TPV

TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

(1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED ACQUISITION OF PHILIPS TV BUSINESS IN EUROPE AND CERTAIN SOUTH AMERICAN COUNTRIES THROUGH A JOINT VENTURE WITH PHILIPS;

(2) POSSIBLE VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE PROPOSED GRANTING OF THE PHILIPS PUT OPTIONS;

(3) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED LICENSING OF THE PHILIPS TRADEMARKS AND THE PHILIPS SECONDARY TRADEMARKS;

(4) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE PROPOSED ENTERING INTO OF THE INTELLECTUAL PROPERTY AGREEMENT, THE AUXILIARY AGREEMENTS AND THE REVERSED AUXILIARY AGREEMENTS REGARDING THE JOINT VENTURE WITH PHILIPS;

(5) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE EXISTING PHILIPS TRANSACTION;

AND

(6) RESUMPTION OF TRADING

(I) THE PROPOSED TRANSACTIONS

Reference is made to the announcement of the Company dated 18 April 2011 in relation to the entering into of the Term Sheet by the Company and Philips in connection with the Proposed Transaction.

The Directors are pleased to announce that on 1 November 2011, MMD, the Company's wholly-owned subsidiary, has conditionally agreed to acquire the JVCo Sale Shares and the Company has also agreed to guarantee the obligations of MMD under the Sale and Purchase Agreement on and subject to the terms and conditions of the Sale and Purchase Agreement. Philips will retain the remaining 30% equity interest in JVCo, which can be sold by Philips to MMD under any of the Philips Put Options pursuant to the Shareholders Agreement to be entered into at Completion. JVCo will own and control the Philips Contributed Business comprising, amongst other things, innovation and development sites, manufacturing sites, sales organizations in various countries, the Assumed Employees, and certain patents and contracts relating to the Philips Contributed Business. The Sale and Purchase Agreement is subject to the conditions precedents as referred to below in the paragraph headed "**Conditions for the Sale and Purchase Agreement**".

MMD will purchase the JVCo Sale Shares at the Deferred Purchase Price, which will be an amount equal to 70% of JV Group's average audited consolidated EBIT in each financial year commencing from (and including) the year ended 31 December 2012 to (and including) the Last Year multiplied by four, provided that, if the above calculation results in a negative number, then the Deferred Purchase Price is deemed to be zero.

As part of the Proposed Transaction, the Shareholders Agreement, the Argentina JV Shareholders Agreement, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements, the Reversed Auxiliary Agreements and the Funding Documents will be entered into among the members of the Philips Group and members of the Group (including JVCo) upon Completion. The Shareholders Agreement will set out the provisions governing the management and operations of JVCo and the terms and conditions for Philips exercising the Philips Put Options to sell its remaining 30% interest in JVCo to MMD. The Argentina JV Shareholders Agreement will set out the provisions governing the operations of the Argentina JV to be jointly held by JVCo and a member of the Philips Group. Pursuant to the Trademark License Agreement and the Secondary Trademark License Agreement, Philips will grant a license to the JV Group for an initial period of five years for the use of the Philips Trademark and the Philips Secondary Trademarks respectively in the Territory. Pursuant to the Intellectual Property Agreement, Philips will transfer and license patents, know-how and software to JVCo in relation to the Scope Products in the Territory. The Auxiliary Agreements and the Reversed Auxiliary Agreements will provide the terms and conditions for the provision of certain transitional services, which will facilitate the transition of the Philips Contributed Business to be operated under JVCo after Completion. The Funding Documents set out the terms upon which (i) Philips will advance the Bridge Facility to JVCo, (ii) Philips and MMD (or its nominee) will advance the Shareholder Loan to JVCo, and (iii) Philips will advance the TPV Loan to MMD (or its nominee) at Completion.

(II) REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

The Directors consider that the entering into of the Proposed Transactions will have the following benefits, among other things:

— Solidifying a leading position in LCD TV market

— Continuing development needs of the Group

— Economies of scale and creation of synergies

— Stronger research and development

— Enhanced product portfolio

The Board (including the independent non-executive Directors) considers that the terms of the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement and the Funding Documents are fair and reasonable and on normal commercial terms following arm's length negotiations between the parties, and the entering into of the transactions contemplated under the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement and the Funding Documents is in the interests of the Company and the Shareholders as a whole.

The Board (excluding the independent non-executive Directors who will form their views upon receiving the advice from Somerley) considers that the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the Annual Caps are fair and reasonable and on normal commercial terms following arm's length negotiations between the parties, and the entering into of the transactions contemplated under the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements is in the interests of the Company and the Shareholders as a whole.

(III) LISTING RULES IMPLICATIONS

The Acquisition and the Philips Put Options

As the consideration for the Acquisition and the Philips Put Options cannot be determined at this stage, the acquisition of a 70% equity interest in JVCo by MMD from Philips and the acquisition of the remaining 30% equity interest in JVCo by MMD from Philips through the exercise of any of the Philips Put Options constitutes a very substantial acquisition and a possible very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition and the granting of the Philips Put Options are subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under the Bridge Facility, which is revolving in nature, the amounts advanced by Philips to JVCo will constitute the provision of financial assistance by a connected person, and will therefore constitute a continuing connected transaction under Chapter 14A of the Listing Rules. As the terms of the aforesaid financial assistance is on normal commercial terms where no security over the assets of the Company is granted in respect of the financial assistance, the financial assistance is exempted from reporting, announcement and independent shareholders' approval under the Listing Rules.

The entering into of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements

Immediately upon Completion, Philips will hold a 30% equity interest in JVCo and will become a connected person of the Company by virtue of being a substantial shareholder of JVCo. The transactions contemplated under the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder will therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios of the Annual Caps are more than 5%, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Philips and its associates will abstain from voting in respect of the resolution(s) approving the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder at the SGM.

The Independent Board Committee and the circular

The Independent Board Committee comprising all of the three independent non-executive Directors, namely Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung, has been constituted to advise the Independent Shareholders as regards the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder and including the Annual Caps. Somerley has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements, the Reversed Auxiliary Agreements, the Funding Documents and the transactions contemplated thereunder; (ii) the accountants' reports on the Philips Contributed Business to be directly and indirectly held by JVCo; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the recommendation of the Independent Board Committee regarding the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder and including the Annual Caps; (v) the advice of Somerley regarding the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder and including the Annual Caps; and (vi) notice of the SGM, is expected to be despatched to the Shareholders on or before 31 December 2011 as additional time is required for the preparation of the financial and other information on JVCo and the Enlarged Group.

(IV) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 2 November 2011 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 10 November 2011.

(V) WARNING

Completion is subject to the satisfaction and/or waiver of the conditions precedent to the Sale and Purchase Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(I) BACKGROUND

Reference is made to the announcement of the Company dated 18 April 2011 in relation to the entering into of the Term Sheet by the Company and Philips in connection with the Proposed Transaction.

The Directors are pleased to announce that on 1 November 2011, MMD, the Company's wholly-owned subsidiary, has conditionally agreed to acquire the JVCo Sale Shares and the Company has agreed to guarantee the obligations of MMD under the Sale and Purchase Agreement on and subject to the terms and conditions of the Sale and Purchase Agreement. Philips will retain the remaining 30% equity interest in JVCo, which can be sold by Philips to MMD under any of the Philips Put Options pursuant to the Shareholders Agreement to be entered into at Completion. JVCo will own and control the Philips Contributed Business comprising, amongst other things, innovation and development sites, manufacturing sites, sales organizations in various countries, the Assumed Employees, and certain patents and contracts relating to the Philips Contributed Business. The Sale and Purchase Agreement is subject to the conditions precedents as referred to below in the paragraph headed "**Conditions for the Sale and Purchase Agreement**".

As part of the Proposed Transaction, the Shareholders Agreement, the Argentina JV Shareholders Agreement, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements, the Reversed Auxiliary Agreements and the Funding Documents will be entered into among the members of the Philips Group and members of the Group (including JVCo) upon Completion. The Shareholders Agreement will set out the provisions governing the management and operations of JVCo and the terms and conditions for Philips exercising the Philips Put Options to sell its remaining 30% interest in JVCo to MMD. The Argentina JV Shareholders Agreement will set out the provisions governing the operations of the Argentina JV to be jointly held by JVCo and a member of the Philips Group. Pursuant to the Trademark License Agreement and the Secondary Trademark License Agreement, Philips will grant a license to the JV Group for an initial period of five years for the use of the Philips Trademark and the Philips Secondary Trademarks respectively in the Territory. Pursuant to the Intellectual Property Agreement, Philips will transfer and license patents, know-how and software to JVCo in relation to the Scope Products in the Territory. The Auxiliary Agreements and the Reversed Auxiliary Agreements will provide the terms and conditions for the provision of certain transitional services, which will facilitate the transition of the Philips Contributed Business to be operated under JVCo after Completion. The Funding Documents set out the terms upon which (i) Philips will advance the Bridge Facility to JVCo, (ii) Philips and MMD (or its nominee) will advance the Shareholder Loan to JVCo, and (iii) Philips will advance the TPV Loan to MMD (or its nominee) at Completion.

(II) PURCHASE OF THE PHILIPS CONTRIBUTED BUSINESS

The Sale and Purchase Agreement

The Directors are pleased to announce that on 1 November 2011, MMD, the Company's wholly-owned subsidiary has conditionally agreed to acquire the JVCo Sale Shares and the Company has agreed to guarantee the obligations of MMD under the Sale and Purchase Agreement on and subject to the terms and conditions of the Sale and Purchase

Agreement. Philips will complete the Disentanglement in all material respects prior to Completion so that all the assets of the Philips Contributed Business are owned, directly or indirectly, by JVCo.

The Philips Contributed Business

The principal business of the Philips Contributed Business is the design, manufacture, distribution, marketing and sale of Philips branded TVs worldwide, with the exception of mainland China, India, United States, Canada, Mexico and certain countries in South America. Upon Completion, JVCo will own and control the Philips Contributed Business comprising, amongst others, the following:

- innovation and development sites in Eindhoven (Netherlands), Bruges (Belgium), Bangalore (India) and Singapore;
- manufacturing plants in Szekesfehervar (Hungary), Manaus (Brazil) and Tierra del Fuego (Argentina);
- sales organizations in various countries, including but not limited to Germany, Austria, Switzerland, France, Russia, Brazil, Belgium, the Netherlands, Luxembourg, Italy, Denmark, Finland, Norway, Sweden, Spain, Argentina, Turkey, Poland and the United Kingdom;
- the Philips Contracts;
- inventory owned at Completion by the Philips Group used exclusively in connection with the Philips Business;
- the Assumed Employees; and
- the Intellectual Property Rights owned by the Philips Group which will be licensed or transferred to the JV Group pursuant to the Intellectual Property Agreement and the Trademark Licensed Agreements.

Completion of the Sale and Purchase Agreement is subject to the conditions precedents as referred to in the sub-paragraph headed "**Conditions for the Sale and Purchase Agreement**" below.

Date

1 November 2011

Parties

(1) MMD;

(2) Philips;

(3) the Company; and

(4) JVCo

MMD is principally engaged in investment holding and is a wholly-owned subsidiary of the Company.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Philips owning approximately 2.69% of the issued share capital of the Company as at the date of this announcement, Philips is a third party independent of the Company and its connected persons.

Pursuant to the Sale and Purchase Agreement, the Company guarantees to Philips the due and punctual discharge by MMD of its obligations thereunder.

Consideration and payment terms

MMD will purchase the JVCo Sale Shares at the Deferred Purchase Price, which will be an amount equal to 70% of JV Group's average audited consolidated EBIT in each financial year commencing from (and including) the year ended 31 December 2012 to (and including) the Last Year multiplied by four, provided that, if the above calculation results in a negative number, then the Deferred Purchase Price is deemed to be zero.

The Deferred Purchase Price was agreed after arm's length negotiation between the Company and Philips. The Deferred Purchase Price has been determined with reference to, among other things, (i) the future prospects and performance of the JVCo leveraging on the Philips Contributed Business and Philips Trademark; (ii) the future economic and commercial prospects of the Territory; and (iii) Philips TV's global presence and innovation capabilities. The Directors consider that the Deferred Purchase Price is fair and reasonable because the Deferred Purchase Price provides an incentive to Philips (as the vendor of the Philips Contributed Business and owner of the Philips brand) to show commitment and support to the JV Group and to contribute to the turnaround of the Philips Contributed Business.

It is anticipated that the Deferred Purchase Price shall be satisfied from the Company's internal resources and be settled by telegraphic transfer in immediately available funds of the Company as and when the Deferred Purchase Price becomes due and payable. Given that the Deferred Purchase Price will be calculated based on the JV Group's average audited consolidated EBIT in financial years 2012 to the Last Year and is not subject to a cap, it is not possible to ascertain the amount of the Deferred Purchase Price at the present time.

Conditions for the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, Completion is conditional upon the satisfaction, on or prior to the Completion Date (or their satisfaction subject only to Completion), of, among other things, the following conditions:

(A) the obtaining by MMD of all relevant governmental approvals as set out in the Sale and Purchase Agreement;

(B) (i) the Disentanglement having been completed in all material respects and, taking account of the arrangements set out in the relevant transaction documents, the JV Group being able to carry on the Philips Contributed Business, in all material respects, in the same manner and to the same extent as the Philips Business is carried on by the Philips Group as at the date of the Sale and Purchase Agreement;

(ii) not less than six of the eight key individuals of the Philips Contributed Business as set out in the Sale and Purchase Agreement having entered into a new employment contract with the relevant member of the JV Group or been transferred to the relevant member of the JV Group by operation of relevant laws and regulations, and each such employee not having resigned or their employment not having been terminated in accordance with the terms thereof;

(iii) not less than 70% of the 53 selected key employees of senior management of the Philips Contributed Business listed in the Sale and Purchase Agreement having entered into a new employment contract with the relevant member of the JV Group or been transferred to the relevant member of the JV Group by operation of relevant laws and regulations, and each such employee not having resigned or their employment not having been terminated in accordance with the terms thereof;

(iv) all key employees of the research and development and sales force departments of the Philips Contributed Business listed in the Sale and Purchase Agreement having entered into a new employment contract with the relevant member of the JV Group or been transferred to the relevant member of the JV Group by operation of relevant laws and regulations, and each such employee not having resigned or their employment not having been terminated in accordance with the terms thereof; and

(v) completion by Philips of applicable mandatory consultation procedures with employee representative bodies (including workers councils and trade unions);

(C) the Company having convened a special general meeting at which resolutions shall have been duly passed by the Independent Shareholders to approve (i) the entering into of the Sale and Purchase Agreement and the other relevant transaction documents and the acquisition by MMD of the JVCo Sale Shares, and (ii) the entering into of the Transitional Services Agreement, and such other continuing connected transactions that may be entered into between any members of the Group and the Philips Group and which require the approval of the Independent Shareholders, in each case, in compliance with relevant laws and regulations, including the Listing Rules, and the by-laws of the Company;

(D) GWT having convened an extraordinary general meeting at which resolutions shall have been duly passed by the independent shareholders of GWT and having convened a board meeting at which resolutions shall have been duly adopted by the directors of GWT, in each case to approve (i) the entering into of the Sale and Purchase Agreement and the other relevant transaction documents and the acquisition by MMD of the JVCo Sale Shares, and (ii) the entering into of the Transitional Services Agreement, and such other continuing connected transactions that may be entered into between any members of the Group and the Philips Group and which require the approval of the independent shareholders of GWT, in each case, in compliance with relevant laws and regulations, including the Listing Rules, and the by-laws of GWT;

(E) if required by relevant laws and regulations, GWSZ having convened a general meeting at which resolutions shall have been duly passed by the shareholders of GWSZ and having convened a board meeting at which resolutions shall have been duly adopted by the directors of GWSZ, in each case to approve (i) the entering into of the Sale and Purchase Agreement and the other relevant transaction documents and the acquisition by MMD of the JVCo Sale Shares, and (ii) the entering into of the Transitional Services Agreement, and such other continuing connected transactions that may be entered into between any members of the Group and the Philips Group and which require the approval of the shareholders of GWSZ, in each case, in compliance with relevant laws and regulations including the rules of the Shenzhen Stock Exchange, and the by-laws of GWSZ;

(F) none of the warranties and representations given by Philips under the Sale and Purchase Agreement being found to be, or no event occurring or matter arising which renders any of such warranties and representations being, untrue or incorrect in any respect on and as at Completion, where the event or matter which causes such warranties and representations to be untrue or incorrect has or is reasonably likely to have a material adverse effect to the JV Group or the Philips Contributed Business;

(G) none of the warranties and representations given by Philips under the Sale and Purchase Agreement which is expressed to be "as at the date of the Sale and Purchase Agreement" being found to be, or no event occurring or matter arising which renders any such warranties and representations being, untrue or incorrect in any respect if such warranties and representations were instead deemed to be "as at the Completion Date", where the event or matter which would cause such warranties and representations to be untrue or incorrect has, or is reasonably likely to have, a material adverse effect to the JV Group or the Philips Contributed Business;

(H) none of the warranties and representations given by MMD or the Company under the Sale and Purchase Agreement being found to be, and no event occurring or matter arising which renders any of such warranties and representations given by MMD or the Company being, untrue or incorrect in any respect on and as at Completion, where the event or matter which causes such warranties and representations given by MMD or the Company to be untrue or incorrect has or is reasonably likely to have a material adverse effect on the transactions contemplated under the Sale and Purchase Agreement;

(I) (i) the European Commission adopting a decision under Article 6(1)(b) of Council Regulation (EC) 139/2004 as amended ("**EUMR**") in terms reasonably satisfactory to MMD declaring such acquisition to be compatible with the common market; or

(ii) such acquisition being deemed to have been declared compatible with the common market pursuant to Article 10(6) EUMR; and

(iii) in the event that a request under Article 9(2) EUMR has been made by a Member State of the European Union, the European Commission indicating that it does not intend to refer such acquisition or any aspect of it to the competent authorities of such state in accordance with Article 9 EUMR and no such referral being deemed to have been made pursuant to Article 9(5) EUMR;

(J) there shall not be pending by any government any proceeding (or by any other person any proceeding under any anti-trust or competition law that has a substantial likelihood of success) challenging or seeking to restrain, prohibit or modify the transactions contemplated by the Sale and Purchase Agreement;

(K) a written clearance from the relevant government has been obtained or the waiting period under the applicable anti-trust or competition law in any other affected non-European Union jurisdictions expiring, and all material related approvals, registrations, or declarations of, or filings with any government in any such jurisdictions required to be obtained or made prior to Completion having been obtained or made on a basis reasonably satisfactory to MMD;

(L) there being no fact or circumstance having occurred between the date of the Sale and Purchase Agreement and Completion which, in each case individually or in the aggregate, has or is reasonably likely to have a material adverse effect to the JV Group or the Philips Contributed Business;

(M) the conditions precedent to drawdown under the Funding Documents (except any condition precedent to the effect that the conditions in the Sale and Purchase Agreement have been satisfied or waived) shall have been satisfied or waived (as the case may be) in accordance with the terms of such Funding Documents;

(N) the delivery to MMD of the draft audited pro forma combined accounts of the Philips Business, signed by the auditors of MMD, within 10 business days prior to the date on which the circular is dispatched by the Company to its Shareholders;

(O) a director of the Argentina JV having transferred all of his legal and beneficial interest in the share capital of the Argentina JV to Philips Argentina S.A; and

(P) the registration with the Real Estate Registry Office having been updated to show that no social security premiums are due by Philips do Brasil Ltda in connection with the factory site in Manaus.

The conditions as set out in (B), (F), (G), (L), (M), (N), (O) and (P) above are inserted for the benefit of MMD, as such, MMD may waive in whole or in part all or any of such conditions. Philips may waive in whole or in part all or any of the conditions as set out in (H) above. The remaining conditions may be waived only by mutual agreement of MMD and Philips. In the event that all the conditions above are not satisfied or waived (as the case may be) on or before 30 April 2012, or such other date as the parties to the Sale and Purchase Agreement may agree, the Sale and Purchase Agreement shall lapse and none of the parties to the Sale and Purchase Agreement shall make any claim against any other in respect thereof.

Reasons for conditions (D) and (E) above

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (i) GWSZ owns approximately 8.5% of the issued share capital of the Company; (ii) China Great Wall Computer (H.K.) Holding Limited ("**CGCHK**"), a wholly-owned subsidiary of GWSZ, owns approximately 15.8% of the issued share capital of the Company; and (iii) GWSZ is owned as to 53.92% by GWT. GWT and GWSZ are listed on the Hong Kong Stock Exchange and Shenzhen Stock Exchange, respectively. As such, it is a prerequisite for GWT and GWSZ to obtain the approval from their respective boards and shareholders on the Proposed Transaction for GWSZ and CGCHK to vote in the SGM of the Company.

Treatment of the Philips Receivables and the Philips Payables

Pursuant to the Sale and Purchase Agreement, it is agreed that the Philips Receivables shall remain with the Philips Group (excluding the JV Group) and shall not be transferred to the JV Group under the Disentanglement. Accordingly, the Philips Group (excluding the JV Group) shall remain entitled to the Philips Receivables. The Philips Payables shall remain with the Philips Group (excluding the JV Group) and shall not be transferred to the JV Group under the Disentanglement. Accordingly, the Philips Group (excluding the JV Group) shall remain responsible for settling the Philips Payables.

Based on the financial information on the Philips Business, trade and other receivables of Philips Business amounted to US$616 million as at 31 December 2010. Trade and other payables and accruals of Philips Business amounted to US$1,484 million as at 31 December 2010. Management of Philips considers that the nature of these receivables and payables are broadly within the definitions of Philips Receivables and Philips Payables.

Trade and other receivables primarily represent receivables from customers arising from sales. Trade payables, other payables and accruals mainly comprise, among others, payables to suppliers for purchases of inventories, sales-related taxes and social security contributions payables, material related and other accruals, sales related accruals, and salary and wages payable. Philips Receivables and Philips Payables refer to balances as at the Completion Date, and accordingly, the net assets position as of 3 July 2011 and the net liabilities position as of 31 December 2010 (as set out in the paragraph headed "**Information on JVCo**" below) do not include Philips Receivables and Philips Payables. However, they included the aforementioned trade and other receivables, trade payables, other payables and accruals as at 3 July 2011 and 31 December 2010, which management of Philips considers that they should be of a similar nature as Philips Receivables and Philips Payables as at the Completion Date.

Assumed Employees

Pursuant to the Sale and Purchase Agreement, the key treatment of the Assumed Employees will be, among others, as follow:

(i) subject to Completion, in respect of any Assumed Employees employed by a member of the Philips Group (excluding the JV Group), who will transfer to JVCo or another member of the JV Group by operation of the relevant laws and regulations of the relevant jurisdiction (the "**Automatic Transfer Employees**"), the relevant member of the JV Group shall, with effect from the moment of transfer:

    (a) employ, on terms as to the capacity and place in which such Assumed Employee will be employed and as to other terms and conditions of his or her employment (including the pension arrangements) which, when considered overall, are no less favourable than the corresponding provisions of his or her contract of employment immediately prior to the transfer; and

    (b) count the Assumed Employee's period of continuous service with the Philips Group as continuous service with the JV Group;

(ii) in respect of any Assumed Employees employed by a member of the Philips Group (excluding the JV Group), but who will not transfer to JVCo or another member of the JV Group in connection with the Disentanglement on or before Completion by operation of the relevant laws and regulations of the relevant jurisdiction (the "**Non-Automatic Transfer Employees**"), in sufficient time to allow proper contractual or statutory notice of termination of employment to be given to Non-Automatic Transfer Employees or at such time as Philips and MMD may agree but in any event not later than the Completion Date, Philips shall cause the relevant member of the JV Group to make an offer to each Non-Automatic Transfer Employee (other than those under notice of termination of employment) to employ such Assumed Employee under a new contract of employment commencing, subject to Completion, on or prior to the Completion Date. The offer to be made shall be such that:

(a) the provisions of the new contract shall be, as to the capacity and place in which the Assumed Employee will be employed, and as to the other terms and conditions of his or her employment (including the pension arrangements), when considered overall, no less favourable than the corresponding provisions of his or her contract of employment as existing immediately prior to the offer; and

(b) it provides that Assumed Employee's period of continuous service with the Philips Group shall be counted as continuous service with the JV Group; and

The relevant member of the Philips Group shall terminate the employment of each Non-Automatic Transfer Employee with effect from the Completion Date.

(iii) MMD shall procure that the JV Group to retain all Assumed Employees for a period of at least 12 months after Completion on terms and conditions which, when considered overall, are not less favourable to the relevant Assumed Employee compared to those by which the relevant Assumed Employee was employed immediately prior to Completion (save for the right to terminate an employment contract with any Assumed Employee at any time for cause under the relevant employment contracts and applicable laws).

Funding of JVCo

Pursuant to the Sale and Purchase Agreement, Philips and MMD have agreed to financially support the JV Group by way of the following:

The Shareholder Loan

(i) Philips or one of its wholly-owned subsidiaries shall provide to JVCo at Completion its share of the Shareholder Loan in an amount of EUR51.0 million (equivalent to approximately US$71.4 million) for the general corporate funding needs of the JV Group;

(ii) MMD (or its nominee) shall provide at Completion its share of the Shareholder Loan in an amount of EUR119.0 million (equivalent to approximately US$166.6 million) for the general corporate funding needs of the JV Group;

The Shareholder Loan will be split into two tranches being:

(A) a 3-year EUR70.0 million (equivalent to approximately US$98.0 million) tranche bearing an interest rate, subject to an extension of the tenor, of EURIBOR plus 2.20% per annum (increasing to 2.70% per annum following an extension of the tenor); and

(B) a 5-year EUR100.0 million (equivalent to approximately US$140.0 million) tranche bearing an interest rate of EURIBOR plus 2.70% per annum.

In certain circumstances the tenor of each tranche of the Shareholder Loan may be extended pursuant to the terms of the Shareholder Loan to a maximum of 10 years and may become repayable in instalments prior to maturity if Philips ceases to hold an interest in JVCo in accordance with the Shareholders Agreement;

Equity contribution

(iii) immediately after the transfer of the JVCo Sale Shares, Philips shall make an additional contribution in cash to its remaining shares in JVCo in the amount of EUR30.0 million (equivalent to approximately US$42.0 million), to be regarded as share premium reserve;

(iv) immediately after the transfer of the JVCo Sale Shares, MMD shall make an additional contribution in cash to the JVCo Sale Shares in the amount of EUR70.0 million (equivalent to approximately US$98.0 million), to be regarded as share premium reserve;

Philips brand promotion and marketing support

(v) at Completion, Philips shall pay in cash to JVCo the amount of EUR135.0 million (equivalent to approximately US$189.0 million), which amount JVCo shall apply towards its promotion and marketing activities which benefit the Philips brand. Pursuant to the Trademark License Agreement, there is an additional EUR50.0 million (equivalent to approximately US$70.0 million) to be paid by Philips to JVCo in four equal quarterly amounts in the second year after Completion — please refer to the sub-paragraph headed "**Philips brand promotion and marketing support**" in section (V) "**Licensing of Philips Trademarks and Philips Secondary Trademarks for the Philips Contributed Business**";

The Bridge Facility

(vi) Philips or one of its wholly-owned subsidiaries shall make available to JVCo as of Completion the Bridge Facility (which will be revolving in nature) in the total amount of EUR100.0 million (equivalent to approximately US$140.0 million) for the working capital funding needs of the JV Group, the 9-month Bridge Facility bears an interest rate, subject to an extension of the tenor, of EURIBOR plus 1.80% per annum. (increasing to 2.70% per annum following an extension of the tenor). In certain circumstances the tenor of the Bridge Loan may be extended pursuant to the terms of the Bridge Loan to a maximum of 5 years and may become repayable in instalments prior to maturity if Philips ceases to hold an interest in JVCo in accordance with the Shareholders Agreement; the refinancing of the Bridge Facility has been agreed between the parties to the Shareholders Agreement. Please refer to details of such refinancing arrangements as set out in sub-paragraph headed "**Financing**" under the paragraph headed "**Principal Terms**" in the section headed "**(III) The entering into of the Shareholders Agreement**" below in this announcement.

In the instance where there is a refinancing of the Bridge Facility, if JVCo requests, Philips will provide a guarantee to the respective lender(s) under such new facility for 30% of the outstandings under such facility contingent on: (i) TPV providing at the same time a guarantee to the respective lender(s) under such new facility for 70% of the outstandings under such facility; and (ii) JVCo providing a counter-indemnity to Philips in respect of Philips's obligations under its above mentioned guarantee; and

The TPV Loan

(vii) Philips or one of its wholly-owned subsidiaries shall make available to MMD (or its nominee) at Completion the 3-year TPV Loan in an amount of EUR100.0 million or its equivalent is US$ (equivalent to approximately US$140.0 million) for the purpose of funding MMD's obligations under the Shareholder Loan. The Company guarantees to Philips punctual performance by MMD of MMD's obligations under the TPV Loan. The currency of the loan may be US$ or EUR and the interest rate will be, (if drawn in US$) LIBOR plus 3.8% per annum or, (if drawn in EUR), EURIBOR plus 3.8% per annum.

The TPV Loan may be mandatorily prepayable prior to its originally stated maturity in certain circumstances including Philips requiring prepayment following the exercise of its Control Put Option.

The references to EURIBOR and LIBOR above refer in each case to a rate in EUR or US$ respectively aimed at reflecting the prevailing market rates for interbank lending between leading banks for the relevant currency and period of the respective interest periods applicable to each loan.

Completion

Upon satisfaction or the waiver (as the case may be) of all the conditions set out above, Completion shall take place on the Completion Date. Upon Completion, JVCo will carry on the Philips Contributed Business. The accounts of JVCo will be consolidated into the Company's consolidated accounts.

Termination

Either MMD or Philips may terminate the Sale and Purchase Agreement by written notice if, amongst others, any of the following events occurs at any time before Completion:

(A) either party commits any material breach of, or omits to observe any of its material obligations or undertakings under, the Sale and Purchase Agreement and it is not reasonable to expect that such breach or omission will be cured within the period set out in the Sale and Purchase Agreement; or

(B) there occurs a material adverse effect to the JV Group or the Philips Contributed Business.

If (i) the Company has not despatched the circular in connection with the SGM referred to paragraph (C) in the section headed "**Conditions for the Sale and Purchase Agreement**" in this announcement to the Shareholders on or before 31 December 2011; or (ii) the general meetings of each of the Company, GWT and GWSZ referred to in paragraphs (C), (D) and (E) in the section headed "**Conditions for the Sale and Purchase Agreement**" in this announcement are not held on or before 29 February 2012, then Philips may in its sole and absolute discretion terminate the Sale and Purchase Agreement.

Information on JVCo

JVCo, with its statutory seat in Eindhoven, the Netherlands, is incorporated by Philips to hold the Philips Contributed Business. Pursuant to the Disentanglement to be carried out by Philips or the members of the Philips Group prior to Completion, the assets which constitutes the Philips Contributed Business, will be transferred to the JV Group. Upon Completion, JVCo will own and control the Philips Contributed Business.

The Philips Contributed Business, which is currently part of Philips' Consumer Lifestyle, has its headquarters in Amsterdam (Netherlands), innovation/development sites in Eindhoven (Netherlands), Bruges (Belgium), Bangalore and Singapore, manufacturing sites in Szekesfehervar (Hungary), Manaus (Brazil) and Tierra del Fuego (Argentina) and sales organisations in 31 countries in Europe and South America.

The Philips Contributed Business also consists of employees (either directly employed by Philips or through a third party), assets (both tangible and intangible) and liabilities to the extent owned by or fully dedicated (or attributable) to the Scope Products.

The assets include certain intellectual property rights, material contracts, distribution and marketing, customer care, research and developments, websites and contracts with manufacturers and suppliers, order portfolio, inventory (including goods in transit), product roadmaps, IT hardware and software systems.

Set out below is a summary of the financial information on the Philips Business, which is prepared based on the accounting policies of the Company which are consistent with Hong Kong Financial Reporting Standards.

	For the period from 1 January 2011 to 3 July 2011
	US$ (million)
Turnover	1,658
Net loss before income tax and interest costs	(325)
Net loss before income tax	(326)
Net loss after income tax	(331)

As of 3 July 2011, the net assets position of the Philips Business was approximately US$49 million. Notwithstanding a net loss of US$331 million for the period from 1 January to 3 July 2011, the net position of the Philips Business has improved from net liabilities of US$310 million as of 31 December 2010 due to a net additional funding of US$713 million from Philips.

	For the year ended 31 December	
	2010	**2009**
	US$ (million)	*US$ (million)*
Turnover	4,083	3,951
Net loss before income tax and interest costs	(104)	(211)
Net loss before income tax	(105)	(212)
Net loss after income tax	(125)	(231)

As of 31 December 2010, the total assets and the net liabilities position of the Philips Business was approximately US$1,404 million and US$310 million, respectively.

Reasons for the net loss for the period from 1 January 2011 to 3 July 2011

Price erosion, partly driven by stock depletion of high inventory levels from 2010, drives the gross profit decline in the first six months of 2011 compared to the same period last year. The industrial and Philips Business overstock at the end of 2010 has led to relatively high stock in the retail stores. Competitors have also driven excessive price erosion to try and clearing their oversupply. This has driven the market to experience higher than normal price erosion in 2011.

Total operating expenses increased mainly due to a rise in research and development expenses largely resulted from exceptional impairments as a result of lower returns. In addition substantial amounts were incurred to speed up the time to market for 2012.

Profit deteriorated due to the increased price erosion that materialized during the first six months of 2011 and the subsequent decline in gross profit that could not be offset by similar reductions in operating expenses.

Price erosion and pressure is common for consumer electronics goods in general (and not just for TVs) due to economies of scale and continued advance in manufacturing research and technology. The Company hopes that the adverse impact from price erosion can be better managed using an improved cost structure, enhanced economies of scale with the acquisition of the Philips Contributed Business and more effective management of inventories.

Reasons for the net loss for the year ended 31 December 2010

In 2010, there was a lower gross profit driven by price pressure (across the range). In the second half of 2010 there were high inventory levels at all global TV manufacturers and lower sales due to temporary component shortage.

Reasons for the net loss for the year ended 31 December 2009

Following the global recession caused by the financial crisis, in 2009, revenues decreased by 24% due to a world-wide sales decline in the Scope Products that mainly incurred in Brazil, Russia, the United Kingdom and France. This in turn resulted in a lower gross profit.

(III) THE ENTERING INTO OF THE SHAREHOLDERS AGREEMENT

Pursuant to the Sale and Purchase Agreement, the Shareholders Agreement in respect of the operations of JVCo will be entered into at Completion. The principal terms of the Shareholders Agreement are summarized below.

The Shareholders Agreement

Parties

(1) Philips

(2) the Company

(3) MMD

(4) JVCo

Pursuant to the Shareholders Agreement, the Company guarantees to Philips the due and punctual discharge by MMD of its obligations thereunder.

Principal terms

Managing Board	The Managing Board (as defined below) shall consist of five members, four of whom shall be nominated by MMD and one of whom shall be nominated by Philips. The Managing Board shall comprise the chief executive officer and the chief financial officer (both of which must be nominated by MMD). MMD has the approval rights, and not Philips, in respect of the nomination of any new member to be appointed to the Managing Board at the general meeting of JVCo. Each nomination by MMD, however, shall be subject to consultation with Philips and Philips shall be offered a reasonable opportunity to review such nomination and discuss the nomination with MMD and the nominee. The Supervisory Board has the power to suspend or remove, at any time, any member of the Managing Board. The day-to-day business and affairs of JVCo shall be managed by a statutory managing board of JVCo (the "**Managing Board**") which may exercise all powers of JVCo save as otherwise provided pursuant to any applicable laws and regulations, the Shareholders Agreement or the articles of association of JVCo, and the Managing Board shall be supervised by a non-executive supervisory board of JVCo (the "**Supervisory Board**").

Supervisory Board

The Supervisory Board shall consist of four members, of which MMD and Philips are entitled to nominate three members and one member respectively at the general meeting of JVCo.

It is the duty of the Supervisory Board to supervise the Managing Board and the general course of affairs in JVCo and its subsidiaries, and the business connected with them. The Supervisory Board shall also advise the Managing Board and it has the right to approve or resolve, by way of unanimous resolution, certain material matters of JVCo including, among other things:

(i) any related party transaction (or series of related transactions) between any member of the JV Group and any connected person, other than the following related party transactions which do not require unanimous approval by the Supervisory Board:

   a. that the related party transaction is on arm's length terms with a value of not more than EUR4.0 million (equivalent to approximately US$5.6 million) on an individual basis, provided that such related party transactions are on arm's length terms and the terms of which (including as to quality, pricing and other material terms, taking into account the nature and extent of the commercial relationship with its relevant related party and taking into account the quality, pricing and other material terms available in the relevant market from reputable third parties), taken as a whole, are fair and reasonable to the relevant member of the JV Group;

   b. that the related party transaction relates to the supply to any member of the JV Group of a Scope Product or a product used in the manufacturing of a Scope Product, provided that such transaction is on arm's length terms and the terms of which (including as to quality, pricing and other material terms, taking into account the nature and extent of the commercial relationship with its relevant connected person and taking into account the quality, pricing and other material terms available in the relevant market from reputable third parties), taken as a whole, is fair and reasonable to the relevant member of the JV Group;

c. that the related party transaction relates to the provision of a service to or by any member of the JV Group, provided that such transaction is on arm's length terms and the terms of which (including as to quality, pricing and other material terms, taking into account the nature and extent of the commercial relationship with its relevant connected person and taking into account the quality, pricing and other material terms available in the relevant market from reputable third parties), taken as a whole, is fair and reasonable to the relevant member of the JV Group;

d. that the transaction relates to the transfer of assets to or by any member of the JV Group, provided that such assets are transferred at a value that would have been paid in an arm's length negotiation;

(With respect to

a. related party transactions set out in paragraphs b. to d. above, if the value of such transaction(s) is more than EUR30.0 million (equivalent to approximately US$42.0 million) on an annual basis or EUR10.0 million (equivalent to approximately US$14.0 million) on an individual basis; and

b. related party transaction set out in paragraphs c. and d. above, if the value of such transaction is more than EUR10.0 million (equivalent to approximately US$14.0 million) on an annual basis or EUR5,000,000 (equivalent to approximately US$7.0 million) on an individual basis,

then details of such transactions shall be notified in writing to the shareholder of JVCo who is not qualifying as a connected person to the subject transaction, prior to the execution of transaction.)

(ii) any proposal for merger, de-merger, spin-off, or corporate restructuring of any kind of any member of the JV Group (other than any corporate restructuring necessary in order to reorganize and integrate the Philips Contributed Business, including redundancies and/or termination of employment contracts or closing down of premises and/or facilities);

(iii) initiating any bankruptcy, liquidation or winding up proceedings, moratorium or suspension of payments (or any similar proceedings in the relevant jurisdiction) with respect to any subsidiary of JVCo, other than any voluntary solvent restructuring;

(iv) any proposal for amendment to the articles of association of any subsidiary of JVCo;

(v) any proposal for distribution of dividends or any other form of distribution by a non-wholly owned subsidiary of the JV Group, including any distribution of reserves or premiums;

(vi) any proposal for issuance, redemption or repurchase of securities, or other increase or reduction of the share capital, by a non-wholly owned subsidiary of JVCo;

(vii) any proposal for listing or public offering of securities issued by a member of the JV Group and any action required to be taken by the relevant member of the JV Group in connection therewith;

(viii) changes in accounting principles, to the extent that the proposed changes are inconsistent with International Financial Reporting Standards or to the extent that the proposed changes may affect the calculation of EBIT;

(ix) any acquisition or disposal of assets by any member of the JV Group, other than in the ordinary course of business on arm's length terms, having individually or in the aggregate, in a single transaction or a series of related transactions over a 12-month period, a value, including any assumed or assigned financial debt, in excess of EUR25.0 million (equivalent to approximately US$35.0 million) on a consolidated basis;

(x) entering into any financing transaction by any member of the JV Group, other than in the ordinary course of business on arm's length terms, of any kind, in amounts in excess of EUR25.0 million (equivalent to approximately US$35.0 million), and the provision of any guarantees (or counter-guarantees) by any member of the JV Group of any kind in favour of third parties covering (directly or indirectly) payment obligations for amounts in excess of EUR25.0 million (equivalent to approximately US$35.0 million)), the foregoing amounts to be calculated on a consolidated basis (i.e., taking into account the amount involved in the same kind of transactions performed by JVCo and its subsidiaries during the same period);

(xi) any capital expenditure by any member of the JV Group in excess of EUR25.0 million (equivalent to approximately US$35.0 million), per transaction or series of related transactions;

(xii) any agreement for the formation of a joint venture, consortium or partnership (other than ordinary commercial contracts) the combined net asset value or share capitalization of which is in excess EUR25.0 million (equivalent to approximately US$35.0 million); and

(xiii) the initiation, choice of a defense strategy or settlement by a member of the JV Group of any litigation or arbitral proceedings where the claimed amount is in excess of EUR10.0 million (equivalent to approximately US$14.0 million).

General meeting

Any of MMD, Philips, the Supervisory Board or the Managing Board may convene a general meeting of JVCo by notice to each of MMD and Philips.

The following matters shall be decided by the general meeting of JVCo or, as the case may be, require the prior written approval of the general meeting of JVCo, and resolutions of the general meeting of JVCo on these matters shall require unanimous approval in a meeting where both Philips and MMD are present:

(i) the allocation and issuance by a member of the JV Group of stock options;

(ii) amendment of the articles of association of JVCo;

(iii) modification or waiver of the pre-emptive rights attaching to shares of JVCo;

(iv) any legal merger, demerger or liquidation of JVCo;

(v) any issuance, redemption or repurchase of securities, or other increase or reduction of the share capital of JVCo;

(vi) approval of a transfer of shares of JVCo;

(vii) initiating any bankruptcy, dissolution, liquidation or winding up proceedings, moratorium or suspension of payments (or any similar proceedings in the relevant jurisdiction) with respect to JVCo; and

(viii) declaration or payment of any dividends or distributions.

Voluntary wind-up option

If, notwithstanding that the full amount of the additional funding has been provided to JVCo pursuant to an increase of the Shareholder Loan:

(i) JVCo records accumulated EBIT losses in excess of EUR300.0 million (equivalent to approximately US$420.0 million) following Completion; or

(ii) there is insufficient funding to sustain JVCo as a going concern and MMD and Philips fail to implement a remedial plan within three months,

MMD or Philips may in its sole and absolute discretion elect to initiate a voluntary wind-up process by giving written notice to the other party and JVCo at any time within 30 business days after the occurrence of one of the abovementioned events.

Financing

Initial funding

For further details of the initial funding of JVCo, please refer to the paragraph headed "**Funding of JVCo**" in the section headed "**(II) Purchase of the Philips Contributed Business**".

Refinancing of the Bridge Facility

In the event on the date falling 9 months after Completion (the "**Bridge Facility Termination Date**") JVCo determines that it has insufficient funds available to it, taking into account its projected funding needs during the year following the Bridge Facility Termination Date (the "**Bridge Facility Funding Shortfall**") to repay the amounts outstanding under the Bridge Facility:

(i) JVCo shall apply towards repayment of the outstanding loan such amount as it determines as being available to it to make such repayment without a Bridge Facility Funding Shortfall occurring; and

(ii) MMD (or its nominee) shall purchase by way of a transfer of part of the loan from Philips so that, on and following such transfer, the outstanding loan (taking into account any repayment made under paragraph above) is provided by MMD (or its nominee) as to 70% and by Philips as to 30%.

Further funding

If, at any time after Completion, JVCo requires funding additional to the funding available to it to enable the JVCo Group to meet its working capital requirements and liabilities as they fall due and carry on its business without a significant curtailment of operations, the Company and Philips, in proportion to its shareholding in JVCo, shall provide (or arrange for its respective nominee to provide) additional funding to JVCo up to EUR140.0 million (equivalent to approximately US$196.0 million) and EUR60 million (equivalent to approximately US$84.0 million), respectively.

Dividend policy	JVCo shall not make any distributions, dividends or other payments on any shares of JVCo or any other security rights issued by JVCo at any time while the Bridge Facility and the Shareholder Loan are outstanding and have not been repaid or, in the case of the Bridge Facility, cancelled in full.
Transfer of shares	Neither MMD nor Philips may sell, transfer or otherwise assign, or dispose of, or undertake to assign or dispose of, whether by way of transfer of the legal and/or beneficial ownership of the shares of JVCo (including for the avoidance of doubt a conditional or unconditional transfer or voting rights), any shares of JVCo held by it, whether directly or indirectly (the "**Share Transfer**"), except if and to the extent that it complies with certain provisions, including, among others, the other shareholder of JVCo has given its approval in writing to the Share Transfer. There is a tag-along provision in the Shareholders Agreement in the event that a bona fide third party acquirer (the "**Third Party Acquirer**") wishes to acquire a shareholder's shares of JVCo, and such shareholder (the "**Seller**") wishes to accept the offer, the Seller shall immediately give notice thereof to the other shareholder of JVCo (the "**Tag-along Seller**") disclosing the details of the offer. And the Tag-Along Seller shall have the right to require the Seller to procure the Third Party Acquirer to acquire all of the Tag-along Seller's shares of JVCo concurrently with the transfer of the Seller's shares of JVCo.
Philips Exit Put Option	As from expiry of a period of 6 years commencing on the date of the Shareholders Agreement, Philips shall have the right to sell and transfer all, and not less than all, of its shares of JVCo to MMD. Philips shall deliver to MMD a notice to exercise the Philips Exit Put Option (the "**Philips Exit Put Option Notice**"). Philips shall cease to have the Philips Exit Put Option if it has sold and transferred its shares of JVCo pursuant to the Philips Control Put Option. The price to be paid by MMD for the shares of JVCo owned by Philips pursuant to an exercise of the Philips Exit Put Option (the "**Philips Exit Put Option Price**") shall be payable in cash and shall be the higher of nil and an amount calculated as: A x B, where: A = JVCo's average consolidated EBIT in 2012 to the last completed financial year prior to the date on which Philips has delivered the Philips Exit Put Option Notice, multiplied by 4; and B = the percentage of the shares of JVCo held by Philips at the time of the Philips Exit Put Option Notice.

The price to be paid by MMD for the shares of JVCo owned by Philips upon the exercise of the Philips Exit Put Option has been arrived at after arm's length negotiations between the Company and Philips with reference to, among other factors, actual earnings performance of the Philips Contributed Business between Completion and the most recently completed financial year prior to the exercise of the Philips Exit Put Option. The Directors consider that the Exit Put Option Price is fair and reasonable.

Philips Control Put Options

Upon a change of control of the Company by way of the following (the "**TPV Change of Control**"):

(a) the Company or any of the members of the Group enters into an alliance, joint venture, consortium, partnership or similar agreement relating to Scope Products with any person listed as a competitor as set out in the Trademark License Agreement (as updated from time to time);

(b) (i) CEC together with any of the members of the CEC Group and associated companies, either as a group or acting in concert with Mitsui, ceases to hold, directly or indirectly, at least 30% of the then outstanding Shares; or (ii) a person (or persons acting in concert), other than CEC together with any of the members of the CEC Group and associated companies, either as a group or acting in concert with Mitsui, become the owner of (or become entitled to vote), directly or indirectly, 30% or more of the then outstanding Shares;

(c) the Company and/or any members of the Group undertakes any act or thing pursuant to which a person (or persons acting in concert), other than CEC together with any of the members of the CEC Group or associated companies, either as a group or parties acting in concert with Mitsui, is able to direct or cause the direction of the management and policies of the Company;

(d) a person, other than a member of the Group, becomes owner of more than 50% of the assets of the Company (by book value, by market value or by volume); or

(e) the Company ceases to hold, directly or indirectly, 100% of the equity interests in MMD.

Philips shall have the rights to sell and transfer all, and not less than all, of its shares of JVCo to MMD.

In the event that Philips elects to exercise the Philips Control Put Option, Philips shall deliver to MMD a notice (the "**Philips Control Put Option Notice**"), stating the irrevocable decision of Philips to exercise the Philips Control Put Option.

The price to be paid by MMD for the shares of JVCo owned by Philips pursuant to an exercise of the Philips Control Put Option (the "**Control Put Option Price**") shall be payable in cash and shall be the higher of nil and an amount calculated as:

A x B, where:

A = JVCo's average consolidated EBIT in 2012 to the last completed financial year prior to the date on which Philips has delivered the Philips Control Put Option Notice, multiplied by a factor of 4; and

B = 1 in case the TPV Change of Control occurs before Philips has exercised its right to receive the Deferred Purchase Price, in which case MMD will be released from any obligation to pay the Deferred Purchase Price and/or the Philips Exit Put Option Price; or

B = the percentage of the shares of JVCo held by Philips at the time of the Philips Control Put Option Notice in case the TPV Change of Control occurs after payment of the Deferred Purchase Price but before exercise of the Philips Exit Put Option.

The price to be paid by MMD for the shares of JVCo owned by Philips upon the exercise of the Philips Exit Put Option has been arrived at after arm's length negotiations between the Company and Philips with reference to, among other factors, actual earnings performance of the Philips Contributed Business between Completion and the most recently completed financial year prior to the exercise of the Philips Control Put Option. The Directors consider that the Control Put Option Price is fair and reasonable.

Default

A shareholder (the "**Defaulting Shareholder**") shall be deemed to be in material breach of the Shareholders Agreement if any of the following occurs (each an "**Event of Default**"):

(i) an order by a court of competent jurisdiction, declaring the Defaulting Shareholder bankrupt, or the passing of a resolution for the dissolution or liquidation of the Defaulting Shareholder;

(ii) the convening of a meeting of creditors of the Defaulting Shareholder, or the drawing up and publication of a proposal or an arrangement with or any assignment for the benefit of creditors of the Defaulting Shareholder; and

(iii) any material failure by the Defaulting Shareholder to comply with any of its material obligations under the Shareholders Agreement which is not cured within 30 business days from receiving written notice of default.

Upon an Event of Default, the non-defaulting shareholder of JVCo shall have the right, exercisable upon delivery of a notice to the Defaulting Shareholder (the "**Default Notice**"), to (i) terminate the Shareholders Agreement; and (ii) in the event (a) Philips is the defaulting shareholder, to call on Philips to sell and transfer to MMD (and Philips shall be obliged to thus sell and transfer) the shares of JVCo held by Philips ("**Philips Default Put Option**") against payment by MMD of the Default Option Price (as defined below); and (b) MMD is the defaulting shareholder, to sell and transfer to MMD (and MMD shall be obliged to thus purchase and accept) the shares of JVCo held by Philips against payment by MMD of the Default Option Price (as defined below).

The price to be paid by MMD for the shares of JVCo owned by Philips pursuant to an exercise of the Philips Default Put Option (the "**Default Option Price**") shall be payable in cash and shall be the higher of nil and an amount calculated as:

A x B, where:

A = JVCo's average consolidated EBIT in 2012 to the last completed financial year prior to the date on which the Event of Default occurred, multiplied by 4; and

B = the percentage of the shares of JVCo held by Philips at the time of the Event of Default.

The price to be paid by MMD for the shares of JVCo owned by Philips upon the exercise of the Philips Default Put Option has been arrived at after arm's length negotiations between the Company and Philips with reference to, among other factors, actual earnings performance of the Philips Contributed Business between Completion and the most recently completed financial year prior to the exercise of the Philips Default Put Option. The Directors consider that the Default Option Price is fair and reasonable.

Term

The Shareholders Agreement shall commence on the Completion Date and shall continue to be in effect for an indefinite period of time, unless it is terminated as per the paragraph below.

Termination

The Shareholders Agreement shall terminate upon the occurrence of either of MMD or Philips ceasing to own directly or indirectly shares of JVCo, the related transfer being in accordance with the terms of the Shareholders Agreement and the acquiror not acceding to the Shareholders Agreement.

(IV) THE ENTERING INTO OF THE ARGENTINA JV SHAREHOLDERS AGREEMENT

In order to preserve the preferential tax treatment currently enjoyed by the Argentina JV, the Argentina JV Shareholders Agreement in respect of the operations of the Argentina JV will be entered into at Completion pursuant to the Sale and Purchase Agreement. The principal terms of the Argentina JV Shareholders Agreement are summarized below.

The Argentina JV Agreement

Date

At the Completion Date.

Parties

(1) JVCo

(2) Philips Argentina S.A. ("**Philips Argentina**")

(3) Fabrica Austral de Productos Eléctricos S.A. (the "**Argentina JV**")

(4) Philips, as guarantor

Philips Argentina is principally engaged in the import and sale of Philips branded products (lighting, consumer lifestyle and health care products) and is ultimately owned by Philips.

The Argentina JV is principally engaged in the manufacturing and sale of electronic products and is ultimately owned by Philips.

Pursuant to the Argentina JV Agreement, Philips guarantees to JVCo the due and punctual discharge by Philips Argentina of its payment obligations related to the non-TV business unit.

It is currently intended that the Argentina JV will be owned as to 63.4% by JVCo and 36.6% by Philips Argentina. Pursuant to the Sale and Purchase Agreement, such percentage shareholding is subject to an adjustment mechanism based on the fair market valuation of the tangible assets and liabilities, commitments and contingencies of the Argentina JV at Completion.

Principal terms

Board of directors	The structure, size and composition of the board of directors will be in accordance with the following principles: (i) The management of Argentina JV shall be the responsibility of the board of directors. (ii) JVCo shall appoint the majority of the members of the board of directors and the chairman of the board of directors.

	The directors appointed by JVCo, including the chairman, shall be assigned to take care of the management of and to assume exclusive responsibility for the TV business unit. The directors appointed by Philips Argentina shall be assigned to the management of and to assume exclusive responsibility for the non-TV business unit.
	The board of directors of the Argentina JV shall form two executive committees, to which it will delegate the supervision of the regular operations of the TV business unit and the non-TV business unit, respectively.
Shareholders meetings	The shareholders shall hold formal meetings at least once a year. Quorum for ordinary shareholders' meeting on first call shall be achieved with the presence of shareholders holding a majority of the votes. Quorum for extraordinary shareholders' meetings on first call shall be achieved upon the presence of shareholders holding 80% of the votes.
Dividend policy	The shareholders agree that whenever the Argentina JV's financial statements show profits, the board of directors will recommend to establish special reserves for each business unit, allocating to the TV business unit's special reserve the profits generated by the TV business unit, and to the non-TV business unit's special reserve the profits generated by the non-TV business unit. The special reserves will be distributed to each shareholder upon implementation of the spin-off (see "Spin-off" paragraph below). Upon the spin-off date, each shareholder shall be entitled to receive the special reserve corresponding to its particular business unit.
Allocation of business units' profit and losses	JVCo shall benefit from all profits and shall suffer all losses resulting from the TV business unit; and Philips Argentina shall benefit from all profits and shall suffer all losses resulting from the non-TV business unit.
Spin-off	The Argentina JV will spin-off, on the second anniversary of the date of Argentina JV Shareholders Agreement, all the assets and liabilities related to the TV business unit (the "**Spin-Off**") and to transfer them to a new company created for such purposes. After the Spin-Off, the Argentina JV will continue developing the non-TV business and the new company will develop the TV business.
	The staff providing services for the non-TV business unit shall remain working in the Argentina JV, while the staff providing services for the TV business unit shall be transferred to the new company.

Term

The Argentina JV Shareholders Agreement shall commence on the Completion Date and shall remain in effect for as long as both Philips Argentina and JVCo hold equity shares in the Argentina JV.

Termination

The Argentina JV Shareholders Agreement shall terminate upon any of the parties not complying with any of the obligations set forth in the Argentina JV Shareholders Agreement and the default is not remedied within 30-day term of the receipt of the notice.

(V) LICENSING OF PHILIPS TRADEMARKS AND PHILIPS SECONDARY TRADEMARKS FOR THE PHILIPS CONTRIBUTED BUSINESS

Pursuant to the Sale and Purchase Agreement, the Trademark License Agreement and the Secondary Trademark License Agreement in respect of licensing of the Philips Trademarks and the Philips Secondary Trademarks will be entered into at Completion.

(A) The Trademark License Agreement

Parties

(1) Philips, as the licensor

(2) JVCo, as the licensee

Principal terms

As part of the Proposed Transaction and under the Trademark License Agreement, Philips will grant an exclusive (except with respect to Argentina) right and license to the JV Group for an initial period of five years from the date of Completion, under which the JV Group can use the Philips Trademark in the Territory, including the right and license to assemble and manufacture outside the Territory for sales, marketing and distribution in the Territory, in relation to the Scope Products, marketing materials, consumer care delivery and the provision of Net TV Services.

Royalty payable

JVCo will pay a royalty to Philips on an annual basis, which is based on a percentage of the turnover of the Scope Products. Details of the annual royalty payable throughout the License Term (as defined in the paragraph headed "**Term and renewal**" below) are set out in the table below.

Year of the License Term	Annual royalty	Guaranteed minimum annual royalty
First year	Nil	Nil
Second year to fifth year	2.2% of the Turnover	EUR50.0 million (equivalent to approximately US$70.0 million)

The royalty shall be payable in arrears by JVCo to Philips in cash (in EUR) within 30 days after the end of each quarter.

The royalty has been arrived at after arm's length negotiations between the Company and Philips with reference to, among other factors, the historical performance and future prospects of the Philips Contributed Business, including its earnings potential and synergies with the Group.

Term and renewal

The Trademark License Agreement will have an initial term of five years starting from the date of Completion and will be automatically renewed for a subsequent five-year period if JVCo meets certain key performance indicators as set out in the Trademark License Agreement. After the second 5-year term, the Trademark License Agreement may be extended by mutual agreement for successive 5-year periods against such terms and conditions as may be agreed between Philips and JVCo (but including in any event guaranteed minimum royalty obligations for JVCo) (the "**License Term**").

Termination

Philips may terminate the Trademark License Agreement by giving JVCo at least 3 months' written notice if, among others, the following events occur: (i) there is a change in control over the Company, MMD or JVCo; or (ii) JV Group enters into an alliance or joint venture or similar agreement for its TV operations with a company which is considered by Philips as a competitor of Philips.

Each party to the Trademark License Agreement may terminate the Trademark License Agreement by written notice in case of material breach, by the other party of certain terms as set out in the Trademark License Agreement and provided that the aforesaid breaches, which are capable of being cured, have not been cured within the period set out in the Trademark License Agreement.

Non-compete

During the License Term, Philips shall not (other than with respect to Argentina) (i) grant to any other party a license for the use of the Philips Trademarks in the Territory in relation to any Scope Products, whether with or without fee or royalty or (ii) be engaged or involved in the manufacture, assembly, sale, distribution or marketing of any Scope Products in the Territory with the Philips Trademarks, or be interested in any business that is engaged or involved in any of abovementioned activities.

Philips brand promotion and marketing support

Philips will pay to JVCo a total amount of EUR185 million (equivalent to approximately US$259 million), which amount JVCo shall apply towards its promotion and marketing activities which benefit the Philips brand. Such amount is payable as follows:

(i) an initial advance payment of EUR135 million (equivalent to approximately US$189 million) which shall be payable by Philips to JVCo at Completion as set out in the Sale and Purchase Agreement — please refer to the sub-paragraph headed "**Philips brand promotion and marketing support**" under the paragraph headed "**Funding of JVCo**" in section (II) "**Purchase of the Philips Contributed Business**"; and

(ii) an additional advance payment of EUR50 million (equivalent to approximately US$70 million) in the second year after Completion which shall be payable by Philips to JVCo.

Consumer care for the Scope Products sold prior to Completion

Philips will keep the warranty liabilities for the Scope Products sold prior to Completion (except for certain Scope Products supplied by the Company to Philips under certain arrangement). JVCo shall pay the costs of the warranty claims related to the repair and exchange of the Scope Products sold prior to Completion to the consumer care providers.

Philips shall pay EUR9 million (equivalent to approximately US$12.6 million) to JVCo as compensation for JVCo's cost of organization to fulfil its consumer care obligations relating to the Scope Products sold prior to Completion (except for certain Scope Products supplied by the Company to Philips under certain arrangement) of which EUR6 million (equivalent to approximately US$8.4 million) and the remaining EUR3 million (equivalent to approximately US$4.2 million) shall be paid in the first year and the second year from Completion respectively. From the third year onwards, JVCo shall continue to render the consumer care services for the Scope Products sold prior to Completion (except for certain Scope Products supplied by the Company to Philips under certain arrangement) and Philips and JVCo shall in good faith negotiate a fair compensation for such services based on the actual hours spent.

The consumer care compensation has been arrived at after arm's length negotiations between the Company and Philips with reference to, among other factors, the number of the Assumed Employees that will work in the consumer care team and quality team of the JV Group, historical trend of claims volumes, historical amount of consumer care expenses and warranty of the Scope Products.

(B) The Secondary Trademark License Agreement

Parties

(1) Philips, as the licensor

(2) JVCo, as the licensee

Principal terms

As part of the Proposed Transaction and under the Secondary Trademark License Agreement, Philips will grant an exclusive right and license to the JV Group for an initial period of five years from the date of Completion, under which the JV Group can use the Philips Secondary Trademarks in the Territory, including the right and license to assemble and manufacture outside the Territory for sales, marketing and distribution in the Territory, in relation to the Secondary Trademark Scope Products, marketing materials and consumer care delivery.

Royalty payable

JVCo will pay a royalty to Philips on an annual basis, which is based on 1% of the turnover of the Secondary Trademark Scope Products. The royalty shall be payable in arrears by JVCo to Philips in cash (in EUR) within 30 days after the end of each quarter.

The royalty has been arrived at after arm's length negotiations between the Company and Philips with reference to, among other factors, the historical performance and future prospects of the Philips Contributed Business in respect of the Philips Secondary Trademarks, including its earnings potential and synergies with the Group.

Term and renewal

The Secondary Trademark License Agreement will have an initial term of five years starting from the date of Completion and will be automatically renewed for subsequent five-year periods, provided that the Trademark License Agreement has been extended as well.

Termination

The Secondary Trademark License Agreement will terminate automatically upon the termination of the Trademark License Agreement. Philips may terminate the Secondary Trademark License Agreement by giving JVCo at least 3 months' written notice if, among others, the following events occurring: (i) there is a change in control over the Company, MMD or JVCo; or (ii) JV Group enters into an alliance or joint venture or similar agreement for its TV operations with a company which is considered by Philips as a competitor of Philips.

Each party to the Secondary Trademark License Agreement may terminate the Secondary Trademark License Agreement by written notice in case of material breach by the other party to the Secondary Trademark License Agreement, of certain terms as set out in the Secondary Trademark License Agreement and provided that the aforesaid breaches, which are capable of being cured, have not been cured within the period set out in the Secondary Trademark License Agreement.

Non-compete

During the Secondary Trademarks License Term, Philips shall not (i) grant to any other party a license for the use of the Philips Secondary Trademarks in the Territory in relation to any Secondary Trademark Scope Products, whether with or without fee or royalty or (ii) be engaged or involved in the manufacture, assembly, sale, distribution or marketing of any Secondary Trademark Scope Products in the Territory with the Philips Secondary Trademarks, or be interested in any business that is engaged or involved in any of abovementioned activities.

(C) The Annual Caps

Annual Caps for the royalty under the Trademark License Agreement

Set out below is a summary of the Annual Caps for the royalty payable by JVCo to Philips under the Trademark License Agreement for the financial year ending 31 December 2012 up to and including the financial year ending 31 December 2017:

2012: Nil
2013: EUR81.4 million (equivalent to approximately US$114.0 million)
2014: EUR91.3 million (equivalent to approximately US$127.8 million)
2015: EUR96.8 million (equivalent to approximately US$135.5 million)
2016: EUR100.1 million (equivalent to approximately US$140.1 million)
2017: EUR50.1 million (equivalent to approximately US$70.1 million)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the Group's estimates for the increase in the future demand for the Scope Products, which was determined with reference to the historical and estimated future demand and production trend for the Scope Products; (ii) the prospects, outlook and the competitive environment of the global market for the Scope Products; (iii) the pricing trend for the Scope Products; and (iv) additional buffers to cater for possible fluctuation of materials costs as a result of possible changes in market conditions.

Annual Caps for the consumer care for the Scope Products sold prior to Completion

Set out below is a summary of the Annual Caps for the consumer care compensation payable by Philips to JVCo for the financial year ending 31 December 2012 up to and including the financial year ending 31 December 2017:

2012: EUR6.00 million (equivalent to approximately US$8.40 million)
2013: EUR4.50 million (equivalent to approximately US$6.30 million)
2014: EUR1.88 million (equivalent to approximately US$2.63 million)
2015: EUR0.44 million (equivalent to approximately US$0.62 million)
2016: EUR0.07 million (equivalent to approximately US$0.10 million)
2017: EUR0.02 million (equivalent to approximately US$0.03 million)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the compensation for JVCo's cost of organization to fulfil its consumer care obligations relating to the Scope Products sold prior to Completion (except for certain Scope Products supplied by the Company to Philips under certain arrangement) as agreed in the Trademark License Agreement; and (ii) possible change of the Completion Date.

Annual Caps for the royalty under the Secondary Trademark License Agreement

Set out below is a summary of the Annual Caps for the royalty payable by JVCo to Philips under the Secondary Trademark License Agreement for the financial year ending 31 December 2012 up to and including 31 December 2017:

2012: EUR1.10 million (equivalent to approximately US$1.54 million)
2013: EUR1.98 million (equivalent to approximately US$2.77 million)
2014: EUR3.30 million (equivalent to approximately US$4.62 million)
2015: EUR4.62 million (equivalent to approximately US$6.47 million)
2016: EUR6.05 million (equivalent to approximately US$8.47 million)
2017: EUR3.03 million (equivalent to approximately US$4.24 million)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the Group's estimates of future demand and production trend for the Secondary Trademark Scope Products; (ii) the prospects, outlook and the competitive environment of the global market for the Secondary Trademark Scope Products; (iii) the pricing trend for the Secondary Trademark Scope Products; and (iv) additional buffers to cater for possible fluctuation of materials costs as a result of possible changes in market conditions.

(D) Reasons for term in excess of three years

JVCo and Philips have agreed to enter into the Trademark License Agreement and the Secondary Trademark License Agreement for a period in excess of three years (i.e. for an initial term of five years) as normally required under the Listing Rules after arm's length negotiations between JVCo, the Company and Philips. The term in excess of three years is beneficial to the Company because (i) any term shorter than the License Term and the Secondary Trademark License Term would increase the risks associated with, and lower the returns on, the Group's investment in its brand building of the Philips Contributed Business; (ii) following Completion, the Group is expected to invest substantial management effort to broaden the Philips Contributed Business' product range and market share, the benefits of which will extend beyond three years; and (iii) it is the intention of the Company to strengthen the Philips Contributed Business and the presence of the Philips Trademarks and the Secondary Trademark in the markets in which the Scope Products are sold.

Somerley will explain in the circular to be despatched to the Shareholders why a term in excess of three years is required for the Trademark License Agreement and the Secondary Trademark License Agreement and will confirm that it is normal business practice for contracts of this type to be longer than three years.

(VI) ENTERING INTO OF THE INTELLECTUAL PROPERTY AGREEMENT

Pursuant to the Sale and Purchase Agreement, the Intellectual Property Agreement in respect of the transfer and license of patents, know-how and software to JVCo in relation to the Scope Products in the Territory will be entered into at Completion.

Parties

(1) Philips, as the licensor

(2) JVCo, as the licensee

Principal terms

(i) Transfer Patents

Philips will assign and agree to transfer and will cause its members to assign and transfer to JVCo, effective as of the Completion Date, all of Philips' and, as applicable, its members' rights, title and interest in and to the Transfer Patents (excluding the right to sue for past infringements), subject to an unrestricted license under the Transfer Patents to be retained by Philips.

(ii) Licensed Patents

Philips will grant JVCo, effective as of the Completion Date, a non-exclusive, non-transferable, non-encumberable, fully paid-up and royalty-free license, without the right to grant sublicenses (other than the rights to have Philips-branded Scope Products made by a third party outside or inside the Territory solely for the use, sale or other disposal by Licensee of Philips-branded Scope Products within the Territory), under the Licensed Patents, for the continued use of the Licensed Patents in (i) Philips-branded Scope Products and (ii) the Net TV Portal, in each case limited to the Territory.

(iii) 3D Patents

In the event Philips asserts any 3D Patents against suppliers of JVCo, and where such a supplier pays Philips a royalty for any 3D Patents in respect of display panels or components supplied to JVCo for use in Philips-branded Scope Products in the Territory, Philips will pay to JVCo 70% of the 3D Patent royalty revenue (after deduction of any taxes, agent fees, bank and administration costs) it has received for such supplied display panels or components.

(iv) Business know-how

Philips will assign and transfer to JVCo all its rights, title and interest in and to certain business know-how, being know-how owned by Philips and/or its members, which originated within the Philips Contributed Business and which is solely used within the Philips Contributed Business as of the Completion Date, subject to an unrestricted license under such business know-how to be retained by Philips.

Philips will grant to JVCo a non-exclusive, non-transferable, non-encumberable, fully paid-up and royalty-free license, without the right to grant sublicenses under certain other know-how of Philips, to the extent that such know-how is used within the Philips Contributed Business, for the continued use of such know-how in Philips-branded Scope Products in the Territory.

(v) Business software

Philips will assign and transfer to JVCo all its rights, title and interest in and to certain business software owned by Philips and/or its members, which originated in the Philips Contributed Business, and which is solely used within the Philips Contributed Business as of the Completion Date (excluding the right to sue for past infringements), subject to an unrestricted license under such business software to be retained by Philips.

Philips will grant to JVCo an irrevocable, royalty-free, non-exclusive and nontransferable license under certain other software of Philips to use (in the broadest sense) such software within the scope of the Philips Contributed Business in the Territory, including without limitation, the right to modify, create derivative works, the right to have Philips-branded Scope Products manufactured by a third party outside or inside the Territory solely for the use, sale or other disposal by JVCo of Philips-branded Scope Products within the Territory and the right to grant sub-licenses in the context of and to the extent necessary for selling or marketing Philips-branded Scope Products.

(vi) Design rights

Philips will grant JVCo, effective as of the Completion Date, a non-exclusive, non-transferable, non-encumberable, fully paid-up and royalty-free license, without the right to grant sublicenses (other than the rights to have Philips-branded Scope Products made by a third party outside or inside the Territory solely for the use, sale or other disposal by JVCo of Scope Products within the Territory), under certain registered design rights of Philips as set out in the Intellectual Property Agreement and any unregistered design rights and/or copyrights on non-technical designs of Scope Products owned by any members of the Philips Group which are used within the Philips Contributed Business as of the Completion Date, for the continued use of such registered design rights in Philips-branded Scope Products, in each case limited to the Territory.

Pricing

The transfers and licenses of the aforementioned patents, business know-how, business software and design rights shall be on a royalty-free basis. JVCo shall also be entitled to receive a 70% of the 3D Patent royalty rebate from Philips. The consideration for the patents, business know-how, business software and design rights and the 3D Patent royalty rebate have been arrived at after arm's length negotiations between the Company and Philips.

Term and renewal

The Intellectual Property Agreement shall commence on the Completion Date and any license granted by Philips under the Intellectual Property Agreement shall continue in force until, among other things, the date that the Trademark License Agreement has terminated.

Termination

Any license granted by Philips under the Intellectual Agreement can be terminated by Philips by giving notice thereof to JVCo in case of a material breach by JVCo or any of the members of the JV Group of any of its obligations under the Intellectual Property Agreement, which breach is not curable, or if curable, is not cured within 30 calendar days written notice by Philips to JVCo specifying such breach and requiring it to be remedied.

Annual Caps

Set out below is a summary of the Annual Caps for the royalty fee rebate payable for the 3D Patents by the Philips Group to JV Group for each of the financial years ending 31 December 2015 during the term of the Intellectual Property Agreement:

2012: EUR262,500 (equivalent to approximately US$367,500)
2013: EUR525,000 (equivalent to approximately US$735,000)
2014: EUR1,050,000 (equivalent to approximately US$1,470,000)
2015: EUR525,000 (equivalent to approximately US$735,000)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the Group's estimates for the increase in the future demand for the Scope Products (utilizing any 3D Patents), which was determined with reference to the estimated future demand and production trend for the Scope Products; (ii) the prospects, outlook and the competitive environment of the global market for the Scope Products; (iii) the pricing trend for the Scope Products; (iv) the sharing percentage of the 3D Patents royalty rebate as agreed in the Intellectual Property Agreement; (v) the estimated 3D Patents royalty rate; and (vi) possible change of the Completion Date.

(VII) ENTERING INTO OF THE AUXILIARY AGREEMENTS

To facilitate the operation of the Philips Contributed Business after Completion, the Philips Group and the JVCo will enter into various Auxiliary Agreements on Completion. Set out below are the details of each of the Auxiliary Agreements.

(A) The Transitional Services Agreement

Pursuant to the Sale and Purchase Agreement, the Transitional Services Agreement in respect of the provision of certain transitional services by the Philips Group to the JV Group will be entered into at Completion.

Parties

(1) Philips

(2) JVCo

Principal terms

Pursuant to the Transitional Services Agreement, the Philips Group will provide to the JV Group after Completion certain transitional services for a certain period in order to enable the JV Group to put definitive arrangements in place. The transitional services to be provided under the Transitional Services Agreement include but are not limited to, innovation and design, finance, human resources, distribution, sales, marketing, warehousing, purchasing, consumer care, legal and real estate.

The provision of the transitional services shall be governed by the terms in the Transitional Services Agreement and each and every Transitional Service Level Agreements shall comply with the Listing Rules and all applicable laws. If any of the provisions as contained in any of the Transitional Service Level Agreements conflicts in any material matter with the provisions of the Transitional Services Agreement, the provisions of the Transitional Services Agreement shall prevail, except if such provisions are contained in a Transitional Service Level Agreement which was in agreed form between Philips and the Company prior to the issuance of the Circular, in which case the provisions of such Transitional Service Level Agreement shall prevail.

Pricing

The prices for the transitional services provided shall be either (i) on normal commercial terms (as defined in the Listing Rules) and determined on arm's length basis having regard to the price levels applicable to the Philips Contributed Business immediately prior to Completion or (ii) on terms more beneficial to the JV Group, except for the prices for services relating to office space, for which the price shall be the lower of the price level applicable to the Philips Contributed Business immediately prior to Completion and the market price as established by a reputable broker. The prices for the transitional services have been arrived at after arm's length negotiations between the Company and Philips.

Term and renewal

The Transitional Services Agreement shall commence on the Completion Date and shall continue in force until the last contract period set out in the relevant Transitional Service Level Agreement terminates or expires. The Transitional Service Level Agreement will not have a term of over 3 years.

Termination

The JV Group may terminate any transitional service provide under a Transitional Service Level Agreement by giving to the Philips Group not less than two calendar month's notice in writing (with a few exceptions).

Annual Caps

Set out below is a summary of the Annual Caps for the service fee payable for the transitional services by the JV Group to the Philips Group for each of the financial year ending 31 December 2012 up to and including the financial year ending 31 December 2015:

2012: EUR24.42 million (equivalent to approximately US$34.19 million)
2013: EUR14.90 million (equivalent to approximately US$20.86 million)
2014: EUR4.42 million (equivalent to approximately US$6.19 million)
2015: EUR1.74 million (equivalent to approximately US$2.44 million)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) expected volume of the services to be supplied by the Philips Group; (ii) the pricing of the services; (iii) a buffer for additional services; and (iv) possible change of the Completion Date.

(B) The IT Transitional Service Level Agreement

Pursuant to the Transitional Services Agreement, the IT Transitional Service Level Agreement in respect of the provision of certain transitional IT services by Philips Electronics (as defined below) to JVCo will be entered into at Completion.

Parties

(1) Philips Electronics Nederland B.V. ("**Philips Electronics**")

(2) JVCo

Philips Electronics is principally engaged in the development, manufacturing and sale of electronic products and is ultimately owned by Philips.

Principal terms

Pursuant to the IT Transitional Service Level Agreement, Philips Electronics shall procure the provision of the IT services to JVCo as set out in the IT Transitional Service Level Agreement and additional IT services at JVCo's request.

Pricing

The price for the IT services is a fixed amount of is EUR20.0 million (equivalent to approximately US$28.0 million). Additional IT services shall be charged on terms and fees to be agreed by both parties and based on normal commercial terms, or on terms no less favourable to JVCo than terms available from independent third parties. The prices for the IT services and the additional IT services have been arrived at after arm's length negotiations between the Company and Philips after considering the required IT functions to safeguard the continuity of the Philips Contributed Business, the estimated services for provision of IT application and infrastructure services and historical charges of the IT services to the Philips Contributed Business.

Term and renewal

The IT Transitional Service Level Agreement shall commence on the Completion Date and shall continue in force for one year. If necessary, JVCo may request an extension of the contract period. Subject to the compliance with the Listing Rules as amended from time to time, any extension will be on existing conditions and terms to be agreed by both parties on an arm's length basis and based on normal commercial terms, or on terms no less favourable to JVCo than terms available from independent third parties.

Termination

Unless previously terminated in accordance with the IT Transitional Service Level Agreement or the Transitional Services Agreement, each IT service shall be supplied until expiry of the term of the IT Transitional Service Level Agreement. In deviation of the TSA, JVCo shall be entitled to terminate each IT service on prior notice to Philips, where possible taking into account a notice term of at least 30 calendar days.

Annual Caps

Set out below is a summary of the Annual Cap for the service fee payable for the IT transitional services by the JV Group to the Philips Group for the financial year ending 31 December 2012 up to and including the financial year ending 31 December 2013 during the term of the IT Transitional Service Level Agreement:

2012: EUR24.0 million (equivalent to approximately US$33.6 million)
2013: EUR12.0 million (equivalent to approximately US$16.8 million)

The Annual Cap has been determined by the Directors after taking into account, amongst other things, (i) the fixed fee of EUR20.0 million (equivalent to approximately US$28.0 million) for the IT services as agreed under the IT Services Level Agreement; (ii) a buffer for additional IT services; and (iii) possible change of the Completion Date.

(C) The Remote Control Sale Agreement

Pursuant to the Sale and Purchase Agreement, the Remote Control Sale Agreement in respect of sale of remote control products and other products by Philips Singapore (as defined below) to JVCo will be entered into at Completion.

Parties

(1) Philips Electronics Singapore Pte Ltd ("**Philips Singapore**")

(2) JVCo

Philips Singapore is amongst others the local headquarter and the local sales organisation for all Philips sectors (lighting, healthcare and consumer lifestyle) and is ultimately owned by Philips.

Principal terms

Philips Singapore will sell remote control products and other products to JVCo and will grant a license to JVCo for using remote control products. Any purchase order, PPIA and amendment to the Remote Control Sale Agreement must be negotiated on an arm's length basis and based on normal commercial terms or on terms no more favourable to Philips Singapore than terms available to independent third parties.

Pricing

Prices will be based on delivery free on board Singapore or Shanghai Philips Singapore's manufacturing facility or other facility designated by Philips Singapore. The pricing and payment terms are determined at arm's length basis and based on normal commercial terms, or on terms no less favorable to JVCo than terms available to or from independent third parties taking in consideration the volumes and terms and conditions.

Term and renewal

The Remote Control Sale Agreement shall commence on the Completion Date and shall continue in force for an initial term of three years. Thereafter, subject to the compliance of the Listing Rules, the Remote Control Sale Agreement shall be automatically renewed for additional successive periods of three years each, unless terminated by either party.

Termination

Either party may terminate the Remote Control Sale Agreement by giving six months' prior notice in writing.

Either party may, by written notice to the other party, terminate with immediate effect the Remote Control Sale Agreement if, among other things:

(a) the other party violates or breaches any material term of the Remote Control Sale Agreement; or

(b) any proceedings in insolvency, bankruptcy (including reorganization) liquidation or winding up are instituted against the other party.

Annual Caps

Set out below is a summary of the Annual Caps for the fee payable for the services by the JV Group to Philips Singapore for the financial year ending 31 December 2012 up to and including the financial year ending 31 December 2015 during the term of the Remote Control Sale Agreement:

2012: EUR2.75 million (equivalent to approximately US$3.85 million)
2013: EUR3.30 million (equivalent to approximately US$4.62 million)
2014: EUR3.85 million (equivalent to approximately US$5.39 million)
2015: EUR1.93 million (equivalent to approximately US$2.70 million)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the estimate of the future demand for the Scope Products, which was determined with reference to the historical demand and production trend for the Scope Products; (ii) the historical demand for remote control in respect of the Scope Products; (iii) the pricing trend of the Scope Products and remote control; (iv) additional buffer to cater for possible fluctuation of material costs as a result of possible changes in market conditions; and (v) possible change of the Completion Date.

(VIII) ENTERING INTO OF THE REVERSED AUXILIARY AGREEMENTS

To facilitate the operation of the Philips Contributed Business after Completion, the Philips Group and JVCo will enter into various Reversed Auxiliary Agreements on Completion. Set out below are the details of each of the Reversed Auxiliary Agreements.

(A) The NET TV License and Services Agreement

Pursuant to the Sale and Purchase Agreement, the NET TV License and Services Agreement in respect of provision of services by JVCo to Philips Consumer Lifestyle (as defined below) and its subsidiaries related to the operation, hosting, maintenance and support of the Net TV/Smart TV Portal will be entered into at Completion.

Parties

(1) Philips Consumer Lifestyle B.V. ("**Philips Consumer Lifestyle**")

(2) JVCo

Philips Consumer Lifestyle is principally engaged in manufacturing, developing and selling consumer electronics and health and wellness products and is ultimately owned by Philips.

Principal terms

Under NET TV licensing program, JVCo will grant Philips Consumer Lifestyle a non-exclusive, non-transferable, worldwide, license to use or to have used, under the technology related to NET TV and Smart TV in the devices so that consumers can access the NET TV Portal, the Smart TV Dashboard and to the websites of content service providers.

JVCo shall render services for the operation of the NET TV Portal, the Smart TV and the Smart TV Dashboard so that these are accessible via Internet by the Philips Consumer Lifestyle devices.

JVCo shall put in place an automated partner portal for validating and uploading of applications and electronically contract content service providers. JVCo shall manage the relationship and enter into agreements with content service providers in its own name.

Pricing and financing arrangements

The pricing and payment terms are determined at arm's length basis.

All revenues that may be generated by advertising by Philips Consumer Lifestyle on the Philips Consumer Lifestyle devices shall be shared on an equal basis. This may include revenue shares for user purchase on services and advertising. All revenues generated by the use of applications on Philips' active devices that has connected to the Net TV Service Portal, will be shared as 50% of the net revenues to JVCo and 50% of the net revenues to Philips Consumer Lifestyle. Net revenues generally represent the revenues minus the costs for payment and handling, and specific costs related to the type of service offering.

Philips Consumer Lifestyle shall pay to JVCo for the license to use the NET TV Portal and Smart TV Dashboard from the Completion Date. Parties will agree on the annual costs to be paid by Philips Consumer Lifestyle to JVCo for the managed operations of the service portal, the use of the services and the day to day operations.

Term and renewal

The NET TV License and Services Agreement shall commence on the Completion Date and shall continue in force for an initial term of three years. Thereafter, subject to the compliance with the Listing Rules, the NET TV License and Services Agreement shall be automatically renewed for additional successive periods of one year each, unless terminated by either party.

Termination

Either party may terminate the NET TV License and Services Agreement by giving six months' prior notice in writing as of the end of a calendar year. In case of material breach by a party which, if curable, is not cured within 30 days, the other party shall have the right to terminate NET TV License and Services Agreement.

Annual Caps

Set out below is a summary of the Annual Caps for the fee payable for the services by Philips Consumer Lifestyle to JVCo for each of the financial years ending 31 December 2015 during the term of the NET TV License and Services Agreement:

2012: EUR2.40 million (equivalent to approximately US$3.36 million)
2013: EUR2.90 million (equivalent to approximately US$4.06 million)
2014: EUR3.40 million (equivalent to approximately US$4.76 million)
2015: EUR1.70 million (equivalent to approximately US$2.38 million)

The Annual Caps were determined by the Directors, after taking into account, amongst other things, (i) the Group's estimates of the advertising revenue that may be generated and the sharing percentage under the NET TV License and Services Agreement; (ii) the estimated annual costs to be paid by Philips Consumer Lifestyle to JVCo for the managed operations of the service portal, the use of the services and the day-to-day operations; (iii) additional buffers to cater for possible changes in market conditions; and (iv) the possible change of the Completion Date.

(B) The Online Shop and My Shop Agreement

Pursuant to the Sale and Purchase Agreement, the Online Shop and My Shop Agreement in respect of the sale by TP Vision Netherlands (as defined below) and the purchase by Online Shop and My Shop of various Scope Products as well as other products that may be offered by TP Vision Netherlands from time to time as specified in the Online Shop and My Shop Agreement, will be entered into at Completion. The products will be distributed by Online Shop and My Shop to (i) the current employees of the Philips Group in The Netherlands and other jurisdictions; (ii) the retired Philips persons; and (iii) for certain former Philips employees working for companies which have been spun off and are no longer part of the Philips Group. Employees of the Philips Group located in The Netherlands can purchase with My Shop, and employees located in France, the United Kingdom and Germany can purchase with the Online Shop.

Parties

(1) Philips Consumer Relations B.V. ("**Online Shop**");

(2) Philips Electronics; and

(3) TP Vision Netherlands B.V. ("**TP Vision Netherlands**")

Online Shop is principally engaged in selling consumer products and is ultimately owned by Philips.

As at the date of this Announcement, TP Vision Netherlands does not have any business activities. Upon Completion, TP Vision Netherlands will be a wholly-owned subsidiary of JVCo and will principally engage in the business of, inter alia, the design, development, manufacture and sale of a wide range of televisions on a global basis.

Principal terms

The Online Shop and My Shop Agreement and the terms contained therein apply to and form an integral part of all quotations and offers made by TP Vision Netherlands, all acceptances, acknowledgements or confirmations by TP Vision Netherlands of any orders by Online Shop and Philips Electronics and any agreements regarding the sale by TP Vision Netherlands and purchase by Online Shop and Philips Electronics of different TV products, unless and to the extent the parties to the Online Shop and My Shop Agreement explicitly agrees otherwise in writing. Any amendment must be negotiated on an arm's length basis and based on normal commercial terms or on terms no more favourable to Online Shop and/or Philips Electronics than terms available to independent third parties.

Furthermore, certain special offers will be made by Philips for its customers from time to time and will be done in conjunction with TP Vision Netherlands. TP Vision Netherlands will discuss and agree with Online Shop and Philips Electronics on a regular basis to operate the special offer programs.

Pricing

The sale prices (excluding taxes, duties and similar levies) applicable for the products are set out in the Online Shop and My Shop Agreement. TP Vision Netherlands will add taxes, duties and similar levies to the sale price where TP Vision Netherlands is required or enabled by law to pay or collect them and these will be paid by Online Shop and/or Philips Electronics together with the sale price. The sale prices and payment terms are determined at arm's length basis and on normal commercial terms or on terms no more favourable to Online Shop and/or Philips Electronics than terms available to independent third parties. The principles for the pricing are the following: (i) TP Vision Netherlands, Online Shop and Philips Electronics will have bi-annual price negotiations; (ii) notwithstanding the foregoing TP Vision Netherlands, Online Shop and Philips Electronics shall separately agree on prices for the special offer programs; and (iii) the prices for both (i) and (ii) will be negotiated on an arm's length basis and based on normal commercial terms or on terms no more favourable to Online Shop and/or Philips Electronics than terms available to independent third parties.

Term and renewal

The Online Shop and My Shop Agreement shall commence on the Completion Date and shall continue in force for three years. Thereafter, subject to compliance with the Listing Rules, the Online Shop and My Shop Agreement shall renew automatically for additional successive periods of two years each, unless terminated earlier by either party.

Termination

TP Vision Netherlands may terminate the Online Shop and My Shop Agreement if, among other things, Online Shop and Philips Electronics violate or breach any term of the Online Shop and My Shop Agreement and Online Shop and Philips Electronics after having been notified by TP Vision Netherlands thereof and have not cured the breach within thirty days after such notification.

Annual Caps

Set out below is a summary of the Annual Caps for the sales price payable for by Online Shop and Philips Electronics to TP Vision Netherlands for each of the financial years ending 31 December 2015 during the term of the Online Shop and My Shop Agreement:

2012: EUR6.16 million (equivalent to approximately US$8.62 million)
2013: EUR6.16 million (equivalent to approximately US$8.62 million)
2014: EUR6.16 million (equivalent to approximately US$8.62 million)
2015: EUR3.08 million (equivalent to approximately US$4.31 million)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the Group's estimates for the future demand for the Scope Products, which was determined with reference to the historical and estimated future demand and for the Scope Products; (ii) the pricing trend for the Scope Products; (iii) additional buffers to cater for possible fluctuation of materials costs as a result of possible changes in market conditions; and (iv) the possible change of the Completion Date.

(C) The Brazil Lease Agreement

Pursuant to the Sale and Purchase Agreement, the Brazil Lease Agreement in respect of lease by TP Vision Brazil (as defined below) to Philips Brazil (as defined below) of a commercial property of 8,600 square metres at Avenida Torquato Tapajós, No. 2236, Bairro Flores, municipality of Manaus, Amazonas state, Brazil will be entered into at Completion.

Parties

(1) TP Vision Indústria Eletrônica Ltda. ("**TP Vision Brazil**"), as the lessor; and

(2) Philips Do Brasil Ltda. ("**Philips Brazil**"), as the lessee; and

As at the date of this Announcement, TP Vision Brazil does not have any business activities. Upon Completion, TP Vision Brazil will be a wholly-owned subsidiary of JVCo and will principally engage in the manufacture and trade of televisions in Brazil.

Philips Brazil is principally engaged in the activity of manufacture and trade of light electronic, electric components and appliance products and is ultimately owned by Philips.

Principal terms

Pursuant to the Brazil Lease Agreement, TP Vision Brazil will lease an industrial property in Brazil to Philips Brazil.

Pricing

The lease payment will be R$142,666.67 (equivalent to approximately US$75,613) per month, which shall be adjusted annually by the variation of the general market price index.

During the term of the lease agreement, taxes, utility bills for electricity, phone, water, gas which Philips Brazil incurs or comes to incur shall be borne by TP Vision Brazil. Every month Philips Brazil shall pay TP Vision Brazil an amount related to the services and facilities costs related to the use of the building. Such amount shall be monthly calculated, based on actual expenditure and apportioned among the parties as defined in the Brazil Lease Agreement.

The lease payment and the additional condominium charge were determined with reference to, among other factors, (i) the market rate of the rental in similar area; (ii) the size of the area of the subject commercial property; (iii) the general market price index; and (iv) the actual amount of condominium expenditure incurred by Philips Brazil.

Term and renewal

The Brazil Lease Agreement shall commence on Completion and shall continue in force for 2 years. Thereafter the term of the Brazil Lease Agreement may be extended at the discretion of Philips Brazil for an additional term of 1 year. Subject to the compliance of the Listing Rules, the Brazil Lease Agreement may also be renewed for the same period by mutual agreement between the parties to the Brazil Lease Agreement.

Termination

The Brazil Lease Agreement may be terminated or rescinded before the term of the Brazil Lease Agreement (i) by Philips Brazil in writing in advance of 180 days; (ii) in the event of bankruptcy, insolvency or dissolution of any of party to the Brazil Lease Agreement; and (iii) default of any clauses or conditions of the Brazil Lease Agreement by either party to the Brazil Lease Agreement.

Annual Caps

Set out below is a summary of the Annual Caps for the rental and additional condominium charge payable for the lease by Philips Brazil to TP Vision Brazil for each of the financial years ending 31 December 2013 during the term of the Brazil Lease Agreement:

2012: EUR1.97 million (equivalent to approximately US$2.76 million)
2013: EUR2.26 million (equivalent to approximately US$3.16 million)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the monthly rental payment as agreed in the Brazil Lease Agreement; (ii) the duration, including the possible extension, of the Brazil Lease Agreement; (iii) the projected inflation rate; (iv) potential changes in the exchange rate; and (v) a buffer for additional condominium expenditure incurred.

(D) Amendment to the Dixtal Lease Agreement

The Dixtal Lease Agreement in respect of the lease by Philips Brazil to Dixtal (as defined below) of an industrial building of 2,880 square metres at Avenida Torquato Tapajós, No. 2236, Bairro Flores, municipality of Manaus, Amazonas state, Brazil ("**Manaus Manufacturing Plant**") was entered into on 22 September 2009.

Pursuant to the Disentanglement, TP Vision Brazil will become owner of the Manaus Manufacturing Plant at Completion. As such, TP Vision Brazil will enter into an amendment agreement to the Dixtal Lease Agreement with Philips Brazil and Dixtal as follows:

Parties

(1) TP Vision Brazil, as the landlord,

(2) Philips Brazil, as the original lessor; and

(3) Dixtal Biomédica Indústria e Comércio Ltda. ("**Dixtal**"), as the lessee

Dixtal is principally engaged in health care activities and is ultimately owned by Philips.

Principal terms

Pursuant to the Amendment to the Dixtal Lease Agreement, TP Vision Brazil will replace Philips Brazil in the Dixtal Lease Agreement and will continue to lease part of the Manus Manufacturing Plant to Dixtal.

Pricing

The lease payment is R$27,014.4 (equivalent to approximately US$14,318) per month, which shall be adjusted annually by the variation of the general market price index, and additional condominium charge based on defined pro-rating keys. The lease payment and the additional condominium charge were determined with reference to, among other factors, (i) the monthly rental payment as agreed in the

Amendment to the Dixtal Lease Agreement (ii) the market rate of the rental in similar area; (iii) the size of the area of the property, (iv) the general market price index; and (v) the actual amount of condominium expenditure incurred by Dixtal.

Term and renewal

The Dixtal Lease Agreement commenced on 1 August 2009 and will expire as of 31 August 2014.

Termination

The Dixtal Lease Agreement may be terminated or ended prior to the term (i) by both parties in writing in advance of 180 days; (ii) in the event of bankruptcy, insolvency or dissolution of either party; and (iii) default of any clauses or conditions of the Dixtal Lease Agreement by either party.

Annual Caps

Set out below is a summary of the Annual Caps for the rental and additional condominium charge payable for the lease by Philips Amazon to Dixtal for each of the financial years ending 31 December 2014 during the term of the Dixtal Lease Agreement:

2012: EUR237,000 (equivalent to approximately US$332,000)
2013: EUR272,000 (equivalent to approximately US$381,000)
2014: EUR209,000 (equivalent to approximately US$293,000)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the monthly rental payment and the additional condominium charge as agreed in the Amendment to the Dixtal Lease Agreement; (ii) the duration of the Dixtal Lease Agreement; (iii) the estimated inflation rate; and (iv) potential changes in the exchange rate.

(E) The Hungary Lease and Service Agreement

Pursuant to the Sale and Purchase Agreement, the Hungary Lease and Service Agreement in respect of lease of a factory building and provision of services in the factory building will be entered into between by TP Vision Hungary (as defined below), as the lessor and services provider, and Philips Hungary (as defined below) as the lessee and services receiver upon Completion.

Parties

(1) TP Vision Hungary Ltd. ("**TP Vision Hungary**"); and

(2) Philips Ltd. ("**Philips Hungary**")

As at the date of this Announcement, TP Vision Hungary does not have any business activities. Upon Completion, TP Vision Hungary will be a wholly-owned subsidiary of JVCo and will principally engage in assembly of consumer products.

Philips Hungary is principally engaged in assembly of several consumer products and is ultimately owned by Philips.

Principal terms

Pursuant to the Hungary Lease and Service Agreement, TP Vision Hungary will lease a factory building located at 8000 Székesfehérvár, Holland fasor 6., Szekesfehervar, Hungary to Philips Hungary. Furthermore, TP Vision Hungary will also provide services to Philips Hungary comprising (i) the site area for production and warehousing including infrastructure, canteen; (ii) supply chain management including procurement and planning; (iii) human resources, including direct labour management; (iv) quality management including supplier quality management, process quality management; (v) finance and controlling; and (vi) blistering or production activity.

Pricing

The total service fee for lease and the services will be EUR468,750 (equivalent to approximately US$656,250) for 3 months.

The costs of services not covered in the Hungary Lease and Service Agreement will be agreed by both parties at arm's length basis and based on normal commercial terms, or on terms no more favourable to Philips Hungary than terms available to independent third parties.

Term and extension

The Hungary Lease and Service Agreement shall commence on the Completion Date and end on 31 March 2012. Philips Hungary is entitled to prolong the term of the Hungary Lease and Service Agreement with subsequent periods of one month but in no event the Hungary Lease and Service Agreement be valid after 30 June 2012 unless agreed differently and subject to compliance with the Listing Rules. In the event that the Completion Date is beyond the last date of the term of the Hungary Lease and Service Agreement, the Hungary Lease and Service Agreement will take effect.

Annual Caps

The Annual Cap for the fee payable by Philips Hungary to TP Vision Hungary pursuant to the Hungary Lease and Service Agreement for the financial years ending 31 December 2012 will be EUR1.04 million (equivalent to approximately US$1.46 million). The Annual Caps was determined by the Directors, after taking into account, amongst other things, (i) the lease payment as agreed in the Hungary Lease Agreement; (ii) duration and possible extension of the Hungary Lease Agreement; and (iii) a buffer for potential additional services costs.

(F) The Tax Audit Service Agreement

Pursuant to the Sale and Purchase Agreement, the Tax Audit Service Agreement in respect of the provision of various services in relation to tax audits with respect to Philips will be entered into at Completion.

Parties

(1) TP Vision Hungary

(2) Philips Hungary

Principal terms

Pursuant to the Tax Audit Service Agreement, TP Vision Hungary will provide to Philips Hungary various services in relation to tax audits with respect to Philips, including (i) accounting and financial support for tax audits; (ii) data retrieval and archiving support; (iii) support internal and external groups with timely submission and/or documentation and answers to inquiries on historical transactions and or business operations; and (iv) assist with historical data in preparation for any filing requirement.

Pricing

The services to be provided under the Tax Audit Service Agreement will be charged at an hourly rate and based on the number of hours spent by TP Vision Hungary to deliver the services with a maximum of EUR100,000 (equivalent to approximately US$140,000) per annum. The service fees have been arrived at after arm's length negotiations between the Company and Philips.

The costs of services not covered in the Tax Audit Service Agreement will be agreed by both parties at arm's length basis and based on normal commercial terms, or on terms no more favourable to Philips Hungary than terms available to independent third parties.

Term and renewal

The Tax Audit Service Agreement shall commence on the Completion Date and shall continue in force until 31 March 2013 or completion of the services, whichever is earlier.

Annual Caps

Set out below is a summary of the Annual Caps for the fee payable for the services by Philips Hungary to TP Vision Hungary for each of the financial years ending 31 December 2013 during the term of the Tax Audit Service Agreement:

2012: EUR100,000 (equivalent to approximately US$140,000)
2013: EUR100,000 (equivalent to approximately US$140,000)

The Annual Caps were determined by the Directors after taking into account, amongst other things, (i) the expected number of hours required for and the agreed hourly rate of the services under the Tax Audit Service Agreement; and (ii) a buffer for potential additional services costs.

(IX) THE EXISTING PHILIPS TRANSACTION

Reference is made to the announcement of the Company dated 29 September 2010 in relation to, among other things, the 2010 Trademark License Agreement. As mentioned in the aforesaid announcement, the Group would conduct a continuing connected transaction with the Philips Group. It is expected that the Group will continue to carry out such transaction with Philips upon Completion. Details of the Existing Philips Transaction are set out below.

The 2010 Trademark License Agreement

Introduction

On 29 September 2010, the Company, AOC and Philips entered into the 2010 Trademark License Agreement which Philips will grant to AOC and its affiliates an exclusive right and license to use certain Philips trademarks (i.e. the word mark "Philips" and the Philips Shield Emblem) on certain TVs in the PRC and on related promotional materials.

Date

29 September 2010

Parties

(1) Philips, as the licensor

(2) AOC, as the licensee

(3) the Company, as guarantor

AOC is principally engaged in investment holding and a wholly-owned subsidiary of the Company.

Principal terms

Philips has agreed to grant to AOC and its affiliates an exclusive right and license to use certain Philips trademarks (i.e. the word mark "Philips" and the Philips Shield Emblem) on certain TVs and related promotional materials in the PRC. The Company has agreed to guarantee the obligations of AOC and its affiliates under the 2010 Trademark License Agreement.

The scope products, being certain TVs, shall be manufactured only by AOC and its affiliates, or for AOC by those manufacturers as set out in the 2010 Trademark License Agreement or as may be approved by Philips from time to time.

The effective time of the 2010 Trademark License Agreement is the time of completion of the transfer of TV sales and distribution business in the PRC by Philips to AOC (the "**PRC TV Transfer**"), i.e. at 24:00 on 31 December 2010.

Royalty payable

Under the 2010 Trademark License Agreement, AOC agreed to pay royalty on an annual basis, which is based on certain percentage of the turnover of the scope products which ranges from 2.5% to 3.0% based on a sliding scale of turnover of the scope products. AOC is required to pay a guaranteed minimum annual royalty of EUR6.8 million (equivalent to approximately US$9.5 million) under the 2010 Trademark License Agreement. The royalty payments are to be made in arrears every three months until the expiry or earlier termination (pro-rated accordingly) of the 2010 Trademark License Agreement.

The royalty has been arrived at after arm's length negotiations among AOC, the Company and Philips with reference to trademark license arrangements of a similar nature. The minimum annual royalty has also been agreed based on arm's length negotiations with reference to the historical revenue trend of the scope products.

Terms and renewal

The 2010 Trademark License Agreement will have a term of five years as from the time of completion, i.e. at 24:00 on 31 December 2010. As soon as practicable after the fourth anniversary of the date of completion of the PRC TV Transfer, subject to AOC meeting certain agreed key performance indicators, Philips and AOC will enter into good faith negotiations on an exclusive basis as to the terms of an extension or renewal of the 2010 Trademark License Agreement.

Termination

Under the 2010 Trademark License Agreement, both AOC and Philips have a right to terminate by giving three months' written notice to the other upon the occurrence of certain events. In addition, Philips has further rights to terminate by giving 12 months' written notice after the second anniversary of the 2010 Trademark License Agreement if certain changes occur within Philips' TV business in Europe and Philips is required to pay AOC certain specified compensation if it exercises such early termination right.

Reasons for and the benefits of the 2010 Trademark License Agreement

It is considered that Philips trademarks (i.e. the word mark "Philips" and the Philips Shield Emblem) are among the most renowned brands for televisions in the world. The entering into of the 2010 Trademark License Agreement offers a valuable opportunity for the Company to strengthen its leadership in the display industry in the PRC as well as being a significant step towards its strategy of diversifying into downstream operations. The then Directors consider the terms of the 2010 Trademark License Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(X) INFORMATION ON THE GROUP

The Group is a leading display solutions provider. The Group designs and produces a full range of PC Monitors and LCD TVs on ODM basis for its distribution worldwide. The Group's products add value to customers through cost leadership, timely delivery and superior quality. Today, the Group is the world's largest PC monitor manufacturer and ODM LCD TV maker in terms of unit shipments. The Company is listed on both Hong Kong and Singapore stock exchanges.

(XI) INFORMATION ON PHILIPS

Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is a diversified health and well-being company, focused on improving people's lives through timely innovations. As a world leader in healthcare, lifestyle and lighting, Philips integrates technologies and design into people-centric solutions, based on fundamental customer insights and the brand promise of "sense and simplicity". Headquartered in the Netherlands, Philips employs over 120,000 employees in more than 100 countries worldwide. With sales of EUR22.3 billion (equivalent to approximately US$31.2 billion) in 2010, the company is a market leader in cardiac care, acute care and home healthcare, energy efficient lighting solutions and new lighting applications, as well as lifestyle products for personal well-being and pleasure with strong leadership positions in male shaving and grooming, portable entertainment and oral healthcare.

(XII) REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

It is believed that the entering into of the Proposed Transactions will have the following benefits:

Solidifying a leading position in LCD TV market

The global demand for LCD TVs continues to grow at double-digit rate attributable to the strong growth in the emerging markets including China, the stable replacement and upgrade demand in Europe and the US, and the fast-changing TV technologies. The 2011 global LCD TVs' shipping volume is expected to reach approximately 211 million units, up by 16% when compared with approximately 182 million units in 2010. The acquisition of the Philips Contributed Business represents a long term strategy of the Group to become a leading global LCD TV manufacturer. Together with the acquisitions of Philips' LCD TVs business in the PRC last year and the monitors business in 2009, this transaction enables the Group to strengthen its long term strategic relationship with Philips.

Continuing development needs of the Group

The Group is a leading monitor and television producer in the world. It commands leadership in product development, manufacturing and cost control. Its scale is backed up by an enhanced supply chain and back-end integration well-recognized in the industry. With Philips brand, innovation and development capabilities, the Group will be better placed to compete with leading Japanese and Korean brands in the future. The transaction will enable the Company to build on its strong fundamentals with a reputable brand with global market presence.

Economies of scale and creation of synergies

With the acquisition of the Philips Contributed Business, the Group will increase market share in LCD TVs production and this will enhance the Group's cost effectiveness by centralizing procurement of components, streamlining the sales channels and increasing research and development efficiencies. Costs savings are expected to arise from improvement in economies of scale in procurement of components given the increased volumes contributed by the Philips Contributed Business. The benefits of increased scale will be further enhanced by sharing best practices, consolidating vendor lists and increasing common product platforms and product line realignment between the Group's business and that of the Philips Contributed Business. The Acquisition enables the Company to have a well established sales and distribution network without significant set up costs.

Stronger research and development

The Philips Contributed Business includes research and development organization in Eindhoven, Bruges, Singapore and Bangalore, including highly skilled and experienced research and development staff teams. This will complement and enhance the Group's current research and development strengths and technological capabilities in TVs and TV products.

Enhanced product portfolio

The Acquisition provides the Group with a more comprehensive and innovative product range to address high-end market segment which will enhance the Group's overall product delivery.

As integral parts to facilitate the Proposed Transaction, the entering into of the Auxiliary Agreements and the Reversed Auxiliary Agreements is premised on the extent that certain operational activities could not be organised on a timely and an independent manner by either the JV Group or the Philips Group prior to and after Completion (the "**Transitional Period**"), Philips or its members will in principle provide certain transitional services to JVCo or its members (or vice versa) to enable each party to carry out these operational activities during the Transitional Period. It is expected that after the Transitional Period, each party will be able to maintain independent operational and management structures to organise their operational activities independently.

The Board (including the independent non-executive Directors) considers that the terms of the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement and the Funding Documents are fair and reasonable and on normal commercial terms following arm's length negotiations between the parties, and the entering into of the transactions contemplated under the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement and the Funding Documents is in the interests of the Company and the Shareholders as a whole.

The Board (excluding the independent non-executive Directors who will form their views upon receiving the advice from Somerley) considers that the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the Annual Caps are fair and reasonable and on normal commercial terms following arm's length negotiations between the parties, and the entering into of the transactions contemplated under the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements is in the interests of the Company and the Shareholders as a whole.

Save for Mr. Robert Theodoor Smits who is an employee of Philips, (i) none of the Directors has any material interest in the transactions contemplated under the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement, the Trademark License Agreement, the Secondary Trademark License Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements; and (ii) none of them was required to abstain from voting on the board resolution in respect of the approving the aforesaid transactions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Robert Theodoor Smits has no shareholding in the Company as at the date of this announcement.

(XIII) LISTING RULES IMPLICATIONS

The Acquisition and the Philips Put Options

As the consideration for the Acquisition and the Philips Put Options cannot be determined at this stage, the acquisition of a 70% equity interest in JVCo by Company from Philips and the acquisition of the remaining 30% equity interest in JVCo by the Company from Philips through the exercise of any of the Philips Put Options constitutes a very substantial acquisition and a possible very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition and the granting of the Philips Put Options are therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under the Bridge Facility, which is revolving in nature, the amounts advanced by Philips to JVCo will constitute the provision of financial assistance by a connected person, and will therefore constitute a continuing connected transaction under Chapter 14A of the Listing Rules. As the terms of the aforesaid financial assistance is on normal commercial terms where no security over the assets of the Company is granted in respect of the financial assistance, the financial assistance is exempt from reporting, announcement and independent shareholders' approval under the Listing Rules.

The entering into of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements

Immediately upon Completion, Philips will hold a 30% equity interest in JVCo and will become a connected person of the Company by virtue of being a substantial shareholder of JVCo. Each of Philips Electronics, Philips Singapore, Philips Consumer Lifestyle, Online Shop, Philips Brazil, Dixtal and Philips Hungary are wholly-owned subsidiaries of Philips. The transactions contemplated under the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder will therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios of the Annual Caps are more than 5%, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Philips and its associates will abstain from voting in respect of the resolution(s) approving the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder at the SGM.

The Existing Philips Transaction

As Philips will become a connected person of the Company immediately upon Completion, the Existing Philips Transaction has become a continuing connected transaction for the Company and therefore the Company is required to comply with the reporting, annual review and disclosure requirements pursuant to Rule 14A.41 of the Listing Rules.

The Independent Board Committee and the circular

The Independent Board Committee comprising all of the three independent non-executive Directors, namely Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung, has been constituted to advise the Independent Shareholders as regards the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder and including the Annual Caps. Somerley has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements, the Reversed Auxiliary Agreements, the Funding Documents and the transactions contemplated thereunder; (ii) the accountants' reports on the Philips Contributed Business to be directly and indirectly held by JVCo; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the recommendation of the Independent Board Committee regarding the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder and including the Annual Caps; (v) the advice of Somerley regarding the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements and the transactions contemplated thereunder and including the Annual Caps; and (vi) notice of the SGM, is expected to be despatched to the Shareholders on or before 31 December 2011 as additional time is required for the preparation of the financial and other information on JVCo and the Enlarged Group.

(XIV) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 2 November 2011 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 10 November 2011.

(XV) WARNING

Completion is subject to the satisfaction and/or waiver of the conditions precedent to the Sale and Purchase Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(XVI) DEFINITIONS

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

"2010 Trademark License Agreement"	:	an agreement dated 29 September 2010 entered into between Philips, AOC and the Company for granting to AOC and its affiliates an exclusive right and license to use the certain Philips trademarks on certain TVs and related promotional materials in the PRC
"3D Patents"	:	patents that enable an auto-stereoscopic three-dimensional viewing experience (glasses-free three-dimensional)
"Acquisition"	:	the proposed acquisition by the Company of a 70% equity interest in JVCo from Philips pursuant to the terms and conditions of the Sale and Purchase Agreement
"acting in concert"	:	has the meaning ascribed to it under the Takeovers Code
"Annual Cap(s)"	:	the maximum annual aggregate value(s) for the transaction contemplated under the Trademark License Agreement (including the consumer care service for the Scope Products sold prior to Completion), the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Transitional Services Agreement, the IT Transitional Service Level Agreement, the Remote Control Sale Agreement, the NET TV License and Services Agreement, the Online Shop and My Shop Agreement, the Brazil Lease Agreement, the Dixtal Lease Agreement, the Hungary Lease and Service Agreement and the Tax Audit Service Agreement for the period from the date of Completion to 31 December of various years as set out in this announcement
"AOC"	:	AOC Holdings Limited, a wholly-owned subsidiary of the Company
"Argentina JV"	:	Fabrica Austral de Productos Eléctricos S.A., a company incorporated in Argentina, which will be owned as to 63.4% by JVCo and 36.6% by Philips Argentina immediately upon Completion (subject to adjustment)
"Argentina JV Shareholders Agreement"	:	the agreement to be entered into at Completion among JVCo, Philips Argentina S.A., the Argentina JV and Philips in respect of, among other things, the relationship of the shareholders of the Argentina JV
"associate(s)"	:	has the meaning ascribed to it under the Listing Rules

"Assumed Employees"	:	those persons proposed to be employed by the JV Group at Completion pursuant to the Disentanglement
"Auxiliary Agreements"	:	collectively, the Transitional Services Agreement, the IT Transitional Service Level Agreement and the Remote Control Sale Agreement
"Board"	:	the board of Directors
"Brazil Lease Agreement"	:	an agreement to be entered into at Completion between TP Vision Indústria Eletrônica Ltda., a wholly-owned of JVCo, and Philips Do Brasil Ltda., which is ultimately owned by Philips, in respect of lease by TP Vision Indústria Eletrônica Ltda. to Philips Do Brasil Ltda. of a commercial property in Brazil
"Bridge Facility"	:	the revolving facility in the amount of EUR100 million (equivalent to approximately US$140 million) to be provided by Philips (or its nominees) to JVCo at Completion
"CEC"	:	China Electronic Corporation, a state-owned company incorporated in the PRC, being the ultimate parent of the Company
"CEC Group"	:	CEC and its subsidiaries from time to time
"Completion"	:	completion of the Acquisition
"Completion Date"	:	date of Completion
"Company"	:	TPV Technology Limited, a company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the main board of the Hong Kong Stock Exchange and secondarily listed on the Singapore Stock Exchange
"connected person(s)"	:	has the meaning ascribed to it under the Listing Rules
"Consumer Care"	:	the after sales service and support as set out in the Trademark License Agreement
"CRT"	:	cathode ray tube
"Deferred Purchase Price"	:	an amount equal to 70% of JV Group's average audited consolidated EBIT in each financial year commencing from (and including) the year ended 31 December 2012 to (and including) the Last Year multiplied by four, provided that, if the above calculation results in a negative number, then the Deferred Purchase Price is deemed to be zero
"Director(s)"	:	the directors of the Company from time to time

"Disentanglement"	:	all the steps which are necessary to be carried out by Philips or a relevant member of the Philips Group in order to transfer the Philips Contributed Business to the JV Group (including, for the avoidance of doubt, the joint venture arrangement with respect to the Argentina JV and related "spin off" as contemplated under the Argentina JV Shareholders Agreement)
"Dixtal Lease Agreement"	:	an agreement dated 22 September 2009 entered into between Philips Brazil, and Dixtal, which is ultimately owned by Philips
"EBIT"	:	earnings before interest and taxes and adjusted pursuant to the terms of the Sale and Purchase Agreement
"Enlarged Group"	:	the Group as enlarged by the Acquisition
"EUR"	:	the euro as defined in Council Regulation (EC) No. 1103/97 of 17 June 1997
"Existing Philips Transaction"	:	the existing continuing connected transaction with Philips contemplated under the 2010 Trademark License Agreement
"Funding Documents"	:	the loan agreements for each of the Bridge Facility, the Shareholder Loan and the TPV Loan to be entered into by the relevant parties at Completion
"Group"	:	the Company and its subsidiaries from time to time
"GWSZ"	:	China Great Wall Computer Shenzhen Company Limited (中國長城計算機深圳股份有限公司), a company incorporated in the PRC, whose shares are listed on the Shenzhen Stock Exchange
"GWT"	:	Great Wall Technology Company Limited (長城科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose shares are listed on the Hong Kong Stock Exchange
"Hong Kong"	:	Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Hungary Lease and Service Agreement"	:	an agreement to be entered into at Completion between TP Vision Hungary and Philips Hungary in respect of lease of a factory building and provision of services in the factory building by TP Vision Hungary to Philips Hungary

"Independent Board Committee"	:	an independent committee of the board of Directors comprising all independent non-executive Directors, namely Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung
"Independent Shareholders"	:	Shareholders except for Philips, its associates and those Shareholders required to abstain from voting on relevant matters pursuant to the Listing Rules
"Intellectual Property Agreement"	:	an agreement to be entered into at Completion between Philips and JVCo relating to the transfer, license or non-assert of certain Intellectual Property Rights relating to the Scope Products
"Intellectual Property Right"	:	all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, logos and slogans, inventions, formulae, copyrights and copyright rights, trade dress, business and product names, logos, slogans, trade secrets, industrial models, processes, designs, plans, proposals, methodologies, computer programs (including all source codes) and related documentation, technical data and information, manufacturing, engineering and technical drawings, know-how design rights, all pending applications for and registrations of any of the foregoing and rights to apply for such registrations
"IT"	:	information technology
"IT Transitional Service Level Agreement"	:	an agreement to be entered into at Completion between Philips Electronics and JVCo relating to the provision of information technology services by Philips Electronics to JVCo
"JVCo"	:	T.P. Vision Holding B.V., a company incorporated in the Netherlands with limited liability which, immediately prior to Completion, will own and control the Philips Contributed Business directly or indirectly through local subsidiaries
"JV Group"	:	JV Co and its subsidiaries from time to time
"JVCo Sale Shares"	:	70% of the issued shares in the share capital of JVCo as at Completion Date
"Last Year"	:	the later of (a) 2014 and (b) the last completed financial year prior to the date on which Philips gives notice in writing to MMD of its election to receive the Deferred Purchase Price

"LCD"	:	liquid crystal display
"Licensed Patents"	:	any patents other than the Transfer Patents which are owned and/or controlled by Philips as of the Completion Date, which are entitled to the benefit of a filing date prior to the Completion Date and for which Philips has the free right to grant licenses, all to the extent used or intended to be used, at Completion, in commercially released Scope Products (either current or under development) of the Philips Contributed Business, but in any case excluding any 3D Patents
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Mitsui"	:	Mitsui & Co., Ltd.
"MMD"	:	Coöperatie MMD Meridian U.A., a cooperative established in the Netherlands with limited liability, being a wholly-owned subsidiary of the Company
"Monitor"	:	a display device primarily intended for connecting to a PC via wired or wireless means and having a screen size between thirteen (13") and twenty-three (23") inches
"Net TV"	:	the access by a hardware devices of Philips of the NET TV Portal using the NET TV or other use by a hardware devices of Philips of the NET TV Technology pursuant to which such hardware devices of Philips can use or access an application
"Net TV License and Services Agreement"	:	an agreement to be entered into at Completion between Philips Consumer Lifestyle B.V. and JVCo relating to the provision of Net TV Services by JVCo to the Philips Group
"Net TV Portal"	:	a website, such as the website currently operated by Philips under the name the Net TV Portal, but to be further designed, hosted and maintained as of Completion by JVCo or any of its subcontractors or members of the JV Group, providing access to various entertainment and information apps for the Scope Products
"Net TV Services"	:	services related to the operation, hosting, maintenance and support of the Net TV Portal
"Net TV Technology"	:	the software development kit and all intellectual property rights, documents, know how and information, related to NET TV and Smart TV

"Non-Exclusive Contracts"	:	those contracts to which a member of the Philips Group is a party which relate in part to, or are used in part by, the Philips Contributed Business
"ODM"	:	original design manufacturer
"OEM"	:	original equipment manufacturer
"Online Shop and My Shop Agreement"	:	an agreement to be entered into at Completion amongst Philips Consumer Relations B.V., Philips Electronics Nederland B.V. and JVCo in respect of the sale by JVCo and purchase by Philips Consumer Relations B.V. and Philips Electronics Nederland B.V. of various TV products as well as other products that may be offered by JVCo from time to time as specified in the agreement
"PC"	:	personal computer
"Philips"	:	Koninklijke Philips Electronics N.V., a public limited liability company incorporated in the Netherlands, the shares of which are listed on NYSE Euronext
"Philips Brand"	:	any product brand represented by or associated with the Philips Trademark
"Philips Business"	:	the entire business of the product management, innovation and development, manufacturing, operation, marketing, sale and distribution of the Scope Products as carried on by the Philips Group under the Philips Trademarks immediately prior to Completion, but excluding the marketing, sale and distribution of the Scope Products under the Philips Trademarks carried on by those third parties having received a license from Philips under certain Philips trademarks
"Philips Contracts"	:	(i) a list of the key contracts set out in the Sale and Purchase Agreement; (ii) all other contracts to which any member of the Philips Group is a party entered into before the date of the Sale and Purchase Agreement in the course of conducting the Philips Business, except for any Non-Exclusive Contracts; and (iii) the contracts entered into by any member of the Philips Group or any member of the JV Group in the course of conducting the Philips Business between the date of the Sale and Purchase Agreement and the Completion Date, except for any Non-Exclusive Contracts, which are not fully performed as at the Completion Date or which have not been terminated without any further rights or obligations as at the Completion Date

"Philips Contributed Business"	:	the Philips Business including (i) all of the rights and assets of the Philips Group fully or partly dedicated to the Philips Business to be reorganised pursuant to the Disentanglement and to be contributed by the Philips Group to the JV Group pursuant to the Disentanglement, including the Philips Contracts and the Non-Exclusive Contracts, to the extent such contracts relate to the Philips Contributed Business; (ii) the Intellectual Property Rights owned by the Philips Group which will be licensed or transferred to the JV Group pursuant to the Intellectual Property Agreement and the Trademark License Agreements; (iii) the Assumed Employees; (iv) all liabilities related to any Philips Contracts subsisting at Completion and arising in respect of matters to be performed after Completion, but excluding, amongst others, (v) any litigation and claims related to the Philips Business before Completion; (vi) the Philips Receivables; and (vii) liabilities in relation to any Non-Exclusive Contract, to the extent that such contract does not relate to the Philips Business
"Philips Control Put Option"	:	an option granted, pursuant to the Shareholders Agreement, pursuant to which Philips shall have the right to sell and transfer all, and not less than all, of its shares of JVCo to MMD, in the event of the occurrence of the TPV Change of Control as set out in sub-paragraph headed "**Philips Control Put Option**" under the paragraph headed "**Principal Terms**" in the section headed "**(III) The entering into of the Shareholders Agreement**" above in this announcement
"Philips Exit Put Option"	:	an option granted, pursuant to the Shareholders Agreement, pursuant to which Philips shall have the right to sell and transfer all, and not less than all, of its shares in JVCo to MMD
"Philips Group"	:	Philips and its subsidiaries from time to time
"Philips Payables"	:	the amounts owed by Philips or the relevant members of the Philips Group as at the Completion Date in respect of the Philips Business prior to the Completion Date
"Philips Put Options"	:	the Philips Exit Put Option, the Philips Control Put Option and the Philips Default Put Option
"Philips Receivables"	:	all receivables and other amounts owing to Philips or relevant members of the Philips Group as at the Completion Date in respect of the Philips Business prior to the Completion Date
"Philips Secondary Trademarks"	:	the trademarks of "ARISTONA", "ERRES", "PYE", "RADIOLA", "SCHNEIDER" and "SIERA"

"Philips Trademarks"	:	the word mark "Philips", the Philips shield emblem, the Ambilight mark and the word mark "Sense and Simplicity"
"PRC" or "China"	:	the People's Republic of China, and for the purpose of this announcement, specifically excluded Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Proposed Transaction"	:	the Sales and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreement, the Reversed Auxiliary Agreement, the Funding Documents and the transactions contemplated thereunder
"Remote Control Sale Agreement"	:	an agreement to be entered into at Completion between Philips Electronics Singapore Pte Ltd and JVCo relating to sale of remote control products and other products and granting of license of using remote control products by Philips Electronics Singapore Pte Ltd to JVCo
"Reversed Auxiliary Agreements"	:	collectively, the NET TV License and Services Agreement, the Online Shop and My Shop Agreement, the Brazil Lease Agreement, the Dixtal Lease Agreement, the Hungary Lease and Service Agreement and the Tax Audit Service Agreement
"R$"	:	Real, the lawful currency of Brazil
"Sale and Purchase Agreement"	:	the agreement dated 1 November 2011 entered into between the Company, MMD, Philips and JVCo in respect of the Acquisition
"Scope Products"	:	TVs but excluding: (i) any display product for exclusively displaying information, advertising and the like to the general public; (ii) any display product for use in combination with medical systems; (iii) any display product for automotive use; (iv) any display product that is a hand-held or portable device with a screen size of less than 15 inch; or (v) any display product primarily intended for being connected to and displaying signals originating from PCs

"Secondary Trademark Scope Products"	:	TVs and remote control devices (including remote control devices with a display) bundled with TVs (meaning sold, distributed and/or marketed with the TV inside the packaging of the TV) bearing the Philips Secondary Trademarks, including replacements of such remote control devices, but excluding: (i) any display product for exclusively displaying information, advertising and the like to the general public; (ii) any display product for use in combination with medical systems; (iii) any display product for automotive use; (iv) any display product that is a hand-held or portable device with a screen size of less than 15 inch; or (v) any display product primarily intended for being connected to and displaying signals originating from PCs
"Secondary Trademark License Agreement"	:	the agreement to be entered into at Completion between Philips and JVCo in respect of the grant by Philips to JVCo and certain of its affiliates an exclusive trademark license in respect of the Philips Secondary Trademarks under which JVCo and certain of its affiliates may design, manufacture, source, sell, distribute and market Scope Products in the Territory
"Smart TV"	:	the Philips consumer branded feature that includes NET TV and the Philips consumer branded function for sharing content between certain devices and applications for personal computer, smartphone and tablets and TV-only features for advanced programming of the TV and news way to control the Smart TV enabled device
"Smart TV Dashboard"	:	the Smart TV start-up screen that provides an integrated user experienced combining the various Smart TV elements
"SGM"	:	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement, the Shareholders Agreement, the Argentina JV Shareholders Agreement, the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements, the Reversed Auxiliary Agreements, the Funding Documents, and the respective transactions contemplated thereunder and the Annual Caps
"Share(s)"	:	ordinary shares of US$0.01 each in the share capital of the Company

"Shareholder Loan"	:	the term loan in the total amount of EUR170 million (equivalent to approximately US$238 million) to be provided by Philips (or its nominees) and MMD (or its nominees) to JVCo at Completion
"Shareholder(s)"	:	holder(s) of Share(s)
"Shareholders Agreement"	:	the agreement to be entered into at Completion between Philips, the Company, MMD and JVCo in respect of, among other things, the corporate governance arrangements of JVCo, restrictions on transfer of JVCo shares and the Philips Put Options
"Singapore Stock Exchange"	:	Singapore Exchange Securities Trading Limited
"Somerley"	:	Somerley Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Trademark License Agreement, the Secondary Trademark License Agreement, the Intellectual Property Agreement, the Auxiliary Agreements and the Reversed Auxiliary Agreements, and the transactions contemplated thereunder (including the relevant Annual Caps)
"substantial shareholder(s)"	:	has the meaning ascribed to it in the Listing Rules
"Takeovers Code"	:	The Hong Kong Code on Takeovers and Mergers
"Tax Audit Service Agreement"	:	an agreement to be entered into at Completion between TP Vision Hungary and Philips in respect of various services in relation to tax audits with respect to Philips
"Territory"	:	worldwide, with the exception of the PRC, India, the US, Canada, Mexico and South America (with the exception of Brazil, Uruguay and Paraguay which will be included in the Territory and Argentina where a non-exclusive trademark license will be granted by Philips to the JV Group pursuant to the Trademark License Agreement)

"Term Sheet"	:	the term sheet dated 17 April 2011 between the Company and Philips relating to, among other things, the Acquisition, the granting of the Philips Put Options, the entering into of the Trademark License Agreement and the Auxiliary Agreements and the transactions contemplated thereunder
"TPV Loan"	:	the term loan in the total amount of EUR100 million (equivalent to approximately US$140 million) to be provided by Philips (or its nominees) to the Company (or its nominees) at Completion
"Trademark License Agreement"	:	the agreement to be entered into at Completion between Philips and JVCo in respect of the grant by Philips to JVCo and certain of its affiliates an exclusive trademark license under which JVCo and certain of its affiliates may design, manufacture, source, sell, distribute and market Philips-branded Scope Products in the Territory
"Transfer Patents"	:	certain patents or inventions owned by Philips and/or its members which are solely used within the Philips Contributed Business as of the Completion Date and which are not incorporated in a licensing program of Philips to third parties (excluding 3D Patents)
"Transitional Services Agreement"	:	the agreement to be entered into at Completion between Philips and JVCo in respect of the provision of certain transitional services by the Philips Group to the JV Group
"Transitional Service Level Agreements"	:	the transitional service level agreements in relation to the provision of services pursuant to the Transitional Services Agreement in effect as of Completion
"Turnover"	:	the number of the Scope Products invoiced or shipped by the JV Group times the relevant net selling price of the Scope Products
"TV"	:	electronic devices with a display primarily intended for displaying television signals receivable via off-air television transmissions, via cable, or satellite or internet (whether intended for sale to the mass retail market or to hotels, restaurants, ships, planes, trains and locations including sleeping accommodations such as hospitals, army bases, student dormitories and elderly home estates)
"TVIL"	:	Top Victory Investments Ltd., a wholly-owned subsidiary of the Company
"US"	:	the United States of America

"US$"	:	US dollar(s), the lawful currency of the US
"%"	:	per cent

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

Hong Kong, 9 November 2011

As at the date of this announcement, the Board comprises one executive Director, namely Dr. Hsuan, Jason, and nine non-executive Directors, namely Mr. Liu Liehong, Mr. Lu Ming, Ms. Wu Qun, Mr. Xu Haihe, Mr. Du Heping, Mr. Tam Man Chi, Mr. Robert Theodoor Smits, Mr. Chen Yen-Sung and Mr. Junichi Kodama, 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 EUR, R$ have been converted, for illustrative purpose only, into US$ at exchange rates of EUR1.00 = US$1.4 and R$1.00 = US$0.53. Such 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 or at all.