the Jingwah Procurement Agreement and the Distribution Agreement to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

5. Pricing policies and procedures for the Continuing Connected Transactions

(a) The procurement of the Procurement Products and Services

In the course of the procurement of the Procurement Products and Services, the member of the Seller Group shall sell the products and/or services to members of the Top Victory Group on a purchase-by-purchase basis. The price and specifications of the Procurement Products and Services shall be specified in a purchase order to be issued by members of the Top Victory Group to members of the Seller Group.

Prior to the issue of the purchase order, the procurement officer of the Top Victory Group will obtain price quotation from the Seller Group through a request for quotation. The price quotation is subject to a tendering process by the Top Victory Group, in which price quotations provided by at least two independent third party suppliers will be benchmarked. The procurement officer (who is independent to the counterparties) will select the price quotations obtained from independent third party suppliers with products and/or services that resemble most closely with specifications of the relevant products and/or services and compare with the price quotation issued by the Seller Group. Afterwards, the procurement officer will present the request for

quotation and the relevant supporting documents of the tendering process (including the reasons for the chosen independent third party price quotations) for further review and approval by a manager and director (who are independent to the counterparties) of procurement department of the Top Victory Group to ensure the supplier offering the lowest price is selected given other terms are equivalent. The final price and other terms of the purchase order are determined on normal commercial terms and subject to mutual agreement by the management of both parties after arm's length negotiations.

We have obtained and compared, by way of sampling, three tendering processes which include the price quotations obtained from both the members of CEC and the independent third party suppliers with products that resemble most closely with the specification of the relevant products and services and noted that the price quotations with the lowest price or command better terms were selected.

Based on the above, we concur with the view of the Directors that the aforesaid pricing policies and procedures can result in the SZIT Procurement Continuing Connected Transactions, the Epilight Procurement Continuing Connected Transactions, and the CEC Jiutian Equipment Procurement Continuing Connected Transactions to be conducted on normal commercial terms.

(b) The procurement and distribution of the Philips Audio and Video Products

On 1 June 2018, the Group and Philips entered into an exclusive trademark license agreement, pursuant to which Philips granted the use of the Philips trademarks for sales, marketing and distribution of certain audio and video products, including the Philips Audio and Video Products, worldwide (subject to certain exceptions) to the Group. As advised by the management of the Group, since the Group does not have the production capacity and distribution network of the Philips Audio and Video Products in the PRC, the Group shall procure from Jingwah and sell to JWD, a fellow subsidiary of Jingwah, the Philips Audio and Video Products in the PRC on a back-to-back basis (i.e. the Group will only purchase the Philips Audio and Video Products from Jingwah when a purchase order of the same is received from JWD and the Group will not keep any inventory of the Philips Audio and Video Products in this process).

In respect of the pricing of the distribution of the Philips Audio and Video Products to JWD, given the mature stage of product cycle and limited market size of the Philips Audio and Video Products, JWD is currently the only distributor of the Philips Audio and Video Products currently appointed by the Group in the PRC. Accordingly it may not be practical to conduct benchmarking for determining the pricing of the sales of the Philips Audio and Video Products to JWD. Instead, a mark-up of 25% over the procurement price of the Philips Audio and Video Products under the Jingwah Procurement Agreement will be applied to the selling price of the Philips Audio and Video Products under the Distribution Agreement. The mark-up was determined based on the budgeted mark-up of all other existing Philips audio and video products to be sold by the Group for the year ending 31 December 2019. We have obtained and reviewed the budgeted mark-up of all other existing Philips audio and video products to be sold by the Group and noted that the budgeted mark-up

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ranges from 20% to 27%. Having considered the above, we consider the 25% mark-up over the procurement price of the Philips Audio and Video Products to be applied to the distribution of the Philips Audio and Video Products to be acceptable.

In respect of the pricing of the procurement of the Philips Audio and Video Products from Jingwah, we understood from the management of the Group that they were unable to identify any supplier of the Philips Audio and Video Products in the PRC except for Jingwah. Therefore, the pricing of the Philips Audio and Video Products procured from Jingwah will be determined solely based on Jingwah's quotations. Nevertheless, having considered the purchase and sales of the Philips Audio and Video Products will be on a back-to-back basis as mentioned above, the Group will earn the mark-up of 25% in any circumstances regardless of the procurement price, we consider the pricing mechanism of the procurement of the Philips Audio and Video Products to be acceptable.

Based on the above, we concur with the view of the Directors that the aforesaid pricing policies and procedures can result in the Jingwah Procurement Continuing Connected Transactions and the Distribution Continuing Connected Transactions to be conducted on normal commercial terms.

6. The Annual Caps

(a) The SZIT Procurement Annual Caps

Set out below are the SZIT Procurement Annual Caps for the Cap Period:

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The SZIT Procurement Annual Caps	51,950	65,170	73,820

As stated in the letter from the Board, the SZIT Procurement Annual Caps were determined by reference to a number of factors, particularly (i) the historical annual growth rates for the past two years of approximately 22.5% and 244.5% (on annualised basis for the nine months ended 30 September 2018) based on historical procurements of the SZIT Products by the Group amounted to approximately US\$5.8 million, US\$7.1 million and US\$18.4 million for the two years ended 31 December 2016 and 2017 and for the nine months ended 30 September 2018 respectively; (ii) the historical procurement of the electronic components or semi-conductors and other related products from the SZIT Group and other suppliers; (iii) the projected growth in demand for electronic components or semi-conductors and other related products during the term of the Revised SZIT Procurement Agreement; and (iv) the projected purchase prices of the SZIT Products during the term of the Revised SZIT Procurement Agreement by reference to the latest average market prices of the SZIT Products in the third quarter of 2018.

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The determination of the SZIT Procurement Annual Caps primarily depends on two key components of a TV, namely mainboard and system on a chip (“SoC”), which account for approximately 85% of the SZIT Procurement Annual Caps of the respective years during the Cap Period. We have reviewed the following factors to assess the fairness and reasonableness of the SZIT Procurement Annual Caps:

(i) Projected procurement quantity of mainboard from the SZIT Group

The Top Victory Group has been procuring mainboard from the SZIT Group and other suppliers. The total number of mainboard purchased from the SZIT Group (through the e-commerce platform) by the Top Victory Group were 41,812 units, 147,128 units and 524,261 units for the years ended 31 December 2016 and 2017 and eleven months ended 30 November 2018, representing increases of approximately 251.9% and 288.7% (on annualised basis for the eleven months ended 30 November 2018) respectively. According to our discussion with the management of the Group, the historical high growth in the number of mainboard purchased through the e-commerce platform of the SZIT Group was mainly due to the favourable terms offered by the SZIT Group.

The projected maximum quantities of mainboard to be purchased from the SZIT Group by the Top Victory Group are expected to increase to approximately 940,000 units, 1,000,000 units and 1,050,000 units for the years ending 31 December 2019, 2020 and 2021 respectively, representing growth rates of approximately 64.4% (as compared to that for the eleven months ended 30 November 2018 on annualised basis), 6.4% and 5.0% respectively. Having considered the SZIT Group will continue to offer terms to the Top Victory Group at no less favourable than the market terms, it is expected the mainboard purchases through the e-commerce platform of the SZIT Group by the Top Victory Group will continue to increase during the Cap Period.

In addition, the historical procurement quantity of mainboard represents approximately 0.2% and 0.9% of total TV shipment of the Group in 2016 and 2017 respectively. The projected procurement quantity of mainboard from the SZIT Group during the Cap Period will continue to account for a relatively small portion of the total potential procurement of mainboard by the Group.

(ii) Projected average purchase prices of mainboard

The projected unit price of mainboard procured from the SZIT Group for the year ending 31 December 2019 for the purpose of determining the annual caps is based on the prevailing and projected market prices of mainboard. We have reviewed the historical average purchase prices of the mainboard for the years ended 31 December 2016, 2017 and for the eleven months ended 30 November 2018 and the projected average purchase price of mainboard as provided by the management of the Group. We noted that the average purchase prices depict an upward trend during the aforesaid historical period, increasing from approximately US\$22.5 per unit to US\$26.7 per unit. As advised by the management of the Group, the increase in unit price was primarily due to the

increased complexity in designing and manufacturing of the mainboard as the level of functionality has also increased significantly in recent years. The historical average purchase prices are comparable to the projected average purchase prices of US\$27.0, US\$27.5 and US\$28.0 per unit for the years ending 31 December 2019, 2020 and 2021.

(iii) Projected procurement quantity of SoC from the SZIT Group

Based on our discussion with the management of the Group, we noted that the Top Victory Group has been procuring electronic components and semi-conductors, including SoC, from the SZIT Group and other suppliers. We have reviewed the historical procurement quantities of SoC for the years ended 2016, 2017 and the eleven months ended 30 November 2018, which were 347,434 units, 424,387 units and 823,426 units for the years ended 31 December 2016, 2017 and the eleven months ended 30 November 2018, representing increases of approximately 22.1% and 111.7% (on annualised basis for the eleven months ended 30 November 2018) respectively. The significant growth was mainly attributable to the increasing demand for smart TVs, in particular those installed with Android system, in which the SoC purchased from the platform of the SZIT Group is designed for. Also, we understood that smart TV with Android system can provide enhanced functions and therefore it is expected that the growth of these TVs will continue to be strong despite the overall sluggish market of TVs. At the same time, the management of the Group also intends to increase the scale of self-manufacture TVs which may also increases the quantity of SoC to be procured from the SZIT Group. Hence, the projected procurement quantities of SoC from the SZIT Group will increase to approximately 1,800,000 units, 2,700,000 units and 3,375,000 units for the years ending 31 December 2019, 2020 and 2021 respectively, representing growth rates of approximately 100.4% (on annualised basis for the eleven months ended 30 November 2018), 50.0% and 25.0% from the respective prior year. It is noted that the forecasted increase in procurement quantity is generally in line with the historical trend as stated above and the expected slowdown in the growth in procurement quantity is primarily because of reaching a relatively sizeable scale.

(iv) Projected average purchase price of SoC from the SZIT Group

The projected average purchase price of SoC procured from the SZIT Group for the year ending 31 December 2019 for the purpose of determining the annual caps is based on the prevailing and projected market prices of SoC. We have reviewed the historical average purchase prices of the SoC for the years ended 31 December 2016, 2017 and for the eleven months ended 30 November 2018 as provided by the management of the Group. We noted that the average purchase prices depict an upward trend during the aforesaid historical period, increasing from approximately US\$5.7 per unit to approximately US\$8.4 per unit. We understood from the management of the Group that the increase in unit price was primarily due to the increased complexity in designing and manufacturing the SoC for smart TVs as the level of functionality has also increased significantly in recent

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years. The projected average purchase prices of SoC from the SZIT Group in the Cap Period will be approximately US\$10 per unit, which is considered in line with the historical rising prices and the anticipated increasing complexity and production costs of the SoC.

(v) The historical amounts of procurement of the SZIT Products by the Top Victory Group

As advised by the management of the Group, the SZIT Products procured by the Top Victory Group for the two years ended 31 December 2016, 2017 and the nine months ended 30 September 2018 were electronic components or semi-conductors and other related products with a variety of products at different prices. We have obtained and reviewed the breakdown of each sub-category of the SZIT Products purchased by the Top Victory Group and noted that the historical procurement amounts of the SZIT Products were approximately US\$5.8 million, US\$7.1 million and US\$18.4 million for the two years ended 31 December 2016 and 2017 and for the nine months ended 30 September 2018 respectively. The increments of procurement of the SZIT Products from the SZIT Group was high, representing approximately 22.5% and 244.5% (on annualised basis for the nine months ended 30 September 2018) of respective years, and such increasing trend is expected to continue during the Cap Period due to, among other things, the anticipated increase in purchases of mainboard and SoC as discussed above and general shift of procurement to the SZIT Group from other suppliers since the pricing and other terms of purchases of the SZIT Products will continue to be no less favourable than those offered by independent third parties.

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

(b) The Epilight Procurement Annual Caps

Set out below are the Epilight Procurement Annual Caps for the Cap Period:

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The Epilight Procurement Annual Caps	4,000	5,000	5,000

As stated in the letter from the Board, the Epilight Procurement Annual Caps were determined by reference to a number of factors, particularly (i) the estimated total amount of light bar materials required by the factories of the Top Victory Group in the PRC during the term of the Epilight Procurement Agreement; (ii) the expected allocation of procurement of light bar materials by the factories of the Top Victory Group from Epilight; and (iii) the projected purchase prices of the light bar materials

and other related products during the term of the Epilight Procurement Agreement by reference to the latest average market prices of the light bar materials and other related products.

We have reviewed the following factors to assess the fairness and reasonableness of the Epilight Procurement Annual Caps:

(i) The estimated total amount of light bar materials required by the Top Victory Group in the PRC

Based on our discussion with the management of the Group, we noted that the Top Victory Group has been acquiring light bar materials for manufacturing of products and the actual amounts of light bar materials procured by the Top Victory Group in the PRC for the two years ended 31 December 2016 and 2017 and for the ten months ended 31 October 2018 were approximately US\$59.0 million, US\$74.0 million and US\$65.8 million respectively. Based on the above and for the purpose of estimating the Epilight Procurement Annual Caps, the management of the Group estimated that demand for light bar materials by the Top Victory Group in the PRC for each of the three years ending 31 December 2019, 2020 and 2021 to be approximately US\$90.0 million.

(ii) The expected allocation of procurement of light bar materials by the factories of the Top Victory Group from Epilight

As advised by the management of the Group, in order to diversify the source of light bar materials, it is the intention of the management of the Group to allocate a small portion, being in the range of approximately 5%, of the demand for the light bar materials of the Top Victory to the Epilight Group. For the purpose of estimating the Epilight Procurement Annual Caps, the expected allocation for the three years ending 31 December 2019, 2020 and 2021 to be approximately 4.5%, 5.5% and 5.5% of total demand for the light bar materials respectively. The allocation accounts for a small portion of the total demand and is considered to be acceptable.

Having considered the bases on which the Epilight Procurement Annual Caps were determined as described above, we are of the view that the Epilight Procurement Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

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(c) The CEC Jiutian Purchase and Services Annual Caps

Set out below are the CEC Jiutian Purchase and Services Annual Caps for the Cap Period:

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The CEC Jiutian Purchase and Services Annual Caps	12,500	12,500	12,500

As stated in the letter from the Board, the CEC Jiutian Purchase and Services Annual Caps were determined by reference to a number of factors, particularly (i) the procurement of equipment and the corresponding installation services of RMB44,460,000 (equivalent to approximately US\$6,443,000) on 19 December 2017; (ii) the projected total capital expenditure of the Group for the year ending 31 December 2019; (iii) the number of intelligent manufacturing projects to be implemented by the Group for the year ending 31 December 2019; and (iv) the estimated capital expenditure to be invested in the intelligent manufacturing projects for the years ending 31 December 2020 and 2021.

We have reviewed the following factors to assess the fairness and reasonableness of the CEC Jiutian Purchase and Services Annual Caps:

(i) The total capital expenditure of the Group for the year ending 31 December 2019

Based on our review of the Group's capital expenditure plan, we noted that the total capital expenditure of the Group for the year ending 31 December 2019 is approximately US\$258.0 million. We also examined the 2017 Annual Report and the 2018 Interim Report and noted the actual capital expenditures of the Group for the year ended 31 December 2017 and the six months ended 30 June 2018 were approximately US\$266.3 million and US\$127.6 million respectively. Hence, we consider the estimated total capital expenditure of the Group for the year ending 31 December 2019 of approximately US\$258.0 million to be in line with the actual capital expenditures of the Group in recent periods.

(ii) The number of intelligent manufacturing projects to be implemented by the Group for the year ending 31 December 2019

In the Group's capital expenditure plan for the year ending 31 December 2019, there are several proposed automation advancement projects for production of TVs and monitors in the existing production plants of the Group. We have obtained and reviewed the list of the proposed automation advancement projects with the management of the Group and we noted that the CEC Jiutian Group is capable of carrying out some of the projects and the estimated total capital expenditure of these projects is approximately US\$12.4 million.

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(iii) The estimated capital expenditure to be invested in the intelligent manufacturing projects for the years ending 31 December 2020 and 2021

We have obtained and reviewed the proposed automation advancement projects in the capital expenditure plan of the Group for the year ending 31 December 2019 and noted that over two-thirds of the total capital expenditure will be invested in production plants in Fuqing and Xiamen in the PRC. Based on our discussion with the management of the Group, it is their intention to conduct automation advancement projects in all the Group's remaining production plants in the PRC, including but not limited to Xianyang, Qingdao and Wuhan, in the coming few years upon completion of the proposed automation advancement projects in Fuqing and Xiamen. Accordingly, capital expenditure on automation advancement projects is expected to be spent by the Group in the following years. Having taking into account of the above and given the capital expenditure plans for the years ending 31 December 2020 and 2021 have not yet formally formulated by the Group, the management of the Group applied the annual cap for the year ending 31 December 2019 of US\$12.5 million in determining the annual caps for the years ending 31 December 2020 and 2021.

Having considered the bases on which the CEC Jiutian Purchase and Services Annual Caps were determined as described above, we are of the view that the CEC Jiutian Purchase and Services Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

(d) The Jingwah Procurement Annual Caps

Set out below are the Jingwah Procurement Annual Caps for the Cap Period:

	For the year ending 31 December		
	2019	2020	2021
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
The Jingwah Procurement Annual Caps	1,248	1,248	1,248

As stated in the letter from the Board, the Jingwah Procurement Annual Caps were determined by reference to a number of factors, particularly (i) the purchase forecast on the Philips Audio and Video Products for the year ending 31 December 2019 provided by JWD; and (ii) a buffer of 30% on top of the purchase forecast provided by JWD for the introduction of two new potential products (i.e. digital frames and video conferencing equipment) which are not included in the demand forecast provided by JWD during the Cap Period.

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We have reviewed the following factors to assess the fairness and reasonableness of the Jingwah Procurement Annual Caps:

- (i) *The purchase forecast on the Philips Audio and Video Products for the year ending 31 December 2019 provided by JWD*

As discussed in the paragraph headed “(b) The procurement and distribution of the Philips Audio and Video Products” under the section headed “5. Pricing policies and procedures for the Continuing Connected Transactions”, the Group shall procure from Jingwah and sell to JWD the Philips Audio and Video Products in the PRC on a back-to-back basis and the Group will not keep any inventory of the Philips Audio and Video Products in this process. Moreover, a mark-up of 25% on the prices of the Philips Audio and Video Products to be purchased from the Jingwah Group will be applied to the prices of the Philips Audio and Video Products to be sold to JWD. Accordingly, the amounts of purchases and sales of the Philips Audio and Video Products will be directly related.

We have obtained and reviewed the purchase forecast provided by JWD and noted that JWD plans to purchase MP3 players and MP4 players amounting to approximately US\$900,000 and digital video recorders amounting to approximately US\$300,000 from MMD for the year ending 31 December 2019. Based on the mark-up of 25%, it is expected that the total amount of purchases of MP3 players, MP4 players and digital video recorders by MMD from the Jingwah Group will be amounting to approximately US\$960,000 for the year ending 31 December 2019.

Since MP3 player, MP4 player and digital video recorders are relatively mature products and hence have a limited growth prospect, the annual caps for purchases of these products from the Jingwah Group for the years ending 31 December 2020 and 2021 remain unchanged at US\$960,000 per year.

- (ii) *A buffer of 30% on top of the purchase forecast provided by JWD for the introduction of two new potential products (i.e. digital frames and video conferencing equipment) which are not included in the demand forecast provided by JWD during the Cap Period*

As advised by the management of the Group, in addition to the MP3 players, MP4 players and digital video recorders, MMD plans and is currently in preliminary discussion with JWD to sell Philips brand digital frames and video conferencing equipment, which are not included in the demand forecast provided by JWD in the PRC during the Cap Period. We have obtained and reviewed the email correspondence between the management of MMD and JWD and noted that the business plan for the distribution of Philips brand digital frames and video conferencing equipment in the PRC is on-going. Accordingly, a buffer of 30%, in addition to the purchase forecast provided by JWD in respect of the

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purchases of MP3 players, MP4 players and digital video recorders, is added for the potential procurement of digital frames and the video conferencing equipment.

Having considered the bases on which the Jingwah Procurement Annual Caps were determined as described above, we are of the view that the Jingwah Procurement Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

(e) The Distribution Annual Caps

Set out below are the Distribution Annual Caps for the Cap Period:

	For the year ending 31 December		
	2019	2020	2021
	US\$'000	US\$'000	US\$'000
The Distribution Annual Caps	1,560	1,560	1,560

As stated in the letter from the Board, the Distribution Annual Caps were determined by reference to a number of factors, particularly (i) the purchase forecast on the Philips Audio and Video Products for the year ending 31 December 2019 provided by JWD; and (ii) a buffer of 30% on top of the purchase forecast provided by JWD for the introduction of two new potential products (i.e. digital frames and video conferencing equipment) which are not included in the demand forecast provided by JWD during the Cap Period.

We have reviewed the following factors to assess the fairness and reasonableness of the Distribution Annual Caps:

(i) The purchase forecast on the Philips Audio and Video Products for the year ending 31 December 2019 provided by JWD

As mentioned in the paragraph headed “(c) The Jingwah Procurement Annual Caps” above, we have obtained and reviewed the purchase forecast provided by JWD and noted that JWD plans to purchase MP3 players and MP4 players amounting to approximately US\$900,000 and digital video recorders amounting to approximately US\$300,000 from MMD for the year ending 31 December 2019.

Similarly, since MP3 player, MP4 player and digital video recorders are relatively mature products and hence have a limited growth prospect, the annual caps for the sales of these products to JWD for the years ending 31 December 2020 and 2021 remain unchanged at US\$1,200,000 per year.

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- (ii) *A buffer of 30% on top of the purchase forecast provided by JWD for the introduction of two new potential products (i.e. digital frames and video conferencing equipment) which are not included in the demand forecast provided by JWD during the Cap Period*

As mentioned in the paragraph headed “(c) The Jingwah Procurement Annual Caps” above, in addition to the MP3 players, MP4 players and digital video recorders, MMD plans and is currently in preliminary discussion with JWD to sell Philips brand digital frames and video conferencing equipment in the PRC, which are not included in the demand forecast provided by JWD during the Cap Period. Hence, a buffer of 30%, in addition to the purchase forecast provided by JWD in respect of the purchases of MP3 players, MP4 players and digital video recorders, is added for the potential distribution of digital frames and the video conferencing equipment in the Cap Period.

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

OPINION AND RECOMMENDATION

Having taking into account the above principal factors and reasons, we consider that (i) the entering into of the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement and the Distribution Agreement are 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 Continuing Connected Transactions (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and 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 resolutions to be proposed at the SGM in relation to the Continuing Connected Transactions (including the Annual Caps).

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%
Innolux Corporation (“Innolux”)	150,500,000 (<i>Note 3</i>)	6.42%
Chimei Corporation (“CMC”)	150,500,000 (<i>Note 3</i>)	6.42%
FMR LLC	122,000,000	5.20%

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. CEC entered into an entrusted management agreement with CEIEC HK as trustee on 10 December 2018, pursuant to which CEC entrusted all rights attaching to 617,130,000 Shares directly held by it to CEIEC HK (except for the ownership and the right to dispose of such shares). 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 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, 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 Mr. Zhang Dongchen, Mr. Xu Guofei, Ms. Jia Haiying, Dr. Li Jun and Ms. Bi Xianghui who were officers of CEC, none of the Directors had a material interest in the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement and the Distribution Agreement. Mr. Zhang Dongchen, Mr. Xu Guofei, Ms. Jia Haiying, Dr. Li Jun and Ms. Bi Xianghui had abstained from voting on the relevant board resolutions of the Company in approving the Revised SZIT Procurement Agreement, the Epilight Procurement Agreement, the CEC Jiutian Purchase and Services Agreement, the Jingwah Procurement Agreement and the Distribution Agreement and the transactions contemplated thereunder.

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 24 January 2019:

- (a) the Existing SZIT Procurement Agreement;
- (b) the Revised SZIT Procurement Agreement;
- (c) the Epilight Procurement Agreement;
- (d) the CEC Jiutian Purchase and Services Agreement;
- (e) the Jingwah Procurement Agreement;
- (f) the Distribution Agreement;
- (g) the letter from the Board, the text of which is set out on pages 6 to 23 of this circular;
- (h) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 24 to 25 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 26 to 44 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 Thursday, 24 January 2019 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 RESOLUTIONS

“THAT

- (a) the Revised SZIT Procurement Agreement entered into between AOC and CEC (details of which are contained on pages 7 to 9 of the Circular be and is hereby approved, ratified and confirmed AND the fixing of the respective SZIT Procurement Annual Cap for each of the financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 (details of which are contained on page 9 of the Circular) be and are hereby ratified, approved and confirmed AND the Directors of the Company acting together or by committee, or any Director acting individually, be and is/are hereby authorised to do on behalf of the Company whatever he or they may, in his/their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the performance and implementation by the Company of the Revised SZIT Procurement 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;
- (b) the Epilight Procurement Agreement entered into between Top Victory and Epilight (details of which are contained on pages 9 to 11 of the Circular be and is hereby approved, ratified and confirmed AND the fixing of the respective Epilight Procurement Annual Cap for each of the financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 (details of which are contained on page 11 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

NOTICE OF THE SGM

performance and implementation by the Company of the Epilight Procurement 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;

- (c) the CEC Jiutian Equipment Purchase and Services Agreement entered into between the Company and CEC Jiutian (details of which are contained on pages 11 to 13 of the Circular be and is hereby approved, ratified and confirmed AND the fixing of the respective CEC Jiutian Purchase and Services Annual Cap for each of the financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 (details of which are contained on page 13 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 CEC Jiutian Equipment Purchase and Services 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;
- (d) the Jingwah Procurement Agreement entered into between MMD and Jingwah (details of which are contained on pages 13 to 15 of the Circular be and is hereby approved, ratified and confirmed AND the fixing of the respective Jingwah Procurement Annual Cap for each of the financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 (details of which are contained on page 15 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 Jingwah Procurement Agreement and any other documents relating thereto or contemplated thereby (in each case amended if necessary) and to make or agree such alterations, amendments and additions thereto as the Director(s) may, in his/their absolute discretion, consider necessary, desirable or expedient in the interests of the Company; and

NOTICE OF THE SGM

- (e) the Distribution Agreement entered into between MMD and JWD (details of which are contained on pages 15 to 17 of the Circular be and is hereby approved, ratified and confirmed AND the fixing of the respective Distribution Annual Cap for each of the financial years ending 31 December 2019, 31 December 2020 and 31 December 2021 (details of which are contained on page 17 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 Distribution 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, 9 January 2019

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 5 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.