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# TPV

## TPV TECHNOLOGY LIMITED

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code : 903)**

### CONNECTED TRANSACTION

The Board announces that on 15 July 2008, the Company and Philips entered into the Settlement Agreement pursuant to which Philips agreed to pay the Settlement Amount to the Company in settlement of the Relevant Claims arising under the Share Purchase Agreement and the Deed of Indemnity.

The Settlement Agreement constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the requirement of independent shareholders approval, under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the Settlement Agreement was entered into on normal commercial terms which are fair and reasonable and are in the interests of the Company's shareholders as a whole.

### BACKGROUND

Reference is made to the circular of the Company dated 30 June 2005 in relation to the Share Purchase Agreement and the Deed of Indemnity.

Under the terms of the Share Purchase Agreement and the Deed of Indemnity, among other documents, the Company acquired the Philips Contributed Business from Philips.

Under the Share Purchase Agreement, Philips gave certain representations and warranties to the Company as to the Philips Contributed Business (the "**Representations and Warranties**"). Under the Deed of Indemnity, Philips covenanted to give certain indemnities in favour of the Company including in relation to the Dispute and certain product recalls.

After the Completion Date, TPV notified Philips of claims under the Representations and Warranties and the Deed of Indemnity concerning returned goods under warranty that had been supplied prior to the Completion Date, and claims under the Deed of Indemnity concerning both the Dispute and a product recall exercise (the "**Relevant Claims**").

## **SETTLEMENT AGREEMENT**

On 15 July 2008, the Company and Philips entered into the Settlement Agreement, under which it was agreed without any admission of liability on Philips' part that any and all outstanding obligations of Philips in respect of the Relevant Claims (whether present or future) shall be fully and finally settled, released, waived and abandoned with effect from the receipt by the Company of an amount of US\$8.9 million from Philips in cash within one business day of the signing of the Settlement Agreement.

## **THE LISTING RULES IMPLICATIONS**

As at the date of this announcement, Philips holds approximately 12.44% of the total issued share capital of the Company. Philips also holds the Convertible Bonds which are convertible into 313,300,433 Shares representing approximately 14.81% of the total issued share capital of the Company. Philips is thus a substantial shareholder and a connected person of the Company and accordingly, the Settlement Agreement constitutes a connected transaction of the Company.

The transaction value under the Settlement Agreement is more than 0.1%, but less than 2.5%, of the relevant percentage ratios (other than the profits ratio) under the Listing Rules, and therefore the transaction is subject to the reporting and announcement requirements, but exempt from the requirement of independent shareholders' approval, under Chapter 14A of the Listing Rules.

The Company confirms that there are no prior transactions between the Company and Philips which would require to be aggregated with the subject transaction of the Settlement Agreement under Rule 14A.25 of the Listing Rules.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE SETTLEMENT AGREEMENT**

The Settlement Agreement was entered into following arm's length negotiations between the Company and Philips. The value of the Relevant Claims amounted to US\$9,226,000, and was composed of (i) costs incurred by the Company arising from the provision of repair services, (ii) charges for replacement components and (iii) costs in relation to the conduct of a product recall exercise. The Company has agreed to calculate the charges of replacement components based on their actual cost and therefore has agreed to a settlement amount of US\$8.9 million.

The Board is of the view that as no admission of liability was made by Philips as to the Relevant Claims, the entering into of the Settlement Agreement will effect the early settlement of the Relevant Claims, and enable the Company to avoid incurring any possible future costs and any inherent litigation risks if formal legal proceedings were to be instituted in the future.

The Directors (including independent non-executive Directors) are of the view that the Settlement Agreement has been entered into on normal commercial terms which are fair and reasonable and in the interests of the Company's shareholders as a whole.

## GENERAL INFORMATION

The Company is a leading display solutions provider and designs and produces a full range of PC monitors as well as LCD TVs for distribution globally. It also manufactures products under its own brands AOC and Envision. It is the world's largest monitor manufacturer in terms of unit shipments.

Philips is one of the world's largest electronics companies and considers itself to be one of the global leaders in colour television sets, lighting, electric shavers, medical diagnostic and patient monitoring and one-chip TV products.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company” or “TPV”	TPV Technology Limited, a company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the main board of the Stock Exchange and secondarily listed on the Singapore Stock Exchange
“Completion Date”	the date on which the conditions in the Share Purchase Agreement were satisfied and completion occurred, namely 5 September 2005
“Convertible Bonds”	the 3.35% convertible bonds in the aggregate principal amount of US\$210,513,791 issued by the Company to Philips on 5 September, 2005, which are convertible into ordinary shares of US\$0.01 each in the share capital of the Company (upon the terms and conditions thereof)
“Directors”	the directors of the Company
“Dispute”	the dispute with and/or claim against a third party in relation to defective components supplied to the Philips Contributed Business by such third party in or around November 2004, being prior to the Completion Date
“Deed of Indemnity”	the deed of indemnity dated 15 June 2005 executed and delivered by Philips in favour of TPV relating to tax, litigation, product liability claims and certain other past events and occurrences and circumstances
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“LCD”	liquid crystal display

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“OEM”	original equipment manufacturer
“PC”	personal computer
“Philips”	Koninklijke Philips Electronics N.V., a company incorporated in The Netherlands with limited liability, the shares of which are listed on Euronext Amsterdam and the New York Stock Exchange, Inc. and a connected person of the Company under the Listing Rules
“Philips Contributed Business”	certain research, development and manufacturing activities of Philips in the field of monitors and flat screen televisions and related OEM sales including monitor and flat screen TV activities in Suzhou and Dongguan (China), monitor activities in Szekesfehervar (Hungary) and Manaus (Brazil), and an OEM sales organisation and development centre in Chungli (Taiwan)
“Settlement Agreement”	the settlement agreement dated 15 July 2008 entered into between the Company and Philips
“Settlement Amount”	the sum of USD8.9 million
“Share Purchase Agreement”	the share purchase agreement dated 15 June 2005 entered into between the Company and Philips relating to the acquisition of the Philips Contributed Business
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TV”	television
“USD”	United States dollars

On behalf of the Board  
**Dr. Hsuan, Jason**  
*Chairman and Chief Executive Officer*

Hong Kong, 15 July 2008

*As at the date of this announcement, the Board comprises Dr Hsuan, Jason and Mr Houngh Yu-Te as executive directors, Mr Maarten Jan de Vries, Mr Chang Yueh, David, Mr. Lu Ming and Dr. Kuo Chen-Lung as non-executive directors and Mr Chan Boon-Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung as independent non-executive directors.*