

# vtech

## VTech Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 303)

### Connected Transaction

On 6 April 2005, the Company and Aldenham entered into the Lease which constitutes a continuing connected transaction (the "Transaction") of the Company under Rule 14A.34 of the Listing Rules and shall be disclosed by way of an announcement.

Brief details of the Transaction will also be disclosed in the Company's subsequent published annual report and accounts for each of the relevant financial years ending 31 March 2006 and 2007 in accordance with the requirements under the Listing Rules.

#### I. THE TRANSACTION

On 6 April 2005, the Company as tenant entered into the Lease with Aldenham as landlord. The principal terms of the Lease remain the same as those in the Previous Lease and are as follows:

Date	: 6 April 2005
Landlord	: Aldenham
Tenant	: The Company
Premises	: approximately 5,673 square feet of 29th and 30th Floors, 12 Bowen Road, Hong Villa, Hong Kong
Terms	: 2 years commencing 1 April 2005 and expiring on 31 March 2007
Rent	: HK\$250,000 per month (inclusive of rates and management fees) in the aggregate amount of HK\$6,000,000

Aldenham is a wholly indirect subsidiary of a trust in which the family members of Mr. Allan WONG Chi Yun, a director, chief executive and substantial shareholder holding 40.10% of the entire issued share capital of the Company, are the beneficiaries. Aldenham is therefore a connected person of the Company as ascribed by the Listing Rules and the Lease constitutes a continuing connected transaction under the Listing Rules.

The Board (including all independent non-executive directors) are of the view that the Lease is entered into upon normal commercial terms which are fair and reasonable and is in the interest of the Company and its independent shareholders. The rental was determined by reference to a valuation report conducted by an independent qualified surveyor when the Premises were leased to the Company in 2003 and also by having regards to informal enquiries made by the Company as to the rental prices in the current rental market for premises similar to the Premises. The current rental amount is the same amount as that paid for during the term of the Previous Lease executed in 2003.

#### II. REASONS FOR THE LEASE

The Premises were leased for the purposes of providing housing to Mr. Allan WONG Chi Yun in accordance with the terms of his service contract. Mr. Allan WONG Chi Yun's service contract provides that the Company shall pay for him the monthly rental of his residence during the continuance of his service with the Company. The entering into of the Lease shall not additionally increase the total emoluments entitled by Mr. Allan WONG Chi Yun but is an incentive used for the retention of his service as an employee of the Company.

#### III. GENERAL

The Group is principally engaged in the business of the design, manufacture and distribution of electronic learning products and telecommunication products.

The maximum aggregate annual value of the transaction is HK\$3 million. Since the total rental value receivable by Aldenham under the Lease represents less than 2.5% of the applicable percentage ratios of the Company under Rule 14A.34 of the Listing Rules and accordingly, no independent shareholder's approval is required. Details of the Transaction shall be disclosed by way of an announcement and to be included in the Company's subsequent published annual report and accounts of each of the relevant financial years in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

As at the date of this announcement, the Board of Directors of the Company comprises:

Executive Directors : Allan WONG Chi Yun  
Albert LEE Wai Kuen

Independent Non-executive Directors : Raymond CH' IEN Kuo Fung  
William FUNG Kwok Lun  
Michael TIEN Puk Sun  
Patrick WANG Shui Chung

#### Definitions:

Unless otherwise defines, the following terms used in this announcement shall have the following meanings:

"Aldenham"	Aldenham Company Limited, a company incorporated in Hong Kong;
"Company"	VTech Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on The Stock Exchange of Hong Kong Limited and The London Stock Exchange plc;
"Board"	the board of directors of the Company;
"Group"	the Company and its subsidiaries;
"Lease"	the lease of the Premises pursuant to an agreement between Aldenham and the Company dated 6 April 2005;
"Premises"	the premises at 29th and 30th Floor, 12 Bowen Road, Hong Villa, Hong Kong;
"Previous Lease"	the lease of the Premises pursuant to an agreement between Aldenham and the Company dated 11 April 2003;
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

By Order of the Board  
**CHANG Yu Wai**  
Company Secretary

Hong Kong, 6 April 2005