
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Scheme, this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your TPV Shares, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Scheme Document, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.

This Scheme Document is being despatched to Singapore TPV Shareholders at the same time as its despatch to Hong Kong TPV Shareholders.

華電有限公司
CEIEC (H.K.) Limited
CEIEC (H.K.) LIMITED
(Incorporated in Hong Kong with limited liability)

TPV
TPV TECHNOLOGY LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 903)

**(1) PROPOSAL FOR THE PRIVATISATION OF TPV
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)
(2) PROPOSED WITHDRAWAL OF LISTING
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context requires otherwise, capitalised terms used in this Scheme Document are defined under the section headed “Definitions” in Part I of this Scheme Document.

A letter from the TPV Board is set out in Part V of this Scheme Document. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement is set out in Part VI of this Scheme Document. A letter from Somerley, being the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, is set out in Part VII of this Scheme Document. An Explanatory Statement regarding the Scheme is set out in Part VIII of this Scheme Document.

The actions to be taken by TPV Shareholders and the Optionholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Wednesday, 30 October 2019 and the SGM to be held at 10:30 a.m. on Wednesday, 30 October 2019 (or immediately after the conclusion or adjournment of the Court Meeting) are set out in Appendix IV and Appendix V to this Scheme Document, respectively. Whether or not you are able to attend the Court Meeting and/or the SGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and the enclosed white form of proxy in respect of the SGM, in accordance with the instructions printed thereon, and to lodge them with (i) Computershare Hong Kong Investor Services Limited, the Registrar, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, or (ii) Boardroom Corporate & Advisory Services Pte. Ltd., the Share Transfer Office, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (as the case may be) as soon as possible but in any event no later than the respective times and dates as stated under Part II of this Scheme Document. In the case of the pink form of proxy in respect of the Court Meeting, it may be handed to the chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting, if it is not so lodged.

This Scheme Document is issued jointly by CEIEC (H.K.) Limited and TPV Technology Limited.

The English language text of this Scheme Document shall prevail over the Chinese language text.

8 October 2019

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In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise.

“2003 Share Option Scheme”	the share option scheme of TPV adopted by TPV on 15 May 2003
“2003 Share Option(s)”	the share option(s) granted under the 2003 Share Option Scheme
“2015 Share Option Scheme”	the share option scheme of TPV adopted by TPV on 2 November 2015
“2015 Share Option(s)”	the share option(s) granted under the 2015 Share Option Scheme
“acting in concert”	has the meaning given in the Takeovers Code
“associates”	has the meaning given in the Takeovers Code
“Announcement”	the joint announcement dated 12 August 2019 issued jointly by the Offeror and TPV relating to the Proposal
“Authorisations”	all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals, and all appropriate waiting periods (including extensions thereof), in connection with the Proposal
“Beneficial Owner(s)”	any beneficial owner of the TPV Shares whose TPV Shares are registered in the name of a Registered Owner
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Bonstar”	Bonstar International Limited, a company incorporated in the British Virgin Islands with limited liability on 20 May 2005 and wholly-owned by Dr. Hsuan
“business day”	has the meaning ascribed to it under the Takeovers Code
“Cancellation Price”	a price of HK\$3.86 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“CDP”	The Central Depository (Pte) Limited

“CEC”	China Electronics Corporation, a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council
“CEC Group”	CEC and its subsidiaries
“CECL”	China Electronics Corporation Limited, a company established in the PRC with limited liability on 1 December 2016 and a wholly-owned subsidiary of CEC
“CEIEC” or “Offeror”	CEIEC (H.K.) Limited, a company incorporated in Hong Kong with limited liability on 19 September 1972 and a wholly-owned subsidiary of CECL
“CEIEC Director(s)”	director(s) of CEIEC
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser of the Offeror in connection with the Proposal, which is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
“Condition(s)”	the condition(s) of the Proposal, as set out in the section headed “3. Conditions of the Proposal” in the Explanatory Statement of this Scheme Document
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court, at which the Scheme will be voted upon and which is to be held at 10:00 a.m. on 30 October 2019, or any adjournment thereof
“Court Order”	the order of the Court confirming the sanction of the Scheme
“Depositors”	shall have the meaning under section 81SF of the Securities and Futures Act, Chapter 289 of Singapore
“Depository Register”	means the register maintained by CDP in respect of book-entry securities
“Disclosure Period”	the period beginning six months prior to the date of the Announcement and ending with the Latest Practicable Date, both dates inclusive

“Dr. Hsuan”	Dr. Jason Hsuan (宣建生), the chairman, chief executive officer and executive director of TPV
“Effective Date”	the date on which the Court Order has been delivered to the Registrar of Companies in Bermuda for registration
“Excluded Employee(s)”	the ultimate beneficial owner(s) of TGL (other than Mr. Wang) who hold TPV Shares other than through their beneficial interests in TGL
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Statement”	the explanatory statement set out on pages 82 to 112 of this Scheme Document issued in compliance with Section 100 of the Bermuda Companies Act
“Form(s) of Acceptance”	the form(s) of acceptance dispatched to Optionholders in connection with the Option Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of TPV formed to advise the Independent Shareholders on, among others, the Proposal
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a licensed corporation registered under the SFO to conduct Type 1 (dealings in securities) and Type 6 (advising on corporate finance) regulated activities as defined in the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement
“Independent Shareholders”	TPV Shareholders other than CEIEC, CEC, the Rollover Shareholders and any other persons acting in concert with them and the Excluded Employee(s). For the avoidance of doubt, Independent Shareholders include any member of the CICC group acting as a registered owner of Scheme Shares held on behalf of a beneficial owner where the beneficial owner (i) controls the voting rights attaching to those Scheme Shares; (ii) if those Scheme Shares are voted, gives instructions as to how those Scheme Shares are to be voted; and (iii) is not the Offeror, the persons acting in concert with the Offeror, CEC and the Rollover Shareholders and the Excluded Employees

“Innolux”	InnoLux Corporation, a company established in Taiwan in 2003 and publicly listed on Taiwan Stock Exchange in 2006
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Last Trading Day”	8 August 2019, being the last full trading day prior to the trading halt of TPV Shares pending the issue of the Announcement
“Latest Option Exercise Date”	Friday, 1 November 2019, being the expected latest date upon which holders must lodge notices of exercise (accompanied by full payment of the exercise price) of their Share Options in order for Optionholders to qualify for entitlement under the Scheme
“Latest Practicable Date”	4 October 2019, being the latest practicable date prior to the printing of this Scheme Document for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2020
“Meeting Record Date”	28 October 2019, or such other date as shall be announced to TPV Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the TPV Shareholders to attend and vote at the SGM
“Mr. M Hsuan”	Mr. M. Hsuan (宣邁克), the son of Dr. Hsuan, who is a concert party of Dr. Hsuan under the Takeovers Code
“Mr. Wang”	Mr. Wang Pi-Lu (王必祿), the sole registered shareholder and a director of TGL and is beneficially interested in 550,000 shares in TGL
“Mr. Zhang”	Mr. Zhang Qiang (張強), a vice president and co-chief financial officer of TPV
“NDRC”	National Development and Reform Commission of the PRC
“Optionholders”	holder(s) of the Share Options
“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the outstanding Share Options

“Option Offer Letter”	the letter dated 8 October 2019 setting out the terms and conditions of the Option Offer sent separately to the Optionholders and substantially in the form set out in Appendix VI to this Scheme Document
“Option Offer Record Date”	Tuesday, 12 November 2019, or such other time and date as may be announced or notified to the Optionholders, being the record date for the purpose of determining the entitlements under the Option Offer
“Option Offer Price”	the price for cancellation of each outstanding Share Option
“Outstanding Share Option(s)”	the outstanding, vested and unvested, share option(s) granted under the Share Option Scheme from time to time
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of TPV by the Offeror by way of the Scheme and the Option Offer, on the terms and subject to the conditions as described in this Scheme Document
“Record Date”	Tuesday, 12 November 2019 or such other time and date as shall have been announced by TPV for determining the entitlement of a Scheme Shareholder to participate under the Scheme
“Registered Owner”	any owner of TPV Shares (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party) entered in the Registers
“Registers”	the registers of members of TPV, comprising the principal register in Bermuda and the branch share register in Hong Kong
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of TPV located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions (including the SFC and the Stock Exchange)
“Rollover Agreement”	the rollover agreement entered into between the Offeror and the Rollover Shareholders on 12 August 2019
“Rollover Arrangement”	the arrangement between the Offeror and the Rollover Shareholders under the Rollover Agreement

“Rollover Conditions”	the conditions of the Rollover Arrangement, as set out in the section headed “5. Special Deal Relating to Rollover Arrangement — Rollover Conditions” in the Explanatory Statement of this Scheme Document
“Rollover Shareholders”	Innolux, TGL, Bonstar and Mr. Zhang
“S\$”	Singapore dollars, the lawful currency of Singapore
“SAMR”	State Administration for Market Regulation of the PRC
“Scheme”	a scheme of arrangement under Section 99 of the Bermuda Companies Act between TPV and the Scheme Shareholders involving, <i>inter alia</i> , the cancellation of all the Scheme Shares
“Scheme Document”	this composite scheme document issued by TPV to the TPV Shareholders in relation to the Scheme
“Scheme Shareholders”	TPV Shareholders other than CEIEC, CEC and the Rollover Shareholders
“Scheme Shares”	TPV Shares held by the Scheme Shareholders
“Securities Accounts”	collectively, the securities accounts maintained with CDP by the Depositors who hold shares on the Singapore Exchange (excluding a securities sub-account)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of TPV to be held at 10:30 a.m. on 30 October 2019 (or immediately after the Court Meeting has been concluded or adjourned) to consider and if thought fit, approve, <i>inter alia</i> , any capital reduction associated with the cancellation of the Scheme Shares
“Share Option(s)”	the outstanding share option(s) granted under the 2003 Share Option Scheme or the 2015 Share Option Scheme from time to time
“Share Option Scheme”	the 2003 Share Option Scheme or the 2015 Share Option Scheme
“Share Transfer Office”	Boardroom Corporate & Advisory Services Pte. Ltd.
“Singapore Exchange”	Singapore Exchange Securities Trading Limited

“Singapore Listing Manual”	the Listing Rules of the Singapore Exchange
“Singapore Trading Day”	a trading day on the Singapore Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TGL”	Typical Gold Limited, a company incorporated in the British Virgin Islands with limited liability on 20 February 2017
“TP Vision Group”	TP Vision Holding B.V. (a subsidiary of TPV) and its subsidiaries
“TPV” or the “Company”	TPV Technology Limited, a company incorporated in Bermuda with limited liability, the shares of which are primary listed on the Main Board of the Stock Exchange (Stock Code 903) and secondary listed on the Singapore Exchange (Stock Code T18)
“TPV Board”	the board of TPV Directors
“TPV Director(s)”	director(s) of TPV
“TPV Group”	TPV and its subsidiaries
“TPV Shareholders”	holders of TPV Shares entered in the Registers
“TPV Shares”	ordinary shares of US\$0.01 each in the share capital of TPV
“US”	the United States of America
“US\$”	United States dollars, the lawful currency of the US
“%”	per cent. or percentage

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Court hearing of the petition to sanction the Scheme and to confirm the capital reduction, of the registration of the Court Order at the Registrar of Companies in Bermuda and of the Effective Date, which are references to the relevant times and dates in Bermuda. For reference only, Bermuda time is 11 hours behind Hong Kong time as at the date of this Scheme Document.

ACTIONS TO BE TAKEN BY TPV SHAREHOLDERS

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the TPV Shareholders to attend and vote at the SGM, the Registers will be closed from Thursday, 24 October 2019 to Wednesday, 30 October 2019 (both days inclusive) and during such period, no transfer of TPV Shares will be effected. In order to qualify to vote at the Court Meeting and the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or the Share Transfer Office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (as the case may be) not later than 4:30 p.m. on Wednesday, 23 October 2019.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the SGM are enclosed with copies of this Scheme Document sent to Registered Owners. Subsequent purchasers of Scheme Shares will need to obtain a proxy form from the transferor.

Whether or not you are able to attend the Court Meeting and/or the SGM, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a TPV Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the SGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or if you are a TPV Shareholder whose name appears on TPV's record of members kept at the Share Transfer Office or a Depositor, you should deposit the enclosed proxy form at the Share Transfer Office at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623. **The pink form of proxy for use at the Court Meeting should be lodged not later than 10:00 a.m. (Hong Kong time) on Monday, 28 October 2019 or it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept it). In order to be valid, the white form of proxy for use at the SGM should be lodged not later than 10:30 a.m. (Hong Kong time) on Monday, 28 October 2019 failing which the white form of proxy will not be valid.** The completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be revoked by operation of law.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and the SGM if, among other things, the resolutions are passed by the requisite majorities of the Scheme Shareholders or the TPV Shareholders (as the case may be). We therefore strongly urge you to attend and vote at the Court Meeting and the SGM in person or by proxy.

TPV and the Offeror will make an announcement in relation to the results of the Court Meeting and the SGM on Wednesday, 30 October 2019. If all the resolutions are passed at those meetings, TPV and the Offeror will make further announcements of the results of the

hearing of the petition to sanction the Scheme by the Court and, if the Scheme is sanctioned, the Record Date, the Effective Date and the date of withdrawal of the listing of the TPV Shares from the Stock Exchange and the Singapore Exchange.

ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST, CCASS OR CDP

TPV will not recognise any person as holding any TPV Shares through any trust. If you are a Beneficial Owner whose TPV Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited or CDP), you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which your TPV Shares should be voted at the Court Meeting and/or the SGM. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the SGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the SGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose TPV Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such TPV Shares with another CCASS Participant, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the SGM. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the SGM set by them, in order to provide such person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the TPV Shares of the Beneficial Owner should be voted at the Court Meeting and/or the SGM.

HKSCC Nominees Limited may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS) in calculating whether or not 75% in value of the Scheme Shareholders present and voting at the Court Meeting have approved the Scheme. However, for the purpose of calculating the “majority in number” of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, each such CCASS Participant who instructs HKSCC Nominees Limited to vote will not be counted towards the “majority in number”. Pursuant to the order of the Court dated 2 October 2019, HKSCC Nominees Limited will be counted as one member of TPV for this purpose and may be counted for or against according to the majority of voting instructions it receives from CCASS Participants.

If you are a Beneficial Owner whose TPV Shares are deposited in CCASS, you may also elect to become a Registered Owner before the Meeting Record Date, and thereby have the direct right to attend and vote at the Court Meeting, including the right to vote or be

counted in the calculation of whether or not a majority in number of Scheme Shareholders have approved the Scheme under Section 99 of the Bermuda Companies Act (if you are a Scheme Shareholder) and the SGM (as a TPV Shareholder). You can become a Registered Owner by withdrawing all or any of your TPV Shares from CCASS. For withdrawal of TPV Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your TPV Shares are held through a financial intermediary, and other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of TPV Shares in your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the TPV Shares from CCASS and register them in your name prior to the latest time for lodging transfer of TPV Shares to qualify for attending and voting at the Court Meeting and SGM.

Depositors whose names are shown in the Depository Register on 28 October 2019 can attend and vote at the Court Meeting and/or the SGM as CDP's proxies. However, Depositors will not be counted as members of TPV for the purpose of calculating whether or not a majority of members of TPV have approved the Scheme under Section 99 of the Bermuda Companies Act. Depositors who wish to individually vote or be counted for such purposes should make arrangements to be registered as a member of TPV prior to the Meeting Record Date on 28 October 2019. Pursuant to the order of the Court dated 2 October 2019, CDP will be counted as one member of TPV for the purpose of calculating the "majority in number" and may be counted for or against according to the majority of votes cast on its behalf at the Court Meeting.

If you are a Depositor whose TPV Shares are deposited with CDP, you may also elect to become a Registered Owner before the Meeting Record Date and thereby have the direct right to attend and vote at the Court Meeting including the right to vote or be counted in the calculation of whether or not a majority in number of Scheme Shareholders have approved the Scheme under Section 99 of the Bermuda Companies Act (if you are a Scheme Shareholder) and the SGM (as a TPV Shareholder). You can become a Registered Owner by withdrawing all or any of your TPV Shares from CDP. For withdrawal of TPV Shares from CDP and registration thereof, you will be required to pay a withdrawal fee based on the total number of TPV Shares withdrawn to CDP, a registration fee for each share certificate issued, stamp duty on each transfer and, if your TPV Shares are held through a financial intermediary, such other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of TPV Shares in your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the TPV Shares from CDP and register them in your name prior to the Meeting Record Date.

ACTIONS TO BE TAKEN BY OPTIONHOLDERS

The Option Offer Letter is being sent to each Optionholder, together with this Scheme Document and a Form of Acceptance. If you are an Optionholder and you wish to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance to the Human Resources department of TPV at 1F No. 226, Liancheng, Rd., Zhonghe Dist., New Taipei City 23553, Taiwan (R.O.C) by no later than 4:30 p.m. (Hong Kong time) on Tuesday, 12 November 2019 (or such later date and time as may be notified to you by the Offeror and TPV or by way of joint announcement by the Offeror and TPV on the website of the Stock Exchange). No acknowledgement of receipt of any Form of Acceptance or other document evidencing the grant of Share Options or any other document will be given. Under the Option Offer, where the exercise price of the relevant Share Option is higher than the Cancellation Price (that is, the Share Options granted under the 2003 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$0.00001 in cash, and where the exercise price of the relevant Share Option is lower than the Cancellation Price (that is, the Share Options granted under the 2015 Share Option Scheme), the Offeror will offer the holders of such Outstanding Share Options the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option.

Apart from accepting the Option Offer, in summary, the choices available to you, as an Optionholder, in respect of your outstanding Share Option(s) are:

- (a) you may in accordance with the terms of the Share Option Scheme exercise, all of your outstanding vested Share Option(s) (to the extent not already exercised) to its full extent or to the extent specified in your notice of exercise of Share Options to TPV at any time after the date of the Option Offer Letter and up to the Latest Option Exercise Date. Optionholders of Share Options who exercise their Share Option at or before 4:30 p.m. on Friday, 11 October 2019 will be entitled to attend and vote at the Court Meeting and the SGM. Any TPV Share issued as a result of the exercise of such outstanding Share Option(s) as mentioned above, conditional on the passing of the resolutions to be proposed at the Court Meeting and SGM to approve the Scheme, will be subject to and eligible to participate in the Scheme;
- (b) you may reject the Option Offer in accordance with its terms, as set out in the Option Offer Letter and in the Scheme Document, and tick the “Reject” box on the Form of Acceptance and return it in accordance with the instructions therein. If you reject the Option Offer, you will not be entitled to receive the Option Offer Price in respect of any of your Share Options if the Scheme becomes effective; or
- (c) do nothing, in which case, conditional on the passing of the resolutions to be proposed at the Court Meeting and the SGM to approve the Scheme, and the Scheme becoming effective, your Share Options will lapse automatically on the Effective Date, and you will receive neither the Option Offer Price nor the Cancellation Price.

Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective.

You are urged to read the instructions and other terms and conditions of the Option Offer in the Option Offer Letter, substantially in the form set out in Appendix VI to this Scheme Document.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A TPV SHAREHOLDER OR A BENEFICIAL OWNER, TPV AND THE OFFEROR STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND/OR AT THE SGM. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, WE URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, WE ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES LIMITED WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES LIMITED IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE SGM WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED IN YOUR NAME PRIOR TO THE MEETING RECORD DATE (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN — ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST, CCASS OR CDP” ABOVE).

IF YOU ARE A DEPOSITOR WHOSE SHARES ARE DEPOSITED IN CDP, WE ENCOURAGE YOU TO MAKE ARRANGEMENTS IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE SGM WITHOUT DELAY AND/OR WITHDRAWN FROM CDP AND TRANSFERRED IN YOUR NAME PRIOR TO THE MEETING RECORD DATE (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN — ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST, CCASS OR CDP” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING TPV SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR VOTE.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

NOTICE TO US SHAREHOLDERS

TPV Shareholders in the US should note that the Proposal relates to the shares of a company organised under the laws of Bermuda and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, the laws of Bermuda. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Scheme. Moreover the Scheme will be subject to the disclosure requirements and practices applicable in Bermuda to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules.

None of the securities referred to in this Scheme Document have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this Scheme Document. Any representation to the contrary is a criminal offence in the US.

Financial information included in this Scheme Document has been or will be prepared in accordance with Hong Kong Financial Reporting Standards and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

TPV is a company incorporated in Bermuda with limited liability and the Offeror is a company incorporated in Hong Kong with limited liability.

All or the majority of the officers and directors of the Offeror and all or the majority of officers and directors of TPV are residents of countries other than the US. It may not be possible to sue TPV and/or the Offeror in a non-US court for violations of US securities laws. It may be difficult to compel TPV, the Offeror and/or their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and TPV by way of announcement(s) as soon as possible. Unless otherwise expressly stated, all references to dates and times contained in this Scheme Document refer to Hong Kong dates and times.

Date of despatch of this Scheme Document Tuesday, 8 October 2019

Date of despatch of the Option Offer Letter
for the Option Offer Tuesday, 8 October 2019

Latest time to submit the request to withdraw TPV
Shares from CDP and to become a Registered Owner
on the principal register of members in Bermuda in
order to have the right to attend and vote as a
Registered Owner at the Court Meeting and SGM 4:30 p.m. on Thursday,
10 October 2019

Latest time for Optionholders to lodge notices of
exercise (accompanied by full payment of the
exercise price) of their Share Options in order to
become entitled to attend and vote at the Court
Meeting and SGM (*Note 8*) 4:30 p.m. on Friday,
11 October 2019

Latest time for lodging transfers of TPV Shares to
qualify for attending and voting at the Court
Meeting and the SGM 4:30 p.m. on Wednesday,
23 October 2019

Registers closed for determination of entitlements of
Scheme Shareholders to attend and vote at the Court
Meeting and of TPV Shareholders to attend and vote
at the SGM from Thursday,
24 October 2019 to Wednesday,
30 October 2019 (both days inclusive)

Latest time to submit the request to withdraw TPV
Shares from CDP and to become a Registered Owner
on the principal register of members in Bermuda in
order to receive the Cancellation Price in HK\$. 4:30 p.m. on Thursday,
24 October 2019

Meeting Record Date Monday, 28 October 2019

Latest time for lodging forms of proxy in respect of the
Court Meeting (*Note 1*) 10:00 a.m. on Monday,
28 October 2019

Latest time for lodging forms of proxy in respect of the SGM (<i>Note 1</i>)	10:30 a.m. on Monday, 28 October 2019
Court Meeting (<i>Note 1</i>)	10:00 a.m. on Wednesday, 30 October 2019
SGM (<i>Note 1</i>)	10:30 a.m. on Wednesday, 30 October 2019 (or immediately after the conclusion or adjournment of the Court Meeting)
Announcement of (i) the results of the Court Meeting and the SGM, and (ii) the expected last day of trading on the Singapore Exchange	Wednesday, 30 October 2019
Latest Option Exercise Date (<i>Note 5 and Note 8</i>)	4:30 p.m. on Friday, 1 November 2019
Expected last day for trading in the TPV Shares on the Stock Exchange.	Monday, 4 November 2019
Expected last day for trading in the TPV Shares on the Singapore Exchange	Monday, 4 November 2019
TPV Shares to be suspended from trading on the Singapore Exchange.	after 5:16 p.m. on Monday, 4 November 2019
Latest time for lodging transfers of the TPV Shares to qualify for entitlements under the Scheme	4:30 p.m. on Wednesday, 6 November 2019
Closure of the Registers for determining the entitlement of the Scheme Shareholders under the Scheme	From Thursday, 7 November 2019 onwards
Court hearing of the petition to sanction the Scheme (<i>Note 2 and Note 3</i>)	Friday, 8 November 2019
Announcement of (i) the result of the Court hearing of the petition to sanction the Scheme, (ii) the expected Record Date, (iii) the expected Effective Date, and (iv) the date of withdrawal of the listing of the TPV Shares to be published on the websites of the Stock Exchange and TPV	at or before 8:30 a.m. on Monday, 11 November 2019

Option Offer Record Date	Tuesday, 12 November 2019
Latest time and date for lodging the Form of Acceptance in relation to the Option Offer (<i>Note 6</i>)	4:30 p.m. on Tuesday, 12 November 2019
Record Date for determining the entitlement of the Scheme Shareholders (and Depositors) under the Scheme.	Tuesday, 12 November 2019
CDP blocks TPV Shares from Securities Accounts	Tuesday, 12 November 2019
Effective Date (<i>Note 3</i>).	Tuesday, 12 November 2019 (Bermuda time)
Lapse of all Share Options (<i>Note 9</i>).	Tuesday, 12 November 2019
Announcement of the Effective Date and the withdrawal of the listing of the TPV Shares on the Stock Exchange and the Singapore Exchange	no later than 12:00 p.m. (Hong Kong and Singapore time) on Wednesday, 13 November 2019
TPV to provide CDP with payment instructions.	Wednesday, 13 November 2019
CDP receives funds from the Offeror in HK\$ for cash entitlements payable to Depositors under the Scheme	no later than 10:00 a.m. on Thursday, 14 November 2019
Withdrawal of the listing of the TPV Shares on the Stock Exchange becomes effective.	4:00 p.m. on Thursday, 14 November 2019
Withdrawal of the listing of the TPV Shares on the Singapore Exchange becomes effective and all scripless shares to be withdrawn from CDP's system	4:00 p.m. on Thursday, 14 November 2019
(i) CDP to effect HK\$:S\$ conversion of cash entitlements payable to Depositors under the Scheme and advise TPV on the applicable exchange rate and (ii) TPV to announce applicable exchange rate on the Singapore Exchange (<i>Note 4</i>).	Friday, 15 November 2019

Latest time to despatch cheques for cash entitlements under the Scheme, and cheques for cash payment for acceptance under the Option Offer in respect of Share Options that have vested as at the Option Offer Record Date but in respect of which the underlying TPV Shares have not been registered in the name of the relevant holder (or its nominee) as at the Record Date (*Note 7*) on or before Thursday, 21 November 2019

CDP to make payment in cash of the Cancellation Price to Depositors based on the S\$ equivalent of the HK\$-denominated Cancellation Price for each Scheme Share held by a Depositor with CDP (*Note 4*). on or before Thursday, 21 November 2019

CDP to deliver share certificates to the Share Transfer Office. on or before Thursday, 21 November 2019

TPV to liaise with the Share Transfer Office in relation to the collection of share certificates in respect of all the withdrawn scripless TPV Shares from CDP. Thursday, 5 December 2019 onwards

Notes:

- 1 Forms of proxy should be lodged, by hand or by post, with (i) Computershare Hong Kong Investor Services Limited, the Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or (ii) Boardroom Corporate & Advisory Services Pte. Ltd., the Share Transfer Office, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (as the case may be), as soon as possible and in any event no later than the times and dates stated above. In the case of the pink form of proxy in respect of the Court Meeting, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), if it is not so lodged. In order to be valid, the pink form of proxy for the Court Meeting and the white form of proxy for the SGM must be lodged not later than the times and dates stated above. Completion and return of a form of proxy for the Court Meeting or the SGM will not preclude a TPV Shareholder from attending the relevant meetings and voting in person. In such event, the returned form of proxy will be revoked by operation of law.
- 2 All references in this Scheme Document to times and dates are references to Hong Kong times and dates, other than the expected dates of the Court hearing of the petition to sanction the Scheme and the Effective Date, which are the relevant dates in Bermuda. Bermuda time is 11 hours behind Hong Kong time.
- 3 The Scheme shall become effective upon all the Conditions being fulfilled or otherwise waived (as the case may be).

- 4 CDP will advise TPV on the applicable exchange rate on the date (or on the business day following such date) on which CDP receives payment from the Offeror of the Cancellation Price payable to Depositors under the Scheme. The exchange rate applied will be the board rate of the paying bank on the date of such conversion. Within seven business days of the Effective Date, CDP shall make payment in cash of the Cancellation Price in S\$ to each Depositor (excluding a Depositor who is the Offeror, CEC or a Rollover Shareholder) based on the number of Scheme Shares standing to the credit of the Securities Accounts as at 5:00 p.m. on the Record Date on which the transfer books of TPV and the register of members of TPV will be closed in Singapore in order to determine the entitlements of TPV Shareholders in Singapore under the Scheme.
- 5 If holders of Share Options wish to qualify for entitlements under the Scheme, they must exercise their Share Options and lodge their notices of exercise before the time specified above on the Latest Options Exercise Date and, subject to the customary process for allotment and issue of Shares by TPV, become registered holders of TPV Shares by the time of the Record Date.
- 6 Forms of Acceptance, duly completed in accordance with the instructions on them, must be lodged with the Human Resources department of TPV at 1F No. 226, Liancheng, Rd., Zhonghe Dist., New Taipei City 23553, Taiwan (R.O.C) not later than 4:30 p.m. on Tuesday, 12 November 2019 (or such later date as may be notified by the Offeror and TPV or by way of joint announcement by the Offeror and TPV on the website of the Stock Exchange).
- 7 Cheques for cash entitlements under the Scheme and payment pursuant to the Option Offer to the Optionholders will be despatched within seven business days of the Effective Date by ordinary post at the risk of the recipients to their registered addresses shown in the Registers and to the last known addresses of the Optionholders as notified by the Optionholders to TPV on or before Thursday, 21 November 2019.
- 8 These denote the latest dates, which are based on the time estimated by TPV to complete the required processes to issue the underlying TPV Shares before the Meeting Record Date or the Record Date (as the case may be). The notices of exercise (accompanied by full payment of the exercise price) should be lodged with the company secretary of TPV at Units 1208–16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. Optionholders of Share Options who exercise their Share Option after the Meeting Record Date will not be entitled to attend and vote at the Court Meeting and the SGM. Optionholders who do not exercise their Share Options on or before the Latest Option Exercise Date will not be able to exercise their Share Options in time to qualify as Scheme Shareholders for entitlements under the Scheme, and such Optionholders will only be entitled to the Option Offer.
- 9 Pursuant to the terms of the Share Option Scheme, all Share Options shall automatically lapse upon the Scheme becoming effective and will no longer be exercisable from such date.

The Court Meeting and the SGM will both be held at Ballroom B, 2/F, The Langham, Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 30 October 2019, at 10:00 a.m. and 10:30 a.m. (or, in the case of the SGM, immediately after the conclusion or adjournment of the Court Meeting), respectively. Please see the notice of the Court Meeting set out on page IV-1 and the notice of the SGM set out on page V-1 of this Scheme Document for details.

TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

Executive Director

Dr. Hsuan, Jason

Non-executive Directors

Mr. Zhang Dongchen

Mr. Xu Guofei

Mr. Sun Jie

Dr. Li Jun

Ms. Bi Xianghui

Independent non-executive Directors

Mr. Chan Boon Teong

Dr. Ku Chia-Tai

Mr. Wong Chi Keung

Registered office

Victoria Place, 5th Floor 31
Victoria Street Hamilton HM 10
Bermuda

*Principal place of business in
Hong Kong*

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

8 October 2019

To TPV Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF TPV
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)
(2) PROPOSED WITHDRAWAL OF LISTING
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

1. INTRODUCTION

The Offeror and TPV jointly announced on 12 August 2019 that, on 8 August 2019 (after trading hours), the Offeror requested the TPV Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of TPV by way of the Scheme under Section 99 of the Bermuda Companies Act. Upon completion of the Scheme, the Offeror, CEC and the Rollover Shareholders will, in aggregate, hold the entire issued share capital of TPV (among which the Rollover Shareholders, in aggregate, will hold approximately 11.04% of the issued share capital of TPV) and the listing of the TPV Shares will be withdrawn from the Stock Exchange and the Singapore Exchange.

Having reviewed the Proposal, the TPV Board has resolved to put the Proposal forward to the Scheme Shareholders. The TPV Directors who have a conflict of interest (as a result of their being common directors of TPV and the Offeror, being persons acting in concert with the Offeror or their positions within the CEC Group), being Dr. Hsuan, Mr. Zhang Dongchen, Mr. Xu Guofei, Mr. Sun Jie, Dr. Li Jun and Ms. Bi Xianghui, abstained from voting in relation to that resolution.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, and to give you notice of the Court Meeting and the SGM (together with proxy forms in relation thereto). Your attention is also drawn to (i) the letter from the Independent Board Committee set out on pages 39 to 41 of this Scheme Document; (ii) the letter from Somerley set out on pages 42 to 81 of this Scheme Document; (iii) the Explanatory Statement set out on pages 82 to 112 of this Scheme Document; and (iv) the terms of the Scheme set out on pages III-1 to III-7 of this Scheme Document.

2. TERMS OF THE PROPOSAL

Cancellation Price

The Scheme provides that, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for the payment by the Offeror to each Scheme Shareholder of the Cancellation Price of (i) HK\$3.86 in cash for each Scheme Share listed on the Stock Exchange; (ii) in respect of each Depositor who holds Scheme Shares listed on the Singapore Exchange and deposited with CDP (being the Scheme Shareholder and Registered Owner of such TPV Shares), the equivalent of HK\$3.86 in S\$ (based on the applicable exchange rate applied by the paying bank as at the date of the exchange rate conversion effected by CDP) in cash for each Scheme Share; or (iii) in respect of each Scheme Shareholder (other than CDP) who is a Registered Owner of Scheme Shares on the principal register of members in Bermuda, HK\$3.86 in cash for each Scheme Share registered in the name of such Scheme Shareholder.

All the Scheme Shares that are listed on the Singapore Exchange are deposited with CDP. Singapore TPV Shareholders who wish to receive the Cancellation Price in HK\$ may elect to withdraw their TPV Shares from CDP and to become a Registered Owner on the principal register of members in Bermuda, which withdrawal must in any event be effected before the Record Date. Depositors may withdraw the TPV Shares from CDP by executing the relevant forms and paying a nominal withdrawal fee to CDP to withdraw their shares from CDP (S\$10.70 for withdrawals of up to 1,000 TPV Shares and S\$26.75 for withdrawals exceeding 1,000 TPV Shares) and if their TPV Shares are held through a financial intermediary, such other relevant fees charged by their financial intermediary.

As at the Latest Practicable Date, except for the outstanding Share Options, there were no outstanding options, warrants, derivatives or convertible securities issued by TPV.

Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

Comparisons of value

The Cancellation Price represents, in respect of TPV Shares which are listed on the Stock Exchange:

- a premium of approximately 3.21% over the closing price of HK\$3.74 per TPV Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 41.39% over the closing price of HK\$2.73 per TPV Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 46.77% over the average closing price of approximately HK\$2.63 per TPV Share based on the daily closing prices as quoted on the Stock Exchange over the five trading days up to and including the Last Trading Day;
- a premium of approximately 54.50% over the average closing price of approximately HK\$2.50 per TPV Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 138.79% over the average closing price of approximately HK\$1.62 per TPV Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Day; and
- a discount of approximately 23.94% to the audited consolidated net asset value attributable to TPV Shareholders per TPV Share of approximately US\$0.65 (equivalent to approximately HK\$5.07) as at 31 December 2018^{Note⁽¹⁾}.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the TPV Shares traded on the Stock Exchange and with reference to other similar transactions in Hong Kong in recent years.

Note⁽¹⁾ For the purposes of this Scheme Document, the exchange rate of US\$1.00 = HK\$7.7765 has been used, where applicable, for illustrative purposes only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

Highest and lowest prices

In respect of TPV Shares which are listed on the Stock Exchange, during the six month period preceding the Last Trading Day, the highest closing price of the TPV Shares as quoted on the Stock Exchange was HK\$2.73 per TPV Share on 8 August 2019, and the lowest closing price of the TPV Shares as quoted on the Stock Exchange was HK\$1.10 per TPV Share on 11 February 2019.

Option Offer

As at the Latest Practicable Date, there were (i) 17,170,000 outstanding Share Options granted under the 2003 Share Option Scheme, each relating to one TPV Share, of which 600,000 2003 Share Options are held by Dr. Hsuan, 400,000 2003 Share Options are held by Mr. M Hsuan, 400,000 2003 Share Options are held by Mr. Wang and the remaining 15,770,000 2003 Share Options are held by other employees of the TPV Group; and (ii) 8,128,000 outstanding Share Options granted under the 2015 Share Option Scheme, each relating to one TPV Share, of which 400,000 2015 Share Options are held by Mr. Zhang, 116,000 2015 Share Options are held Mr. M Hsuan and the remaining 7,612,000 2015 Share Options are held by other employees of the TPV Group. As at the Latest Practicable Date, the outstanding Share Options granted under the 2003 Share Option Scheme had an exercise price of HK\$5.008, and the outstanding Share Options granted under the 2015 Share Option Scheme had an exercise price of HK\$1.77. As at the Latest Practicable Date, apart from the Share Options which are held by the Rollover Shareholders and Mr. Wang^{Note¹}, the Offeror and the parties acting in concert with it (including the Rollover Shareholders) did not hold any Share Option.

The Offeror is required to make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Note¹ As at the Latest Practicable Date, (i) 600,000 2003 Share Options were held by Dr. Hsuan, the sole shareholder of Bonstar; (ii) 116,000 2015 Share Options and 400,000 2003 Share Options were held by Mr. M Hsuan, the son of Dr. Hsuan, who is a concert party of Dr. Hsuan under the Takeovers Code; and (iii) 400,000 2003 Share Options were held by Mr. Wang, the sole registered shareholder of TGL.

Under the Option Offer, where the exercise price of the relevant Share Option is higher than the Cancellation Price (that is, the Share Options granted under the 2003 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$0.00001 in cash, and where the exercise price of the relevant Share Option is lower than the Cancellation Price (that is, the Share Options granted under the 2015 Share Option Scheme), the Offeror will offer the holders of such Outstanding Share Options the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code.

Share Option exercise price (HK\$)	Option Offer Price (HK\$)	Total outstanding Share Options as at the Latest Practicable Date
5.008	0.00001	17,170,000
1.77	2.09	8,128,000

Note: If the exercise price of the relevant Share Option under the Option Offer exceeds the Cancellation Price, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.00001 per Share Option (or part thereof) will be made.

The Option Offer Letter setting out the terms and conditions of the Option Offer is being despatched separately to Optionholders and is substantially in the form set out in “Appendix VI Form of Option Offer Letter” to this Scheme Document.

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any TPV Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made. **Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective.**

Total consideration

Your attention is drawn to the section headed “11. Total Consideration and Financial Resources Confirmation — Total consideration” in the Explanatory Statement on page 101 of this Scheme Document.

Confirmation of financial resources

Your attention is drawn to the section headed “11. Total Consideration and Financial Resources Confirmation — Confirmation of financial resources” in the Explanatory Statement on page 101 of this Scheme Document.

Approval by Independent Shareholders

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme and vote at the SGM on the resolution to approve the Rollover Arrangement for the purpose of satisfying the voting requirements contained in and imposed by the Takeovers Code. The TPV Shares owned by the Offeror, CEC and the Rollover Shareholders will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting and will not be voted on the Rollover Arrangement at the SGM. All TPV Shareholders will be entitled to attend the SGM and vote on the special resolution approving and to give effect to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares and the application of the credit amount arising in the books of TPV as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new TPV Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Offeror simultaneously with the cancellation of the Scheme Shares.

The legal advisor of the Offeror as to Singapore laws confirmed that there is no requirement under Singapore law for (i) a separate court meeting to be held for the Depositors who hold Scheme Shares listed on the Singapore Exchange; or (ii) a separate special general meeting of TPV to be convened for the TPV Shareholders who hold TPV Shares listed on the Singapore Exchange for the purposes of considering and if thought fit, approving, among other things, any capital reduction associated with the cancellation of the Scheme Shares. Accordingly, (a) Independent Shareholders who hold Scheme Shares listed on the Singapore Exchange will be entitled to attend and vote on the Scheme at the Court Meeting and the Rollover Arrangement at the SGM, and (b) all TPV Shareholders who hold TPV Shares listed on the Singapore Exchange will be entitled to attend the SGM and vote on the special resolution approving and to give effect to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares and the application of the credit amount arising in the books of TPV as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new TPV Shares as is equal to the number of the Scheme Shares cancelled, to be issued to the Offeror simultaneously with the cancellation of the Scheme Shares.

As at the Latest Practicable Date, the Scheme Shareholders were interested in 1,195,322,689 TPV Shares (representing approximately 50.96% of the issued share capital of TPV as at the Latest Practicable Date). The employees^{Note 1} who are beneficially interested in shares in TGL are not presumed to be parties acting in concert with the Offeror for the purpose of the Takeovers Code merely due to his/her role as a beneficial owner of TGL. The TPV Shares held by the Excluded Employees (other than the 7,200,000 TPV Shares held by Mr. Zhang, a Rollover Shareholder) will form part of the Scheme Shares. The Excluded Employees (whose names appear in the Registers as at the Meeting Record Date) (if applicable), as Scheme Shareholders, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if they do in fact attend and vote) but not for the Takeovers Code purposes. Based on the information provided by the ultimate beneficial owners of TGL, as at the Latest Practicable Date, the Excluded Employees, in aggregate, were interested in 37,603,416 TPV Shares (representing approximately 1.60% of the issued capital of TPV as at the Latest Practicable Date (other than through their beneficial interests in TGL).

The TPV Shares owned by Mr. Wang (other than his legal and beneficial interest in TGL) will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, 1,468,000 TPV Shares were held by Mr. Wang (other than his legal and beneficial interest in TGL).

The TPV Shares owned by any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code will form part of the Scheme Shares. Any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code (assuming its name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if it does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, no TPV Shares were held by any member of the CICC group acting in its capacity of an exempt principal trader.

As at the Latest Practicable Date, the Offeror and persons acting in concert with it (including the Rollover Shareholders) were interested in 1,150,313,450 TPV Shares (representing approximately 49.04% of the issued share capital of TPV as at the Latest Practicable Date) (among which the Rollover Shareholders, in aggregate, hold 258,984,803 TPV Shares (representing approximately 11.04% of the issued share capital of TPV)).

Note 1 As at the Latest Practicable Date, based on the information provided by TGL, eight beneficial owners of TGL (in aggregate, were beneficially interested in 2.19% of the total issued shares of TGL) have resigned as employees of TPV.

3. CONDITIONS OF THE PROPOSAL

The Proposal and the Scheme will become effective and binding on TPV and all Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the Conditions set out in the section headed “3. Conditions of the Proposal” in the Explanatory Statement on pages 85 to 87 of this Scheme Document.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such other date as the Offeror and TPV may agree and the Court may allow and in all cases, as permitted by the Executive), otherwise the Proposal will not proceed and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the TPV Shares on the Stock Exchange and the Singapore Exchange will not be withdrawn.

WARNING: The Proposal and the Scheme is conditional upon the satisfaction or (where applicable) waiver of the Conditions (including the approval of the Rollover Arrangement as a special deal under Rule 25 of the Takeovers Code). Accordingly, the Proposal and the Scheme may or may not become effective. TPV Shareholders and potential investors of TPV should therefore exercise caution when dealing in the securities of TPV. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

4. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

The Offeror would like to allow the Rollover Shareholders to retain their respective shareholdings in TPV and remain as shareholders of TPV after the Scheme becomes effective. The Rollover Shareholders, in aggregate, hold 258,984,803 TPV Shares (representing approximately 11.04% of the issued share capital of TPV as at the Latest Practicable Date).

Information on the Rollover Shareholders

Innolux

Innolux has been a strategic industrial investor of TPV since it became a TPV Shareholder by subscription of TPV Shares in 2008. Innolux was established in 2003 and publicly listed on Taiwan Stock Exchange in 2006. The Offeror is of the view that it is important for TPV to retain Innolux as a TPV Shareholder after the completion of the Scheme so that Innolux, through its extensive networking and experiences, will continue to assist in TPV’s research and development, technical personnel exchange and personnel training and customer networking and maintenance. Together, TPV and Innolux can continue their synergy from the upstream and downstream alliance which will enhance TPV’s competitiveness in the market and benefit TPV’s long-term sustainable development.

TGL

TGL was set up as a shareholding platform for employees of TPV for the purpose of building up an incentive mechanism, attracting and cultivating talent, maintaining steady development of the TPV Group and aligning the interests of the employees of the TPV Group with those of the TPV Shareholders. As at the Latest Practicable Date, based on the information provided by TGL, eight beneficial owners of TGL (in aggregate, were beneficially interested in 2.19% of the total issued shares of TGL) have resigned as employees of TPV. Those employees, other than the eight beneficial owners who have resigned as employees of TPV as disclosed above, are involved in the day-to-day operation of TPV who have extensive operational expertise in research and development, human resources and business operations and an in-depth understanding of TPV's business operations and development. The Offeror is of the view that it is important for TGL (the majority of the beneficial owners are employees of TPV) to retain its interests in TPV in order to continue to provide long-term incentives to these employees after completion of the Scheme for their continual contribution to the development of the TPV Group.

Bonstar and Mr. Zhang

Bonstar is wholly owned by Dr. Hsuan, the chairman, chief executive officer and executive director of TPV. Mr. Zhang is the vice president and co-chief financial officer of TPV. Dr. Hsuan and Mr. Zhang each constitutes a key part of the management team of the TPV Group, and have extensive operation expertise, in-depth understanding and proven track record in the information technology, IT hardware, computers and peripherals industry with over 20 years of relevant experience, as well as long-established relationship with suppliers, regulators, local authorities, management and employees of the TPV Group. The Offeror is of the view that it is important for TPV to retain them as TPV Shareholders after completion of the Scheme so that they have long-term incentives to continue to contribute to the development of the TPV Group.

5. ROLLOVER AGREEMENT

The Offeror and the Rollover Shareholders have entered into the Rollover Agreement, pursuant to which:

- (a) subject to, the Rollover Conditions, the Rollover Shareholders will remain as TPV Shareholders after the Scheme becomes effective and none of the TPV Shares held by the Rollover Shareholders as at the date of the Rollover Agreement will constitute the Scheme Shares under the Scheme or be voted on the Scheme at the Court Meeting and the Rollover Arrangement at the SGM, respectively;
- (b) each of the Rollover Shareholders has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules, the Singapore Listing Manual and applicable laws and regulations, to exercise, or as the case may be, to procure the exercise of the voting rights in respect of the TPV Shares owned by them directly on resolutions in relation to the Scheme in accordance with the Offeror's

directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a general or class meeting of TPV, and that they shall be bound by, and take all actions necessary to implement the Scheme;

- (c) the Rollover Shareholders have further undertaken that they shall not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the TPV Shares held by them, nor will they accept any other offer in respect of any or any of such TPV Shares;
- (d) the Rollover Shareholders will remain as shareholders of TPV immediately after the Scheme becomes effective; and
- (e) each of Dr. Hsuan and Mr. Zhang has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

The Rollover Agreement will be terminated if the Scheme lapses or is withdrawn in accordance with its terms.

Rollover Conditions

The implementation of the Rollover Arrangement is subject to the fulfilment of the Rollover Conditions:

- (a) the receipt of an opinion from the independent financial adviser to the independent board committee of TPV established for the purpose of the Proposal confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement;
- (c) the Scheme becomes effective; and
- (d) the grant of consent from the Executive in respect of the Rollover Arrangement.

Independent Shareholders' Approval

As the Rollover Agreement was only entered into by and between the Offeror and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all TPV Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive to the Rollover Arrangement conditional on (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned, and (ii) the passing of an ordinary

resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement. Accordingly, as set out in Condition (g) to the Scheme, the Proposal and the Scheme are subject to (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement; and (iii) the grant of consent from the Executive in respect of the Rollover Arrangement.

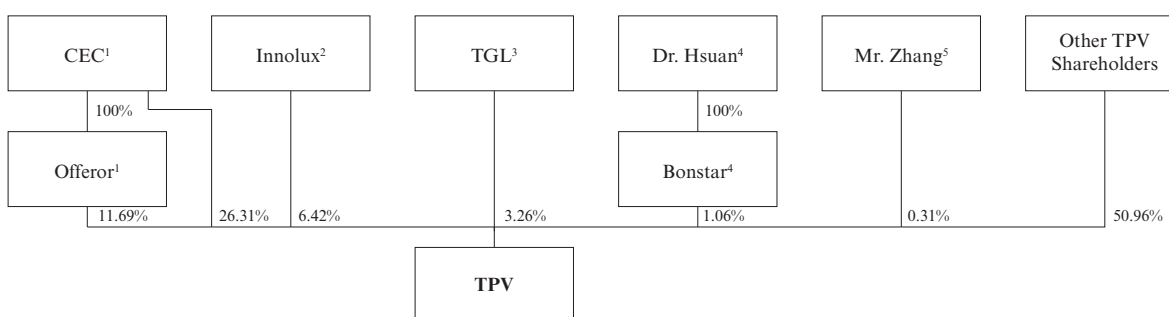
The Independent Financial Adviser has stated in the letter from Somerley that in its opinion, the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned. If the Rollover Arrangement is not approved by the Independent Shareholders at the SGM, the Rollover Arrangement will not be implemented and the Scheme will not proceed.

Only the Independent Shareholders may vote at the SGM on the resolution to approve the Rollover Arrangement.

The Rollover Shareholders are presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement.

6. SHAREHOLDING STRUCTURE OF TPV

The chart below shows a simplified shareholding structure of TPV as at the Latest Practicable Date:

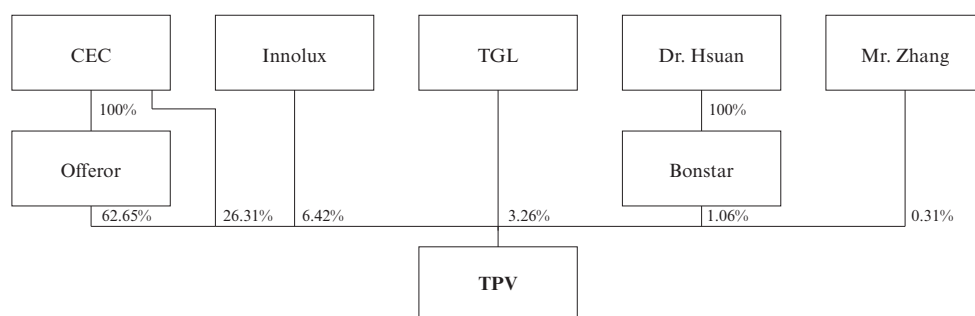


Notes:

- (1) The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 TPV Shares are held by CEC and 274,198,647 TPV Shares are held by the Offeror. The Offeror is an indirect wholly-owned subsidiary of CEC.
- (2) 150,500,000 TPV Shares are held by Innolux, representing approximately 6.42% of the total issued share capital of TPV.
- (3) TGL is interested in 76,530,000 TPV Shares, representing approximately 3.26% of the total issued share capital of TPV.

- (4) 24,754,803 TPV Shares are held by Bonstar, representing approximately 1.06% of the total issued share capital of TPV. Bonstar is wholly-owned by Dr. Hsuan who is the chairman, chief executive officer and executive director of TPV. As at the Latest Practicable Date, Dr. Hsuan held 600,000 2003 Share Options. Dr. Hsuan has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.
- (5) Mr. Zhang is interested in 7,200,000 TPV Shares, representing approximately 0.31% of the total issued share capital of TPV. As at the Latest Practicable Date, Mr. Zhang held 400,000 2015 Share Options. Mr. Zhang has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.
- (6) The shareholding percentage in the diagram is subject to rounding adjustment.

Assuming that no outstanding Share Options are exercised before the Record Date and there is no other change in shareholding of TPV before completion of the Proposal, the chart below shows a simplified shareholding structure of TPV immediately following implementation of the Proposal:



Note: The shareholding percentage in the diagram is subject to rounding adjustment.

As at the Latest Practicable Date, TPV had 2,345,636,139 TPV Shares in issue, the Offeror held 274,198,647 TPV Shares, representing approximately 11.69% of the issued share capital of TPV and CEC held 617,130,000 TPV Shares, representing approximately 26.31% of the issued share capital of TPV. As at the Latest Practicable Date, the Scheme Shares, comprising 1,195,322,689 TPV Shares, represent approximately 50.96% of the issued share capital of TPV.

The table below sets out the shareholding structure of TPV as at the Latest Practicable Date and immediately following implementation of the Proposal, assuming that no outstanding Share Options are exercised before the Record Date and there is no other change in shareholding of TPV before completion of the Proposal:

TPV Shareholders	As at the Latest Practicable Date		Immediately following implementation of the Proposal	
	<i>Number of TPV Shares</i>	<i>Approximate %</i>	<i>Number of TPV Shares</i>	<i>Approximate %</i>
The Offeror				
CEIEC	274,198,647	11.69	1,469,521,336	62.65
Concert party of the Offeror not subject to the Scheme				
CEC	617,130,000	26.31	617,130,000	26.31
Innolux ⁽³⁾	150,500,000	6.42	150,500,000	6.42
TGL ⁽³⁾⁽⁴⁾	76,530,000	3.26	76,530,000	3.26
Bonstar ⁽³⁾	24,754,803	1.06	24,754,803	1.06
Mr. Zhang ⁽³⁾	7,200,000	0.31	7,200,000	0.31
Aggregate number of TPV Shares held by the Offeror and its concert parties⁽⁵⁾	1,150,313,450	49.04	2,345,636,139	100
Scheme Shareholders⁽⁶⁾⁽⁷⁾⁽⁸⁾	1,195,322,689	50.96	—	—
Total number of TPV Shares in issue	2,345,636,139	100	2,345,636,139	100

Notes:

- (1) The TPV Shares in which the Offeror, CEC and the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.
- (2) The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 TPV Shares are held by CEC and 274,198,647 TPV Shares are held by the Offeror. The Offeror is an indirect wholly-owned subsidiary of CEC.
- (3) The Rollover Shareholders are presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement.
- (4) The majority of the beneficial owners of TGL are employees of TPV. The ultimate beneficial owners of TGL are not presumed to be parties acting in concert with the Offeror for the purpose of the Takeovers Code merely due to his/her role as a beneficial owner of TGL.
- (5) This does not include the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.

- (6) The Scheme Shares held by the Scheme Shareholders include the holding of TPV Shares by the Excluded Employees. The TPV Shares held by the Excluded Employees (other than the 7,200,000 TPV Shares held by Mr. Zhang, a Rollover Shareholder) will form part of the Scheme Shares. The Excluded Employees (whose names appear in the Registers as at the Meeting Record Date) (if applicable), as Scheme Shareholders, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if they do in fact attend and vote) but not for the Takeovers Code purposes. Based on the information provided by the ultimate beneficial owners of TGL, as at the Latest Practicable Date, the Excluded Employees, in aggregate, were interested in 37,603,416 TPV Shares (representing approximately 1.60% of the issued capital of TPV as at the Latest Practicable Date (other than through their beneficial interests in TGL).
- (7) The TPV Shares held by any member of the CICC group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code will form part of the Scheme Shares. Any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code (assuming its name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if it does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, no TPV Shares were held by any member of the CICC group acting in its capacity of an exempt principal trader.
- (8) This includes the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.
- (9) The shareholding percentage in the table is subject to rounding adjustment.

Share Options

As at the Latest Practicable Date, there were (i) 17,170,000 outstanding Share Options granted under the 2003 Share Option Scheme, each relating to one TPV Share, of which 600,000 2003 Share Options are held by Dr. Hsuan, 400,000 2003 Share Options are held by Mr. M Hsuan, 400,000 2003 Share Options are held by Mr. Wang and the remaining 15,770,000 2003 Share Options are held by other employees of the TPV Group; and (ii) 8,128,000 outstanding Share Options granted under the 2015 Share Option Scheme, each relating to one TPV Share, of which 400,000 2015 Share Options are held by Mr. Zhang, 116,000 2015 Share Options are held by Mr. M Hsuan and the remaining 7,612,000 2015 Share Options are held by other employees of the TPV Group.

The exercise of all the Share Options in full would result in the issue of 25,298,000 new TPV Shares (representing approximately 1.08% of the issued share capital of TPV as at the Latest Practicable Date) and approximately 1.07% of the issued share capital of TPV as enlarged by the issue of such new TPV Shares.

The Offeror will make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Further information on the Option Offer will be set out in a letter to the Optionholders which will be despatched at or around the same time as the despatch of the Scheme Document.

Shareholding structure assuming all 2015 Share Options that are expected to be vested before the Long Stop Date with positive see-through price held by Optionholders are exercised (other than Mr. Zhang who will not exercise any 2015 Share Options held by him in accordance with the Rollover Agreement).

The table below sets out the shareholding structure of TPV as at the Latest Practicable Date and immediately following implementation of the Proposal, assuming that all 2015 Share Options that are expected to be vested before the Long Stop Date with positive see-through price held by Optionholders are exercised (other than Mr. Zhang who will not exercise any 2015 Share Options held by him in accordance with the Rollover Agreement) before the Record Date and that there is no other change in shareholding of TPV before completion of the Proposal:

TPV Shareholders	As at the Latest Practicable Date		Immediately following implementation of the Proposal	
	<i>Number of TPV Shares</i>	<i>Approximate %</i>	<i>Number of TPV Shares</i>	<i>Approximate %</i>
The Offeror				
CEIEC	274,198,647	11.69	1,477,249,336	62.77
Concert party of the Offeror not subject to the Scheme				
CEC	617,130,000	26.31	617,130,000	26.22
Innolux ⁽³⁾	150,500,000	6.42	150,500,000	6.40
TGL ⁽³⁾⁽⁴⁾	76,530,000	3.26	76,530,000	3.25
Bonstar ⁽³⁾	24,754,803	1.06	24,754,803	1.05
Mr. Zhang ⁽³⁾	7,200,000	0.31	7,200,000	0.31
Aggregate number of TPV Shares held by the Offeror and its concert parties⁽⁵⁾	1,150,313,450	49.04	2,353,364,139	100
Scheme Shareholders⁽⁶⁾⁽⁷⁾⁽⁸⁾	1,195,322,689	50.96	—	—
Total number of TPV Shares in issue	2,345,636,139	100	2,353,364,139	100

Notes:

- (1) The TPV Shares in which the Offeror, CEC and the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.

- (2) The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 TPV Shares are held by CEC and 274,198,647 TPV Shares are held by the Offeror. The Offeror is an indirect wholly-owned subsidiary of CEC.
- (3) The Rollover Shareholders are presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement.
- (4) The majority of the beneficial owners of TGL are employees of TPV. The ultimate beneficial owners of TGL are not presumed to be parties acting in concert with the Offeror for the purpose of the Takeovers Code merely due to his/her role as a beneficial owner of TGL.
- (5) This does not include the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.
- (6) The Scheme Shares held by the Scheme Shareholders include the holding of TPV Shares by the Excluded Employees. The Excluded Employees (whose names appear in the Registers as at the Meeting Record Date) (if applicable), as Scheme Shareholders, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if they do in fact attend and vote) but not for the Takeovers Code purposes. Based on the information provided by the ultimate beneficial owners of TGL, as at the Latest Practicable Date, the Excluded Employees, in aggregate, were interested in 37,603,416 TPV Shares (representing approximately 1.60% of the issued capital of TPV as at the Latest Practicable Date (other than through their beneficial interests in TGL)).
- (7) The TPV Shares held by any member of the CICC group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code will form part of the Scheme Shares. Any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code (assuming its name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if it does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, no TPV Shares were held by any member of the CICC group acting in its capacity of an exempt principal trader.
- (8) This includes the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted towards the headcount test for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.
- (9) The shareholding percentage in the table is subject to rounding adjustment.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “15. Reasons for and Benefits of the Proposal” in the Explanatory Statement on page 104 of this Scheme Document.

8. INTENTION OF THE OFFEROR WITH REGARD TO TPV

It is the intention of the Offeror for the TPV Group to maintain its existing business upon the successful privatisation of TPV. The Offeror has no plan to introduce any material changes to the business and/or assets of the TPV Group, or to redeploy its major fixed assets or discontinue the employment of employees of the TPV Group as a result of the Proposal.

The TPV Board has considered the Offeror’s intentions as set out in this section and is of the view that, based on the Offeror’s plans, there will be no material change to the existing businesses, assets and employees of the TPV Group. The Independent Board Committee has taken the Offeror’s intentions into account in making its recommendations as set out on pages 39 to 41 of this Scheme Document.

9. INFORMATION ON TPV

TPV is an internationally-renowned monitor and TV manufacturer. It has been listed on both the Stock Exchange and the Singapore Exchange since 1999.

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

10. INFORMATION ON THE OFFEROR

Your attention to the section headed “13. Information on the Offeror, CECL and CEC” set out in the Explanatory Statement on page 103 of this Scheme Document.

11. OVERSEAS TPV SHAREHOLDERS

Your attention to the section headed “18. Overseas TPV Shareholders” set out in the Explanatory Statement on page 108 of this Scheme Document.

12. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive directors of TPV, has been formed to advise the Independent Shareholders on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. As (i) Mr. Zhang Dongchen, Mr. Xu Guofei, Mr. Sun Jie, Dr. Li Jun and Ms. Bi Xianghui are personnel or senior management of CEC, the indirect holding company of the Offeror; (ii) Mr. Sun Jie is a director of CECL, the direct holding company of the Offeror; and (iii) Dr. Li Jun and Ms.

Bi Xianghui are directors of the Offeror, all the non-executive directors of TPV are regarded as being interested in the Proposal and therefore do not form part of the Independent Board Committee.

The TPV Board, with the approval of the Independent Board Committee, has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

The full text of the letter from Somerley is set out on pages 42 to 81 of this Scheme Document.

13. WITHDRAWAL OF LISTING OF TPV SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled. TPV Share certificates for the TPV Shares listed on the Stock Exchange and Singapore Exchange and held by the Scheme Shareholders will thereafter cease to have effect as documents of or evidence of title.

TPV does not intend to retain its listing on the Stock Exchange and the Singapore Exchange. Following the Effective Date, the listing of TPV Shares on the Stock Exchange and the Singapore Exchange will be withdrawn.

An application has been submitted on 13 August 2019 to seek approval from the Singapore Exchange to delist TPV from the Official List of the Singapore Exchange upon the Scheme becoming effective and binding in accordance with its terms. The application is pending review and the Singapore Exchange has advised that it will revert with its decision on the said application in due course, on or around the time the application for the withdrawal of listing of the TPV Shares on the Stock Exchange is approved by the Stock Exchange.

TPV will apply to the Stock Exchange for the withdrawal of the listing of the TPV Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective.

The Scheme will lapse if it does not become effective on or before the Long Stop Date (or such later date as the Offeror and TPV may agree and the Court may allow and, in all cases, as permitted by the Executive), and the Independent Shareholders will be notified by way of announcement accordingly. Your attention is drawn to the section headed “Expected Timetable” on pages 14 and 18 of this Scheme Document.

The listing of the TPV Shares on the Stock Exchange and the Singapore Exchange will not be withdrawn if the Scheme lapses, is not approved or is withdrawn in accordance with its terms.

The legal advisor of TPV as to Singapore laws has confirmed that the Singapore Code on Takeovers and Mergers does not apply to the Scheme and the proposed withdrawal of listing, as the TPV Shares have a secondary listing on the Singapore Exchange.

14. COURT MEETING AND SGM

A notice convening the Court Meeting to be held at Ballroom B, 2/F, The Langham, Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 30 October 2019 at 10:00 a.m. is set out in Appendix IV to this Scheme Document. A notice convening the SGM to be held at the same venue on the same date at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) is set out in Appendix V to this Scheme Document.

Your attention is drawn to the section headed “20. Court Meeting and SGM” as set out in the Explanatory Statement on pages 110 to 111 of this Scheme Document.

15. DISCLOSURE OF DEALINGS

Your attention is drawn to the section headed “5. Disclosure of interests under the Takeovers Code” in the General Information on TPV and the Offeror on pages II-6 to II-9 of this Scheme Document.

16. ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “Actions to be Taken” on pages 8 to 12 of this Scheme Document.

17. SHARE CERTIFICATES, DEALINGS AND LISTING

Your attention is drawn to the section headed “16. Share Certificates, Dealings and Listing” in the Explanatory Statement on pages 105 to 106 of this Scheme Document.

18. TAXATION

Your attention is drawn to the section headed “19. Taxation” in the Explanatory Statement on pages 109 to 110 of this Scheme Document.

19. EXPLANATORY STATEMENT

Your attention is drawn to the Explanatory Statement set out on pages 82 to 112 of this Scheme Document for detailed information in relation to the terms of the Proposal and a detailed explanation of the effects of the Proposal.

20. RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement as set out in the letter from the Independent Board Committee to the Independent Shareholders as set out on pages 39 to 41 of this Scheme Document.

Somerley has been appointed by the Independent Board Committee to advise them in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement pursuant to Rule 2.1 of the Takeovers Code. The text of the letter from Somerley containing

its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out on pages 42 to 81 of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

21. FURTHER INFORMATION

You are urged to read carefully the letter from the Independent Board Committee, the letter from Somerley, the Explanatory Statement, the Scheme of Arrangement and the notices of the Court Meeting and the SGM contained in this Scheme Document and other appendices to this Scheme Document. Optionholders are urged to read carefully the Option Offer Letter which is being sent together with this Scheme Document to all Optionholders.

TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

8 October 2019

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF TPV
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)
(2) PROPOSED WITHDRAWAL OF LISTING
AND
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

We refer to the scheme document dated 8 October 2019 jointly issued by TPV and the Offeror in relation to the Scheme (the “**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the TPV Board as the Independent Board Committee to advise the Independent Shareholders on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

Somerley Capital Limited, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from Somerley” of the Scheme Document.

We wish to draw the attention of the Independent Shareholders to (i) the “Letter from the TPV Board” as set out in the Scheme Document; (ii) the “Letter from Somerley”, which sets out the factors and reasons taken into account in arriving at its recommendations, as set out in the Scheme Document; and (iii) the Explanatory Statement as set out in the Scheme Document.

Having considered the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its

letter, we consider that the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned.

Accordingly, we recommend:

- (1) at the Court Meeting, the Independent Shareholders to vote in favour of the resolution to approve the Scheme;
- (2) at the SGM:
 - (a) the Independent Shareholders to vote in favour of the special resolution in connection with the Scheme;
 - (b) the Independent Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangement; and
- (3) the Optionholders to accept the Option Offer.

Although it is noted that the TPV Shares have been traded below the Cancellation Price since the Last Trading Day and up to the Latest Practicable Date, there is still possibility that the TPV Share price may nevertheless exceed the Cancellation Price by 4 November 2019, being the expected last day for trading in the TPV Shares on the Stock Exchange and the Singapore Exchange. Accordingly, the Independent Shareholders and the Optionholders are reminded to closely monitor the trading price and liquidity of the TPV Shares during the period up to 4 November 2019, being the expected last day for trading in the TPV Shares on the Stock Exchange and the Singapore Exchange and should, having regard to their own circumstances, for the Independent Shareholders, consider selling their TPV Shares in the open market and, for the Optionholders, exercising their vested Share Options and selling their TPV Shares to be issued upon such exercise in the open market instead of accepting the Option Offer, respectively, if the net proceeds obtained from such disposal of the TPV Shares (after deducting all transaction costs) would be higher than the net proceeds expected to be received under the Scheme and from accepting the Option Offer respectively. However, the Optionholders are reminded that there will be a time lag between the exercise of the Share Options and the receipt of the TPV Shares to be issued upon such exercise due to the time required for the administrative procedures for exercising the Share Options. Accordingly, the Optionholders who wish to exercise their Share Options should be mindful of the possible price fluctuations of the TPV Shares during the aforesaid time lag.

Both the Independent Shareholders and the Optionholders should also keep in mind that, if applicable, dealings in the TPV Shares will be suspended from the close of business on 4 November 2019, being the expected last day for trading in the TPV Shares on the Stock Exchange and the Singapore Exchange up to the withdrawal of listing of the TPV Shares from the Stock Exchange and the Singapore Exchange.

Yours faithfully,
Independent Board Committee

Mr. Chan Boon Teong
Independent
non-executive Director

Dr. Ku Chia-Tai
Independent
non-executive Director

Mr. Wong Chi Keung
Independent
non-executive Director

Set out below is the letter of advice from Somerley Capital Limited, the Independent Financial Adviser, to the Independent Board Committee regarding the Proposal, the Scheme, the Option Offer and the Rollover Arrangement for the purpose of incorporation in this Scheme Document.

**SOMERLEY CAPITAL LIMITED**

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

8 October 2019

To: the Independent Board Committee of TPV Technology Limited

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF TPV
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT);**

(2) PROPOSED WITHDRAWAL OF LISTING;

AND

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, details of which are set out in the Scheme Document dated 8 October 2019, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

The Offeror and TPV jointly announced on 12 August 2019 that, on 8 August 2019 (after trading hours), the Offeror requested the TPV Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of TPV by way of the Scheme under Section 99 of the Bermuda Companies Act involving the cancellation of all the Scheme Shares in exchange for the payment by the Offeror to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the TPV Shares on the Stock Exchange and the Singapore Exchange.

The Scheme provides that, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for the payment by the Offeror to each Scheme Shareholder of the Cancellation Price of (i) HK\$3.86 in cash for each Scheme Share listed on the Stock Exchange; (ii) in respect of each Depositor who holds Scheme Shares listed on the

Singapore Exchange and deposited with CDP (being the Scheme Shareholder and Registered Owner of such TPV Shares), the equivalent of HK\$3.86 in S\$ (based on the applicable exchange rate applied by the paying bank as at the date of the exchange rate conversion effected by CDP) in cash for each Scheme Share; or (iii) in respect of each Scheme Shareholder (other than CDP) who is a Registered Owner of Scheme Shares on the principal register of members in Bermuda, HK\$3.86 in cash for each Scheme Share registered in the name of such Scheme Shareholder.

As at the Latest Practicable Date, there were (i) 17,170,000 outstanding Share Options granted under the 2003 Share Option Scheme, each relating to one TPV Share; and (ii) 8,128,000 outstanding Share Options granted under the 2015 Share Option Scheme, each relating to one TPV Share. As at the Latest Practicable Date, the outstanding Share Options granted under the 2003 Share Option Scheme had an exercise price of HK\$5.008, and the outstanding Share Options granted under the 2015 Share Option Scheme had an exercise price of HK\$1.77. The Offeror is required to make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every Outstanding Share Option in accordance of Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, where the exercise price of the relevant Share Option is higher than the Cancellation Price (that is, the Share Options with exercise price of HK\$5.008 granted under the 2003 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$0.00001 in cash, and where the exercise price of the relevant Share Option is lower than the Cancellation Price (that is, the Share Options with exercise price of HK\$1.77 granted under the 2015 Share Option Scheme), the Offeror will offer the holders of such Outstanding Share Options the “see-through” price (i.e. HK\$2.09, being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code.

In addition to the Proposal, the Offeror and the Rollover Shareholders have entered into the Rollover Agreement, pursuant to which the Rollover Shareholders will retain their respective shareholdings in TPV and remain as shareholders of TPV after the Scheme becomes effective. As the Rollover Agreement was only entered into by and between the Offeror and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all TPV Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Rollover Arrangement is subject to, among others, the grant of consent from the Executive in respect of the Rollover Arrangement and the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement.

The Independent Board Committee, which comprises all of the independent non-executive directors of TPV, namely Mr. Chan Boon Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung, has been established by the TPV Board to advise the Independent Shareholders on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. As (i) Mr. Zhang Dongchen, Mr. Xu Guofei, Mr. Sun Jie, Dr. Li Jun and Ms. Bi Xianghui are personnel or senior management of CEC, the indirect holding company of the Offeror; (ii) Mr. Sun Jie is a director of CECL, the direct holding company of the Offeror; and (iii) Dr. Li Jun and Ms. Bi Xianghui are directors of the Offeror, all the non-executive directors of

TPV are regarded as being interested in the Proposal and therefore do not form part of the Independent Board Committee. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

We are not associated with TPV, the Offeror, CECL, CEC or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. Apart from normal professional fees paid or payable to us in connection with this or similar appointments, no arrangement exists whereby we will receive any fees or benefits from TPV, the Offeror, CECL, CEC or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the directors and management of TPV, which we have assumed to be true, accurate and complete. We have reviewed, among other things, the Announcement, the annual reports of TPV for the two years ended 31 December 2017 and 2018 (the “**2018 Annual Report**”), the interim report of TPV for the six months ended 30 June 2019, the trading performance of the TPV Shares on the Stock Exchange and information set out in the Scheme Document.

We have sought and received confirmation from the TPV Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the TPV Group, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Scheme Document were true at the time they were made and up to the Latest Practicable Date. The Independent Shareholders will be informed of any material change as soon as possible up to the Effective Date.

We have not considered the tax and regulatory implications on the Independent Shareholders in connection with the Proposal, the Scheme, the Option Offer or the Rollover Arrangement, as the case may be, since these are particular to their individual circumstances. In particular, the Independent Shareholders who are overseas residents or subject to overseas taxation or Hong Kong or Singapore taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

TERMS OF THE PROPOSAL

On 8 August 2019, the Offeror requested the TPV Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of TPV by way of the Scheme under Section 99 of the Bermuda Companies Act involving the cancellation of all the Scheme Shares, as a result of which it is intended that the Offeror, CEC and the Rollover Shareholders will, in aggregate, hold the entire issued share capital of TPV (among which the Rollover Shareholders, in aggregate, will hold approximately 11.04% of the issued share capital of TPV) and the listing of the TPV Shares will be withdrawn from the Stock Exchange and the Singapore Exchange.

1. The Cancellation Price

The Scheme provides that, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for the payment by the Offeror to each Scheme Shareholder of the Cancellation Price of (i) HK\$3.86 in cash for each Scheme Share listed on the Stock Exchange; (ii) in respect of each Depositor who holds Scheme Shares listed on the Singapore Exchange and deposited with CDP (being the Scheme Shareholder and Registered Owner of such TPV Shares), the equivalent of HK\$3.86 in S\$ (based on the applicable exchange rate applied by the paying bank as at the date of the exchange rate conversion effected by CDP) in cash for each Scheme Share; or (iii) in respect of each Scheme Shareholder (other than CDP) who is a Registered Owner of Scheme Shares on the principal register of members in Bermuda, HK\$3.86 in cash for each Scheme Share registered in the name of such Scheme Shareholder.

As stated in the Explanatory Statement contained in the Scheme Document, the Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the TPV Shares traded on the Stock Exchange and with reference to other similar transactions in Hong Kong in recent years.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

2. The Option Offer

As at the Latest Practicable Date, there were:

- (a) 17,170,000 outstanding Share Options granted under the 2003 Share Option Scheme, each relating to one TPV Share, of which:
- 600,000 are held by Dr. Hsuan;
 - 400,000 are held by Mr. M Hsuan;
 - 400,000 are held by Mr. Wang; and
 - the remaining 15,770,000 are held by other employees of the TPV Group; and

(b) 8,128,000 outstanding Share Options granted under the 2015 Share Option Scheme, each relating to one TPV Share, of which:

- 400,000 are held by Mr. Zhang;
- 116,000 are held by Mr. M Hsuan; and
- the remaining 7,612,000 are held by other employees of the TPV Group.

The outstanding Share Options granted under the 2003 Share Option Scheme had an exercise price of HK\$5.008, and the outstanding Share Options granted under the 2015 Share Option Scheme had an exercise price of HK\$1.77.

The Offeror is required to make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Under the Option Offer, where the exercise price of the relevant Share Option is higher than the Cancellation Price (that is, the Share Options with an exercise price of HK\$5.008 granted under the 2003 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$0.00001 in cash, and where the exercise price of the relevant Share Option is lower than the Cancellation Price (that is, the Share Options with an exercise price of HK\$1.77 granted under the 2015 Share Option Scheme), the Offeror will offer the holders of such Outstanding Share Options the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code.

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any TPV Shares so issued will be subject to and eligible to participate in the Scheme. The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made.

Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective.

3. Total consideration

As at the Latest Practicable Date, there were 2,345,636,139 TPV Shares in issue and the Scheme Shareholders were interested in 1,195,322,689 TPV Shares (representing approximately 50.96% of the issued share capital of TPV as at the Latest Practicable Date). On the assumption that (i) TPV Shares held by the Rollover Shareholders will not form part of the Scheme Shares; (ii) all outstanding Share Options granted under the 2015 Share Option Scheme (apart from the 2015 Share Options which are held by Mr. Zhang) as at the Record Date are exercised; (iii) no other outstanding Share Options are exercised or

lapse before the Record Date; and (iv) no further Shares are issued before the Record Date, the maximum amount of cash consideration required to effect the Proposal (before taking into account the Option Offer to be made) will be approximately HK\$4,643.78 million.

On the assumption that (i) all outstanding Share Options granted under the 2015 Share Option Scheme (apart from the 2015 Share Options which are held by Mr. Zhang) as at the Record Date are exercised; (ii) Mr. Zhang will not exercise any 2015 Share Options held by him in accordance with the Rollover Agreement and will only be entitled to the “see-through” price under the Option Offer (i.e. HK\$2.09 per 2015 Share Option); (iii) no outstanding Share Options under the 2003 Share Option Scheme (where the “see-through” price is zero) are exercised before the Record Date but the holders of such options will receive a cash offer of a nominal amount of HK\$0.00001 per 2003 Share Option; (iv) no further Share Options are granted before the Record Date; and (v) the Record Date is the Long Stop Date, the amount of cash required for the Option Offer would be, in addition, approximately HK\$0.84 million.

Consequently, the maximum amount of cash consideration required to effect the Scheme and the Option Offer in accordance with their respective terms on the basis described above will be approximately HK\$4,644.62 million.

4. Conditions of the Proposal

As set out in the Explanatory Statement contained in the Scheme Document, the Proposal and the Scheme will become effective and binding on TPV and all Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the Scheme is approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the TPV Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares and the application of the credit amount arising in the books of TPV as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new TPV Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Offeror simultaneously with the cancellation of the Scheme Shares;

- (d) the Court's sanction of the Scheme (with or without modifications) and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;
- (e) if necessary, compliance with the procedural requirements of the Bermuda Companies Act in relation to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares;
- (f) the approval from NDRC in connection with the Proposal and all necessary PRC domestic anti-trust filings with SAMR for the Proposal having been formally submitted and clearance having been obtained;
- (g) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement;
- (h) all Authorisations (if any, including anti-trust approvals as appropriate) in connection with the Proposal from or with (as the case may be) the Relevant Authorities in any jurisdictions (other than the PRC), having been obtained and, if applicable, any waiting periods having expired or terminated;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme void, unenforceable or illegal (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme);
- (j) no litigation, arbitration proceedings, prosecution or other legal proceedings being instituted against any member of the TPV Group and no such proceedings being threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court in respect of any such member or the business carried on by any such member having been threatened in writing, announced or instituted), in each case which is material and adverse in the context of the TPV Group taken as a whole and in the context of the Proposal; and
- (k) no material adverse change in the business, assets, financial or trading prospects of the TPV Group.

Conditions (a) to (g) above cannot be waived. The Offeror reserves the right to waive all or any of Conditions (h) to (k), either in whole or in respect of any particular matter. TPV has no right to waive any of the Conditions.

The Offeror may not invoke Condition (h) unless any of the Authorisations referred to in this Condition is either not obtained or is obtained subject to conditions imposed by the Relevant Authorities and any of those conditions cannot reasonably be satisfied by the Offeror or is otherwise unduly burdensome or onerous to the Offeror or any person acting in concert with the Offeror (including the Rollover Shareholders).

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such other date as the Offeror and TPV may agree and the Court may allow and in all cases, as permitted by the Executive), otherwise the Proposal will not proceed and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the TPV Shares on the Stock Exchange and the Singapore Exchange will not be withdrawn.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

As at the Latest Practicable Date, approval from NDRC has been obtained. In addition, the PRC domestic anti-trust filings for the Proposal set out in Condition (f) have been formally submitted to SAMR. As confirmed by the legal advisers of the Offeror as to the anti-trust laws in the PRC, SAMR confirmed that the PRC domestic anti-trust filings for the Proposal are no longer required by SAMR. Based on the written notice issued by the SAMR, SAMR consented to the withdrawal of the anti-trust laws filings in the PRC by the Offeror. Therefore, Condition (f) has been fulfilled. Other than that, none of the Conditions has been fulfilled or waived (as the case may be).

As at the Latest Practicable Date, (i) the Offeror has made the relevant anti-trust filings in Brazil, Germany and Ukraine; (ii) clearance for the anti-trust filings in Brazil and Germany have been obtained.

If approved, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

Details of the terms and conditions of the Proposal are set out in the letter from the TPV Board and the Explanatory Statement contained in the Scheme Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, we have taken into consideration the following principal factors and reasons:

1. Reasons for and benefits of the Proposal

As set out in the Explanatory Statement contained in the Scheme Document, the reasons for and benefits of the Proposal are as follow:

(a) For the Offeror and TPV: facilitate a long term growth track of TPV

In the context of strategic transformation in the display industry, the Offeror intends to deepen its collaboration with TPV and pursue a series of long-term growth strategies, which, however, may affect TPV's short-term growth profile and share price performance. The proposed privatisation of TPV, if successful, will enable TPV to make strategic decisions focusing on its long-term growth, be relieved from the pressure from market expectations and share price fluctuation associated with being publicly listed company, and reduce the costs associated with compliance and maintaining the listing status of TPV.

Due to the low liquidity in the trading of TPV Shares and the depressed share price in recent years, TPV's current listing platform no longer sufficiently serves as a source of funding for its long term growth, and TPV's ability to raise funds in the equity capital markets for future development and growth is limited. Meanwhile, the depressed share price has an adverse impact on TPV's reputation among suppliers and customers, and therefore on its business and operations. The implementation of the Proposal could mitigate this adverse impact.

(b) For the Scheme Shareholders: a good opportunity to realise their investment with a significant premium

The Offeror intends to offer the Scheme Shareholders an opportunity, if they so wish, to realise their investments in TPV. In respect of the TPV Shares listed on the Stock Exchange, the Cancellation Price of HK\$3.86 per share represents: (a) a premium of approximately 41.39% over the closing price on the Last Trading Day; (ii) a premium of approximately 54.50% and 75.04% over the average closing price of approximately HK\$2.50 and approximately HK\$2.21 per TPV Share on the Stock Exchange for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively; and (iii) a premium of approximately 41.39% over the highest closing during the six-month period preceding and including the Last Trading Day.

The average daily trading volume of the TPV Shares listed on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Day was approximately 5.30 million TPV Shares per day, representing

only approximately 0.23% of the issued TPV Shares and 0.44% of the issued TPV Shares held by the Scheme Shareholders as at the Latest Practicable Date. The relatively low trading liquidity of the TPV Shares makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the TPV Shares. The Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their investment in TPV for cash at an attractive premium without having to suffer any illiquidity discount.

2. Background and information of TPV

(a) Principal business of TPV

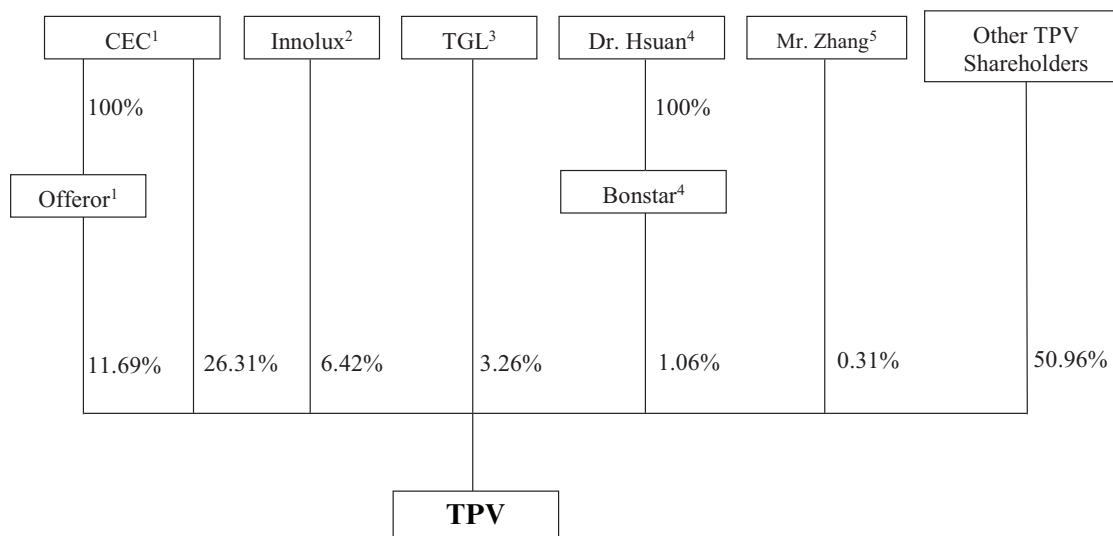
TPV is an internationally-renowned monitor and TV manufacturer. It has been listed on both the Stock Exchange and the Singapore Exchange since 1999.

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

(b) Shareholding of TPV

As at the Latest Practicable Date, TPV had 2,345,636,139 TPV Shares in issue, the Offeror held 274,198,647 TPV Shares, representing approximately 11.69% of the issued share capital of TPV, and CEC held 617,130,000 TPV Shares, representing approximately 26.31% of the issued share capital of TPV. As at the Latest Practicable Date, the Scheme Shares, comprising 1,195,322,689 TPV Shares, represented approximately 50.96% of the issued share capital of TPV. As at the Latest Practicable Date, except for the outstanding Share Options, there were no outstanding options, warrants, derivatives or convertible securities issued by TPV.

Set out below is a simplified shareholding structure of TPV as at the Latest Practicable Date.



Notes:

1. The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 TPV Shares are held by CEC and 274,198,647 TPV Shares are held by the Offeror. The Offeror is an indirect wholly-owned subsidiary of CEC.
2. 150,500,000 TPV Shares are held by Innolux, representing approximately 6.42% of the total issued share capital of TPV.
3. TGL is interested in 76,530,000 TPV Shares, representing approximately 3.26% of the total issued share capital of TPV.
4. 24,754,803 TPV Shares are held by Bonstar, representing approximately 1.06% of the total issued share capital of TPV. Bonstar is wholly owned by Dr. Hsuan who is the chairman, chief executive officer and executive director of TPV. As at the Latest Practicable Date, Dr. Hsuan held 600,000 2003 Share Options. Dr. Hsuan has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.
5. Mr. Zhang is interested in 7,200,000 TPV Shares, representing approximately 0.31% of the total issued share capital of TPV. As at the Latest Practicable Date, Mr. Zhang held 400,000 2015 Share Options. Mr. Zhang has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.
6. The shareholding percentage in the diagram is subject to rounding adjustment.

(c) Financial performance of the TPV Group

Set out in the table below is a summary of the financial results of TPV for the six months ended 30 June 2019 and 2018 and the years ended 31 December 2018, 2017 and 2016.

	For six months ended 30 June		For year ended 31 December		
	2019	2018	2018	2017	2016
	(US\$	(US\$	(US\$	(US\$	(US\$
	million)	million)	million)	million)	million)
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue	4,174.1	4,511.6	9,147.6	9,584.7	9,808.3
Cost of sales	(3,766.9)	(4,115.9)	(8,305.6)	(8,801.2)	(8,960.7)
Gross profit	407.2	395.7	842.0	783.5	847.6
Other income, net of other losses	25.3	17.1	32.9	18.9	37.8
Selling and distribution expenses	(191.9)	(202.4)	(394.1)	(398.2)	(372.4)
Administrative expenses	(73.2)	(77.5)	(155.2)	(222.9)	(187.6)
Research and development expenses	(83.6)	(87.7)	(176.9)	(179.5)	(200.7)
Net impairment losses on financial assets	(4.0)	(1.6)	(25.2)	—	—
Operating profit	79.8	43.6	123.5	1.8	124.7
Net finance costs	(21.6)	(18.7)	(39.8)	(34.2)	(30.0)
Net monetary loss	(3.8)	—	(12.9)	—	—
Share of profits/(losses) of associates and a joint venture	0.8	(4.9)	(1.9)	(4.5)	6.6
Profit/(loss) before income tax	55.2	20.0	68.9	(36.9)	101.3
Income tax expenses	(28.8)	(31.9)	(53.8)	(20.9)	(57.6)
Profit/(loss) for the period/year	<u>26.4</u>	<u>(11.9)</u>	<u>15.1</u>	<u>(57.8)</u>	<u>43.7</u>
Profit/(loss) for the period/year attributable to:					
Owners of TPV	26.8	(10.3)	21.9	(50.6)	38.5
Non-controlling interests	(0.4)	(1.6)	(6.8)	(7.2)	5.2
	<u>26.4</u>	<u>(11.9)</u>	<u>15.1</u>	<u>(57.8)</u>	<u>43.7</u>

(i) Revenue

Revenue of the TPV Group mainly comprise (a) sales of TVs (the “**TV Business**”); and (b) sales of monitors (the “**Monitor Business**”); and (c) sales of others such as spare parts, mobile phones, tablets, all-in-one computers and audio and video products. Sales of monitors and TVs were the major revenue drivers of the TPV Group and represented more than 90% of the revenue for each of the three years ended 31 December 2018 and the six months ended 30 June 2019 (the “**Review Period**”).

The revenue of the TPV Group dropped from approximately US\$9,808.3 million for the year ended 31 December 2016 to approximately US\$9,147.6 million for the year ended 31 December 2018, representing a reduction of approximately US\$660.7 million or a compound annual growth rate (the “**CAGR**”) of approximately negative 3.4%. The decreasing trend

continued in the first six months in 2019 when the revenue further declined by approximately US\$337.5 million or approximately 7.5% to approximately US\$4,174.1 million.

Revenue of the TV Business declined during the Review Period, down from approximately US\$4,490.3 million for the year ended 31 December 2016 to approximately US\$3,651.8 million for the year ended 31 December 2018, representing a CAGR of approximately negative 9.8%. The drop in the revenue was mainly due to the substantial decline in the shipment of TVs in China, one of the key markets of the TPV Group, during the two years. The downward trend continued and the revenue reduced by approximately 23.1% during the six months ended 30 June 2019, chiefly due to the fierce competition and declining original design manufacturing orders.

The Monitor Business achieved a growth in revenue during the Review Period, increasing from approximately US\$4,606.4 million for year ended 31 December 2016 to approximately US\$5,080.1 million for the year ended 31 December 2018 and representing a CAGR of approximately 5.0%. The improvement was attributable to the increase in shipment and the enhancement in average selling price due to size migration and changes in product mix. The revenue of the Monitor Business continued its upward trend and the revenue increased by approximately 1.9% during the six months ended 30 June 2019, primarily as a result of the increased shipment of own brand products.

(ii) Gross profit

Gross profits of the TPV Group were approximately US\$847.6 million, approximately US\$783.5 million and approximately US\$842.0 million, representing gross profit margins of approximately 8.6%, approximately 8.2% and approximately 9.2%, for the year ended 31 December 2016, 2017 and 2018 respectively. The decline in the gross profit margin for the year ended 31 December 2017 was mainly due to a provision for inventory of approximately US\$53.8 million in that year following the sharp decline in price of panel, a key component of displays. The recovery of gross profit margin for the year ended 31 December 2018 was mainly attributable to strategic adjustment to product mix, the drop in the cost of key components and savings on the warranty costs.

Gross profit of the TPV Group enhanced to approximately US\$407.2 million for the six months ended 30 June 2019 from approximately US\$395.6 million for the corresponding period in the prior year. The improvement of the gross profit was chiefly due to the release of a one-off royalty payable of approximately US\$31.2 million during the six months ended 30 June 2019. Excluding this royalty payable release, the adjusted gross profit would be reduced to approximately US\$376.0 million, representing a gross profit margin of approximately 9.0%.

(iii) Profit/(loss) for the period/year attributable to the owners of TPV

The TPV Group recorded a profit of approximately US\$38.5 million, a loss of approximately US\$50.6 million and a profit of approximately US\$21.9 million attributable to the TPV Shareholders for the year ended 31 December 2016, 2017 and 2018 respectively. The decline in the financial performance of the TPV Group for the year ended 31 December 2017 was attributable to, among other things, (i) the drop in the gross profit as explained above; (ii) recognition of a number of significant expenses including a loss in foreign exchange hedges of approximately US\$40.4 million, a provision for doubtful receivables of approximately US\$68.5 million and an impairment for goodwill in the TV Business of approximately US\$30.0 million; and (iii) the increase in selling and distribution expenses to promote sales in a slow market environment.

For the six months ended 30 June 2019, the TPV Group recorded a profit attributable to the TPV Shareholders of approximately US\$26.8 million, as compared to a loss of approximately US\$10.3 million for the corresponding period in prior year. The improvement was mainly attributable to the increased gross profit during the period as discussed above.

(d) Financial position of the TPV Group

Set out below are the summarised consolidated balance sheet of the TPV Group as at 30 June 2019 and 31 December 2018, 2017 and 2016.

	As at 30 June 2019 (US\$ million) (unaudited)	As at 31 December 2018 (US\$ million) (audited)	2017 (US\$ million) (audited)	2016 (US\$ million) (audited)
Non-current assets				
Intangible assets	505.6	530.3	545.1	459.1
Property, plant and equipment	474.1	491.3	502.7	514.3
Investment properties	232.4	232.3	238.3	203.5
Other non-current assets	<u>228.8</u>	<u>219.2</u>	<u>175.0</u>	<u>277.3</u>
	1,440.9	1,473.1	1,461.1	1,454.2
Current assets				
Inventories	1,289.4	1,268.4	1,317.8	1,384.5
Trade receivables	1,530.4	1,621.8	1,983.5	1,844.1
Deposits, prepayments and other receivables	208.0	260.6	260.8	249.8
Short-term bank deposits and cash and cash equivalents	472.6	315.8	479.7	626.6
Other current assets	<u>84.9</u>	<u>115.2</u>	<u>61.5</u>	<u>228.6</u>
	3,585.3	3,581.8	4,103.3	4,333.6
Current liabilities				
Trade payables	1,760.3	1,805.1	2,024.1	2,164.2
Other payables and accruals	745.1	865.9	958.7	889.1
Borrowings	219.1	26.7	97.1	163.7
Other current liabilities	<u>269.0</u>	<u>284.1</u>	<u>263.6</u>	<u>368.1</u>
	2,993.5	2,981.8	3,343.5	3,585.1
Net current assets	<u>591.8</u>	<u>600.0</u>	<u>759.8</u>	<u>748.5</u>
Non-current liabilities				
Borrowings	285.6	355.7	484.8	371.5
Other payables and accruals	100.8	119.0	116.4	41.2
Other non-current liabilities	<u>91.7</u>	<u>72.1</u>	<u>56.4</u>	<u>109.2</u>
	478.1	546.8	657.6	521.9
Equity				
Equity attributable to owners of TPV	1,559.4	1,530.7	1,558.7	1,669.0
Non-controlling interests	<u>(4.8)</u>	<u>(4.4)</u>	<u>4.6</u>	<u>11.8</u>
	1,554.6	1,526.3	1,563.3	1,680.8
Net asset value ("NAV") per TPV Share				
— US\$	0.66	0.65	0.66	0.71
— HK\$ equivalent	5.13	5.05	5.13	5.52

(i) Intangible assets

Intangible assets primarily represented the goodwill arising mainly from the acquisition of various research, development and manufacturing facilities of TVs, monitors and related business from Philips since 2005 and the related trademark license agreements entered into between the TPV Group and Philips, whereby the TPV Group were granted the rights to use the Philips brand for their products and services.

(ii) Property, plant and equipment

Property, plant and equipment mainly consisted of land and buildings, machinery and equipment, moulds, electrical appliances and equipment and construction-in-progress of the TPV Group for production proposes. They were largely factories and auxiliary facilities located in the PRC, Europe and South America. The property, plant and equipment were generally decreasing during the Review Period primarily as a result of the depreciation charges.

(iii) Investment properties

Investment properties of the TPV Group were chiefly located in the PRC and Poland and certain of them have been leased out for rental income. The investment properties were carried at fair value as at each balance sheet date.

(iv) Inventories

Inventories represented largely raw materials, work-in-progress and finished goods for production of monitors, TVs and other products distributed by the TPV Group. The inventories decreased in general during the Review Period, which was in line with the decrease in revenue during the Review Period.

(v) Trade receivables

Trade receivables, being the single largest asset in the TPV Group's balance sheet, were in the range of approximately US\$1,530.4 million and approximately US\$1,983.5 million during the Review Period. The drop in the trade receivables was chiefly attributable to the decrease in revenue and the increase in loss allowance or provision for impairment of trade receivables, which has grown from approximately 1.2% of total trade receivables as at 31 December 2016 to approximately 6.0% of the total trade receivables as at 31 December 2018. The increase was mainly due to the provision for impairment of trade receivables due from over-the-top content customers in China in 2017 and additional provision as required under the revised financial reporting standards.

(vi) Trade payables

Trade payables were largely in line with the inventory levels throughout the Review Period. The average credit period on purchase was close to 90 days and majority of the trade payables were payable within 90 days throughout the Review Period.

(vii) Net assets

As at 30 June 2019, the NAV attributable to owners of TPV was approximately US\$1,559.4 million. The increase in the NAV attributable to owners of TPV as compared with that as at 31 December 2018 was mainly attributable to the profit recorded during the six months ended 30 June 2019. Based on the 2,345,636,136 TPV Shares in issue as at the Latest Practicable Date, the NAV per TPV Share as at 30 June 2019 was approximately US\$0.66 (equivalent to approximately HK\$5.13).

3. Industry overview and outlook of the TPV Group

As set out in the 2018 Annual Report, the TV Business and the Monitor Business accounted for over 90% of both the total revenue and the total segment assets of the TPV Group for the year ended and as at 31 December 2018 respectively. Given the significance of these segments in the TPV Group, we have reviewed the trends and outlook of the TV Business and the Monitor Business as set out below.

(a) TV Business

As set out in the 2018 Annual Report, the TV Business continued to face strong challenges and keen competition. Under the current limited growth market demand environment, the competition among TV brands, original design manufacturing (“ODM”) and original equipment manufacturing (“OEM”) players was fierce. The management saw irrational price cuts of TVs among TPV’s competitors. The competition was particularly keen in China, which was an important market for the TV Business of the TPV Group, accounting for approximately 13.4% of total revenue of the TV Business in 2018, down from approximately 21.2% of that in 2017. Meanwhile, the global economy development has become uncertain. Economic growth in emerging markets, in particular South America which accounted for approximately 16.3% of the revenue of the TV Business in 2018, was under pressure over the past few years, leading to significant currency depreciation in countries like Brazil and Argentina. Also, the geo-political conflict between US and Turkey has led to the sharp devaluation of the lira and the ongoing US-China trade war would place uncertainty in the total demand for TVs. The TPV Group’s existing sales of TV in Europe, North America and rest of the world, which accounted for approximately 38.7%, 26.4% and 5.2% of the revenue of the TV Business respectively in 2018, may be adversely affected.

According to IHS Markit¹ (“IHS”), a global provider of diverse global market and economic information, industry and technical expertise, global TV shipments amounted to approximately 221 million sets in 2018, representing an increase of approximately 6 million or approximately 2.8% compared with approximately 215 million sets in 2017 and was still slightly lower than the global TV shipment in 2016 of approximately 222 million sets. The growth was mainly attributable to the shipment of 50-inches and above segment, which has become more and more prevalent in the market. The global TV shipment continued to grow in the first half of 2019, increased by approximately 3.5% as compared with that in the corresponding period in 2018, and reached approximately 100 million sets. Notwithstanding the above, as advised by the management of the TPV Group, the market share of the TPV Group in the TV Business declined from approximately 8% in the first half of 2018 to approximately 6% in the first half of 2019. Also, TPV dropped to the fifth place, in terms of manufacturer market share, in the first half of 2019 from the fourth place in the corresponding period in 2018. On the supply side, panel prices dropped in 2018 as a result of new capacity ramped up and sluggish market demand for TV as mentioned above. The panel prices remained on a downtrend in recent years. The TV panel prices dropped by around 10% to 20% in 2018.

According to the TV Sets (Emerging Technologies) Market Tracker published by IHS in April 2019, the global TV shipments in 2019 to 2022 is expected to record slight growths at CAGR of approximately 1.4%. However, it is expected that the global TV shipment will decline in 2023. IHS further forecasted a general decreasing trend in the average selling price of TVs during the period from 2019 to 2023.

Based on our discussion with the management of the TPV Group, the general atmosphere of the TV Business remained very challenging to the TPV Group. The TV Business has suffered from the economic uncertainties, in particular in China and South America. Furthermore, the escalation of the trade and technology disputes between China and the US continues to cast doubt on the TV Business. The recently announced further tariffs on Chinese imports by the US government is expected to further dampen the already muted market demand. If aforesaid further tariff proposed to be imposed on Chinese goods (including TVs produced by the TPV Group) materialised, the already thin profit margin of the TV Business is anticipated to be squeezed as majority of TV produced by the TPV Group and shipped to US markets are manufactured in China. In light of the above, the TPV Group is proactively revising its operational strategy and diversifying its manufacturing footprint against this background to minimise the potential cost impacts.

¹ IHS is an internationally-renowned information provider in various industries (including the TV Business and the Monitor Business) that is widely accepted by the industry players. It consolidates data from various industry sources and provides detailed and comprehensive coverage in the industry. The reports published by IHS Market cover current trend of market prices, global and regional shipment quantities and relevant forecast.

(b) Monitor Business

The rising popularity of smartphones and tablets had suggested a declining market for monitors. However, according to the Desktop Monitor Market Tracker published by IHS in June 2019, the global shipment of monitors in 2018 recorded a growth of approximately 3% as compared with that in 2017 and shipped 126 million sets. As advised by the management of the TPV Group, the growth in monitor shipment might be attributable to the growing demand for professional displays for use in long-distance business, mobile conferencing, professional gaming display and education. The market share of monitors of the TPV Group remained the world's largest in the first half of 2019 at around 35.5%. Nevertheless, according to the Desktop Monitor Market Tracker, the annual total monitor shipments is expected to decline at approximately 1% to 2% per annum from 2019 to 2023.

The average selling price for monitors remained stable in 2018, which was partly attributable to the increase in weighted average size of monitors sold in recent years, which followed the general market demand for larger PC monitors. In the Desktop Monitor Market Tracker, IHS forecasted that the average selling price of the monitors would remain flat from the fourth quarter of 2019 to the first quarter of 2021. On the supply side, the panel price for monitors lowered by around 5% in 2018 and continued to remain relatively stable in the first half of 2019.

Similar to the TV Business, mounting uncertainties are faced by the Monitor Business of TPV. The ongoing US-China trade dispute added pressure to the already challenging economic environment in China. Conditions were also less than sanguine in many parts of the world, with some emerging markets experiencing currency meltdown, and geopolitical instability.

Based on the above analysis, we consider the operating environment of the TPV Group, having regard of the above trends and outlook, to be mixed and challenging and there remains uncertainty on the growth prospects of the TV Business and the Monitor Business of the TPV Group in the short to medium term.

4. The intention of the Offeror with regard to TPV and information on the Offeror, CECL and CEC

(a) Intention of the Offeror with regard to TPV

As stated in the Explanatory Statement contained in the Scheme Document, it is the intention of the Offeror for the TPV Group to maintain its existing business upon the successful privatisation of TPV. The Offeror has no plan to introduce any material changes to the business and/or assets of the TPV Group, or to redeploy its major fixed assets or discontinue the employment of employees of the TPV Group as a result of the Proposal.

(b) The Offeror

The Offeror is a company incorporated in Hong Kong with limited liability on 19 September 1972. The Offeror is an operating subsidiary within the CEC Group and it is principally engaged in the overseas financing and investment activities of the CEC Group.

The Offeror is a wholly-owned subsidiary of CECL. CECL is a wholly-owned subsidiary of CEC, which is a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council.

(c) CECL

CECL was established in the PRC with limited liability on 1 December 2016. It is a holding vehicle within the CEC Group and does not have any operating activities.

As at 31 December 2018, the registered capital of CECL was RMB5,100 million and the total consolidated asset of CECL amounted to approximately RMB205 billion.

(d) CEC

CEC is a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council. It is a leading national electronics and information technology enterprise administered by the PRC government. The principal business of CEC includes network security, new display, integrated circuits, high-tech electronics, information services and other electronic information industry fields featuring national strategy, foundation and guidance in the PRC.

5. Analysis of price performance and trading liquidity of the TPV Shares and historical discounts of the TPV Shares

(a) Market price and the NAV per TPV Share compared to the Cancellation Price

Comparison of the Cancellation Price of HK\$3.86 per Scheme Share with the recent closing prices of the TPV Shares on the Stock Exchange around the Last Trading Day and the NAV per TPV Share are set out as follows:

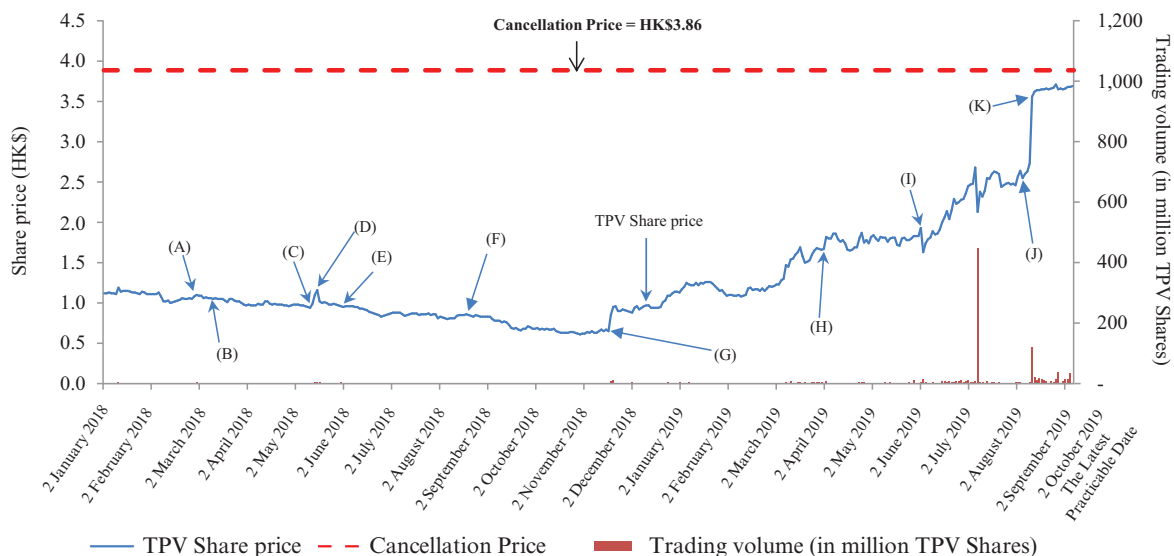
	Premium/ (Discount) of the Cancellation Price (i.e. HK\$3.86 per Scheme Share) over/(to) the relevant prices
(i) Closing price of HK\$3.74 per TPV Share, as quoted on the Stock Exchange as at the Latest Practicable Date	3.2%
(ii) Closing price of HK\$2.73 per TPV Share, as quoted on the Stock Exchange on 8 August 2019, being the Last Trading Day	41.4%
(iii) Average closing price of approximately HK\$2.63 per TPV Share, based on the daily closing prices as quoted on the Stock Exchange over the 5 consecutive trading days up to and including the Last Trading Day	46.8%
(iv) Average closing price of approximately HK\$2.56 per TPV Share, based on the daily closing prices as quoted on the Stock Exchange over the 10 consecutive trading days up to and including the Last Trading Day	50.8%
(v) Average closing price of approximately HK\$2.49 per TPV Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 consecutive trading days up to and including the Last Trading Day	55.0%
(vi) Average closing price of approximately HK\$2.19 per TPV Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 consecutive trading days up to and including the Last Trading Day	76.3%
(vii) Average closing price of approximately HK\$2.05 per TPV Share, based on the daily closing prices as quoted on the Stock Exchange over the 90 consecutive trading days up to and including the Last Trading Day	88.3%
(viii) Average closing price of approximately HK\$1.61 per TPV Share, based on the daily closing prices as quoted on the Stock Exchange over the 180 consecutive trading days up to and including the Last Trading Day	139.8%
(ix) NAV attributable to the TPV Shareholders as at 30 June 2019 per TPV Share of approximately US\$0.66 (equivalent to approximately HK\$5.13)	(24.8)%

The Cancellation Price represents premiums over the TPV Share prices in different periods before the Announcement ranging from approximately 41.4% to approximately 139.8%. We consider that the TPV Share price at the Latest Practicable Date and the reduced premium are affected by the Announcement.

The Cancellation Price represents a discount of approximately 24.8% to the NAV attributable to the TPV Shareholders as at 30 June 2019 per TPV Share. Further analysis is set out sub-section (d) in this section.

(b) Historical TPV Share price performance

Set out in the chart below is the daily closing price and trading volume of TPV Shares on the Stock Exchange during the period from 2 January 2018 up to and including the Latest Practicable Date (the “**Relevant Period**”). During the Relevant Period, TPV published a number of announcements (as set out in events (A) to (K) in the chart below) that we considered to be crucial in shaping the market price of the TPV Shares (on the basis that the information in these announcements are related to quarterly, interim and annual results, corporate actions and transactions of TPV that might be price sensitive and material to TPV) and therefore we considered the Relevant Period a reasonable period of time for the purpose of our analysis below:



Source: website of the Stock Exchange

During the Relevant Period, TPV made several significant announcements, which are summarised below:

Event	Date of announcement	Description of the event	Relevant TPV Share price (Note)
(A)	2 March 2018	Profit warning announcement	1.06
(B)	15 March 2018	Announcement of annual results for the year ended 31 December 2017	1.03
(C)	14 May 2018	Announcement of disposal of interest in a joint venture to a wholly-owned subsidiary of CEC	1.10
(D)	16 May 2018	Announcement of unaudited quarterly results for the three months ended 31 March 2018	1.02
(E)	1 June 2018	Announcement of trademark licensing agreement for audio and video products with Philips	0.96
(F)	16 August 2018	Announcement of interim results for the six months ended 30 June 2018	0.85
(G)	13 November 2018	Announcement of unaudited quarterly results for the nine months ended 30 September 2018	0.85
(H)	15 March 2019	Announcement of annual results for the year ended 31 December 2018	1.50
(I)	22 May 2019	Announcement of unaudited quarterly results for the three months ended 31 March 2019	1.78
(J)	12 August 2019	The Announcement	3.56
(K)	15 August 2019	Announcement of interim results for the six months ended 30 June 2019	3.64

Note: The relevant TPV Share prices represent the respective closing share price on the trading day immediately after the publication of the relevant announcement.

The TPV Share prices closed within the range between HK\$0.97 and HK\$1.19 in the first quarter of 2018. After the publication of the profit warning announcement and the annual results announcement for the year ended 31 December 2017 in March 2018, the closing prices of the TPV Share oscillated downward and reached HK\$0.61 on 26 October 2018, being the lowest price in the Relevant Period. After the release of unaudited quarterly results for the nine months ended 30 September 2018 on 13 November 2018, which shown a profit of approximately US\$2.0 million for the nine months ended 30 September 2018, as compared with a loss of approximately US\$19.4 million for the corresponding period in 2018, the closing price of the TPV Share jumped from HK\$0.65 to HK\$0.85 on 14 November 2018. Afterwards, the TPV Share prices started to

climb around the end of 2018. The TPV Share prices closed at HK\$0.94 on 3 December 2018 and continued to rise in the first half of 2019, amid the improved financial results for the year ended 31 December 2018 and the three months ended 31 March 2019. The closing price of the TPV Share reached its peak during the period from the beginning of 2018 to the publication of the Announcement at HK\$2.68 on 5 July 2019. The closing price of the TPV Share stood at HK\$2.73 as at the Last Trading Day.

After the release of the Announcement and up to the Latest Practicable Date, the upper range of the closing prices of the TPV Share increased to HK\$3.74 and the average closing price of the TPV Share was approximately HK\$3.68. Independent Shareholders should however be aware that there can be no assurance that the TPV Shares will trade at or above the Cancellation Price of HK\$3.86 per Scheme Share.

Out of the 392 trading days during the period from the beginning of 2018 to the publication of the Announcement, the TPV Shares closed at all times below the Cancellation Price, ranging from HK\$0.61 to HK\$2.73 per TPV Share.

(c) Trading liquidity of the TPV Shares

Set out in the table below are the monthly total trading volumes of the TPV Shares and the percentages of such monthly total trading volumes to the total number of the Scheme Shares and the total number of the TPV Shares in issue during the Relevant Period:

	Monthly total trading volume of the TPV Shares	Percentage of the monthly total trading volume of the TPV Shares to the total number of the Scheme Shares (Note 1)	Percentage of the monthly total trading volume of the TPV Shares to the total number of the TPV Shares in issue (Note 2)
2018			
January	20,254,481	1.7%	0.9%
February	13,099,000	1.1%	0.6%
March	18,839,600	1.6%	0.8%
April	6,107,000	0.5%	0.3%
May	36,199,561	3.0%	1.5%
June	13,678,000	1.1%	0.6%
July	5,746,000	0.5%	0.2%
August	13,138,000	1.1%	0.6%
September	8,173,766	0.7%	0.3%
October	12,799,432	1.1%	0.5%
November	38,773,000	3.2%	1.7%
December	34,745,025	2.9%	1.5%

	Monthly total trading volume of the TPV Shares	Percentage of the monthly total trading volume of the TPV Shares to the total number of the Scheme Shares (Note 1)	Percentage of the monthly total trading volume of the TPV Shares to the total number of the TPV Shares in issue (Note 2)
2019			
January	33,276,745	2.8%	1.4%
February	8,592,369	0.7%	0.4%
March	76,274,421	6.4%	3.3%
April	36,512,295	3.1%	1.6%
May	62,653,804	5.2%	2.7%
June	113,255,000	9.5%	4.8%
July	529,202,424	44.3%	22.6%
August	302,492,189	25.3%	12.9%
September	166,924,414	14.0%	7.1%
From 1 October 2019 to the Latest Practicable Date	4,969,824	0.4%	0.2%

Source: website of the Stock Exchange and Bloomberg

Notes:

1. The percentages are calculated based on the monthly total trading volumes of the TPV Shares divided by the total number of the Scheme Shares.
2. The percentages are calculated based on the monthly total trading volumes of the TPV Shares divided by the total number of the TPV Shares in issue at the end of each month during the Relevant Period.

Based on the above table, the liquidity of the TPV Shares, in our view, was generally thin during the Relevant Period, except in July 2019 when Mitsui, the then second largest shareholder, disposed of approximately 426.8 million TPV Shares and in August and September 2019 after the publication of the Announcement. Given the Cancellation Price is significantly higher than the closing TPV Share prices during the Relevant Period prior to the publication of the Announcement, the Proposal is a potentially valuable opportunity to exit at a fixed cash price (i.e. the Cancellation Price).

(d) Discount of the TPV Share price to the NAV per TPV Share

The Cancellation Price of HK\$3.86 per Scheme Share represents a discount of approximately 24.8% to the NAV per TPV Share of approximately US\$0.66 (equivalent to approximately HK\$5.13) as at 30 June 2019. In assessing the fairness and reasonableness of the Cancellation Price, we have also reviewed, as set out in the table below, the TPV Share closing prices and the corresponding

discounts of the TPV Share closing prices to the NAV per TPV Share from 2 January 2018, being the first trading day during the Relevant Period, to the Last Trading Day.

Period (Note 1)	NAV per TPV Share (Note 2) (US\$) (HK\$ equivalent)		Closing price per TPV Share		Discount of the TPV Share closing price to the NAV per TPV Share	
			Low	High	Low	High
2 January 2018 to 15 March 2018	0.68	5.30	1.00	1.19	77.5%	81.1%
16 March 2018 to 16 May 2018	0.66	5.13	0.94	1.16	77.4%	81.7%
17 May 2018 to 16 August 2018	0.66	5.13	0.80	1.02	80.1%	84.4%
17 August 2018 to 13 November 2018	0.63	4.90	0.61	0.85	82.7%	87.6%
14 November 2018 to 15 March 2019	0.62	4.82	0.85	1.69	64.9%	82.4%
16 March 2019 to 22 May 2019	0.65	5.05	1.50	1.87	63.0%	70.3%
23 May 2019 to the Last Trading Day	0.66	5.13	1.63	2.73	46.8%	68.2%

Source: website of the Stock Exchange and TPV's quarterly, interim and annual results announcements and monthly returns

Notes:

1. The beginning day of the relevant period represents the first trading day after TPV released its relevant results announcement, except for the beginning day of the first period, which was the first trading day of the Relevant Period.
2. The NAV per TPV Share are calculated based on the equity attributable to the TPV Shareholders as set out in the respective results announcement of TPV divided by the total number of the TPV Shares then in issue.

As set out in the table above, during the period from 2 January 2018 to the Last Trading Day, the TPV Shares have been trading at discounts to the NAV per TPV Share ranging from approximately 46.8% to approximately 87.6% and over 50% during majority of the review period. The discounts of the closing price of the TPV Shares narrowed only in the last period and reduced to approximately 46.8% on the Last Trading Day. Based on the Cancellation Price of HK\$3.86 and the NAV per TPV Share of approximately US\$0.66 (equivalent to approximately HK\$5.13) as at 30 June 2019, the Cancellation Price represents a discount to the NAV per TPV Share of approximately 24.8%, which is significantly less than the historical discounts of the TPV Shares as discussed above.

6. Comparable Companies analysis

The TPV Group is principally engaged in the development, manufacture, sale and research of monitors, LCD TV, mobile phones, tablets, audio and video products and original design manufacturing services business. We have reviewed and identified companies listed on the main board of the Stock Exchange which engage in and have majority of revenue (being not less than 50%) derived from manufacturing and sale of TVs and/or monitors (the “Comparable Companies”). We consider the Comparable Companies to be exhaustive based on the selection criteria as set out above and, in general, would serve as a fair and representative sample for the purpose of drawing a meaningful comparison to the Cancellation Price. Details of the Comparable Companies are set out below.

Name	Stock code	Principal activities	Market capitalisation as at the Latest	Price-to-earnings		Price-to-book	Dividend yield		
			Practicable Date	multiple		multiple			
			(HK\$ million)	(“P/E”) multiple	(“P/B”) multiple	(%)			
				(times)	(Note 1)	(times)	(Note 2)	(%)	(Note 3)
TCL Electronics Holdings Limited (“TCL”)	1070	TCL is principally engaged in the manufacture and sales of television sets	8,996.2	5.19		0.82		5.23	
				(Note 4)					
TPV	903	TPV is principally engaged in the development, manufacture, sale and research of monitors, LCD TV, mobile phones, tablets, audio and video products and original design manufacturing services business	6,403.6	8.94		0.53		0.80	
			(Note 5)	(Note 6)					
Skyworth Group Limited (“Skyworth”)	751	Skyworth is principally engaged in the manufacture and sales of consumer electronic products and upstream accessories, property development and property holding	6,121.9	10.62		0.35		3.00	
				(Note 7)					
Average				8.25		0.57		3.01	
Median				8.94		0.53		3.00	
Maximum				10.62		0.82		5.23	
Minimum				5.19		0.35		0.80	
The Cancellation Price				12.65		0.75		0.56	
				(Note 8)		(Note 9)		(Note 10)	

Source: website of the Stock Exchange and the respective Comparable Companies’ financial statements

Notes:

- The P/E multiples of the Comparable Companies are calculated as the closing price of the shares of the relevant Comparable Companies as at the Latest Practicable Date (except for TPV, which was the closing price of HK\$2.73 as at the Last Trading Day) divided by the earnings per share of the relevant Comparable Companies. The earnings per share of the relevant Comparable Companies are calculated as the trailing twelve-month profit attributable to the shareholders of the relevant Comparable Companies (except for Skyworth as modified in note 7 below) as published in their latest results announcements or

financial reports divided by the number of shares in issue as set out in the latest published monthly return (or next day disclosure return, if applicable) of the relevant Comparable Companies as at the Latest Practicable Date.

2. The P/B multiples of the Comparable Companies are calculated as the closing price of the shares of the relevant Comparable Companies as at the Latest Practicable Date (except for TPV, which was closing price of HK\$2.73 as at the Last Trading Day) divided by the NAV per share of the relevant Comparable Companies. The NAV per share of the relevant Comparable Companies are calculated as the NAV attributable to the shareholders (excluding non-controlling interests, if any) of the relevant Comparable Companies as published in their latest results announcements or financial reports divided by the number of shares in issue as set out in the latest published monthly return (or next day disclosure return, if applicable) of the relevant Comparable Companies as at the Latest Practicable Date.
3. Dividend yields of the Comparable Companies are calculated as the total dividends but excluding special dividend (if any) declared by the relevant Comparable Companies in the past twelve months prior to the Latest Practicable Date divided by the share price of the relevant Comparable Companies as at the Latest Practicable Date (except for TPV, which was the closing price of HK\$2.73 as at the Last Trading Day).
4. In the event one-off gains are excluded, the profit attributable to the shareholders of TCL would be approximately HK\$554 million for the six months ended 30 June 2019, approximately HK\$778 million for the year ended 31 December 2018 and approximately HK\$417 million for the six months ended 30 June 2018 and the trailing twelve-month profit attributable to the shareholders of TCL would be approximately HK\$915 million and the P/E multiple of TCL would be approximately 9.83 times.
5. Market capitalisation of TPV is calculated as the closing price of HK\$2.73 as at the Last Trading Day multiplied by the number of TPV Shares in issue as at the Latest Practicable Date.
6. The trailing twelve-month profit attributable to the shareholders of TPV has been adjusted for the non-recurring items, comprising the add-backs of the impairment losses on financial assets, impairment loss on trademark, impairment loss on value-added tax recoverable and net fair value losses on revaluation of investment properties and the subtraction of the release of intellectual property license fee payable.
7. As Skyworth changed its financial year end date from 31 March to 31 December commencing from the financial year ended 31 December 2018, the trailing twelve-month profit attributable to the shareholders is calculated as the sum of the profit attributable to the shareholders for the nine months ended 31 December 2018 and the six months ended 30 June 2019 and less half of that for the six months ended 30 September 2018.
8. The implied P/E multiple of the Cancellation Price is calculated as the Cancellation Price of HK\$3.86 per Scheme Share divided by the earnings per share of TPV, which is calculated as the trailing twelve-month profit, after excluding non-recurring items as disclosed in note 6 above, divided by the number of TPV Shares in issue as at the Latest Practicable Date.
9. The implied P/B multiple of the Cancellation Price is calculated as the Cancellation Price of HK\$3.86 per Scheme Share divided by the NAV attributable to TPV Shareholders (excluding the non-controlling interests) as at 30 June 2019 per the TPV Share (based on the number of TPV Shares in issue as at the Latest Practicable Date).

10. The implied dividend yield of the Cancellation Price is calculated as the total dividends (including interim and final dividends but excluding special dividend (if any)) declared by TPV in the past twelve months prior to the Latest Practicable Date divided by the Cancellation Price of HK\$3.86 per Scheme Share.

(a) Comparison of the P/E multiples

As shown in the table above, the P/E multiples of the Comparable Companies are in the range of approximately 5.19 times and approximately 10.62 times. The P/E multiple of TPV as at the Last Trading Day was approximately 8.94 times. The P/E multiple as implied by the Cancellation Price is approximately 12.65 times, which is higher than the maximum P/E multiple of the Comparable Companies of approximately 10.62 times.

(b) Comparison of the P/B multiples

As shown in the table above, the P/B multiples of the Comparable Companies are in the range of approximately 0.35 times and approximately 0.82 times. The P/B multiple of TPV as at the Last Trading Day was approximately 0.53 times. The P/B multiple as implied by the Cancellation Price is approximately 0.75 times, which is higher than the average P/B multiple of the Comparable Companies of approximately 0.57.

(c) Comparison of dividend yields

As shown in the table above, the implied dividend yield represented by the Cancellation Price of HK\$3.86 per Scheme Share is approximately 0.56%. Such dividend yield is lower than the minimum dividend yield of the Comparable Companies of approximately 0.80%.

7. Privatisation Precedents

We have compared the Proposal to privatisation proposals of other companies listed on the Stock Exchange announced since 1 January 2017 and up to the Latest Practicable Date, excluding privatisation proposals which were not or yet to be approved (or, where applicable, required acceptance level were not or yet to be achieved) or without a cash cancellation consideration (the “**Privatisation Precedents**”), which represent an exhaustive list of privatisation proposals we were able to identify from the Stock Exchange’s website satisfying the above selection criteria. The table below illustrates the premiums or discounts represented by the cancellation

consideration over or to the respective last trading day, last 5 trading days, last 10 trading days, last 30 trading days, last 60 trading days, last 90 trading days, last 180 trading days average share prices and latest NAV per share in respect of such privatisation proposals respectively. The Privatisation Precedents set out below provide, in our view, a comparison between the cancellation price and the then prevailing market prices and NAV per share of successful privatisation proposals, although the business nature and scale of each company vary and some aspects of pricing may be industry-specific.

Date of the announcement	Company (stock code)	Premium/(Discount) of the cancellation consideration over/(to)						NAV per share (Note 1)
		average closing price per share for the last 5 trading days up to and including the last trading day (%)	average closing price per share for the last 10 trading days up to and including the last trading day (%)	average closing price per share for the last 30 trading days up to and including the last trading day (%)	average closing price per share for the last 60 trading days up to and including the last trading day (%)	average closing price per share for the last 90 trading days up to and including the last trading day (%)	average closing price per share for the last 180 trading days up to and including the last trading day (%)	
27 June 2019	Asia Satellite Telecommunications Holdings Limited (1135)	23.4	31.5	33.4	44.4	50.4	56.5	10.0
14 June 2019	China Automation Group Limited (569)	24.0	27.3	36.9	47.8	47.5	46.6	16.0
4 April 2019	China Hengshi Foundation Company Limited (1197)	10.6	14.7	16.8	17.4	19.1	24.4	42.1
29 March 2019	China Power Clean Energy Development Company Limited (735)	41.9	54.8	60.8	78.1	94.0	101.9	(35.1)
5 December 2018	Hopewell Holdings Limited (54)	46.7	48.8	51.6	55.5	54.1	49.6	(35.6)
30 October 2018	Advanced Semiconductor Manufacturing Corporation Limited (3355)	66.7	85.6	97.4	99.3	93.4	90.2	83.4
27 September 2018	Sinotrans Shipping Limited (368)	50.0	55.2	54.3	42.9	37.8	32.4	(24.4)
10 June 2018	Hong Kong Aircraft Engineering Company Limited (0044)	63.2	63.2	65.1	62.4	60.3	57.0	99.3
7 June 2018	Portico International Holdings Limited (0589)	50.2	51.6	53.2	49.2	45.2	45.8	(9.9)
10 November 2017	Welling Holding Limited (0382)	30.4	30.4	30.4	33.8	35.5	28.8	(22.6)
3 July 2017	China Assets (Holdings) Limited (0170)	61.5	70.4	73.9	76.6	77.1	76.6	(53.8)
19 June 2017	Bloomage BioTechnology Corporation Limited (0963)	14.0	20.9	23.4	24.4	30.3	33.7	215.3
29 May 2017	China Metal International Holdings Inc. (0319)	27.5	26.5	26.5	25.9	22.9	24.4	27.5
28 April 2017	Belle International Holdings Limited (1880)	19.5	23.3	23.6	21.5	22.9	28.4	69.6
20 April 2017	TCC International Holdings Limited (1136) (Note 2)	38.5	42.3	43.1	51.0	66.9	76.2	(4.1)
29 March 2017	Goldin Properties Holdings Limited (0283)	14.2	26.4	31.4	33.7	31.4	33.2	101.3
13 March 2017	Shandong Luoxin Pharmaceutical Group Stock Co., Ltd. (8058)	31.8	30.4	33.5	39.7	48.6	54.6	223.8
7 March 2017	Yingde Gases Group Company Limited (2168)	(3.5)	1.8	8.8	21.2	47.1	58.6	46.6
10 January 2017	Intime Retail (Group) Company Limited (1833)	42.3	47.5	47.9	51.8	53.6	52.6	60.9
	Average	34.4	39.6	42.7	46.1	49.4	51.1	42.6
	Median	31.8	31.5	36.9	44.4	47.5	49.6	27.5
	Maximum	66.7	85.6	97.4	99.3	94.0	101.9	223.8
	Minimum	(3.5)	1.8	8.8	17.4	19.1	24.4	(53.8)
8 August 2019	The Cancellation Price	41.4	46.8	50.8	55.0	76.3	88.3	(24.8)

Source: Bloomberg and website of the Stock Exchange

Notes:

1. The NAV per share are calculated based on the latest available net asset attributable to the owners of the companies as disclosed based on the respective privatisation documents. For the avoidance of doubt, the respective NAV per share did not take into account the potential adjustment from the revaluation of properties, if any, held by the respective companies.
2. The cash alternative of HK\$3.60 for each ordinary scheme share had been used for the purpose of this comparison. The reference value for share alternative, for eligible investors based on the ratio of 0.42 on the applicable last trading day (being 17 April 2017), is HK\$3.93.

(a) Premiums over the prevailing share price

The premiums in the Privatisation Precedents range from a discount of 3.5% to a premium of 66.7%, premiums of 1.8% to 85.6%, 8.8% to 97.4%, 17.4% to 99.3%, 19.1% to 94.0%, 24.4% to 101.9% and 18.5% to 88.8% over their respective last trading day, 5-day, 10-day, 30-day, 60-day, 90-day and 180-day average share prices with average premiums of 34.4%, 39.6%, 42.7%, 46.1%, 49.4%, 51.1% and 51.4% respectively.

The premiums offered by the Cancellation Price over the last trading day, 5-day, 10-day, 30-day, 60-day, 90-day and 180-day average TPV Share price are 41.4%, 46.8%, 50.8%, 55.0%, 76.3%, 88.3% and 139.8% respectively. The premiums represented by the Cancellation Price over the last trading day, 5-day, 10-day, 30-day, 60-day and 90-day average TPV Share price are within the range of the respective premiums represented by the Privatisation Precedents and higher than the respective average and median premiums. In addition, the premium of the Cancellation Price over 180-day average TPV Share price is higher than all of those Privatisation Precedents.

(b) Discount to or premium over the NAV per share

The Cancellation Price of HK\$3.86 per Scheme Share represents approximately a discount of approximately 24.8% to the NAV per TPV Share of approximately US\$0.66 (equivalent to approximately HK\$5.13). For the Privatisation Precedents, we have observed a wide range of the cancellation consideration as compared to the respective NAV ranging from a discount of 53.8% to a premium of 223.8%, averaging a premium of 42.6%, which is higher than the 24.8% discount as implied by the Cancellation Price. Out of the 19 Privatisation Precedents, the cancellation consideration of 12 of them represent premiums ranging from 10.0% to 223.8% over the respective NAV per share and 7 of them represent a discount ranging from 4.1% to 53.8% to the respective NAV per share. The significant variation of premiums over and discounts to the NAV per share as represented by the cancellation consideration in the Privatisation Precedents, in our view, suggests that no concrete conclusion can be drawn from the comparison between the cancellation price and the NAV per share in the Privatisation Precedents. Therefore, P/B multiple (i.e. the comparison between the cancellation consideration and the NAV per share) may not be a relevant

valuation methodology in the context of the privatisation. Hence the comparison of cancellation consideration to the NAV in the Privatisation Precedents, in our view, may not be of immediate relevance to our analysis.

8. The Rollover Arrangement

(a) Background of the Rollover Arrangement

As set out in the Explanatory Statement contained in the Scheme Document, the Offeror would like to allow the Rollover Shareholders to retain their respective shareholdings in TPV and remain as shareholders of TPV after the Scheme becomes effective. The Rollover Shareholders, in aggregate, hold 258,984,803 TPV Shares (representing approximately 11.04% of the issued share capital of TPV as at the Latest Practicable Date).

The Rollover Shareholders comprise (1) Innolux, a strategic industrial investor of TPV which has been holding TPV Shares since 2008; (2) TGL, the majority of the beneficial owners are employees of TPV; (3) Bonstar, a company wholly owned by Dr. Hsuan, the chairman, chief executive officer and executive director of TPV; and (4) Mr. Zhang, the vice president and co-chief financial officer of TPV. Further information of the Rollover Shareholders is set out in the letter from the TPV Board and the Explanatory Statement contained in the Scheme Document.

The Offeror is of the view that TPV can benefit from the commitment of the Rollover Shareholders and it is important for TPV to retain the Rollover Shareholders as TPV Shareholders after completion of the Scheme so that the Rollover Shareholders will have incentives to continue to contribute to the future development and growth of the TPV Group.

As the Rollover Agreement was only entered into by and between the Offeror and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all TPV Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive to the Rollover Agreement conditional on, among others, the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement.

(b) Terms of the Rollover Arrangement

The Offeror and the Rollover Shareholders have entered into the Rollover Agreement, pursuant to which:

- (i) subject to the Rollover Conditions, the Rollover Shareholders will remain as TPV Shareholders after the Scheme becomes effective and none of the TPV Shares held by the Rollover Shareholders as at the date of the Rollover Agreement will constitute the Scheme Shares under the Scheme or be voted on the Scheme at the Court Meeting and the Rollover Arrangement at the SGM, respectively;
- (ii) each of the Rollover Shareholders has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules, the Singapore Listing Manual and applicable laws and regulations, to exercise, or as the case may be, to procure the exercise of the voting rights in respect of the TPV Shares owned by them directly on resolutions in relation to the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a general or class meeting of TPV, and that they shall be bound by, and take all actions necessary to implement the Scheme;
- (iii) the Rollover Shareholders have further undertaken that they shall not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the TPV Shares held by them, nor will they accept any other offer in respect of any or any of such TPV Shares;
- (iv) the Rollover Shareholders will remain as shareholders of TPV immediately after the Scheme becomes effective; and
- (v) each of Dr. Hsuan and Mr. Zhang has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

The Rollover Agreement will be terminated if the Scheme lapses or is withdrawn in accordance with its terms.

(c) Rollover Conditions

The implementation of the Rollover Arrangement is subject to the fulfilment of the Rollover Conditions:

- (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee established for the purpose of the Proposal confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned;

- (ii) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement;
- (iii) the Scheme becomes effective; and
- (iv) the grant of consent from the Executive in respect of the Rollover Arrangement.

(d) Assessment on the Rollover Arrangement and the Rollover Agreement

In assessing the fairness and reasonableness of the Rollover Arrangement, we have considered the following factors:

(i) Reduced protection and potential risks for the Rollover Shareholders in an unlisted company

In the case where the Independent Shareholders were given the opportunity to retain interests in TPV, subsequent to the Scheme had become effective and the withdrawal of listing of the TPV Shares, their interests would no longer be safeguarded by regulations relating to minority protection applicable to listed companies on the Stock Exchange, and in particular, the existing protections under the Chapter 14 and Chapter 14A of the Listing Rules regarding notifiable transactions and connected transactions respectively that are currently applicable to TPV as a listed company. In relation to dilution of shareholdings, under the Listing Rules, general mandate for issuing new shares is limited to a maximum of 20% of the issued share capital and specific shareholders' approval is required if such limit is exceeded. In addition, the Takeovers Code would only remain applicable to TPV as long as TPV remains a public company in Hong Kong. In the event that TPV ceases to be a public company, for example due to having less than 50 members, it would no longer be subject to the Takeovers Code. In that case, the interests of the Independent Shareholders would only be safeguarded primarily by the constitutional documents of TPV and provisions regarding minority shareholders' interest protection under the Bermuda Companies Act, which do not necessarily provide the same level of minority protections that would be available had the Listing Rules and the Takeovers Code continued to apply.

In addition, these Independent Shareholders might find it difficult to realise their shareholdings as no public trading in the TPV Shares would be available.

(ii) Premium of the Cancellation Price over the market

Under the Scheme, the Independent Shareholders were offered the opportunity to realise their holdings at the Cancellation Price of HK\$3.86 per Scheme Share, which is not available to the Rollover Shareholders, and is conditional upon the approval of the Rollover Arrangement.

As discussed in the section headed “5. Analysis of price performance and trading liquidity of the TPV Shares and historical discounts of the TPV Shares” above, the closing share prices of the TPV Shares have been at all time below the Cancellation Price during the Relevant Period prior to the publication of the Announcement. Although the discount to the NAV implied by the Cancellation Price is approximately 24.8%, such discount is lower than those throughout the Relevant Period (prior to the Last Trading Day). Furthermore, as set out in the section headed “7. Privatisation Precedents” above, the premiums over market price for various periods represented by the Cancellation Price under the Proposal range from approximately 41.4% to approximately 139.8% and are all above the average and median of premiums of the Privatisation Precedents over the last trading day, the last 5, 10, 30, 60, 90, 180 trading days average share price. Also, the implied P/E multiple of the Cancellation Price is higher than the maximum of that of the Comparable Companies and the implied dividend yield of the Cancellation Price is lower than minimum of the Comparable Companies. The implied P/B multiple of the Cancellation Price is above the average of that of the Comparable Companies. The Proposal represents an opportunity for the Independent Shareholders, but not available to the Rollover Shareholders, to realise their investments at the Cancellation Price, which is considered fair and reasonable. Given the fairness and reasonableness of the Proposal, we are of the view that the Rollover Arrangement to stay as a shareholder of TPV, if extended to the Independent Shareholders, is a comparatively less desirable alternative for the Independent Shareholders. Hence, we considered it acceptable for not extending the Rollover Arrangement to the Independent Shareholders.

(iii) Reliance on the Rollover Shareholders in the contribution of the future development of the TPV Group

Dr. Hsuan is the chairman, chief executive officer and executive director of TPV and Mr. Zhang is the vice president and co-chief financial officer of TPV. Dr. Hsuan and Mr. Zhang have extensive operation expertise and an in-depth understanding of the operations of the TPV Group and are actively involved in the management and development of the TPV Group.

Innolux has been a strategic industrial investor of TPV since it became a TPV Shareholder by subscription of TPV Shares in 2008. As set out in the Explanatory Statement contained in the Scheme Document, the Offeror is of the view that it is important for TPV to retain Innolux as a TPV Shareholder after completion of the Scheme so that Innolux, through its extensive networking and experiences, will continue to assist in TPV’s research and development, technical personnel exchange and personnel training and customer networking and maintenance. Together, TPV and Innolux can continue their synergy from the upstream and downstream alliance which will enhance TPV’s competitiveness in the market and benefit TPV’s long-term sustainable development.

TGL was set up as a shareholding platform for employees of TPV for the purpose of building up an incentive mechanism, attracting and cultivating talent, maintaining steady development of the TPV Group and aligning the interests of the employees of the TPV Group with those of the TPV Shareholders. As at the Latest Practicable Date, based on the information provided by TGL, eight beneficial owners of TGL (in aggregate, were beneficially interested in 2.19% of the total issued shares of TGL) have resigned as employees of TPV. Those employees, other than the eight beneficial owners who have resigned as employees of TPV as disclosed above, are involved in the day-to-day operation of TPV who have extensive operational expertise in research and development, human resources and business operations and an in-depth understanding of TPV's business operations and development. As set out in the Explanatory Statement contained in the Scheme Document, the Offeror is of the view that it is important for TGL (the majority of the beneficial owners are employees of TPV) to retain its interests in TPV in order to continue to provide long-term incentives to these employees after completion of the Scheme for their continual contribution to the development of the TPV Group.

As discussed in the section headed “3. Industry overview and outlook of the TPV Group”, the future of the TPV Group is subject to uncertainties including, among others, global economy development and trade war between the US and China. Prospects and future performance of the TPV Group would therefore, to a certain extent and among other things, hinge on the capabilities and performance of its management including Dr. Hsuan and Mr. Zhang, employees as represented by TGL and strategic partner like Innolux and how they formulate and implement the business growth strategies and react to the market challenges in the future. Dr. Hsuan, Mr. Zhang and the rest of the Rollover Shareholders, as compared to the Independent Shareholders, are in a unique position and important for the Offeror and the TPV Group to retain as the TPV Shareholders after completion of the Scheme so that the Rollover Shareholders will have long-term incentives to continue contributing to the development and growth of the TPV Group post privatisation.

DISCUSSION AND ANALYSIS**In respect of the Proposal and the Scheme**

The financial performance of the TPV Group during the Review Period was mixed. The TV Business suffered from the continuing decline in TV shipments due to the fierce competition among various industry players. The Monitor Business, despite the overall sluggish market, managed to achieve growth during the Review Period. The gross margin declined in 2017 but recovered in 2018 and the first half of 2019 chiefly due to the strategic adjustment to product mix and the drop in the cost of key components. Similarly, the TPV Group achieved a profit in 2016 but recorded a loss in 2017 due to decline in gross profit and a couple of significant expenses. Although the TPV Group rebounded and achieved profits in 2018 and the first half of 2019, the average yearly profit attributable to owners of TPV during the Review Period was approximately US\$10.5 million only.

The outlook of both the TV Business and the Monitor Business, being TPV's most significant business segments, remains challenging. For the TV Business, the competition among TV brands, ODM and OEM players was increasingly intensified. The slow-down in China and other developed economies impacted the economic growth in emerging markets, the geo-political conflicts among countries and the ongoing US-China trade war pose uncertainty in the total shipment of TVs. For the Monitor Business, although the wider applications of displays is anticipated to bring additional demand and higher profit margins for monitors, the expected total global shipments of monitors is still declining.

The TPV Share price was generally low, as compared to the Cancellation Price, during the Relevant Period, especially before the Last Trading Day. From the Scheme Shareholders' perspective, the Cancellation Price represents a substantial uplift in shareholder value compared to the recent TPV Share price. The Cancellation Price represents premiums over the average TPV Share price in different periods up to the last 180 trading days before the Last Trading Day ranging from approximately 41.4% to approximately 139.8%. While the Cancellation Price represents a discount of approximately 24.8% to the NAV per TPV Share, such discount is significantly less than the historical discounts to the NAV of the TPV Shares of over 50% for most of time during the Relevant Period (prior to the Last Trading Day). Given the uncertain outlook of the industries which the TPV Group is engaged in, we believe that the recent prices of the TPV Shares (i.e. the TPV Share prices after publication of the Announcement) are unlikely to be sustained if the Scheme lapses.

In our view, the trading liquidity of the TPV Shares has been thin. From the Scheme Shareholders' perspective, in particular those holding large blocks of the TPV Shares, the Cancellation Price will provide a good opportunity if the Scheme is approved so that the Scheme Shareholders can realise their holdings through a cash exit which would not normally be available through the market.

The P/E multiple and the P/B multiple implied by the Cancellation Price of approximately 12.65 times and 0.75 times are higher than the maximum P/E multiple and the average P/B multiple of the Comparable Companies of approximately 10.62 times and approximately 0.57 times respectively. The dividend yield implied by the Cancellation Price of approximately 0.56% is significantly lower than those of the Comparable Companies.

While the business nature and scale of companies in the Privatisation Precedents vary, the Privatisation Precedents provide, in our view, a comparison between the cancellation price and the then market prices of successful privatisation proposals. The premiums represented by the Cancellation Price over the Last Trading Day and the average closing prices for the last 5, 10, 30, 60, 90 and 180 trading days up to and including the Last Trading Day are consistently higher than the average and median of the corresponding premiums represented by the Privatisation Precedents. We did not take into account the comparison of the Cancellation Price and the NAV per share, since the significant variation of premiums over and discounts to the NAV as represented by the cancellation prices in the Privatisation Precedents, in our view, suggest that such parameter may not be a relevant valuation methodology in the context of the privatisation.

In respect of the Option Offer

As at the Latest Practicable Date, there were 17,170,000 outstanding Share Options granted under the 2003 Share Option Scheme and 8,128,000 outstanding Share Options granted under the 2015 Share Option Scheme. The Share Options above confer rights on the Optionholders to subscribe for up to an aggregate of 25,298,000 TPV Shares. If all the outstanding Share Options are exercised in full, TPV will have to issue 25,298,000 new TPV Shares, representing approximately 1.08% of the issued share capital of TPV as at the Latest Practicable Date and approximately 1.07% of the issued share capital of TPV as enlarged by the allotment and issue of the aforementioned new TPV Shares. Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto.

For assessing the terms of the Option Offer, we recognise that it is a common market practice to adopt a “see-through” price (representing the difference between the Cancellation Price and any given exercise price of the convertible instrument) as the minimum cancellation price for any convertible instrument in conjunction with a general offer/privatisation proposal for ordinary shares. We note that under the Option Offer, the Option Offer Price of HK\$2.09 for each outstanding 2015 Share Options represents the difference between the Cancellation Price of HK\$3.86 and the exercise price of the outstanding 2015 Share Options of HK\$1.77. We consider such basis of determining the Option Offer Price for the 2015 Share Options acceptable.

As for the 2003 Share Options, since the Cancellation Price of HK\$3.86 is less than the exercise price of the 2003 Share Options of HK\$5.008, the Option Offer Price of HK\$0.00001 for each outstanding 2003 Share Options is a nominal figure. Nevertheless, we consider such basis of determining the Option Offer Price for the 2015 Share Options acceptable and in line with market practice.

Given our view that the Proposal is fair and reasonable, we consider the Option Offer is fair and reasonable so far as the Optionholders are concerned and would recommend the Independent Board Committee to advise the holders of the 2003 Share Options and the 2015 Share Options to accept the Option Offer.

In respect of the Rollover Arrangement

The approval by the Independent Shareholders of the terms of the Rollover Arrangement is one of the conditions precedent of the Proposal. Having considered that (i) the terms of the Rollover Arrangement is acceptable and consistent with the purpose of the Rollover Agreement for retaining the Rollover Shareholders as the TPV Shareholder after the Scheme becoming effective; (ii) the Independent Shareholders' interests in TPV would no longer be safeguarded by regulatory mechanisms applicable to listed companies on the Stock Exchange subsequent to the withdrawal of listing of the TPV Shares in the case where the Independent Shareholders were given the opportunity to retain the TPV Shares; (iii) the Rollover Shareholders, as compared with the Independent Shareholders, are in a unique position and important for the Offeror and the TPV Group to retain as the TPV Shareholders after completion of the Scheme so that the Rollover Shareholders will have long-term incentives to continue contributing to the development and growth of the TPV Group post privatisation; and (iv) the premium of the Cancellation Price over market price of the TPV Shares, the higher P/E multiple represented by the Cancellation Price over that of the Comparable Companies, the higher P/B multiple represented by the Cancellation Price over the average and median of that of the Comparable Companies, the lower implied dividend yield represented by the Cancellation Price as compared to those of the Comparable Companies and the higher premium of the Cancellation Price over the market prices of TPV as compared with the average of that of the Privatisation Precedents (excluding the NAV per share with the reason mentioned above), we are of the view that the Rollover Arrangement, the approval of which is a condition to the Proposal and the Scheme, is fair and reasonable so far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise:

- (1) at the Court Meeting, the Independent Shareholders to vote in favour of the resolution to approve the Scheme;
- (2) at the SGM:
 - (a) the Independent Shareholders to vote in favour of the special resolution in connection with the Scheme;

- (b) the Independent Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangement; and
- (3) the Optionholders to accept the Option Offer.

Although it is noted that the TPV Shares have been traded below the Cancellation Price since the Last Trading Day and up to the Latest Practicable Date, there is still possibility that the TPV Share price may nevertheless exceed the Cancellation Price by 4 November 2019, being the expected last day for trading in the TPV Shares on the Stock Exchange and the Singapore Exchange. Accordingly, the Independent Shareholders and the Optionholders are reminded to closely monitor the trading price and liquidity of the TPV Shares during the period up to 4 November 2019, being the expected last day for trading in the TPV Shares on the Stock Exchange and the Singapore Exchange and should, having regard to their own circumstances, for the Independent Shareholders, consider selling their TPV Shares in the open market and, for the Optionholders, exercising their vested Share Options and selling their TPV Shares to be issued upon such exercise in the open market instead of accepting the Option Offer, respectively, if the net proceeds obtained from such disposal of the TPV Shares (after deducting all transaction costs) would be higher than the net proceeds expected to be received under the Scheme and from accepting the Option Offer respectively. However, the Optionholders are reminded that there will be a time lag between the exercise of the Share Options and the receipt of the TPV Shares to be issued upon such exercise due to the time required for the administrative procedures for exercising the Share Options. Accordingly, the Optionholders who wish to exercise their Share Options should be mindful of the possible price fluctuations of the TPV Shares during the aforesaid time lag.

Both the Independent Shareholders and the Optionholders should also keep in mind that, if applicable, dealings in the TPV Shares will be suspended from the close of business on 4 November 2019, being the expected last day for trading in the TPV Shares on the Stock Exchange and the Singapore Exchange up to the withdrawal of listing of the TPV Shares from the Stock Exchange and the Singapore Exchange.

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

Mr. Danny Cheng is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, who is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 15 years of experience in the corporate finance industry.

This Explanatory Statement constitutes the statement required under Section 100 of the Bermuda Companies Act.

**SCHEME OF ARRANGEMENT
TO CANCEL ALL THE SCHEME SHARES
IN CONSIDERATION OF THE OFFEROR AGREEING TO PAY
THE CANCELLATION PRICE OF HK\$3.86 FOR EACH SCHEME SHARE
LISTED ON THE STOCK EXCHANGE, OR IN RESPECT OF EACH
DEPOSITOR WHO HOLDS SCHEME SHARES LISTED ON THE
SINGAPORE EXCHANGE AND DEPOSITED WITH CDP (BEING THE
SCHEME SHAREHOLDER AND REGISTERED OWNER OF SUCH TPV
SHARES), THE EQUIVALENT OF HK\$3.86 IN S\$ (BASED ON
THE APPLICABLE EXCHANGE RATE APPLIED BY THE PAYING BANK
AS AT THE DATE OF THE EXCHANGE RATE CONVERSION
EFFECTED BY CDP) FOR EACH SCHEME SHARE**

1. INTRODUCTION

On 8 August 2019 (after trading hours), the Offeror had requested the TPV Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of TPV by way of the Scheme under Section 99 of the Bermuda Companies Act involving the cancellation of all the Scheme Shares, as a result of which it is intended that the Offeror, CEC and the Rollover Shareholders will, in aggregate, hold the entire issued share capital of TPV (among which the Rollover Shareholders, in aggregate, will hold approximately 11.04% of the issued share capital of TPV) and the listing of the TPV Shares will be withdrawn from the Stock Exchange and the Singapore Exchange.

The purpose of this Explanatory Statement is to explain the terms and effects of the Proposal and to provide the Scheme Shareholders with other relevant information in relation to the Proposal, and in particular, to state any material interests of the TPV Directors, whether as TPV Directors or as members or creditors of TPV or otherwise, and the effect thereon of the Proposal, insofar as it is different from the effect on the like interests of other persons.

Particular attention of the TPV Shareholders is drawn to the following sections of this Scheme Document:

- (i) a letter from the TPV Board set out on pages 19 to 38 of this Scheme Document;
- (ii) a letter from the Independent Board Committee set out on pages 39 to 41 of this Scheme Document;

- (iii) a letter from Somerley set out on pages 42 to 81 of this Scheme Document; and
- (iv) the Scheme set out on pages III-1 to III-7 of this Scheme Document.

2. SUMMARY OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme under Section 99 of the Bermuda Companies Act. The Scheme provides that, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for the payment by the Offeror to each Scheme Shareholder of the Cancellation Price of (i) HK\$3.86 in cash for each Scheme Share listed on the Stock Exchange; (ii) in respect of each Depositor who holds Scheme Shares listed on the Singapore Exchange and deposited with CDP (being the Scheme Shareholder and Registered Owner of such TPV Shares), the equivalent of HK\$3.86 in S\$ (based on the applicable exchange rate applied by the paying bank as at the date of the exchange rate conversion effected by CDP) in cash for each Scheme Share; or (iii) in respect of each Scheme Shareholder (other than CDP) who is a Registered Owner of Scheme Shares on the principal register of members in Bermuda, HK\$3.86 in cash for each Scheme Share registered in the name of such Scheme Shareholder.

All the Scheme Shares that are listed on the Singapore Exchange are deposited with CDP. Singapore TPV Shareholders who wish to receive the Cancellation Price in HK\$ may elect to withdraw their TPV Shares from CDP and to become a Registered Owner on the principal register of members in Bermuda, which withdrawal must in any event be effected before the Record Date. Depositors may withdraw the TPV Shares from CDP by executing the relevant forms and paying a nominal withdrawal fee to CDP to withdraw their shares from CDP (S\$10.70 for withdrawals of up to 1,000 TPV Shares and S\$26.75 for withdrawals exceeding 1,000 TPV Shares) and if their TPV Shares are held through a financial intermediary, such other relevant fees charged by their financial intermediary.

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme and vote at the SGM on the resolution to approve the Rollover Arrangement for the purpose of satisfying the voting requirements contained in and imposed by the Takeovers Code. The TPV Shares owned by the Offeror, CEC and the Rollover Shareholders will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting and the Rollover Arrangement at the SGM. All TPV Shareholders will be entitled to attend the SGM and vote on the special resolution approving and to give effect to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares and the application of the credit amount arising in the books of TPV as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new TPV Shares as is equal to the number of the Scheme Shares cancelled, to be issued to the Offeror simultaneously with the cancellation of the Scheme Shares.

The legal advisor of the Offeror as to Singapore laws confirmed that there is no requirement under Singapore law for (i) a separate court meeting to be held for the Depositors who hold Scheme Shares listed on the Singapore Exchange; or (ii) a separate special general meeting of TPV to be convened for the TPV Shareholders who hold TPV Shares listed on the Singapore Exchange for the purposes of considering, and if thought fit,

approving, amongst other things, any capital reduction associated with the cancellation of the Scheme Shares. Accordingly, (a) Independent Shareholders who hold Scheme Shares listed on the Singapore Exchange will be entitled to attend and vote on the Scheme at the Court Meeting and the Rollover Arrangement at the SGM, and (b) all TPV Shareholders who hold TPV Shares listed on the Singapore Exchange will be entitled to attend the SGM and vote on the special resolution approving and to give effect to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares and the application of the credit amount arising in the books of TPV as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new TPV Shares as is equal to the number of the Scheme Shares cancelled, to be issued to the Offeror simultaneously with the cancellation of the Scheme Shares.

As at the Latest Practicable Date, the Scheme Shareholders were interested in 1,195,322,689 TPV Shares (representing approximately 50.96% of the issued share capital of TPV as at the Latest Practicable Date). As at the Latest Practicable Date, the Offeror and persons acting in concert with it (including the Rollover Shareholders) were interested in 1,150,313,450 TPV Shares (representing approximately 49.04% of the issued share capital of TPV as at the Latest Practicable Date) (among which the Rollover Shareholders, in aggregate, hold 258,984,803 TPV Shares (representing approximately 11.04% of the total issued share capital of TPV)).

The TPV Shares held by the Offeror, CEC and the Rollover Shareholders will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting and will not be voted on the Rollover Arrangement at the SGM.

The employees^{Note 1} who are beneficially interested in shares in TGL are not presumed to be parties acting in concert with the Offeror for the purpose of the Takeovers Code merely due to his/her role as a beneficial owner of TGL. The TPV Shares directly held by the Excluded Employees will form part of the Scheme Shares. The Excluded Employees (whose names appear in the Registers as at the Meeting Record Date) (if applicable), as Scheme Shareholders, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if they do in fact attend and vote) but not for the Takeovers Code purposes. Based on the information provided by the ultimate beneficial owners of TGL, as at the Latest Practicable Date, the Excluded Employees, in aggregate, were interested in 37,603,416 TPV Shares (representing approximately 1.60% of the issued capital of TPV as at the Latest Practicable Date (other than through their beneficial interests in TGL).

The TPV Shares owned by Mr. Wang (other than his legal and beneficial interest in TGL) will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the

Note 1 As at the Latest Practicable Date, based on the information provided by TGL, eight beneficial owners of TGL (in aggregate, were beneficially interested in 2.19% of the total issued shares of TGL) have resigned as employees of TPV.

headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, 1,468,000 TPV Shares were held by Mr. Wang (other than his legal and beneficial interest in TGL).

The TPV Shares owned by any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code will form part of the Scheme Shares. Any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code (assuming its name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if it does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, no TPV Shares were held by any member of the CICC group acting in its capacity of an exempt principal trader.

3. CONDITIONS OF THE PROPOSAL

The Proposal and the Scheme will become effective and binding on TPV and all Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the Scheme is approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the TPV Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares and the application of the credit amount arising in the books of TPV as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new TPV Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Offeror simultaneously with the cancellation of the Scheme Shares;
- (d) the Court's sanction of the Scheme (with or without modifications) and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;

- (e) if necessary, compliance with the procedural requirements of the Bermuda Companies Act in relation to any reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares;
- (f) the approval from NDRC in connection with the Proposal and all necessary PRC domestic anti-trust filings with SAMR for the Proposal having been formally submitted and clearance having been obtained;
- (g) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement;
- (h) all Authorisations (if any, including anti-trust approvals as appropriate) in connection with the Proposal from or with (as the case may be) the Relevant Authorities in any jurisdictions (other than the PRC), having been obtained and, if applicable, any waiting periods having expired or terminated;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme void, unenforceable or illegal (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme);
- (j) no litigation, arbitration proceedings, prosecution or other legal proceedings being instituted against any member of the TPV Group and no such proceedings being threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court in respect of any such member or the business carried on by any such member having been threatened in writing, announced or instituted), in each case which is material and adverse in the context of the TPV Group taken as a whole and in the context of the Proposal; and
- (k) no material adverse change in the business, assets, financial or trading prospects of the TPV Group.

Conditions (a) to (g) above cannot be waived. The Offeror reserves the right to waive all or any of Conditions (h) to (k), either in whole or in respect of any particular matter. TPV has no right to waive any of the Conditions.

The Offeror may not invoke Condition (h) unless any of the Authorisations referred to in this Condition is either not obtained or is obtained subject to conditions imposed by the Relevant Authorities and any of those conditions cannot reasonably be satisfied by the Offeror or is otherwise unduly burdensome or onerous to the Offeror or any person acting in concert with the Offeror (including the Rollover Shareholders).

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such other date as the Offeror and TPV may agree and the Court may allow and in all cases, as permitted by the Executive), otherwise the Proposal will not proceed and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the TPV Shares on the Stock Exchange and the Singapore Exchange will not be withdrawn.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

As at the Latest Practicable Date, approval from NDRC has been obtained. In addition, the PRC domestic anti-trust filings for the Proposal set out in Condition (f) have been formally submitted to SAMR. As confirmed by the legal advisers of the Offeror as to the anti-trust laws in the PRC, SAMR informed that the PRC domestic anti-trust filings for the Proposal are no longer required by SAMR. Based on the written notice issued by the SAMR, SAMR consented to the withdrawal of the anti-trust laws filings in the PRC by the Offeror. Therefore, Condition (f) has been fulfilled. Other than that, none of the Conditions has been fulfilled or waived (as the case may be).

As at the Latest Practicable Date, (i) the Offeror has made the relevant anti-trust filings in Brazil, Germany and Ukraine; (ii) clearance for the anti-trust filings in Brazil and Germany have been obtained.

If approved, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

The Proposal and the Scheme is conditional upon the satisfaction or (where applicable) waiver of the Conditions (including the approval of the Rollover Arrangement as a special deal under Rule 25 of the Takeovers Code). Accordingly, the Proposal and the Scheme may or may not become effective. TPV Shareholders and potential investors of TPV should therefore exercise caution when dealing in the securities of TPV. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

4. OPTION OFFER

As at the Latest Practicable Date, there were (i) 17,170,000 outstanding Share Options granted under the 2003 Share Option Scheme, each relating to one TPV Share, of which 600,000 2003 Share Options are held by Dr. Hsuan, 400,000 2003 Share Options are held by Mr. M Hsuan, 400,000 2003 Share Options are held by Mr. Wang and the remaining 15,770,000 2003 Share Options are held by other employees of the TPV Group; and (ii) 8,128,000 outstanding Share Options granted under the 2015 Share Option Scheme, each relating to one TPV Share, of which 400,000 2015 Share Options are held by Mr. Zhang, 116,000 2015 Share Options are held Mr. M Hsuan and the remaining 7,612,000 2015 Share Options are held by other employees of the TPV Group. As at the Latest Practicable Date, the outstanding Share Options granted under the 2003 Share Option Scheme had an exercise price of HK\$5.008, and the outstanding Share Options granted under the 2015 Share Option Scheme had an exercise price of HK\$1.77.

The exercise of all the Share Options in full would result in the issue of 25,298,000 new TPV Shares (representing approximately 1.08% of the issued share capital of TPV as at the Latest Practicable Date) and approximately 1.07% of the issued share capital of TPV as enlarged by the issue of such new TPV Shares.

The Offeror will make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Under the Option Offer, where the exercise price of the relevant Share Option is higher than the Cancellation Price (that is, the Share Options granted under the 2003 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$0.00001 in cash, and where the exercise price of the relevant Share Option is lower than the Cancellation Price (that is, the Share Options granted under the 2015 Share Option Scheme), the Offeror will offer the holders of such Outstanding Share Options the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code.

Share Option exercise price (HK\$)	Option Offer Price (HK\$)	Total outstanding Share Options as at the Latest Practicable Date
5.008	0.00001	17,170,000
1.77	2.09	8,128,000

Note: if the exercise price of the relevant Share Option under the Option Offer exceeds the Cancellation Price, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.00001 per Share Option (or part thereof) will be made.

The Option Offer Letter is being sent to each Optionholder, together with this Scheme Document and a Form of Acceptance. If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any TPV Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made. **Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective.**

Further information on the Option Offer is set out in the form of Option Offer Letter which is set out in Appendix VI to this Scheme Document.

5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

The Offeror would like to allow the Rollover Shareholders to retain their respective shareholdings in TPV and remain as shareholders of TPV after the Scheme becomes effective. The Rollover Shareholders, in aggregate, hold 258,984,803 TPV Shares (representing approximately 11.04% of the issued share capital of TPV) as at the Latest Practicable Date.

The Rollover Shareholders comprise (i) Innolux, a strategic industrial investor of TPV which has been holding TPV Shares since 2008; (ii) TGL, the majority of the beneficial owners are employees of TPV; (iii) Bonstar, a company wholly owned by Dr. Hsuan, the chairman, chief executive officer and executive director of TPV; and (iv) Mr. Zhang, the vice president and co-chief financial officer of TPV.

The Offeror is of view that TPV can benefit from the commitment of the Rollover Shareholders and it is important for TPV to retain the Rollover Shareholders as shareholders of TPV after the completion of the Scheme so that the Rollover Shareholders will have incentives to continue to contribute to the future development and growth of TPV and its subsidiaries.

Rollover Agreement

The Offeror and the Rollover Shareholders have entered into the Rollover Agreement, pursuant to which:

- (a) subject to the Rollover Conditions, the Rollover Shareholders will remain as TPV Shareholders after the Scheme becomes effective and none of the TPV Shares held by the Rollover Shareholders as at the date of the Rollover Agreement will constitute the Scheme Shares under the Scheme or be voted on the Scheme at the Court Meeting and the Rollover Arrangement at the SGM, respectively;

- (b) each of the Rollover Shareholders has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules, the Singapore Listing Manual and applicable laws and regulations, to exercise, or as the case may be, to procure the exercise of the voting rights in respect of the TPV Shares owned by them directly on resolutions in relation to the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a general or class meeting of TPV, and that they shall be bound by, and take all actions necessary to implement the Scheme;
- (c) the Rollover Shareholders have further undertaken that they shall not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the TPV Shares held by them, nor will they accept any other offer in respect of any or any of such TPV Shares;
- (d) the Rollover Shareholders will remain as shareholders of TPV immediately after the Scheme becomes effective; and
- (e) each of Dr. Hsuan and Mr. Zhang has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

The Rollover Agreement will be terminated if the Scheme lapses or is withdrawn in accordance with its terms.

Rollover Conditions

The implementation of the Rollover Arrangement is subject to the fulfilment of the Rollover Conditions:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee established for the purpose of the Proposal confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement;
- (c) the Scheme becomes effective; and
- (d) the grant of consent from the Executive in respect of the Rollover Arrangement.

Independent Shareholders' Approval

As the Rollover Agreement was only entered into by and between the Offeror and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all TPV Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror have made an application for consent from the Executive to the Rollover Arrangement conditional on (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Independent Shareholders are concerned, and (ii) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement. Accordingly, as set out in Condition (g) to the Scheme, the Proposal and the Scheme are subject to (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent Shareholders at the SGM to approve the Rollover Arrangement; and (iii) the grant of consent from the Executive in respect of the Rollover Arrangement.

Only the Independent Shareholders may vote at the SGM on the resolution to approve the Rollover Arrangement.

The Rollover Shareholders are presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement.

Information on the Rollover Shareholders*Innolux*

Innolux has been a strategic industrial investor of TPV since it became a TPV Shareholder by subscription of TPV Shares in 2008. Innolux was established in 2003 and publicly listed on Taiwan Stock Exchange in 2006. The Offeror is of the view that it is important for TPV to retain Innolux as a TPV Shareholder after the completion of the Scheme so that Innolux, through its extensive networking and experiences, will continue to assist in TPV's research and development, technical personnel exchange and personnel training and customer networking and maintenance. Together, TPV and Innolux can continue their synergy from the upstream and downstream alliance which will enhance TPV's competitiveness in the market and benefit TPV's long-term sustainable development.

TGL

TGL was set up as a shareholding platform for employees of TPV for the purpose of building up an incentive mechanism, attracting and cultivating talent, maintaining steady development of the TPV Group and aligning the interests of the employees of the TPV Group with those of the TPV Shareholders. As at the Latest Practicable Date, based on the information provided by TGL, eight beneficial owners of TGL (in aggregate, were beneficially interested in 2.19% of the total issued shares of TGL) have resigned as employees of TPV. Those employees, other than the eight beneficial owners

who have resigned as employees of TPV as disclosed above, are involved in the day-to-day operation of TPV who have extensive operational expertise in research and development, human resources and business operations and an in-depth understanding of TPV's business operations and development. The Offeror is of the view that it is important for TGL (the majority of the beneficial owners are employees of TPV) to retain its interests in TPV in order to continue to provide long-term incentives to these employees after completion of the Scheme for their continual contribution to the development of the TPV Group.

Bonstar and Mr. Zhang

Bonstar is wholly owned by Dr. Hsuan, the chairman, chief executive officer and executive director of TPV. Mr. Zhang is the vice president and co-chief financial officer of TPV. Dr. Hsuan and Mr. Zhang each constitutes a key part of the management team of the TPV Group, and have extensive operation expertise, in-depth understanding and proven track record in the information technology, IT hardware, computers and peripherals industry with over 20 years of relevant experience, as well as long-established relationship with suppliers, regulators, local authorities, management and employees of the TPV Group. The Offeror is of the view that it is important for TPV to retain them as TPV Shareholders after completion of the Scheme so that they have long-term incentives to continue to contribute to the development of the TPV Group.

6. SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT AND COURT MEETING

Section 99 of the Bermuda Companies Act provides that where an arrangement is proposed between a company and its members or any class of them, the Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Court directs.

It is expressly provided in Section 99 of the Bermuda Companies Act that if a majority in number representing three-fourths in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting or meetings, as the case may be, summoned as directed by the Court, agree to any arrangement, the arrangement shall, if sanctioned by the Court, be binding on all members or class of members, as the case may be, and also on the company.

7. ADDITIONAL REQUIREMENTS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying the requirements imposed by Bermuda law as summarised above, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (i) the Scheme is approved by at least 75% of the votes attaching to the disinterested TPV Shares that are cast either in person or by proxy at a duly convened meeting of the holders of the disinterested TPV Shares (namely, the Independent Shareholders); and
- (ii) the number of votes cast against the resolution to approve the Scheme at such meeting is not more than 10% of the votes attaching to all disinterested TPV Shares (namely, all the TPV Shares held by the Independent Shareholders).

8. BINDING EFFECT OF THE SCHEME

Notwithstanding the fact that there may be a dissenting minority, if the Scheme is approved at the Court Meeting in accordance with the requirements of Section 99 of the Bermuda Companies Act and Rule 2.10 of the Takeovers Code, as described above, and is sanctioned by the Court and the other Conditions are either fulfilled or (to the extent permitted) waived, the Scheme will become binding on TPV and all the Scheme Shareholders.

If the Scheme becomes effective and binding:

- (i) all the Scheme Shares will be cancelled and TPV Share certificate(s) representing holdings of those Scheme Shares will cease to have effect as documents of title;
- (ii) the issued share capital of TPV will be maintained by the allotment and issuance of 1,195,322,689 new TPV Shares, which is equal to the number of Scheme Shares cancelled;
- (iii) on the Effective Date, the credit amount of US\$11,953,226.89 which will arise in the books of TPV as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the above-mentioned 1,195,322,689 new TPV Shares (equal to the number of Scheme Shares cancelled) which will be issued, credited as fully paid, to the Offeror; and

- (iv) the Offeror will make payment to each Scheme Shareholder of the Cancellation Price of (i) HK\$3.86 in cash for each Scheme Share listed on the Stock Exchange; (ii) in respect of each Depositor who holds Scheme Shares listed on the Singapore Exchange and deposited with CDP (being the Scheme Shareholder and Registered Owner of such TPV Shares), the equivalent of HK\$3.86 in S\$ (based on the applicable exchange rate applied by the paying bank as at the date of the exchange rate conversion effected by CDP) in cash for each Scheme Share; or (iii) in respect of each Scheme Shareholder (other than CDP) who is a Registered Owner of Scheme Shares on the principal register of members in Bermuda, HK\$3.86 in cash for each Scheme Share registered in the name of such Scheme Shareholder.

All the Scheme Shares that are listed on the Singapore Exchange are deposited with CDP. Singapore TPV Shareholders who wish to receive the Cancellation Price in HK\$ may elect to withdraw their TPV Shares from CDP and to become a Registered Owner on the principal register of members in Bermuda, which withdrawal must in any event be effected before the Record Date. Depositors may withdraw the TPV Shares from CDP by executing the relevant forms and paying a nominal withdrawal fee to CDP to withdraw their shares from CDP (S\$10.70 for withdrawals of up to 1,000 TPV Shares and S\$26.75 for withdrawals exceeding 1,000 TPV Shares) and if their TPV Shares are held through a financial intermediary, such other relevant fees charged by their financial intermediary.

As a result, the Offeror, CEC and the Rollover Shareholders will, in aggregate, hold the entire issued share capital of TPV (among which the Rollover Shareholders, in aggregate, will hold approximately 11.04% of the issued share capital of TPV).

9. SHAREHOLDINGS STRUCTURE OF TPV AND THE SCHEME SHARES

As at the Latest Practicable Date, TPV had 2,345,636,139 TPV Shares in issue, the Offeror held 274,198,647 TPV Shares, representing approximately 11.69% of the issued share capital of TPV and CEC held 617,130,000 TPV Shares, representing approximately 26.31% of the issued share capital of TPV. As at the Latest Practicable Date, the Scheme Shares, comprising 1,195,322,689 TPV Shares, represent approximately 50.96% of the issued share capital of TPV.

The table below sets out the shareholding structure of TPV as at the Latest Practicable Date and immediately following implementation of the Proposal, assuming that no outstanding Share Options are exercised before the Record Date and there is no other change in shareholding of TPV before completion of the Proposal:

TPV Shareholders	As at the Latest Practicable Date		Immediately following implementation of the Proposal	
	<i>Number of TPV Shares</i>	<i>Approximate %</i>	<i>Number of TPV Shares</i>	<i>Approximate %</i>
The Offeror				
CEIEC	274,198,647	11.69	1,469,521,336	62.65
Concert party of the Offeror not subject to the Scheme				
CEC	617,130,000	26.31	617,130,000	26.31
Innolux ⁽³⁾	150,500,000	6.42	150,500,000	6.42
TGL ⁽³⁾⁽⁴⁾	76,530,000	3.26	76,530,000	3.26
Bonstar ⁽³⁾	24,754,803	1.06	24,754,803	1.06
Mr. Zhang ⁽³⁾	7,200,000	0.31	7,200,000	0.31
Aggregate number of TPV Shares held by the Offeror and its concert parties⁽⁵⁾	1,150,313,450	49.04	2,345,636,139	100
Scheme Shareholders⁽⁶⁾⁽⁷⁾⁽⁸⁾	1,195,322,689	50.96	—	—
Total number of TPV Shares in issue	2,345,636,139	100	2,345,636,139	100

Notes:

- (1) The TPV Shares in which the Offeror, CEC and the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.
- (2) The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 TPV Shares are held by CEC and 274,198,647 TPV Shares are held by the Offeror. The Offeror is an indirect wholly owned subsidiary of CEC.
- (3) The Rollover Shareholders are presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement.

- (4) The majority of beneficial owners of TGL are employees of TPV. The ultimate beneficial owners of TGL are not presumed to be parties acting in concert with the Offeror for the purpose of the Takeovers Code merely due to his/her role as a beneficial owner of TGL.
- (5) This does not include the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.
- (6) The Scheme Shares held by the Scheme Shareholders include the holding of TPV Shares by the Excluded Employees. The Excluded Employees (whose names appear in the Registers as at the Meeting Record Date) (if applicable), as Scheme Shareholders will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if they do in fact attend and vote) but not for the Takeovers Code purposes. Based on the information provided by the ultimate beneficial owners of TGL, as at the Latest Practicable Date, the Excluded Employees, in aggregate, were interested in 37,603,416 TPV Shares (representing approximately 1.60% of the issued capital of TPV as at the Latest Practicable Date (other than through their beneficial interests in TGL).
- (7) The TPV Shares held by any member of the CICC group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code will form part of the Scheme Shares. Any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code (assuming its name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if it does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, no TPV Shares were held by any member of the CICC group acting in its capacity of an exempt principal trader.
- (8) This includes the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.
- (9) The shareholding percentage in the table is subject to rounding adjustment.

Share Options

As at the Latest Practicable Date, there were (i) 17,170,000 outstanding Share Options granted under the 2003 Share Option Scheme, each relating to one TPV Share, of which 600,000 2003 Share Options are held by Dr. Hsuan, 400,000 2003 Share Options are held by Mr. M Hsuan, 400,000 2003 Share Options are held by Mr. Wang and the remaining 15,770,000 2003 Share Options are held by other employees of the TPV Group; and (ii) 8,128,000 outstanding Share Options granted under the 2015 Share Option Scheme, each relating to one TPV Share, of which 400,000 2015 Share Options are held by Mr. Zhang, 116,000 2015 Share Options are held by Mr. M Hsuan and the remaining 7,612,000 2015 Share Options are held by other employees of the TPV Group.

The exercise of all the Share Options in full would result in the issue of 25,498,000 new TPV Shares (representing approximately 1.08% of the issued share capital of TPV as at the Latest Practicable Date) and approximately 1.07% of the issued share capital of TPV as enlarged by the issue of such new TPV Shares.

The Offeror will make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

Shareholding structure assuming all 2015 Share Options that are expected to be vested before the Long Stop Date with positive see-through price held by Optionholders are exercised (other than Mr. Zhang who will not exercise any 2015 Share Options held by him in accordance with the Rollover Agreement).

The table below sets out the shareholding structure of TPV as at the Latest Practicable Date and immediately following implementation of the Proposal, assuming that all 2015 Share Options that are expected to be vested before the Long Stop Date with positive see-through price held by Optionholders are exercised (other than Mr.

Zhang who will not exercise any 2015 Share Options held by him in accordance with the Rollover Agreement) before the Record Date and that there is no other change in shareholding of TPV before completion of the Proposal:

TPV Shareholders	As at the Latest Practicable Date	Immediately following implementation of the Proposal		
	<i>Number of TPV Shares</i>	<i>Approximate%</i>	<i>Number of TPV Shares</i>	<i>Approximate %</i>
The Offeror				
CEIEC	274,198,647	11.69	1,477,249,336	62.77
Concert party of the Offeror not subject to the Scheme				
CEC	617,130,000	26.31	617,130,000	26.22
Innolux ⁽³⁾	150,500,000	6.42	150,500,000	6.40
TGL ⁽³⁾⁽⁴⁾	76,530,000	3.26	76,530,000	3.25
Bonstar ⁽³⁾	24,754,803	1.06	24,754,803	1.05
Mr. Zhang ⁽³⁾	7,200,000	0.31	7,200,000	0.31
Aggregate number of TPV Shares held by the Offeror and its concert parties⁽⁵⁾	1,150,313,450	49.04	2,353,364,139	100
Scheme Shareholders⁽⁶⁾⁽⁷⁾⁽⁸⁾	1,195,322,689	50.96	—	—
Total number of TPV Shares in issue	2,345,636,139	100	2,353,364,139	100

Notes:

- (1) The TPV Shares in which the Offeror, CEC and the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.
- (2) The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 Shares are held by CEC and 274,198,647 Shares are held by the Offeror. The Offeror is an indirect wholly owned subsidiary of CEC.
- (3) The Rollover Shareholders are presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Rollover Arrangement.
- (4) The majority of beneficial owners of TGL are employees of TPV. The ultimate beneficial owners of TGL are not presumed to be parties acting in concert with the Offeror for the purpose of the Takeovers Code merely due to his/her role as a beneficial owner of TGL.
- (5) This does not include the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.

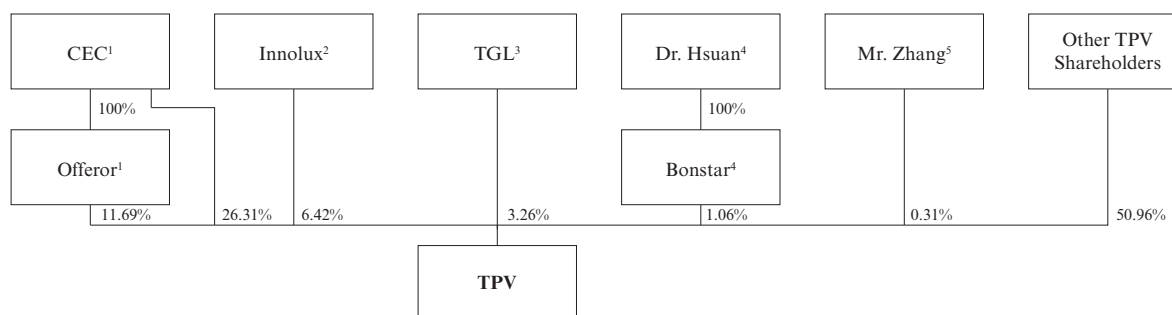
- (6) The Scheme Shares held by the Scheme Shareholders include the holding of TPV Shares by the Excluded Employees. The Excluded Employees (whose names appear in the Registers as at the Meeting Record Date) (if applicable), as Scheme Shareholders, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if they do in fact attend and vote) but not for the Takeovers Code purposes. Based on the information provided by the ultimate beneficial owners of TGL, as at the Latest Practicable Date, the Excluded Employees, in aggregate, were interested in 37,603,416 TPV Shares (representing approximately 1.60% of the issued capital of TPV as at the Latest Practicable Date (other than through their beneficial interests in TGL).
- (7) The TPV Shares held by any member of the CICC group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code will form part of the Scheme Shares. Any member of the CICC group acting in its capacity of an exempt principal trader for the purpose of the Takeovers Code (assuming its name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if it does in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, no TPV Shares were held by any member of the CICC group acting in its capacity of an exempt principal trader.
- (8) This includes the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if Mr. Wang does in fact attend and vote) but not for the Takeovers Code purposes.
- (9) The shareholding percentage in the table is subject to rounding adjustment.

10. EFFECT OF THE SCHEME

Shareholding Structure of TPV

The chart below shows the simplified shareholding structure of TPV as at the Latest Practicable Date:

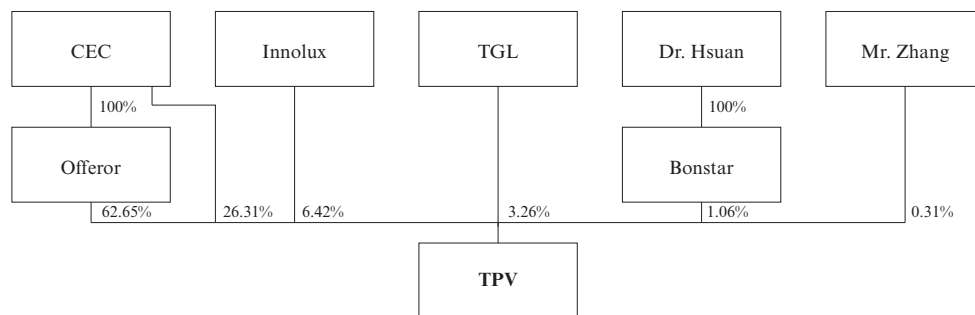
As at the Latest Practicable Date



Notes:

- (1) The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 TPV Shares are held by CEC and 274,198,647 TPV Shares are held by the Offeror. The Offeror is an indirect wholly-owned subsidiary of CEC.
- (2) 150,500,000 TPV Shares are held by Innolux, representing approximately 6.42% of the total issued share capital of TPV.
- (3) TGL is interested in 76,530,000 TPV Shares, representing approximately 3.26% of the total issued share capital of TPV.
- (4) 24,754,803 TPV Shares are held by Bonstar, representing approximately 1.06% of the total issued share capital of TPV. Bonstar is wholly-owned by Dr. Hsuan who is the chairman, chief executive officer and executive director of TPV. As at Latest Practicable Date, Dr. Hsuan held 600,000 2003 Share Options. Dr. Hsuan has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.
- (5) Mr. Zhang is interested in 7,200,000 TPV Shares, representing approximately 0.31% of the total issued share capital of TPV. As at the Latest Practicable Date, Mr. Zhang held 400,000 2015 Share Options. Mr. Zhang has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.
- (6) The shareholding percentage in the diagram is subject to rounding adjustment.

Assuming that no outstanding Share Options are exercised before the Record Date and there is no other change in shareholding of TPV before completion of the Proposal, the chart below shows a simplified shareholding structure of TPV immediately following implementation of the Proposal.

Immediately following implementation of the Proposal

Note: The shareholding percentage in the diagram is subject to rounding adjustment.

As at the Latest Practicable Date, the authorised share capital of TPV was US\$40,000,000 divided into 4,000,000,000 TPV Shares, and TPV had 2,345,636,139 TPV Shares in issue.

11. TOTAL CONSIDERATION AND FINANCIAL RESOURCES CONFIRMATION

Total Consideration

As at the Latest Practicable Date, there were 2,345,636,139 TPV Shares in issue and the Scheme Shareholders were interested in 1,195,322,689 TPV Shares (representing approximately 50.96% of the issued share capital of TPV as at the Latest Practicable Date).

On the assumption that (i) TPV Shares held by the Rollover Shareholders will not form part of the Scheme Shares; (ii) all outstanding Share Options granted under the 2015 Share Option Scheme (apart from the 2015 Share Options which are held by Mr. Zhang) as at the Record Date are exercised; (iii) no other outstanding Share Options are exercised or lapse before the Record Date; and (iv) no further Shares are issued before the Record Date, the maximum amount of cash consideration required to effect the Proposal (before taking into account the Option Offer to be made) will be approximately HK\$4,643.78 million.

On the assumption that (i) all outstanding Share Options granted under the 2015 Share Option Scheme (apart from the 2015 Share Options which are held by Mr. Zhang) as at the Record Date are exercised; (ii) Mr. Zhang will not exercise any 2015 Share Options held by him in accordance with the Rollover Agreement and will only be entitled to the “see-through” price under the Option Offer; (iii) no outstanding Share Options under the 2003 Share Option Scheme (where the “see-through” price is zero) are exercised before the Record Date but the holders of such options will receive a cash offer of a nominal amount of HK\$0.00001 per Share Option; (iv) no further Share Options are granted before the Record Date; and (v) the Record Date is the Long Stop Date, the amount of cash required for the Option Offer would be, in addition, approximately HK\$0.84 million.

Consequently, the maximum amount of cash consideration required to effect the Scheme and the Option Offer in accordance with their respective terms on the basis described above will be approximately HK\$4,644.62 million.

Confirmation of Financial Resources

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

CICC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Scheme and the Option Offer in accordance with their respective terms.

The Offeror will fund the payment of the cash consideration under the Scheme and the Option Offer by using the internal financial resources of the Offeror and a term loan facility of an amount up to HK\$4.2 billion provided by Bank of China Limited, Macau Branch.

CANCELLATION PRICE

The Cancellation Price represents, in respect of TPV Shares which are listed on the Stock Exchange:

- a premium of approximately 3.21% over the closing price of HK\$3.74 per TPV Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 41.39% over the closing price of HK\$2.73 per TPV Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 46.77% over the average closing price of approximately HK\$2.63 per TPV Share based on the daily closing prices as quoted on the Stock Exchange over the five trading days up to and including the Last Trading Day;
- a premium of approximately 54.50% over the average closing price of approximately HK\$2.50 per TPV Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 138.79% over the average closing price of approximately HK\$1.62 per TPV Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Day; and

- a discount of approximately 23.94% to the audited consolidated net asset value attributable to TPV Shareholders per TPV Share of approximately US\$0.65 (equivalent to approximately HK\$5.07) as at 31 December 2018^{Note}.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the TPV Shares traded on the Stock Exchange and with reference to other similar transactions in Hong Kong in recent years.

A summary of the closing prices of the TPV Shares on the Stock Exchange (i) on the last trading day of each of the six calendar months preceding the date of the Announcement; (ii) on the Last Trading Date, and (iii) on the Latest Practicable Date is set out in Appendix II to this Scheme Document.

12. INFORMATION ON TPV

TPV is an internationally-renowned monitor and TV manufacturer. It has been listed on both the Stock Exchange and the Singapore Exchange since 1999.

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

Your attention is drawn to Appendix I to this Scheme Document which sets out the “Financial Information of the TPV Group.”

13. INFORMATION ON THE OFFEROR, CECL AND CEC

The Offeror

The Offeror is a company incorporated in Hong Kong with limited liability on 19 September 1972. The Offeror is an operating subsidiary within the CEC Group and it is principally engaged in the overseas financing and investment activities of the CEC Group.

The Offeror is a wholly-owned subsidiary of CECL. CECL is a wholly-owned subsidiary of CEC, which is a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council.

CECL

CECL was established in the PRC with limited liability on 1 December 2016. It is a holding vehicle within the CEC Group and does not have any operating activities.

Note: For the purposes of this Scheme Document, the exchange rate of US\$1.00 = HK\$7.7765 has been used, where applicable, for illustrative purposes only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

As at 31 December 2018, the registered capital of CECL was RMB5,100 million and the total consolidated asset of CECL amounted to approximately RMB205 billion.

CEC

CEC is a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council. It is a leading national electronics and information technology enterprise administered by the PRC government. The principal business of CEC includes network security, new display, integrated circuits, high-tech electronics, information services and other electronic information industry fields featuring national strategy, foundation and guidance in the PRC.

14. INTENTION OF THE OFFEROR WITH REGARD TO TPV

It is the intention of the Offeror for the TPV Group to maintain its existing business upon the successful privatisation of TPV. The Offeror has no plan to introduce any material changes to the business and/or assets of the TPV Group, or to redeploy its major fixed assets or discontinue the employment of employees of the TPV Group as a result of the Proposal.

15. REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Offeror and TPV: facilitate a long term growth track of TPV

In the context of strategic transformation in the display industry, the Offeror intends to deepen its collaboration with TPV and pursue a series of long-term growth strategies, which, however, may affect TPV's short-term growth profile and share price performance. The proposed privatisation of TPV, if successful, will enable TPV to make strategic decisions focusing on its long-term growth, be relieved from the pressure from market expectations and share price fluctuation associated with being publicly listed company, and reduce the costs associated with compliance and maintaining the listing status of TPV.

Due to the low liquidity in the trading of TPV Shares and the depressed share price in recent years, TPV's current listing platform no longer sufficiently serves as a source of funding for its long term growth, and TPV's ability to raise funds in the equity capital markets for future development and growth is limited. Meanwhile, the depressed share price has an adverse impact on TPV's reputation among suppliers and customers, and therefore on its business and operations. The implementation of the Proposal could mitigate this adverse impact.

For the Scheme Shareholders: a good opportunity to realize their investment with a significant premium

The Offeror intends to offer the Scheme Shareholders an opportunity, if they so wish, to realise their investments in TPV. In respect of the TPV Shares listed on the Stock Exchange, the Cancellation Price of HK\$3.86 per share represents (i) a premium of approximately 41.39% over the closing price on 8 August 2019, being the Last

Trading Day; (ii) a premium of approximately 54.50% and 75.04% over the average closing price of approximately HK\$2.50 and approximately HK\$2.21 per TPV Share on the Stock Exchange for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively; and (iii) a premium of approximately 41.39% over the highest closing price during the six month period preceding and including 8 August 2019, being the Last Trading Day.

The average daily trading volume of the TPV Shares listed on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Day was approximately 5.30 million TPV Shares per day, representing only approximately 0.23% of the issued TPV Shares and 0.44% of the issued TPV Shares held by the Scheme Shareholders as at the date of the Announcement. The relatively low trading liquidity of the TPV Shares makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the TPV Shares. The Proposal is intended to provide the Scheme Shareholders with an opportunity to realise their investment in TPV for cash at an attractive premium without having to suffer any illiquidity discount.

16. SHARE CERTIFICATES, DEALINGS AND LISTING

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled. TPV Share certificates for the TPV Shares listed on the Stock Exchange and the Singapore Exchange and held by the Scheme Shareholders will thereafter cease to have effect as documents of or evidence of title.

TPV does not intend to retain its listing on the Stock Exchange and the Singapore Exchange. Following the Effective Date, the listing of TPV Shares on the Stock Exchange and the Singapore Exchange will be withdrawn.

An application has been submitted on 13 August 2019 to seek approval from the Singapore Exchange to delist TPV from the Official List of the Singapore Exchange upon the Scheme becoming effective and binding in accordance with its terms. The application is pending review and the Singapore Exchange has advised that it will revert with its decision on the said application in due course.

TPV will apply to the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective.

The Scheme Shareholders will be notified, by way of announcement of, among other things, the dates on which the Scheme and the withdrawal of the listing of the TPV Shares on the Stock Exchange and the Singapore Exchange will become effective. Your attention is drawn to the section headed “Expected Timetable” on pages 14 and 18 of this Scheme Document.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such other date as the Offeror and TPV may agree and the Court may allow and, in all cases, as permitted by the Executive), otherwise the Proposal will not

proceed and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapsed, the listing of the TPV Shares on the Stock Exchange and the Singapore Exchange will not be withdrawn. The TPV Shareholders will be notified by way of announcement accordingly.

If the Scheme is withdrawn, not approved or lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is withdrawn, not approved or lapses, announce an offer or possible offer for TPV, except with the consent of the Executive.

17. REGISTRATION AND PAYMENT

Payment of Cancellation Price to Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Price will be made to the Scheme Shareholders whose names appear on the Register on the Record Date. On the basis that the Scheme becomes effective on or about 12 November 2019, cheques for payment of the consideration payable under the Scheme are expected to be despatched on or before 21 November 2019. In the absence of any specific instructions to the contrary received in writing by the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, cheques will be sent to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose names stands first in the Register in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of TPV, the Offeror, their respective financial advisers, or the Registrar will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies in respect of uncashed cheques on trust for those entitled under the terms of the Scheme until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, without interest earned thereon, to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any other deduction required by law and expenses incurred.

The latest time for lodging transfers of TPV Shares to qualify for entitlements under the Scheme is 4:30 p.m. on Wednesday, 6 November 2019. The Scheme Shareholders should ensure that their TPV Shares are registered or lodged for registration in their names or in the name(s) of their nominees at or with the Registrar

at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or the Share Transfer Office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 before that time.

Assuming that the Scheme becomes effective, all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date.

Settlement of the cash entitlements to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror or TPV may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Payment of Cancellation Price to Depositors and Settlement Procedures in Singapore

All the Scheme Shares that are listed on the Singapore Exchange are deposited with CDP.

Subject to the Scheme becoming effective and binding, the following settlement procedures shall apply:

- (i) entitlements to the Cancellation Price for each Scheme Share will be determined on the basis of each Depositor and the number of Scheme Shares standing to the credit of their respective Securities Accounts as at 5:00 p.m. (Singapore time) on the Record Date;
- (ii) Depositors are requested to take the necessary action to ensure that the Scheme Shares owned by them are credited to their respective Securities Accounts by 5.00 p.m. on the Record Date.

The Offeror shall, not later than 10:00 a.m. on the date falling two business days after the Effective Date, make payment of the aggregate Cancellation Price payable on the cancellation of the Scheme Shares pursuant to the Scheme to CDP. CDP shall, not later than seven business days after the Effective Date:

- (a) in the case of a Depositor who has registered for CDP's direct crediting service, credit the aggregate Cancellation Price payable to such Depositor, to the designated bank account of such Depositor; and
- (b) in the case of a Depositor who has not registered for CDP's direct crediting service, send to such Depositor, by ordinary post to his address as appearing in the Depository Register at the close of business on the Record Date at the sole risk of such Depositor, or in the case of joint Depositor, to the first named Depositor by ordinary post to his address as appearing in the Depository Register at the close of business on the Record Date, at the sole risk of such joint Depositor, a cheque for the payment of such aggregate Cancellation Price made out in favour of such Depositor(s).

Assuming that the Scheme becomes effective and binding on 12 November 2019, the crediting by CDP of the aggregate Cancellation Price into the designated bank accounts of the Depositor (in the case of Depositors who have registered with CDP for its direct crediting service) or, as the case may be, the posting of cheques for the aggregate Cancellation Price in the manner set out in paragraphs (a) and (b) above, is expected to take place on or before 21 November 2019.

The despatch of payment by the Offeror to CDP in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

Payment of Option Offer Price to Optionholders

Each holder of the Outstanding Share Option(s) as at the Option Offer Record Date who accepts the Option Offer and lodges a duly completed Form of Acceptance by the prescribed deadline will be entitled to receive the Option Offer Price as set out in their respective Option Offer Letters that are sent to each Optionholder individually. Under the Option Offer, (i) where the exercise price of the relevant Share Option is higher than the Cancellation Price (that is, the Share Options granted under the 2003 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$0.00001 in cash; and (ii) where the exercise price of the relevant Share Option is lower than the Cancellation Price (that is, the Share Options granted under the 2015 Share Option Scheme), the Share Option Price for such Share Option will be HK\$2.09 in cash (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options).

The cheques for payment of the Option Offer Price under the Option Offer will be despatched within seven Business Days of the Effective Date. Please refer to the expected timetable as set out in Part IV of this Scheme Document for details.

All payments in respect of the Option Offer Price will be made in HK\$. Settlement of the Option Offer Price to which Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right which the Offeror may otherwise be, or claim to be, entitled against any such Optionholder.

18. OVERSEAS TPV SHAREHOLDERS

This Scheme Document has been prepared for the purpose of complying with the laws of Hong Kong, and the information disclosed herein may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdiction.

This Scheme Document does not constitute an offer or invitation to sell, purchase, subscribe for or issue any securities or the solicitation of an offer to buy or subscribe for securities pursuant to this Scheme Document or otherwise in any jurisdiction in which such offer, invitation or solicitation is unlawful.

The making of the Proposal to persons not resident in Hong Kong or Singapore may be subject to the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, and the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such person in such jurisdiction.

Based on the records in the Registers as at the Latest Practicable Date and the records in the Depository Register as at 3 October 2019, TPV had one Depositor with registered address located in Brunei (the “**Brunei Shareholder**”).

TPV has sought legal advice from its Brunei legal advisers and based on the advice of TPV’s Brunei legal advisers, it would be in contravention of the laws of the Brunei if TPV and the Offeror despatch the Scheme Document to the Brunei Shareholder without holding the relevant license required under the laws of Brunei. It would take an extended period of time to apply for the relevant license. It would therefore be unduly burdensome for TPV and the Offeror to despatch the Scheme Document to the Brunei Shareholder for the purpose of Note 3 to Rule 8 of the Takeovers Code. TPV has applied for and the SFC has granted a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code that the Scheme Document will not be despatched to the Brunei Shareholder. However, this does not preclude the Brunei Shareholder from voting at the Court Meeting and SGM and participating in the Scheme.

19. TAXATION

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective. No stamp duty will be payable in Singapore on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Similarly, as the acceptance of the Option Offer and the payment of the cash consideration for the cancellation of the Share Options does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance upon the acceptance of the Option Offer or the payment of the cash consideration under the Option Offer.

The Scheme Shareholders and Optionholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of the Scheme and/or the Option Offer and in particular, whether receipt of the Cancellation Price or of cash consideration under the Option Offer would make such Scheme Shareholder or Optionholder liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, TPV, CICC and their agents or any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Option Offer. All Scheme Shareholders and/or Beneficial Owners and/or Optionholders shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal and/or the Option Offer.

20. COURT MEETING AND SGM

In accordance with the direction of the Court, the Court Meeting has been convened for the purpose of considering and, if thought fit, passing an appropriate resolution to approve the Scheme (with or without modifications). Such a resolution will be passed under the Bermuda Companies Act if a majority in number representing not less than three-fourths in value of the TPV Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting vote in favour of the Scheme. However, the Scheme will only be considered to have been approved under the Takeovers Code if (i) the Scheme is approved (by way of a poll) by at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders.

In accordance with the direction from the Court, for the purposes of calculating the majority in number under Section 99 of the Bermuda Companies Act at the Court Meeting, HKSCC Nominees Limited and CDP will be counted as one vote each which will be exercised for or against the Scheme according to the majority of voting instructions received. Each Registered Owner will be counted as one vote for the purposes of calculating the majority in number at the Court Meeting.

The SGM will be held immediately following the Court Meeting for the purpose of considering and, if thought fit, passing, among other things, (i) the special resolution by the majority of not less than three-fourths of the votes cast by the TPV Shareholders present and voting, in person or by proxy, at the SGM to approve and give effect to the reduction of the issued share capital of TPV associated with the cancellation of the Scheme Shares and the application of the credit amount arising in the books of TPV as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new TPV Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Offeror simultaneously with the cancellation of the Scheme Shares; and (ii) the ordinary resolution by the Independent Shareholders to approve the Rollover Arrangement.

As at the Latest Practicable Date, the Scheme Shareholders were interested in 1,195,322,689 TPV Shares (representing approximately 50.96% of the issued share capital of TPV as at the Latest Practicable Date).

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme and vote at the SGM on the resolution to approve the Rollover Arrangement for the purpose of satisfying the voting requirements contained in and

imposed by the Takeovers Code. The TPV Shares owned by the Offeror, CEC and the Rollover Shareholders will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting and will not be voted on the Rollover Arrangement at the SGM.

TPV Shareholders who hold their TPV Shares other than in their own names are urged to have their names entered in the Register as soon as possible and in any event before the Meeting Record Date for, among others, the following reasons:

- (i) to enable themselves (being Scheme Shareholders) to attend the meeting as required under Section 99 of the Bermuda Companies Act in the capacity as members of TPV or to be represented by proxies to be appointed by them;
- (ii) to enable them to be counted for the purpose of calculating whether or not a majority in number of the Scheme Shareholders have approved the Scheme under Section 99 of the Bermuda Companies Act; and
- (iii) to enable TPV and the Offeror to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Scheme becomes effective. All deliveries of cheques required for making payment in respect of the Scheme Shares shall be effected by duly posting the same in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the Register on the Record Date.

Notice of the Court Meeting is set out in Appendix IV to this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Wednesday, 30 October 2019 at Ballroom B, 2/F, The Langham, Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong.

Notice of the SGM is set out in Appendix V to this Scheme Document. The SGM will be held at 10:30 a.m. on Wednesday, 30 October 2019 (or immediately after the conclusion or adjournment of the Court Meeting) at Ballroom B, 2/F, The Langham, Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong.

21. ACTIONS TO BE TAKEN

Actions to be taken by the TPV Shareholders and/or Optionholders are set out in “Part II — Actions to be Taken” of this Scheme Document.

22. RECOMMENDATION

Your attention is drawn to the following:

- (i) the letter from the Independent Board Committee set out on pages 39 to 41 of this Scheme Document; and
- (ii) the letter from Somerley set out on pages 42 to 81 of this Scheme Document.

23. ADDITIONAL INFORMATION

Additional information is set out in the Appendices, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

1. FINANCIAL SUMMARY

The following is a summary of the financial results of the TPV Group for each of the three years ended 31 December 2016, 2017 and 2018, and the six months ended June 30, 2019 as extracted from the annual reports of TPV for the years ended 31 December 2016, 2017 and 2018, and the announcement on interim results for the six months ended 30 June 2019, respectively.

Consolidated Income Statement

	Year ended 31 December			Six months ended
	2018	2017	2016	30 June 2019
	US\$'000	US\$'000	US\$'000	US\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
Revenue	9,147,635	9,584,710	9,808,337	4,174,131
Cost of sales	(8,305,635)	(8,801,254)	(8,960,719)	(3,766,954)
Gross profit	842,000	783,456	847,618	407,177
Other income	71,815	57,415	58,443	36,031
Other losses, net	(38,938)	(38,431)	(20,585)	(10,720)
Selling and distribution expenses	(394,104)	(398,202)	(372,429)	(191,857)
Administrative expenses	(155,185)	(222,909)	(187,616)	(73,172)
Research and development expenses	(176,863)	(179,504)	(200,727)	(83,665)
Net impairment losses on financial assets	(25,194)	—	—	(4,002)
Operating profit	123,531	1,825	124,704	79,792
Finance income	7,063	4,647	6,905	4,376
Finance costs	(46,827)	(38,898)	(36,937)	(25,959)
Finance costs, net	(39,764)	(34,251)	(30,032)	(21,583)
Net monetary loss	(12,947)	—	—	(3,835)
Share of profits/(losses) of associates and a joint venture	(1,915)	(4,501)	6,650	842
Profit/(loss) before income tax	68,905	(36,927)	101,322	55,216
Income tax expenses	(53,855)	(20,863)	(57,575)	(28,796)
Profit/(loss) for the year/period	15,050	(57,790)	43,747	26,420
Profit/(loss) attributable to:				
Owners of the Company	21,913	(50,614)	38,523	26,818
Non-controlling interests	(6,863)	(7,176)	5,224	(398)
Earnings/(loss) per share attributable to owners of the Company				
— Basic and diluted	US0.93 cent	(US2.16 cents)	US1.64 cents	US1.14 cents

	Year ended 31 December			Six months ended
	2018	2017	2016	30 June 2019
	US\$'000	US\$'000	US\$'000	US\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
Profit/(loss) for the year/period	15,050	(57,790)	43,747	26,420
Other comprehensive income/(loss), net of tax				
<i>Items that may be reclassified to profit or loss</i>				
Currency translation differences:				
— Group	(8,110)	(58,884)	13,892	5,515
— Associates and a joint venture	(2,193)	3,197	(3,475)	25
Release of exchange reserve to profit or loss upon closure/disposal of:				
— Subsidiaries	1,704	183	623	—
— Associates and a joint venture	—	98	362	—
Fair value gains on available-for-sale financial assets	—	279	189	—
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of pension obligations, net of tax	1,203	793	(1,596)	—
Revaluation gains on investment properties transferred from property, plant and equipment, net of tax	—	4,373	—	—
Fair value losses on equity investments at fair value through other comprehensive income	(365)	—	—	(51)
Other comprehensive income/(loss) for the year/period, net of tax	<u>(7,761)</u>	<u>(49,961)</u>	<u>9,995</u>	<u>5,489</u>
Total comprehensive income/(loss) for the year/period	<u>7,289</u>	<u>(107,751)</u>	<u>53,742</u>	<u>31,909</u>
Total comprehensive income/(loss) attributable to:				
— Owners of the Company	14,041	(100,574)	48,480	32,307
— Non-controlling interests	<u>(6,752)</u>	<u>(7,177)</u>	<u>5,262</u>	<u>(398)</u>
	<u>7,289</u>	<u>(107,751)</u>	<u>53,742</u>	<u>31,909</u>
Total dividends declared	<u>6,568</u>	<u>3,002</u>	<u>11,494</u>	<u>—</u>
Dividends per share	<u>US0.28 cents</u>	<u>US0.128 cents</u>	<u>US0.49 cents</u>	<u>—</u>

The auditor's reports from PricewaterhouseCoopers, in respect of the TPV Group's audited consolidated financial statements for each of the financial year ended 31 December 2016, 2017 and 2018, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

TPV had no exceptional or extraordinary items for each of the three years ended 31 December 2016, 2017 and 2018.

Save as disclosed above, there were no items of any income or expense which were material in respect of the consolidated financial results of the TPV Group for each of the three years ended 31 December 2016, 2017 and 2018.

2. AUDITED FINANCIAL INFORMATION

The audited consolidated financial statements of the TPV Group for each of the three financial years ended 31 December 2016, 2017 and 2018 are disclosed in the annual report of TPV for the financial year ended 31 December 2016 which was published on 6 April 2017 (pages 68 to 158), the annual report of TPV for the financial year ended 31 December 2017 which was published on 12 April 2018 (pages 74 to 170), and the annual report of TPV for the financial year ended 31 December 2018 which was published on 10 April 2019 (pages 67 to 160), respectively, which are available on both the websites of TPV (www.tpv-tech.com) and HKEXnews (www.HKEXnews.hk).

The audited consolidated financial statements of the TPV Group for each of the three financial years ended 31 December 2016, 2017 and 2018 are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank Borrowings and Overdrafts

As at the close of business on 31 July 2019, being the most recent practicable date for the purpose of the statement of indebtedness, the bank borrowings and overdrafts of the TPV Group were shown as below:

	Unsecured and Guaranteed ¹ US\$'000	Unsecured and Non- Guaranteed US\$'000	Total US\$'000
Current bank borrowings and overdrafts	162,504	189,068	351,572
Non-current bank borrowings	<u>121,620</u>	<u>111,545</u>	<u>233,165</u>
	<u>284,124</u>	<u>300,613</u>	<u>584,737</u>

¹ The guarantees represent those issued by banks of TPV subsidiaries in favour of other banks which granted the borrowings and overdrafts to other TPV subsidiaries.

Lease Liabilities

As at the close of business on 31 July 2019, the TPV Group had lease liabilities under Hong Kong Financial Reporting Standard 16 in the following amount:

US\$'000

Lease liabilities	<u>47,230</u>
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Contingent Liabilities

The TPV Group, in the ordinary course of its business, is involved in various claims, lawsuits, investigations, and legal proceedings that arise from time to time. Although the directors do not expect that the outcome in any of these legal proceedings will have a material adverse effect on the TPV Group's financial position or results of operations, litigation is inherently unpredictable. The directors are of the opinion that the details of these legal and other proceedings are sensitive and disclosures are therefore not set out in full.

- (a) In 2011, a claim was made by a third party seeking repossession of a relatively small piece of land now owned by the TP Vision Group. The matter is currently under consideration by the legal authorities. Under the terms of the Share Purchase Agreement with Philips, any damages arising from this claim will be fully indemnified by Philips.
- (b) In 2013, the Civil Code of one specific country requires that all companies producing or importing goods with an audio/video replication functionality must pay 1% of turnover (either import or production value) fees to copyrights owners (unnamed list of authors) through the local union of copyright owners. The limitation of action for the case expired on 17 July 2017, however, it does not prohibit the tax authority from making appeal to the court. The TPV Group is of the opinion that the risk of such obligation remains possible for the time being.

Save as disclosed, no member of the TPV Group was engaged in any litigation or arbitration or claim of material importance, and no litigation or arbitration or claim of material importance was pending or threatened against any member of the TPV Group as at 31 July 2019.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the TPV Group did not have outstanding, as at the close of business on 31 July 2019, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments or other material contingent liabilities.

4. MATERIAL CHANGE

The directors of TPV have confirmed that, save for the following matters, there has been no material changes in the financial or trading position or outlook of the TPV Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the TPV Group were made up, up to and including the Latest Practicable Date:

- (a) As disclosed in the interim results announcement of TPV for the six months ended 30 June 2019 (the “**Period**”), the TPV Group recorded a profit attributable to the TPV Shareholders of approximately US\$26.8 million for the six months ended 30 June 2019, as compared to a loss attributable to the TPV Shareholders of approximately US\$10.3 million for the corresponding period in 2018, which was attributable to, among others, the factors as set out below:
 - (i) an increase in gross profit of approximately US\$11.5 million from approximately US\$395.7 million for the six months ended 30 June 2018 to approximately US\$407.2 million for the Period, which was mainly attributable to an improved product mix, cheaper component costs and an one-off release of intellectual property license fee payable of approximately US\$31.2 million;
 - (ii) a strong US\$ environment during the Period helped TPV to record foreign exchange gains of approximately US\$5.7 million vis-a-vis losses of approximately US\$31.1 million during the corresponding period in 2018;
 - (iii) an one-off impairment provision for value-added tax recoverable of approximately US\$16.6 million and the impairment loss on Philips China TV trademark licence of approximately US\$3.2 million during the Period, compared with an impairment loss on mobile and tablet trademark licence of approximately US\$5.0 million for the corresponding period in 2018; and
- (b) as a significant proportion of TVs and monitors cater for the US market were manufactured in China, the recent introduction of further tariffs on Chinese imports by the US government will lead to higher cost of sales of products and lower demand. Also, the uncertainty weighing on emerging market economies might reduce the market demand for TVs and monitors and consequently adversely affect unit shipments and revenue of the TPV Group. The above factors have created an unfavourable operating environment for the Company.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Proposal, the Offeror and TPV.

The TPV Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document relating to the TPV Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the TPV Directors have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

The CEIEC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the TPV Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than opinions expressed by the TPV Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

The sole director of CECL accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the TPV Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Scheme Document (other than opinions expressed by the TPV Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL OF TPV

As at the Latest Practicable Date:

- (a) the authorised share capital of TPV was US\$40,000,000 divided into 4,000,000,000 TPV Shares;
- (b) the issued share capital of TPV was US\$23,456,361.39 divided into 2,345,636,139 TPV Shares;
- (c) TPV had not issued any TPV Shares since 31 December 2018, being the end of its last financial year;
- (d) all of the issued TPV Shares ranked *pari passu* in all respects with each other, including all rights as to dividend, voting and interests in capital; and

- (e) save for the Outstanding Share Options, there were no other outstanding options, warrants, derivatives or other convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into TPV Shares.

3. MARKET PRICES

The table below shows the closing price of the TPV Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the period commencing six months preceding the date of the Announcement; (ii) the Last Trading Date; and (iii) the Latest Practicable Date:

Date	Closing price per TPV Share (HK\$)
28 February 2019	1.23
29 March 2019	1.82
30 April 2019	1.82
31 May 2019	1.93
28 June 2019	2.36
31 July 2019	2.46
8 August 2019 (the Last Trading Date)	2.73
4 October 2019 (the Latest Practicable Date)	3.74

During the Disclosure Period, the highest closing price of the TPV Shares quoted on the Stock Exchange was HK\$3.74 on 4 October 2019 and the lowest closing price of the TPV Shares quoted on the Stock Exchange was HK\$1.15 on 19 and 21 February 2019.

4. DISCLOSURE OF INTERESTS UNDER THE SFO

(i) Directors and the chief executive's interests and short positions in the TPV Shares, underlying TPV Shares and debentures of TPV and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the TPV Directors and the chief executives of TPV, including their respective associates, in the equity or equity securities of TPV or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to TPV and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers had been notified to TPV and the Stock Exchange were as follows:

Interests in TPV Shares

Name	Type of interest	Number of	Approximate
		TPV Shares	percentage of
		held	issued TPV
		(long position)	Shares
			(%)
			<i>(Note 1)</i>
Dr. Hsuan	Corporate <i>(Note 2)</i>	24,754,803	1.06

Notes:

1. The percentage has been compiled on the basis of 2,345,636,139 TPV Shares in issue as at the Latest Practicable Date.
2. These TPV Shares are held by Bonstar, a company beneficially and wholly-owned by Dr. Hsuan.

Details of Share Options held by a Director

Name	Date of grant of Share Options	Exercise price (HK\$)	Exercise period	Number of Share Options
Dr. Hsuan	18/01/2011	5.008 (<i>Note</i>)	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 Share 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 TPV Directors and the chief executives of TPV and their respective associates had any interests or short positions in the TPV Shares, underlying TPV Shares or debentures of TPV and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to TPV and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to TPV and the Stock Exchange.

(ii) Substantial shareholders' interests and short positions in TPV Shares, underlying TPV Shares and securities of TPV

As at the Latest Practicable Date, so far as was known to the TPV Directors and the chief executives of TPV, each of the following persons (not being a TPV Director or chief executive of TPV) had an interest in the TPV Shares, underlying TPV Shares or securities of TPV which would fall to be disclosed to TPV 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 TPV pursuant to section 336 of the SFO:

Interests in TPV Shares

Name	Number of TPV Shares held (long position)	Approximate percentage of issued TPV Shares (%) (Note 1)
CEC	617,130,000 (Note 2)	26.31
CECL	274,198,647 (Note 2)	11.69
The Offeror	274,198,647 (Note 2)	11.69
Innolux	150,500,000 (Note 3)	6.42
Chimei Corporation	150,500,000 (Note 3)	6.42
FMR LLC	119,103,410	5.08
China Southern Asset Management Co., Ltd.	125,870,000	5.37
Long Nice Corporation Limited	102,546,590 (Note 4)	4.37
Time Lead Assets Limited	102,546,590 (Note 4)	4.37
Luo Xuexin	102,546,590 (Note 4)	4.37
Yuan Qiang	102,546,590 (Note 4)	4.37

Notes:

1. The percentage has been compiled on the basis of 2,345,636,139 TPV Shares in issue as at the Latest Practicable Date.
2. The Offeror and CEC are the registered holders of the aggregate of 891,328,647 TPV Shares held within the CEC Group, of which 617,130,000 TPV Shares are held by CEC and 274,198,647 TPV Shares are held by the Offeror. The Offeror is an indirect wholly owned subsidiary of CEC.
3. These TPV Shares are held by Innolux, which is owned as to 3.11% by Chimei Corporation.
4. These TPV Shares are held by Long Nice Corporation Limited, which is wholly-owned by Time Lead Assets Limited, which is in turn owned as to 41.70% and 58.30% by Luo Xuexin and Yuan Qiang, respectively.

Save as disclosed above, as at the Latest Practicable Date, the TPV Directors and the chief executive of TPV were not aware of any other person who had, or was deemed to have, an interest or short position in the TPV Shares, underlying TPV shares or securities of TPV, which would fall to be disclosed to TPV and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in ten per cent. or more of the issued voting shares of any other member of the TPV Group, or any options in respect of such share capital, or required to be recorded in the register required to be kept by TPV under section 336 of the SFO.

5. DISCLOSURE OF INTERESTS UNDER THE TAKEOVERS CODE

(i) Interests disclosable under Schedule I to the Takeovers Code

- (a) As at the Latest Practicable Date, the Offeror, CEC and the Rollover Shareholders were interested in 1,150,313,450 TPV Shares (representing approximately 49.04% of the issued share capital of TPV) (among which the Rollover Shareholders, in aggregate, hold 258,984,803 TPV Shares (representing approximately 11.04% of the issued share capital of TPV)). Save for the existing direct and indirect shareholding of the Offeror, CEC and the Rollover Shareholders in TPV as set out in the section headed “9. Shareholdings Structure of TPV and the Scheme Shares” of Part VIII of this Scheme Document and the TPV Shares held on behalf of non-discretionary investment clients of the CICC group, neither the Offeror nor parties acting in concert (including the Rollover Shareholders) with it owned or had control or direction over any voting rights or rights over the TPV Shares, options, derivatives, warrants, other securities convertible into TPV Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)^{Note}.
- (b) Save as the 600,000 2003 Share Options held by Dr. Hsuan, the 400,000 2015 Share Options held by Mr. Zhang and the 400,000 2003 Share Options held by Mr. Wang respectively as disclosed in this Scheme Document, as at the Latest Practicable Date, none of the Offeror or any person acting in concert with it (including the Rollover Shareholders) holds any convertible securities, options or warrants in respect of any TPV Shares or any voting rights in respect of TPV Shares or rights over TPV Shares.

Note: Aggregate number of TPV Shares held by the Offeror, CEC and the Rollover Shareholders does not include the 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL. Mr. Wang is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code. The 1,468,000 TPV Shares held by Mr. Wang other than his legal and beneficial interests in TGL will form part of the Scheme Shares. Mr. Wang (assuming his name appears in the Registers as at the Meeting Record Date), as a Scheme Shareholder, will be entitled to attend and vote, in person or by proxy, at the Court Meeting but such votes will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test) (if they do in fact attend and vote) but not for the Takeovers Code purposes. As at the Latest Practicable Date, 400,000 2003 Share Options were held by Mr. Wang.

- (c) As at the Latest Practicable Date, there are no outstanding derivatives in respect of TPV Shares or any other securities of TPV entered into by the Offeror or any person acting in concert with the Offeror (including the Rollover Shareholders).
- (d) As at the Latest Practicable Date, save for the Proposal and the Rollover Arrangement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the TPV Shares and which might be material to the Proposal.
- (e) The CEIEC Directors did not have any interest in any TPV Shares and did not deal for value in any TPV Shares during the Disclosure Period.
- (f) The Offeror confirms that there are no agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition.
- (g) As at the Latest Practicable Date, the Offeror and parties acting in concert with it (including the Rollover Shareholders) have not borrowed or lent any TPV Shares or any other securities of TPV.
- (h) The following are the dealings in the TPV Shares for value during the Disclosure Period by the parties acting in concert with the Offeror (including the Rollover Shareholders):

			Number of	Dealing Price Per TPV Share (HK\$)
	Dealing	Completion Date	Shares	
TGL	Buying	11 July 2019	76,530,000	1.067
Mr. Zhang ¹	Buying	11 July 2019	7,000,000	1.067
Mr. Wang ²	Buying	11 July 2019	450,000	1.067

Save as disclosed in this Scheme Document and the dealings in the TPV Shares by CICC group on behalf of non-discretionary investment clients, there have been no dealings in the TPV Shares, options, derivatives, warrants, other securities convertible into TPV Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) by the Offeror and parties acting in concert with it (including the Rollover Shareholders) during the Disclosure Period. The highest price paid for the purchase of such TPV Shares during the Disclosure Period amounted to HK\$1.067 per TPV Share.

¹ Mr. Zhang is beneficially interested in 500,000 shares in TGL.

² Mr. Wang is beneficially interested in 550,000 shares in TGL.

- (i) As at the Latest Practicable Date, neither the Offeror nor any parties acting in concert with it (including the Rollover Shareholders) had received any irrevocable commitment to vote for or against the Proposal.
- (j) Save as disclosed in this Scheme Document, there is no understanding, arrangement or agreement or special deal between (1) any TPV Shareholder; and (2)(a) the Offeror and any party acting in concert with it (including the Rollover Shareholders), or (b) TPV, TPV's subsidiaries or associated companies.
- (k) The Offeror does not have any intention to transfer, charge or pledge any TPV Shares acquired pursuant to the Scheme to any other person. There is no agreement, arrangement, or understanding, or any related charge or pledge, which has been entered into which may result in the transfer of voting rights attaching to any securities acquired pursuant to the Proposal.

(ii) Interests disclosable under Schedule II to the Takeovers Code

As at the Latest Practicable Date,

- (a) save for Dr. Hsuan's interests in 24,754,803 TPV Shares and 600,000 Share Options, none of the TPV Directors was interested in or owned or controlled any TPV Shares, convertible securities, warrants, options or derivatives of TPV;
- (b) none of TPV and TPV the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror;
- (c) none of the subsidiaries of TPV and pension funds of TPV or of a subsidiary of TPV, or a person who is presumed to be acting in concert with TPV by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of TPV by virtue of class (2) of the definition of "associate" under the Takeovers Code (excluding exempt principal traders and exempt fund managers) owned or controlled any TPV Shares, convertible securities, warrants, options or derivatives of TPV;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with TPV or with any person who is presumed to be acting in concert with TPV by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of TPV by virtue of classes (2), (3) and (4) of the definition of "associate" under the Takeovers Code;
- (e) no TPV Shares, convertible securities, warrants, options or derivatives of TPV were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with TPV;

- (f) there were no TPV Shares, convertible securities, warrants, options or derivatives of TPV which TPV or the TPV Directors had borrowed or lent;
- (g) save for the Rollover Arrangement in respect of the Rollover Shareholders, no arrangement was in place for any benefit (save for any statutory compensation required under applicable laws) to be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (h) save for the Rollover Arrangement, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (i) save for the Rollover Agreement, no material contracts have been entered into by the Offeror in which any Director has a material personal interest.

6. DEALING IN SECURITIES AND OTHER ARRANGEMENTS

- (i) During the Disclosure Period:
 - (a) none of the TPV Directors had dealt for value in any TPV Shares, convertible securities, warrants, options or derivatives of TPV; and
 - (b) none of TPV and the TPV Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror.
- (ii) During the period commencing from the date of the Announcement and up to the Latest Practicable Date:
 - (a) none of the subsidiaries of TPV and pension funds of TPV or of a subsidiary of TPV, or a person who is presumed to be acting in concert with TPV by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of TPV by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) has dealt for value in any TPV Shares, convertible securities, warrants, options or derivatives of TPV;
 - (b) no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with TPV or with any person who is presumed to be acting in concert with TPV by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of TPV by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code has dealt for value in any TPV Shares, convertible securities, warrants, options or derivatives of TPV; and
 - (c) no fund managers (other than exempt fund managers) connected with TPV who managed funds on a discretionary basis has dealt for value in any TPV Shares, convertible securities, warrants, options or derivatives of TPV.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the TPV Directors had entered into service contracts with any member of the TPV Group or any associated companies of TPV which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

8. LITIGATION

As at the Latest Practicable Date, none of TPV and its subsidiaries was engaged in any litigation or arbitration or claim of material importance, and no litigation or claim of material importance was pending or threatened by or against TPV or any of its subsidiaries.

9. MATERIAL CONTRACTS

No contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by TPV or any of its subsidiaries) had been entered into by TPV or any of its subsidiaries within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date and were or might be material.

10. EXPERTS AND CONSENTS

The followings are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Scheme Document:

Name	Qualification
Allen & Gledhill LLP	legal adviser to the Offeror and TPV as to Singapore laws
China International Capital Corporation Hong Kong Securities Limited	the financial adviser to the Offeror in connection with the Proposal, a licensed corporation under the SFC licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
Somerley Capital Limited	the Independent Financial Adviser to the Independent Board Committee, a licensed corporation registered under the SFO to conduct Type 1 (dealings in securities) and Type 6 (advising on corporate finance) regulated activities as defined in the SFO

The above experts have given and have not withdrawn their written consent to the issue of this Scheme Document with the inclusion herein of their advice, letter and/or references to their names in the form and context in which it appears.

11. MISCELLANEOUS

As at the Latest Practicable Date:

- (i) The registered office of the Offeror is Unit 2207, 22/F, Marina House, 68 Hing Man Street, Shaukeiwan, Hong Kong.
- (ii) The Offeror is directly and beneficially wholly-owned by CECL.
- (iii) The CEIEC Directors are Mr. Zhang Zhiyong, Mr. Li Jun and Ms. Bi Xianghui.
- (iv) The principal members of the Offeror's concert group include CECL and CEC. Details of the principal members of the Offeror's concert group are as follows:

Name of the principal member	Address	Director(s)
CECL	15 th Floor South, Sangda Technology Building No.1 Keji Road, Aohai Avenue, Nanshan District, Shenzhen, the PRC	Mr. Sun Jie
CEC	19th Floor, Building A, Tri-tower, No.66-1, Zhongguancun East Road, Haidian District, Beijing, the PRC	Mr. Rui Xiaowu Mr. Zhang Dongchen Mr. Zeng Yi Mr. Wang Zuoran Mr. Song Ning Mr. Chen Jie Mr. Geng Ruguang Mr. Li Zhaoming

- (v) The registered office of TPV is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (vi) The Hong Kong office of TPV is at Units 1208-16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.
- (vii) The company secretary of TPV 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.

- (viii) The registered office and principal business address of the Independent Financial Adviser is 20/F., China Building, 29 Queen's Road Central, Hong Kong.
- (ix) The principal share registrar and transfer office in Bermuda of TPV is Estera Management (Bermuda) Limited at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (x) The Hong Kong branch share registrar of TPV is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (xi) The Singapore share transfer office of TPV is Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.
- (xii) The registered office of CICC is at 29th Floor, One International Financial Centre, 1 Harbour View Street, Central, Hong Kong.
- (xiii) The English language text of this Scheme Document, the forms of proxy, the Option Offer Letter and the Form of Acceptance shall prevail over the Chinese language text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Securities and Futures Commission at <http://www.sfc.com.hk>; (ii) on TPV's website at <http://www.tpv-tech.com>; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at TPV's Hong Kong office at Units 1208-16, 12th Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, from the date of this Scheme Document up to the Effective Date or the date on which the Scheme is withdrawn or lapses (whichever is earlier):

- (1) the bye-laws of TPV;
- (2) the memorandum and articles of association of the Offeror;
- (3) the annual reports containing the audited consolidated financial statements of the TPV Group for each of the two years ended 31 December 2017 and 2018;
- (4) the interim report containing the unaudited consolidated financial statements of the TPV Group for the six months ended 30 June 2019;
- (5) the letter from the Board, the text of which is set out on pages 19 to 38 of this Scheme Document;
- (6) the letter from the Independent Board Committee, the text of which is set out on pages 39 to 41 of this Scheme Document;

- (7) the letter from Somerley, the text of which is set out on pages 42 to 81 of this Scheme Document;
- (8) the written consents referred to in section 10 above headed “Experts and consent” in this Appendix II;
- (9) the Share Option Scheme;
- (10) this Scheme Document;
- (11) the Rollover Agreement; and
- (12) the Option Offer Letter.

IN THE SUPREME COURT OF BERMUDA**CIVIL JURISDICTION****COMMERCIAL COURT****2019: No. 344****IN THE MATTER OF****TPV TECHNOLOGY LIMITED****AND****SECTION 99 OF THE COMPANIES ACT 1981****SCHEME OF ARRANGEMENT****BETWEEN****TPV TECHNOLOGY LIMITED****AND****THE SCHEME SHAREHOLDERS**

PRELIMINARY

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“Bermuda Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Bonstar”	Bonstar International Limited, a company incorporated in the British Virgin Islands with limited liability on 20 May 2005 and wholly-owned by Dr. Hsuan
“business day”	has the meaning ascribed to it under the Takeovers Code
“Cancellation Price”	a price of HK\$3.86 per Scheme Share payable in cash to the Scheme Shareholders and Depositors pursuant to the Scheme

“CEC”	China Electronics Corporation, a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council
“CECL”	China Electronics Corporation Limited, a company established in the PRC with limited liability on 1 December 2016 and a wholly-owned subsidiary of CEC
“CEIEC” or “Offeror”	CEIEC (H.K.) Limited, a company incorporated in Hong Kong with limited liability on 19 September 1972 and a wholly-owned subsidiary of CECL
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser of the Offeror in connection with the Proposal, which is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon and which is to be held at 10:00 a.m. on 30 October 2019, or any adjournment thereof
“Depositors”	shall have the meaning under section 81SF of the Securities and Futures Act, Chapter 289 of Singapore
“Depository Register”	means the register maintained by CDP in respect of book-entry securities
“Dr. Hsuan”	Dr. Jason Hsuan (宣建生), the chairman, chief executive officer and executive director of TPV
“Effective Date”	the date upon which the Scheme, if approved by the Scheme Shareholders and sanctioned by the Court, becomes effective in accordance with its terms and the Bermuda Companies Act, being the date on which a copy of the court order sanctioning the Scheme is delivered to the Registrar of Companies in Bermuda for registration
“Excluded Employee(s)”	the ultimate beneficial owner(s) of TGL (other than Mr. Wang) and who hold TPV Shares other than their beneficial interests in TGL

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	TPV Shareholders other than CEIEC, CEC, the Rollover Shareholders and any other persons acting in concert with them and the Excluded Employee(s). For the avoidance of doubt, Independent Shareholders include any member of the CICC group as a registered owner of Scheme Shares held on behalf of a beneficial owner where the beneficial owner (i) controls the voting rights attaching to those Scheme Shares; (ii) if those Scheme Shares are voted, gives instructions as to how those Scheme Shares are to be voted; and (iii) is not the Offeror, the persons acting in concert with the Offeror, CEC and the Rollover Shareholders and the Excluded Employees
“Innolux”	Innolux Corporation, a company established in Taiwan in 2003 and publicly listed on Taiwan Stock Exchange in 2006
“Latest Practicable Date”	4 October 2019, being the latest practicable date prior to the printing of the Scheme Document for ascertaining certain information contained in the Scheme Document
“Mr. Wang”	Mr. Wang Pi-Lu (王必祿), the sole registered shareholder and a director of TGL and is beneficially interested in 550,000 shares in TGL
“Mr. Zhang”	Mr. Zhang Qiang (張強), a vice president and co-chief financial officer of TPV
“New TPV Shares”	such number of new TPV Shares to be issued to the Offeror, credited as fully paid, as is equal to the number of Scheme Shares cancelled pursuant to the Scheme
“PRC”	the People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposed privatisation of TPV by the Offeror by way of the Scheme, subject to the terms and conditions set out in the Scheme Document
“Record Date”	12 November 2019 or such other time and date as shall have been announced by TPV for determining entitlements under the Scheme

“Registers”	the registers of members of TPV, comprising the principal register in Bermuda and the branch share register in Hong Kong
“Rollover Shareholders”	Innolux, TGL, Bonstar and Mr. Zhang
“S\$”	Singapore dollars, the lawful currency of Singapore
“Scheme”	the scheme of arrangement under section 99 of the Bermuda Companies Act between TPV and the Scheme Shareholders involving, <i>inter alia</i> , the cancellation of all the Scheme Shares, with or subject to any modification addition or condition approved or imposed by the Court or agreed by the TVP and the Offeror
“Scheme Document”	The composite scheme document despatched by TPV to the TPV Shareholders containing details of the Proposal
“Scheme Shareholders”	TPV Shareholders other than CEIEC, CEC and the Rollover Shareholders
“Scheme Shares”	TPV Shares held by the Scheme Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of TPV to be held at 10:30 a.m. on 30 October 2019 (or immediately after the Court Meeting has been concluded or adjourned) to consider, and if thought fit, approve, <i>inter alia</i> , any capital reduction associated with the cancellation of the Scheme Shares
“Singapore Exchange”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“TGL”	Typical Gold Limited, a company incorporated in the British Virgin Islands with limited liability on 20 February 2017
“TPV”	TPV Technology Limited, a company incorporated in Bermuda with limited liability, the shares of which are primary listed on the Main Board of the Stock Exchange (Stock Code 903) and secondary listed on the Singapore Exchange (Stock Code T18)

“TPV Group”	TPV and its subsidiaries
“TPV Shares”	ordinary shares of US\$0.01 each in the share capital of TPV
“TPV Shareholders”	holders of TPV Shares entered into the Registers
“US”	the United States of America
“US\$”	United States dollars, the lawful currency of the US

- (B) TPV is an exempted company with limited liability incorporated in Bermuda on 12 January, 1998. As at the Latest Practicable Date, TPV had an authorised share capital of US\$40,000,000 divided into 4,000,000,000 TPV Shares of which 2,345,636,139 TPV Shares had been issued fully paid or credited as fully paid.
- (C) The Offeror has agreed to appear by Conyers Dill & Pearman Limited at the hearing of the petition to sanction this Scheme and has undertaken to the Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable by the Offeror for the purpose of giving effect to this Scheme.
- (D) The primary purpose of this Scheme is to cancel all Scheme Shares and to issue the New TPV Shares to the Offeror on the Effective Date so that TPV becomes owned by the Offeror, CEC and the Rollover Shareholders.

THE SCHEME

PART I**CANCELLATION OF THE SCHEME SHARES**

1. Simultaneously on the Effective Date:
 - (a) all Scheme Shares shall be cancelled; and
 - (b) TPV shall issue the New TPV Shares to the Offeror and TPV shall apply the credit arising in its books of account as a result of the cancellation of the Scheme Shares referred to in 1.(a) above in paying up in full at par the New TPV Shares.

PART II**CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES**

2. In consideration of the cancellation of all Scheme Shares each Scheme Shareholder shall be entitled to receive the Cancellation Price for each Scheme Share listed on the Stock Exchange, or in respect of each Depositor who holds Scheme Shares listed on the Singapore Exchange and deposited with CDP (being the Scheme Shareholder and Registered Owner of such TPV Shares), the equivalent of the Cancellation Price of HK\$3.86 in S\$ (based on the applicable exchange rate applied by the paying bank as at the date of the exchange rate conversion effected by CDP) in cash for each Scheme Share, or in respect of each Scheme Shareholder (other than CDP) who is a Registered Owner of Scheme Shares on the principal register of members in Bermuda, the Cancellation Price in cash for each Scheme Share registered in the name of such Scheme Shareholder.

PART III**GENERAL**

3. Cheques in respect of the Cancellation Price shall be sent to (i) Scheme Shareholders whose names appear in the Registers on the Record Date and (ii) Depositors whose names appear on the Depository Register on the Record Date as soon as possible but in any event within seven business days of the Effective Date.
4. On or after the day being six calendar months after the date of the cheques for the Cancellation Price, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and

shall place all monies represented thereby in a deposit account in the name of the Offeror (or any of its subsidiaries with a licensed bank in Hong Kong selected by the Offeror).

5. The Offeror shall hold all monies in respect of uncashed cheques on trust for those entitled under the terms of the Scheme until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, without interest earned thereon, to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any other deduction required by law and expenses incurred.
6. Share certificates relating to the Scheme Shares shall, on the Effective Date, cease to be valid for any purpose.
7. This Scheme shall become effective as soon as a copy of the order of the Court sanctioning this Scheme under Section 99 of the Bermuda Companies Act has been delivered to the Registrar of Companies in Bermuda for registration.
8. TPV and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to this Scheme or to any condition(s) which the Court may see fit to approve or impose.
9. Unless this Scheme becomes effective on or before 31 March 2020, this Scheme shall lapse.
10. Subject to the requirements of the Takeovers Code the parties shall bear their own costs, charges and expenses of and incidental to this Scheme.

NOTICE OF COURT MEETING
IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT
2019: No. 344
IN THE MATTER OF
TPV TECHNOLOGY LIMITED
AND
SECTION 99 OF THE COMPANIES ACT 1981
SCHEME OF ARRANGEMENT
BETWEEN
TPV TECHNOLOGY LIMITED
AND
THE SCHEME SHAREHOLDERS

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 2 October 2019 made in the above matter, the Court has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between TPV Technology Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Wednesday, 30 October 2019 at Ballroom B, 2/F, The Langham, Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong (Hong Kong time) at which all Scheme Shareholders are invited to attend.

The Scheme and the explanatory statement required by section 100 of the Companies Act 1981 are part of the composite scheme document which also includes this notice and other information. A copy of the composite scheme document can be obtained by Scheme Shareholders from the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, the Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the composite scheme document.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

PINK forms appointing proxies should be lodged with the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 10:00 a.m., on Monday, 28 October 2019 or with the Share Transfer Office at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, by 10:00 a.m., on Monday, 28 October 2019, but if the **PINK** forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting who has absolute discretion whether or not to accept them.

By the Order, the Court has appointed Dr. Hsuan, Jason, or failing him, any other director of the Company, to act as chairman of the Court Meeting and has directed the chairman to report the results of the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Court.

Dated: 8 October 2019

By order of the Court
Conyers Dill & Pearman Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Attorneys for the Company

Notes: If a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:30 a.m. on Wednesday, 30 October 2019, the Court Meeting will be postponed. The Company will post an announcement on the respective websites of the Hong Kong Exchanges and Clearing Limited, the Singapore Exchange Securities Trading Limited and the Company to notify the members of the date, time and venue of the rescheduled meeting.

TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of TPV Technology Limited (the “**Company**”) will be held at Ballroom B, 2/F, The Langham, Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 30 October 2019 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting (as defined in the Scheme Document (as defined below)) convened for the same day and place), for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

“THAT:

- (A) for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme Document):
- (i) any reduction in the issued share capital of the Company as a result of the cancellation of the Scheme Shares (as defined in the Scheme Document);
 - (ii) subject to and simultaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be maintained by the issue to CEIEC (H.K.) Limited (the “**Offeror**”) of such number of new shares of the Company (the “**New Shares**”), credited as fully paid, as is equal to the number of Scheme Shares cancelled; and
 - (iii) the credit arising in the Company’s books of account as a result of the cancellation of the Scheme Shares shall be applied in paying up the New Shares which shall be allotted and issued, credited as fully paid, to the Offeror; and
- (B) the directors of the Company be and are hereby unconditionally authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving, on behalf of the Company, of consent to any modifications of, or additions to, the Scheme, which the Supreme Court of Bermuda may see fit to impose and to do all other acts and things as considered by them to be necessary or desirable in connection with the implementation of the Scheme and in relation to the proposal for the privatisation of the Company by the Offeror by way of the Scheme as a whole.”

ORDINARY RESOLUTION

“**THAT** The Rollover Arrangement (as defined in the Scheme Document) be and is hereby approved.”

By order of the Board
TPV TECHNOLOGY LIMITED
Dr. Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 8 October 2019

Notes:

- (i) The abovementioned ordinary resolution shall be approved by the Independent Shareholders (as defined in the Scheme Document) as required by the Hong Kong Code on Takeovers and Mergers.
- (ii) Any shareholder entered in the register of members of the Company on the Meeting Record Date (as defined in the Scheme Document) is 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.
- (iii) A form of proxy for use at the SGM is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof.
- (iv) To be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited, by a shareholder whose name appearing on the register of members kept at Computershare Hong Kong Investor Services Limited at the office of Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be).
- (v) To be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited, by a shareholder whose name appears on the record of shareholders kept at Boardroom Corporate & Advisory Services Pte. Ltd. at the office of Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be).

- (vi) The registers of members and record of shareholders of the Company kept at Boardroom Corporate & Advisory Services Pte. Ltd. will be closed from Thursday, 24 October 2019 to Wednesday, 30 October 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or the Company's share transfer office in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (as the case may be) not later than 4:30 p.m. on Wednesday, 23 October 2019.
- (vii) Where there are joint registered holders of any share, any one of such persons may vote at the SGM, 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 SGM 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.
- (viii) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be voted by poll.
- (ix) If a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:30 a.m. on Wednesday, 30 October 2019, the SGM will be postponed. The Company will post an announcement on the respective websites of the Hong Kong Exchanges and Clearing Limited, the Singapore Exchange Securities Trading Limited and the Company to notify the members of the date, time and venue of the rescheduled meeting.

As at the date of this notice, the board of directors of the Company comprises one executive director, namely Dr. Hsuan, Jason, and five non-executive directors, namely Mr. Zhang Dongchen, Mr. Xu Guofei, Mr. Sun Jie, Dr. Li Jun and Ms. Bi Xianghui and three independent non-executive directors, namely Mr. Chan Boon Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung.

Set out below is a sample of the Option Offer Letter being sent to the Optionholders in connection with the Option Offer.

CEIEC (H.K.) Limited
Unit 2207, 22/F, Marina House
68 Hing Man Street
Shaukeiwan
Hong Kong

8 October 2019

To the Optionholders

Dear Sir/Madam,

OPTION OFFER

IN RELATION TO THE PROPOSAL FOR THE PRIVATISATION OF TPV BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)

A scheme document issued jointly by CEIEC (H.K.) Limited (the “**Offeror**”) and TPV Technology Limited (“**TPV**”) dated the same date as this letter (the “**Scheme Document**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

The Offeror and TPV issued jointly the Announcement dated 12 August 2019 which stated, among others, that on 8 August 2019, the Offeror had requested the TPV Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of TPV by way of the Scheme under Section 99 of the Bermuda Companies Act. As stated in the Announcement, as part of the Proposal, the Offeror would make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every Outstanding Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

This letter explains the actions you may take in relation to your Outstanding Share Option(s). You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the Share Option Scheme.

TERMS OF THE OPTION OFFER

We are making the Option Offer, which is conditional on the Scheme becoming effective, with respect to the Share Option(s) held by you.

Any Share Options that are not exercised on or prior to the Latest Option Exercise Date or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective. You may accept the Option Offer by lodging a completed Form of Acceptance in respect of the Option Offer by the prescribed deadline and, if the Option Offer becomes unconditional, you will be entitled to the Option Offer Price with respect to the TPV Shares underlying your Share Option(s).

Under the Option Offer, (i) where the exercise price of the relevant Share Option is higher than the Cancellation Price (that is, the Share Options granted under the 2003 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$0.00001 in cash, and (ii) where the exercise price of the relevant Share Option is lower than the Cancellation Price (that is, the Share Options granted under the 2015 Share Option Scheme), the Option Offer Price for such Share Option will be HK\$2.09 (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options).

The Option Offer is conditional upon the Scheme becoming effective. The Conditions are set out in the section headed “3. Conditions of the Proposal” in the Explanatory Statement in the Scheme Document. In addition, all payments in respect of the Option Offer Price will be made by cheques in Hong Kong dollars.

You are further advised to refer to the sections headed “17. Registration and Payment”, “18. Overseas TPV Shareholders”, and “19. Taxation” in the Explanatory Statement in the Scheme Document.

Your attention is drawn to the letter from the Independent Board Committee set out in Part VI of the Scheme Document and the letter from Somerley set out in Part VII of the Scheme Document, which contain the recommendation of the Independent Board Committee and of Somerley, respectively, in relation to the Proposal, the Scheme and the Option Offer.

COURSES OF ACTION AVAILABLE TO OPTIONHOLDERS

In summary, the choices available to you in respect of your outstanding Share Option(s) are:

- (a) to the extent any of your Outstanding Share Option(s) is not exercised on or prior to the Latest Option Exercise Date, if you are a holder of the Outstanding Share Option(s) as at the Option Offer Record Date, you may accept the Option Offer in respect of all of your Outstanding Share Option(s) in accordance with its terms, as set out in this letter and in the Scheme Document and elect by signing and returning the completed Form of Acceptance enclosed, by not later than 4:30 p.m. (Hong Kong time) on Tuesday, 12 November 2019 (or such later time and/or date as may be notified to you through announcement(s)), to receive the Option Offer Price for the relevant Shares under your Share Option(s) if the Scheme becomes effective;

- (b) you may in accordance with the terms of the Share Option Scheme exercise, all of your outstanding vested Share Option(s) (to the extent not already exercised) to its full extent or to the extent specified in your notice of exercise of Share Options to TPV at any time after the date of this letter and up to the Latest Option Exercise Date. Optionholders of Share Options who exercise their Share Option at or before 4:30 p.m. on Friday, 11 October 2019 will be entitled to attend and vote at the Court Meeting and the SGM. If you are an Excluded Employee (whose name appears in the Registers as at the Meeting Record Date), and attend and vote on the Scheme at the Court Meeting, (i) your vote will only be counted for the purpose of section 99 of the Bermuda Companies Act (including the headcount test), but not for the Takeovers Code purposes; and (ii) you cannot vote on the Rollover Arrangement at the SGM. Any TPV Share issued as a result of the exercise of such outstanding Share Option(s) as mentioned above, conditional on the passing of the resolutions to be proposed at the Court Meeting and SGM to approve the Scheme, will be subject to and eligible to participate in the Scheme. Please refer to the Scheme Document for details of the Scheme and the Proposal in this regard;
- (c) you may reject the Option Offer in accordance with its terms, as set out in this letter and in the Scheme Document, and tick the “Reject” box on the Form of Acceptance and return it in accordance with the instructions therein. If you reject the Option Offer, you will not be entitled to receive the Option Offer Price in respect of any of your Share Options if the Scheme becomes effective; or
- (d) do nothing, in which case, conditional on the passing of the resolutions to be proposed at the Court Meeting and the SGM to approve the Scheme, and the Scheme becoming effective, your Share Options will lapse automatically on the Effective Date, and you will receive neither the Option Offer Price nor the Cancellation Price.

For further details, please refer to the remaining sections of this letter, the Scheme Document, the Form of Acceptance and the terms of the Share Option Scheme.

OUTSTANDING SHARE OPTIONS HELD AS AT THE LATEST PRACTICABLE DATE

Information on the Outstanding Share Option(s) held by you as at the Latest Practicable Date is available from the Human Resources Department of TPV. If there is any exercise of your outstanding Share Option(s) after the Latest Practicable Date, you may accept the Option Offer only in respect of such Outstanding Share Option(s) which remain unexercised or unvested as at the Latest Option Exercise Date.

LAPSED SHARE OPTIONS

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of the Share Option Scheme. You cannot exercise any Share Option or accept the Option Offer in respect of a Share Option which will have lapsed in accordance with its terms on or before the Option Offer Record Date.

Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in doubt as to any aspect of this letter, the Scheme Document, or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

DECLARATION

By signing and returning the completed Form of Acceptance, you thereby:

- (a) warrant and confirm that each Share Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever and you acknowledge that any option certificate or documents in respect of such Share Option shall become void once that Share Option has been cancelled as a result of your acceptance of the Option Offer pursuant to the Form of Acceptance;
- (b) acknowledge and agree that you cease to have any rights and obligations, and waive all rights and claims against any party (including the Offeror and TPV), in respect of all the Share Option(s) held by you for which you accept the Option Offer, that all rights and obligations under all such Share Option(s) will be cancelled;
- (c) confirm that the decisions which you have made on the Form of Acceptance cannot be withdrawn or altered;
- (d) authorise the Offeror, TPV, CICC and/or such person or persons as any of them may direct to do all acts and things and to complete, amend and execute any document on your behalf as may be necessary or desirable to give effect to or in connection with the acceptance you have made on the Form of Acceptance, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance;

- (e) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any person authorised or appointed by or pursuant to this letter and the Form of Acceptance; and
- (f) confirm that you have read, understood and agreed to the terms and conditions of the Option offer (including, without limitation, those set out in the Scheme Document, this letter and the Form of Acceptance), and that you have received and read the Scheme Document and this letter.

GENERAL

- (a) All communications, notices, Forms of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from the Optionholders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of the Offeror, TPV or CICC accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Option Offer.
- (c) The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (d) Due execution of the Form of Acceptance in respect of the Option Offer will constitute an authority to the Offeror, TPV, CICC or such person(s) as any of them may direct to complete and execute on behalf of the accepting Optionholder, the Form of Acceptance and any document and to do any other act that may be necessary or expedient for the purpose of cancelling, or vesting in the Offeror or such person(s) as the Offeror shall direct, all rights of the Optionholders in respect of the outstanding Share Option(s) which are the subject of such acceptance.
- (e) The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed, executed and received notwithstanding that it is not completed, executed or received strictly in accordance with the Forms of Acceptance and this letter, including the date specified for receipt or the absence of any witness attesting to the execution of any Form of Acceptance.
- (f) By completing the Form of Acceptance in respect of a particular outstanding Share Option, you irrevocably and at your own risk elect to authorise the Offeror, TPV, CICC and/or their respective agent(s) to send to you, or procure the sending to you of, the payment to which you are entitled.

ACTIONS TO BE TAKEN FOR ACCEPTING THE OPTION OFFER

In order to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance together with relevant certificate(s) (if any) or any other document(s) evidencing the grant of the outstanding Share Option(s) to you or other

document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Human Resources department of TPV at 1F No. 226, Liancheng, Rd., Zhonghe Dist., New Taipei City 23553, Taiwan (R.O.C) and marked “TPV Technology Limited — Option Offer” by no later than 4:30 p.m. (Hong Kong time) on Tuesday, 12 November 2019 (or such later time and/or date as may be notified to you through announcement(s)). If you do not complete a Form of Acceptance, subject to and conditional upon the Scheme becoming effective, your Share Option(s) will lapse.

Before forwarding the Form of Acceptance to the board of directors of the Offeror, please ensure that you have duly executed the Form of Acceptance and that your signature has been witnessed.

Assuming the Option Offer will close on Tuesday, 12 November 2019, payment for the Option Offer Price is expected to be made within seven business days of the Effective Date.

No acknowledgement of receipt of any Form of Acceptance, the relevant certificate(s) (if any) or any other document(s) evidencing the grant of the outstanding Share Option(s) or other document(s) of title or entitlement (and/or any satisfactory indemnity of indemnities required in respect thereof) will be given.

RESPONSIBILITY STATEMENT

The CEIEC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The sole director of CECL accepts full responsibility for the accuracy of the information contained in this letter and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this letter have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours faithfully

For and on behalf of
CEIEC (H.K.) LIMITED

Zhang Zhiyong
Director