TPV TECHNOLOGY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 903)

DISCLOSEABLE AND CONNECTED TRANSACTION AND REVISION OF ANNUAL CAPS IN RESPECT OF MANUFACTURING AND SALES AGREEMENT IN BRAZIL

Equity Transfer Contract

Pursuant to the Equity Transfer Contract, PMCL (a wholly-owned subsidiary of the Company) has agreed to acquire from Philips the 20% Interest in PCES for a cash consideration of US$17,000,000 (approximately HK$132,600,000) and to transfer from PCI the 10% Interest in PCES which is held on trust by PCI for and on behalf of the Company. This will result in PCES becoming an indirect wholly-owned subsidiary of the Company.

Revision of annual caps for Manufacturing and Sales Agreement in Brazil

Reference is made to the announcement dated 15 June 2005 and circular of the Company dated 30 June 2005 in relation to the Manufacturing and Sales Agreement in Brazil. It is proposed that the annual caps in respect of the aggregate fee payable under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007 be revised to US$1,200,000 (HK$9,360,000) and US$900,000 (HK$7,020,000) respectively.

Discloseable and connected transaction of the Company

As at the date of the Equity Transfer Contract, Philips owns approximately 13.6% of the issued share capital of the Company and PCI is an indirect wholly owned subsidiary of Philips, therefore both Philips and PCI are connected persons of the Company under the Listing Rules. Accordingly, the Equity Transfer Contract constitutes a connected transaction for the Company under the Listing Rules.

As the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 2.5% and less than 25% and the consideration is more than HK$10,000,000, the Equity Transfer Contract is subject to the reporting, announcement requirements and independent shareholders' approval set out in Chapter 14A of the Listing Rules.

As one of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) also exceeds 5%, the Equity Transfer Contract also constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

A circular containing the relevant details of the Equity Transfer Contract, the proposed revision of the annual caps in relation to aggregate fee paid/payable by Envision to PAIE pursuant to the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007, the advice of the independent board committee of the Company, the advice of an independent financial adviser to the independent board committee of the Company and a notice of a SGM will be dispatched as soon as practicable.

BACKGROUND OF EQUITY TRANSFER CONTRACT

Reference is made to the announcement made by the Company on 15 June 2005 and the circular dated 30 June 2005. Pursuant to the Share Purchase Agreement, the Company acquired the beneficial interest in the 10% Interest and Philips agreed to hold the 10% Interest on trust for the Company and to transfer the legal title in the 10% Interest as soon as it is practicable to do so after the implementation by PRC of WTO compliant legislation that permits Philips to carry on its then existing business in the PRC without the need for PCI to retain the 10% Interest.

The 20% Interest was initially held legally and beneficially by SPEG, an independent third party of the Company and Philips. On or around 16 January 2006, Philips entered into an agreement with SPEG to acquire the 20% Interest.

The remaining 70% in PCES was acquired by the Company pursuant to the Share Purchase Agreement.

The Company entered into the Equity Transfer Contract to acquire from Philips the 20% Interest in PCES and to transfer from PCI the 10% Interest in PCES, so that PCES becomes a wholly owned subsidiary of the Company.

EQUITY TRANSFER CONTRACT

Date

16 October 2006

Parties

(i) PMCL (a wholly owned subsidiary of the Company), as the purchaser;

(ii) Philips, as the vendor of the 20% Interest; and

(iii) PCI, as the transferor of the 10% Interest, which is beneficially owned by the Company and held on trust by PCI for and on behalf of the Company.

Major terms of the Equity Transfer Contract

(a) *Interests to be transferred:*

The 30% Interest in PCES (inclusive of the 20% Interest which is beneficially owned by Philips and the 10% Interest which is held on trust by PCI for and on behalf of the Company).

(b) *Consideration:*

The consideration for the 20% Interest is US$17,000,000 (approximately HK$132,600,000) payable in cash, and was determined based on the terms of the Joint Venture Agreement.

According to the terms of the Joint Venture Agreement, PCES has an obligation to make the following payments to its 20% minority shareholder:

(i) an annual dividend of RMB14,000,000 or 20% of the net profit of PCES for the year, whichever is higher, up to year 2017; and

(ii) a terminal value equivalent to 20% of the net equity of PCES upon the expiry of the Joint Venture Agreement in 2017, or RMB422,000,000, whichever is higher.

The consideration of US$17,000,000 for the acquisition of the 20% Interest is calculated based on the net present value of the minimum annual dividend of RMB14,000,000 and the minimum terminal value of RMB422,000,000.

The consideration shall be paid by way of telegraphic transfer to an account designated by Philips within 15 business days of completion of the Equity Transfer Contract.

Based on the audited accounts of PCES for the year ended 31 December 2005 prepared by certified public accountants in the PRC in accordance with the PRC generally accepted accounting principles, the net book value of the 20% Interest as at 31 December 2005 was US$10,843,000 (representing the 20% Interest attributable to the net asset value of PCES), and the net losses incurred by PCES which were attributable to the 20% Interest were US$90,000 and US$2,426,000 for the years ended 31 December 2004 and 31 December 2005 respectively.

(c) *Completion:*

Completion shall take place following the satisfaction or waiver of all the terms and conditions contained in the Equity Transfer Contract, including but not limited to:

(i) the obtaining of the necessary regulatory approvals in the PRC in relation to the transfer of 30% Interest;

(ii) the completion of all the necessary filings and registrations with the relevant PRC authorities to convert PCES into a WFOE, and

(iii) the approval of independent shareholders at the SGM of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER CONTRACT

The Company is principally engaged in the design, manufacture and sale of computer monitors and flat TV products. The Company acquired 70% of PCES pursuant to the Share Purchase Agreement and the Directors believe that the acquisition of the 30% Interest in PCES, resulting in the Company owning indirectly 100% of PCES, would centralise the administration and management of PCES, thereby enhancing operational and management efficiency, maximising costs advantages which the Company can enjoy and increasing the Company's competitiveness in the rapidly growing flat screen TV market. The Directors further believe that by gaining full control of PCES, the Company can have the flexibility to formulate its future business plans and developments.

The Directors consider that the terms of the Equity Transfer Contract, which were determined after arm's length negotiation, are normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

DISCLOSEABLE AND CONNECTED TRANSACTION

As at the date of the Equity Transfer Contract, Philips owns approximately 13.6% of the issued share capital of the Company and PCI is an indirect wholly owned subsidiary of Philips, therefore both Philips and PCI are connected persons of the Company under the Listing Rules. Accordingly, the Equity Transfer Contract constitutes a connected transaction for the Company under the Listing Rules.

The relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 2.5% and the consideration is more than HK$10,000,000, the Equity Transfer Contract is subject to the reporting, announcement requirements and Independent Shareholders' approval set out in Chapter 14A of the Listing Rules. Philips and its associate will also abstain from voting on the resolution approving the Equity Transfer Contract.

As one of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceeds 5%, the Equity Transfer Contract also constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

The Company confirms that, save as to their relationship with the Company as disclosed above, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, Philips and PCI and their ultimate beneficial owners are Independent Third Parties.

REVISION OF ANNUAL CAPS FOR MANUFACTURING AND SALES AGREEMENT IN BRAZIL

Reference is made to the announcement made by the Company on 15 June 2005 and the circular dated 30 June 2005. The annual caps in relation to aggregate fee payable by Envision Industria de Productos Electronicos Ltda ("Envision"), a subsidiary of the Company, to Philips da Amazonia Industria Electronica Ltda ("PAIE"), an associate of Philips, for the sale and supply of CRT monitors by Envision directly to PAIE's customers pursuant to the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007 were stated to be US$619,877.28 (HK$4,835,042) and US$488,400 (HK$3,809,520), respectively.

As business and demand for CRT monitors from existing customers of Philips in Brazil is better than initially projected, the Directors believe that the annual caps in respect of the aggregate fee payable by Envision to PAIE under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007 should be revised to US$1,200,000 (HK$9,360,000) and US$900,000 (HK$7,020,000) respectively.

The revised annual caps for the Manufacturing and Sales Agreement are determined based on the projected net sales by the Group under the agreement (based on the historical net sales of approximately US$440,635 (HK$3,436,953) for the period from 1 January 2006 to 30 June 2006, and the typical seasonal increase in sales in second half of the year.

Other than the revision of the annual caps in respect of the aggregate fee payable by Envision to PAIE under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007, the terms and conditions of the Manufacturing and Sales Agreement as disclosed in the announcement dated 15 June 2005 and the circular dated 30 June 2005 remain unchanged.

The Directors are of the view that as far as the Independent Shareholders are concerned, the revision of the annual caps in respect of the aggregate fee payable by Envision to PAIE under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007 are fair and reasonable and in the interest of the Group and Independent Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE MANUFACTURING AND SALES AGREEMENT

The Manufacturing and Sales Agreement was a continuing transaction when it was entered into on 2 January 2004 and subsequently became a non-exempt continuing connected transaction upon the completion of the Share Purchase Agreement on 5 September 2005.

The current term of the Manufacturing and Sales Agreement was from 2 January 2004 to 31 December 2006, and it was approved by the shareholders of the Company at a special general meeting held on 2 August 2005 (the poll results of which were announced by the Company on 2 August 2005) that the parties may extend the Manufacturing and Sales Agreement on the same terms until 31 December 2007.

The continuance of the Manufacturing and Sales Agreement will enable the Group to manufacture and sell Philips-branded CRT monitors to customers in Brazil and to maintain such existing relationship.

The Directors consider that the terms of the Manufacturing and Sales Agreement, which were determined after arm's length negotiation, are normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

REASONS FOR REVISION OF THE ANNUAL CAPS

The annual caps in relation to the aggregate fee payable by Envision to PAIE pursuant to the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007 are being revised due to an unexpected increase in demand for CRT monitors and the annual caps are being revised based on the actual amount of sales of CRT monitors from 1 January 2006 up to present and the estimated sales of CRT monitors in these two financial years.

The amount of payments made under the Manufacturing and Sales Agreement up to the date of this announcement has not exceeded the existing annual caps under the Manufacturing and Sales Agreement. The Company will put in place appropriate measures and control to ensure that the amount of payments to be made under the Manufacturing and Sales Agreement up to the date of the SGM will not exceed the existing annual caps under the Manufacturing and Sales Agreement.

SHAREHOLDERS' CIRCULAR

A circular containing the relevant details of the Equity Transfer Contract and the revision of the annual caps in respect of the aggregate fee payable by Envision to PAIE under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007, the advice of the independent board committee of the Company, the advice of an independent financial adviser to the independent board committee of the Company and a notice of a SGM will be dispatched as soon as practicable.

Pursuant to the Listing Rules, the entering into of the Equity Transfer Contract is subject to Independent Shareholders' approval at the SGM. As Philips currently owns approximately 13.6% of the issued share capital of the Company, Philips and its associate(s) will abstain from voting on the resolution approving the entering into of the Equity Transfer Contract.

Pursuant to the Listing Rules, the revision of the annual caps in respect of the aggregate fee payable by Envision to PAIE under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007 is subject to Independent Shareholders' approval at the SGM. As Philips currently owns approximately 13.6% of the issued share capital of the Company and PAIE is an associate of Philips, Philips and its associate will abstain from voting on the resolution approving the revision of the annual caps in respect of the aggregate fee payable by Envision to PAIE under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007.

INFORMATION ON THE PARTIES INVOLVED IN THE EQUITY TRANSFER CONTRACT

The Company is a leading PC-monitor manufacturer which designs and produces a wide range of CRT and TFT-LCD monitors for distribution to over 30 countries. It is also expanding into the fast growing flat TV business.

Philips is principally engaged in businesses relating to electronics, lighting, domestic appliances, semiconductors, medical and health care systems. Both PMCL and PCI are principally engaged in manufacturing, purchasing, marketing, distributing and exporting electronic products.

PCES engages in the manufacturing and sale of video products which include but not limited to colour TV, colour monitors, tuners and remote control units, and provide after sales services for such products as well.

DEFINITIONS

In this announcement, the terms "connected person" and "subsidiary" shall have the meanings ascribed thereto under the Listing Rules, and, unless the context otherwise requires, capitalised terms appearing herein shall have the meanings as set out below:

"10% Interest"	the 10% equity interest in PCES held on trust by PCI for the Company.
"20% Interest"	the 20% equity interest in PCES which Philips has acquired from SPEG.
"30% Interest"	the 10% Interest and the 20% Interest collectively.
"associate(s)"	has the meaning ascribed to it under the Listing Rules.
"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 Stock Exchange and secondarily listed on the Singapore Stock Exchange.
"CRT"	cathode ray tube.
"Directors"	directors of the Company.
"Equity Transfer Contract"	the equity transfer contract dated 16 October 2006 entered into among PMCL, Philips and PCI in respect of the transfer of the 30% Interest.
"Group"	the Company and its subsidiaries.
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong.
"Independent Shareholders"	Shareholders who are not interested in or involved in the Equity Transfer Contract or the Manufacturing and Sales Agreement proposed to be approved at the SGM and that are not required under the Listing Rules to abstain from voting to approve such agreements.
"Independent Third Parties"	means person(s) or company(ies) and its ultimate beneficial owners who/which is/are third party(ies) independent of the Company and the Company's connected persons (as defined in the Listing Rules).
"Joint Venture Agreement"	means the joint venture agreement dated 24 April 1992 between PCI and SPEG, as amended from time to time.
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
"Manufacturing and Sales Agreement"	the manufacturing and sales agreement dated 2 January 2004 between Philips da Amazonia Industria Electronica Ltda (an associate of Philips) and Envision Industria de Productos Electronicos Ltda (a subsidiary of the Company), as referred to in the Company's announcement dated 15 June 2005 and circular dated 30 June 2005.
"PCES"	Philips Consumer Electronics Co., of Suzhou Ltd., a company with limited liability established in the PRC.
"PCI"	Philips (China) Investment Co., Limited, a company established in the PRC with limited liability.
"Philips"	Koninklijke Philips Electronics N.V., a company incorporated in The Netherlands with limited liability, the shares of which are listed on Euronext Amsterdam and the New York Stock Exchange, Inc.
"PMCL"	P-Harmony Monitors Company Limited, a wholly owned subsidiary of the Company.
"PRC"	the People's Republic of China.
"SGM"	the special general meeting of the Company to be convened and held to approve the Equity Transfer Contract and revision of the annual caps in respect of the aggregate fee payable by Envision to PAIE under the Manufacturing and Sales Agreement for the financial years ending 31 December 2006 and 31 December 2007.
"Share Purchase Agreement"	the share purchase agreement dated 15 June 2005 between the Company and Philips, as referred to in the Company's announcement dated 15 June 2005 and circular dated 30 June 2005.
"Singapore Stock Exchange"	Singapore Exchange Securities Trading Limited.
"SPEG"	Suzhou Peacock Electronics Group Co., Limited, a joint venture established in the PRC and independent of the Company and Philips.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"US$"	U.S. dollars, the lawful currency of the U.S.
"U.S."	United States of America.
"WFOE"	wholly foreign owned enterprise.

As at the date of this announcement, the Board comprises Dr. Hsuan, Jason and Mr. Houng Yu-Te as executive directors, Mr. Wang Dongsheng, Mr. Chen Yanshun, Mr. Wang Yanjun, Mr. Maarten Jan de Vries and Mr. Chang Yueh, David as non-executive directors and Mr. Chan Boon-Teong, Dr. Ku Chia-Tai and Mr. Wong Chi Keung as independent non-executive directors.

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

Hong Kong, 16 October 2006