TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

TERM SHEET RELATING TO PROPOSED ACQUISITION OF REMAINING 30% INTEREST IN THE JOINT VENTURE WITH PHILIPS AND PROPOSED AMENDMENTS TO CERTAIN AGREEMENTS IN CONNECTION WITH THE PHILIPS TV BUSINESS IN EUROPE AND CERTAIN SOUTH AMERICAN COUNTRIES AND LICENSING OF PHILIPS TRADEMARKS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board is pleased to announce that on 20 January 2014, the Company and MMD entered into a Term Sheet with Philips, pursuant to which the Company, MMD and Philips have agreed on the following key terms that will be contained in the definitive agreements:

(a) MMD will acquire the remaining 30% shareholding of Philips in JVCo for a deferred purchase price, which will be combined with the deferred purchase price for the 70% stake acquired by MMD on 1 April 2012;

(b) subject to a cap of US$375 million, the combined deferred purchase price for 100% of the shares in JVCo will be based on four (4) times the Average Proportional EBIT;

(c) the guaranteed minimum annual royalty payable by JVCo to Philips under the trademark license agreement will be reduced from EUR 50 million to EUR 40 million from 1 April 2014; and

(d) (i) the shareholders agreement dated 1 April 2012 between the Company, MMD, Philips and JVCo will be terminated; (ii) Philips will provide a support of EUR 50 million to JVCo; and (iii) all outstanding loans and stand-by facilities between Philips and JVCo will be assigned by JVCo to the Company and the Company shall assume all JVCo's rights and obligations under these loan agreements with Philips.

The proposed acquisition and amendments are subject to a number of conditions, including in particular, the execution of the definitive agreements and the relevant shareholder and regulatory approvals required to consummate the transactions contemplated in the Term Sheet.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcements of the Company dated 18 April 2011, 9 November 2011 and 2 April 2012, and the circular dated 22 December 2011 relating to the acquisition by MMD of a 70% shareholding in JVCo, the joint venture with Philips relating to the Philips TV business in Europe and certain South American countries and licensing of Philips trademarks.

The Board is pleased to announce that on 20 January 2014, the Company, MMD and Philips entered into the Term Sheet, pursuant to which the Company, MMD and Philips have agreed on the following key terms that will be contained in the definitive agreements:

(a) MMD will acquire from Philips the remaining 30% shareholding in JVCo for a deferred purchase price, which will be combined with the deferred purchase price for the 70% stake acquired by MMD on 1 April 2012;

(b) subject to a cap of US$375 million (equivalent to approximately HK$2,925 million), the combined deferred purchase price for 100% of the shares in JVCo will be calculated based on four (4) times the Average Proportional EBIT. If the calculation results in a negative number, the combined deferred purchase price will be zero;

(c) the trademark license agreement between Philips (as the licensor) and JVCo (as the licensee) will remain in place, with an annual royalty of 2.2% of sales payable by JVCo to Philips, but the guaranteed minimum annual royalty will be reduced from EUR 50 million (equivalent to approximately HK$529.50 million) to EUR 40 million (equivalent to approximately HK$423.60 million) from 1 April 2014; and

(d) (i) the shareholders agreement dated 1 April 2012 between the Company, MMD, Philips and JVCo will be terminated; (ii) Philips will provide a support of EUR 50 million (equivalent to approximately HK$529.50 million) to JVCo; and (iii) all outstanding loans and stand-by facilities between Philips and JVCo will be assigned by JVCo to the Company and the Company shall assume all JVCo's rights and obligations under these loan agreements with Philips.

Following completion of the transactions contemplated in the Term Sheet, JVCo will become a wholly-owned subsidiary of the Company, which will enable it to further integrate into the Company's TV operation and advance the realization of potential operational synergies and thus reduce costs and improve efficiency.

The parties have agreed to negotiate the definitive agreements in good faith and aim to sign the definitive agreements on or before 28 February 2014. If the definitive agreements are not entered into on or before 30 April 2014 (or such other date as the parties may agree), either the Company or Philips may terminate the Term Sheet.

The proposed acquisition of the remaining 30% interest in JVCo and the proposed amendments to the agreements in connection with the joint venture with Philips may constitute a notifiable transaction under Chapter 14 of the Listing Rules and will be a connected transaction under Chapter 14A of the Listing Rules.

At the time the Company and MMD enter into the definitive agreements in relation to the proposed acquisition and amendments, a further announcement will be issued and a circular will be sent to Shareholders as soon as practicable thereafter and the approval of independent Shareholders will be sought in compliance with the Listing Rules.

The proposed acquisition and amendments are subject to a number of conditions, including in particular, the execution of the definitive agreements and the relevant shareholder and regulatory approvals required to consummate the transactions contemplated in the Term Sheet.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context otherwise requires:

"Average Proportional EBIT" : The total amount of (i) plus (ii) to be divided by the number of years as of the financial year ended 2012 to (and including) the year on which Philips exercises its right to receive the deferred purchase price:

(i) 50% of the annual consolidated EBIT of JVCo for financial years ended 2012 and 2013, each as reported in the audited consolidated annual accounts of JVCo for these financial years;

plus

(ii) the total Proportional EBIT for the period from (and including) the financial year ended 2014 to (and including) the year on which Philips exercises its right to receive the deferred purchase price. Philips may exercise its right to receive the deferred consideration at any time after 31 March 2018;

"Company" : TPV Technology Limited;

"EBIT" : earnings before interest and taxes and adjusted pursuant to the terms of the definitive agreements;

"Group" : the Company and its subsidiaries;

"JVCo" : TP Vision Holding B.V., a company incorporated in the Netherlands with limited liability which is currently 70% owned by MMD and 30% owned by Philips;

"Listing Rules"	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"MMD"	:	Coöperatie MMD Meridian U.A., a cooperative established in the Netherlands with limited liability, being a wholly-owned subsidiary of the Company;
"Philips"	:	Koninklijke Philips N.V. (formerly Koninklijke Philips Electronics N.V.);
"Proportional EBIT"	:	(i) (the total revenue of Philips-branded TVs manufactured and sold by JVCo under the TMLAs divided by the total revenue of TVs manufactured and sold by the Group) multiply by the adjusted operating profit or loss for the TVs segment (or TVs segments if there are more segments in which sales of TVs are reported), each as reported in the audited consolidated annual accounts of the Company *plus* (ii) (the total revenue of Philips-branded TVs manufactured and sold by JVCo under the TMLAs divided by the total consolidated revenue of the Group) multiply by (the unallocated income plus unallocated expenses), each as reported in the audited consolidated annual accounts of the Company;
"Term Sheet"	:	the term sheet dated 20 January 2014 relating to the proposed acquisition of the remaining 30% in JVCo by MMD and the proposed amendments to certain agreements in connection with the joint venture with Philips relating to the Philips TV business in Europe and certain South American countries and licensing of Philips trademark;
"TMLAs"	:	the trademark licence agreements between Philips and JVCo entered into on 1 April 2012 in respect of the grant by Philips to JVCo and certain of its affiliates an exclusive trademark licenses in respect of the Philips trademark and certain Philips secondary trademarks; and
"TVs"	:	televisions.

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

Hong Kong, 20 January 2014

As at the date of this announcement, the Board of the Company comprises one executive director, namely Dr Hsuan, Jason, and five non-executive directors, namely Mr Liu Liehong, Mr Lu Ming, Ms Wu Qun, Mr Du Heping and Mr Jun Nakagome, and three independent non-executive directors, namely Mr Chan Boon Teong, Dr Ku Chia-Tai and Mr Wong Chi Keung.

Unless otherwise specified in this announcement, amounts denominated in € have been converted, for illustrative purpose only, into Hong Kong dollars at a rate of €1.00 = HK$10.59 and amounts denominated in US$ have been converted, for illustrative purpose only, into Hong Kong dollars at a rate of US$1.00 = HK$7.80. These exchange rates are for the purpose of illustration only and do not constitute a representation that any amount has been, could have been or may be converted at any of the above rates and any other rates.