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TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

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

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



SOMERLEY CAPITAL LIMITED

THE DISPOSAL

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

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

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

LISTING RULES IMPLICATIONS

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

THE DISPOSAL

Background

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

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

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

Consideration

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

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

Completion

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

INFORMATION ON THE JOINT VENTURE

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

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

The operating loss, loss before taxation and other income and non-operating income and the net profits (both before and after taxation) for the two financial years ended 31 December 2016 and 2017 based on the unaudited financial statements of the Joint Venture prepared in accordance with the China Accounting Standards for Business Enterprises are as follow:

	For the year ended 31 December	
	2017	2016
Operating (loss)		
<i>(RMB million)</i>	(642.3)	(353.6)
<i>(US\$ million equivalent)</i>	(102.0)	(56.1)
(Loss) before taxation and other income and non-operating income		
<i>(RMB million)</i>	(642.3)	(353.9)
<i>(US\$ million equivalent)</i>	(102.0)	(56.2)
Profit before taxation		
<i>(RMB million)</i>	249.0	284.0
<i>(US\$ million equivalent)</i>	39.5	45.1
Profit after taxation		
<i>(RMB million)</i>	248.0	207.8
<i>(US\$ million equivalent)</i>	39.4	33.0

As at 31 December 2017, the unaudited net asset value of the Joint Venture was approximately RMB18,003.1 million (equivalent to approximately US\$2,857.6 million).

REASONS FOR AND BENEFITS OF THE DISPOSAL

After the establishment of the Joint Venture, the global panel supply capacity increased significantly and offered the manufacturers with more choices with latest generation of technology. On 19 December 2017, the Group has entered into the Renewed Panda LCD Procurement Agreement with the Panda LCD Group with effect from 1 January 2018. Equity shareholding in the Joint Venture is not a condition in the Renewed Panda LCD Procurement Agreement and therefore the exercise of Put Option will not affect the panel supply from the Panda LCD Group. As the Joint Venture recorded loss before taxation and other income and non-operating income, the Board considered that the Disposal represents a good opportunity to realise the Group's investment in the Joint Venture before the expiry of the Put Option without adversely affecting the panel supply to the Group. Upon completion of the Disposal, the Company will receive approximately

RMB164.4 million (equivalent to approximately US\$26.1 million), including an interest income of RMB24.4 million (equivalent to approximately US\$3.9 million), being the gain from the Disposal). The Group intends to use the proceeds from the Disposal for replenishing its working capital.

The Directors (excluding the independent non-executive Directors whose views will be rendered in the circular to be despatched to the Shareholders after considering the recommendation from Somerley) consider that the Disposal, is on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save for Mr Zhu Lifeng, Dr Li Jun, Ms Jia Haiying and Ms Bi Xianghui (who have abstained from voting on the board resolution regarding the Disposal), none of the Directors has a material interest in the Disposal.

INFORMATION ON THE PARTIES

The Company

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

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

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

Top Victory

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

Panda LCD

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

CEC Panda

CEC Panda is a company established in the PRC with limited liability and a non-wholly owned subsidiary of CEC. It is principally engaged in three major sectors, including new displays, electronic devices and modern services, which cover industries such as display devices, high-tech electronic equipment, industrial automation system equipment, transport electronic system equipment, digital home electrical appliances, components, trading and services.

LISTING RULES IMPLICATIONS

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

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

GENERAL

The Company will convene the SGM for the purpose of considering and approving the Disposal. A circular containing, among other things, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from Somerley; and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 5 June 2018.

CEC and its associates will abstain from voting on the resolution(s) relating to the Disposal at the SGM.

DEFINITIONS

Unless the context requires otherwise, the following terms used in this announcement shall have the meanings as set out below:

“associates”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors

“CEC”	中國電子信息產業集團有限公司 (China Electronics Corporation*), a state-owned company established in the PRC with limited liability and the controlling shareholder of the Company
“CEC Panda”	南京中電熊貓信息產業集團有限公司 (Nanjing Electronics Information Industrial Corporation*), a state-owned company established in the PRC with limited liability
“Company” or “TPV”	TPV Technology Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are primarily listed on the main board of the Stock Exchange and secondarily listed on the Singapore Exchange Securities Trading Limited
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the 0.8% equity interest in the Joint Venture by Top Victory to Panda LCD pursuant to the proposed exercise of the Put Option
“Equity Interest”	the 0.8% equity interest in the Joint Venture held by Top Victory as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr Chan Boon-Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung, to advise the Independent Shareholders on the Disposal
“Independent Shareholders”	the Shareholders other than CEC and its associates
“Joint Venture”	南京中電熊貓平板顯示科技有限公司 (CEC Panda Flat Panel Display Technology Co., Ltd.*), being the joint venture company established in the PRC with limited liability pursuant to the Joint Venture Agreement, the Supplemental Joint Venture Agreement and the Second Supplemental Joint Venture Agreement

“Joint Venture Agreement”	the joint venture agreement dated 27 April 2012 entered into between Top Victory and Panda LCD in relation to the establishment of the Joint Venture
“LCD”	liquid crystal display
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Huadong”	南京華東電子信息科技股份有限公司 (Nanjing Huadong Electronics Information & Technology Company Limited*) a company established in the PRC with limited liability and a non-wholly owned subsidiary of CEC
“Panda LCD”	南京中電熊貓液晶顯示科技有限公司 (CEC Panda LCD Technology Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of CEC
“Panda LCD Group”	Panda LCD, its parent companies, subsidiaries and close associates
“PC”	personal computer
“PRC” or “China”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Products”	G10 TFT-LCD panels, colour filters and LCD modules and such other product to be agreed between the parties to the Joint Venture Agreement from time to time
“Put Option”	an option of Top Victory to require Panda LCD, failing which, CEC, to acquire Top Victory’s equity stake in the Joint Venture
“Registration Date”	21 December 2012, being the issuing date of the business license for the Joint Venture by the State Administration for Industry and Commerce of the PRC or a local branch thereof
“Renewed Panda LCD Procurement Agreement”	the procurement agreement dated 19 December 2017 entered into between Top Victory and Panda LCD in relation to the procurement of the Panda LCD Products by the Top Victory, its subsidiaries and close associates from the Panda LCD Group
“RMB”	Renminbi, the lawful currency of the PRC

“Second Supplemental Joint Venture Agreement”	the second supplemental joint venture agreement dated 5 December 2014 entered into among Top Victory, CEC, CEC Panda, Xingong, Xingang, Sharp and Nanjing Huadong in relation to the Joint Venture
“SGM”	special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Disposal
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sharp”	夏普株式會社 (Sharp Corporation), a company incorporated in Japan with limited liability
“Somerley”	Somerley Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Investment Agreement”	the supplemental investment agreement dated 20 January 2014 entered into among Top Victory, CEC Panda, Panda LCD and CEC in relation to Joint Venture Agreement and the Joint Venture
“Supplemental Joint Venture Agreement”	the supplemental joint venture agreement dated 20 January 2014 entered into among Top Victory, CEC, CEC Panda, Xingong, Xingang and Sharp in relation to the Joint Venture
“Top Victory”	Top Victory Investments Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States of America
“Xingang”	南京新港開發總公司 (Nanjing Xingang Development Corporation*), a company established in the PRC with limited liability

“Xingong”

南京新工投資集團有限責任公司 (Nanjing New Industrial Investment Group Company Limited*), a company established in the PRC with limited liability

For and on behalf of the Board
Dr Hsuan, Jason
Chairman and Chief Executive Officer

Hong Kong, 14 May 2018

As at the date of this announcement, the Board comprises one executive director, namely Dr Hsuan, Jason, and four non-executive directors, namely Mr Zhu Lifeng, Dr Li Jun, Ms Jia Haiying and Ms Bi Xianghui and three independent non-executive directors, namely Mr Chan Boon Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung.

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

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