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## **VTech Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 303)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF ASSETS**

#### **THE ACQUISITION**

The Board is pleased to announce that on 24 January 2024 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Assets Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Assets for a consideration of EUR30.5 million (subject to adjustments).

#### **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under the Listing Rules.

#### **THE ASSETS PURCHASE AGREEMENT**

The principal terms of the Assets Purchase Agreement are as follows:

Date	:	24 January 2024 (after trading hours)
Parties	:	(i) the Purchaser, an indirect wholly-owned subsidiary of the Company; and (ii) the Vendor.  To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and the ultimate beneficial owners of the Vendor are third parties independent of the Company and connected persons of the Company.

<p>Consideration and payment terms</p>	<p>:</p>	<p>The consideration for the Acquisition is EUR30.5 million (subject to adjustments), which shall be paid in cash in the following manner:</p> <ul style="list-style-type: none"> <li>(i) 70% of the consideration shall be paid to the Vendor upon Closing; and</li> <li>(ii) 30% of the consideration shall be paid to the Vendor upon: <ul style="list-style-type: none"> <li>a) the submission by the Vendor of all declarations and applications reasonably deemed necessary to have the names of all direct and indirect subsidiaries of the Vendor changed to the effect that the names of such subsidiaries shall not contain the word “Gigaset” and shall not contain any word similar to “Gigaset”; and</li> <li>b) the fulfilment of all conditions relating to the Real Estate, including but not limited to the binding filing of the registration of the title deeds of the Real Estate under the name of Purchaser in the land register; and</li> <li>c) the expiration of 12 months after the Closing Date.</li> </ul> </li> </ul> <p>The final consideration is subject to adjustments based on a physical count of the Assets and liabilities to be determined upon Closing. In case the adjusted amount of the Assets is larger than EUR32.6 million, the additional assets contributing to the excess may be retained by the Vendor and in any case the final consideration is not expected to be adjusted to above EUR32.6 million.</p> <p>The Company has agreed to put EUR21.0 million on an escrow account upon the opening of an escrow account following the signing of the Assets Purchase Agreement, and to put the balance of the consideration to the escrow account upon Closing. Payment of the consideration will be paid out from the escrow account. The Company intends to use its internal resources to fund the payment of the consideration.</p> <p>Upon the Vendor’s request as supported by sufficient proof, the Purchaser will provide a loan of up to EUR5 million against satisfactory securities for the corresponding amount of the loan, if such loan is necessary to avoid the Vendor’s illiquidity. Such loan will be paid out from the escrow account as prepayment, and will be repaid by way of deduction from the payment of the consideration upon Closing.</p>
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Basis of determination of the consideration	:	The consideration for the Acquisition was determined after arm's length negotiation between the Purchaser and the Vendor having regard and with reference to the net book value of the Assets.
The Assets	:	<p>The Assets to be acquired by the Purchaser from the Vendor pursuant to the Assets Purchase Agreement comprise the following:</p> <ul style="list-style-type: none"> <li>(i) all intangible assets of the Vendor, including all intellectual properties of the Vendor; and</li> <li>(ii) all real estate, plant and equipment of the Vendor, including the land locates on Franconian Street, Teuton Street, Frisian Street, Mussum Church Road, Emperor-Wilhelm-Street in 46395 Bocholt, Germany and the buildings thereon, all technical equipment, plant and machinery, and all advance payments and assets under construction; and</li> <li>(iii) all inventories of the Vendor, including all raw materials and supplies, all semi-finished goods and all finished goods,</li> </ul> <p>relating to the development, production and sales activities of phones.</p> <p>For the avoidance of doubt, the Assets do not include any equity interest of the Vendor, and the Purchaser has not agreed to assume any liabilities of the Vendor.</p>
Value of the Assets	:	Based on the financial information provided by the Vendor, the unaudited net book value of the Assets as at 30 June 2023 is EUR126.6 million.

<p>Net (loss) / profit attributable to the Assets</p>	<p>:</p>	<p>The following table sets out the net (loss) / profit (both before and after taxation) attributable to the Assets (based on the financial information provided by the Vendor) for the respective periods indicated:</p> <table border="1" data-bbox="603 331 1391 788"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">For the six months ended 30 June</th> <th colspan="2">For the year ended 31 December</th> </tr> <tr> <th>2023 (unaudited) EUR (million)</th> <th>2022 (unaudited) EUR (million)</th> <th>2022 (audited) EUR (million)</th> <th>2021 (audited) EUR (million)</th> </tr> </thead> <tbody> <tr> <td>Net (loss) / profit before tax</td> <td>(12.8)</td> <td>(2.6)</td> <td>(0.9)</td> <td>0.4</td> </tr> <tr> <td>Net (loss) / profit after tax</td> <td>(9.3)</td> <td>(2.4)</td> <td>(5.6)</td> <td>0.5</td> </tr> </tbody> </table>		For the six months ended 30 June		For the year ended 31 December		2023 (unaudited) EUR (million)	2022 (unaudited) EUR (million)	2022 (audited) EUR (million)	2021 (audited) EUR (million)	Net (loss) / profit before tax	(12.8)	(2.6)	(0.9)	0.4	Net (loss) / profit after tax	(9.3)	(2.4)	(5.6)	0.5
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<p>Conditions</p>	<p>:</p>	<p>Closing is conditional upon, among others, the following being satisfied:</p> <ul style="list-style-type: none"> <li>(i) receipt of any governmental approvals required under applicable antitrust and competition laws, including satisfaction or early termination of waiting periods; and</li> <li>(ii) all necessary approvals required under corporate law and insolvency laws, including but not limited to approvals by the Vendor’s trustee, (preliminary) insolvency administrator and (preliminary) creditors’ committee (as the case may be), have been obtained; and</li> <li>(iii) the Vendor has provided all original and duly executed notice of assignment and all necessary documents required for the transfer or assignment (as the case may be) of the Assets from the Vendor to the Purchaser on the Closing Date, and documentary proof confirming the Vendor’s submission or preparation for submission by the Purchaser of all necessary documents and filing of all necessary documents for the transfer or assignment (as the case may be) of the Assets from the Vendor to the Purchaser on the Closing Date.</li> </ul> <p>If any of the above conditions is not satisfied by the Closing Date, the Purchaser has the sole discretion to extend Closing to 31 July 2024 at the latest, failing which the Purchaser may elect to terminate the Assets Purchase Agreement. As at the date of this announcement, none of the conditions set out above has been satisfied or waived.</p>																			

Closing	:	Subject to the satisfaction or waiver of the conditions set forth in the Assets Purchase Agreement, Closing is scheduled to take place on 2 April 2024.
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## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is a global leader in electronic learning products from infancy through toddler and preschool and the largest manufacturer of residential phones in the United States. It also provides highly sought-after contract manufacturing services. The Vendor is a communications technology company based in Germany. It is the market leader for DECT (Digital Enhanced Cordless Telecommunications) cordless phones in Europe with manufacturing facilities located in Bocholt, Germany. The Vendor also provides business telephony solutions for enterprise customers, and Android-based mobile communications as well as cloud-based smart home offerings for private and business customers. Due to illiquidity, the Vendor filed an application for the opening of insolvency proceedings in self-administration on 19 September 2023 and is currently going through a restructuring process.

The Directors consider that the Company and the Vendor have complementary strengths in telecommunication industry. The Acquisition could lead to synergies in technological development of products and operational efficiencies. Through the Acquisition, the Company will be able to strengthen its leadership position in residential cordless phones, expand its market channels and product portfolios globally, as well as manufacturing footprint in Europe.

On the basis set out above, the Directors consider that the terms of the Assets Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under the Listing Rules.

## **CAUTIONARY STATEMENT**

The Board wishes to emphasize that Closing is subject to the satisfaction or waiver of the conditions set forth in the Assets Purchase Agreement. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the securities of the Company.

## **DEFINITIONS**

**“Acquisition”** the acquisition of the Assets pursuant to the Assets Purchase Agreement;

<b>“Assets”</b>	the assets of the Vendor to be acquired by the Purchaser upon Closing pursuant to the Assets Purchase Agreement and subject to satisfaction or waiver of the conditions set forth in the Assets Purchase Agreement;
<b>“Assets Purchase Agreement”</b>	the agreement dated 24 January 2024 entered into by and between the Purchaser and the Vendor in relation to the Acquisition;
<b>“Board”</b>	the board of Directors of the Company;
<b>“Closing”</b>	the closing of the Acquisition as contemplated under the Assets Purchase Agreement;
<b>“Closing Date”</b>	the date on which Closing occurs which is scheduled for 2 April 2024, or such later date as the Purchase may determine;
<b>“Company”</b>	VTech Holdings Limited, an exempted company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended), the Shares of which are listed on the Main Board of the Stock Exchange;
<b>“connected persons”</b>	has the meaning ascribed thereto under the Listing Rules;
<b>“Directors”</b>	the directors of the Company;
<b>“EUR”</b>	Euro, the lawful currency of the member states of the European Union;
<b>“Group”</b>	the Company and its subsidiaries from time to time;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Purchaser”</b>	Snom Solutions GmbH, a company with limited liability incorporated under the laws of Germany and an indirect wholly-owned subsidiary of the Company;
<b>“Real Estate”</b>	the land locates on Franconian Street, Teuton Street, Frisian Street, Mussum Church Road, Emperor-Wilhelm-Street in 46395 Bocholt, Germany, being a part of the Assets;
<b>“Shareholders”</b>	holders of the Shares;
<b>“Shares”</b>	ordinary shares of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited; and

**“Vendor”**

Gigaset Communications GmbH, a company incorporated under the laws of Germany, which filed an application for the opening of insolvency proceedings in self-administration in Germany on 19 September 2023.

By Order of the Board  
**VTech Holdings Limited**  
**Allan WONG Chi Yun**  
*Chairman*

Hong Kong, 24 January 2024

*As at the date of this announcement, the Executive Directors of the Company are Dr. Allan WONG Chi Yun (Chairman and Group Chief Executive Officer), Dr. PANG King Fai and Mr. Andy LEUNG Hon Kwong. The Non-executive Director of the Company is Mr. William WONG Yee Lai. The Independent Non-executive Directors of the Company are Dr. William FUNG Kwok Lun, Professor GAN Jie, Professor KO Ping Keung, Dr. Patrick WANG Shui Chung and Mr. WONG Kai Man.*

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