



VTech Holdings Limited
(incorporated in Bermuda with limited liability)
(stock code : 303)

The following is the text of an announcement released to the London Stock Exchange on which VTech Holdings Limited is listed.

Overseas Regulatory Announcement – Interim Management Statement

In compliance with the requirements of the Disclosure and Transparency Rules issued by the Financial Services Authority, VTech Holdings Limited ("VTech") is publishing its Interim Management Statement for the three months ended 30th June 2008.

The Group revenue for the first quarter of the financial year 2009 was higher than the same period last year. The growth was mainly attributable to increased sales at our electronic learning products (ELP) and contract manufacturing services (CMS) businesses. Geographically, Group revenue from Europe, Asia Pacific and other markets delivered growth year-on-year in the first quarter, despite a decline in revenue in North America.

In the first quarter of the financial year 2009, the telecommunication products business recorded a decline in revenue as compared to the corresponding period of last year. Sales at our original design manufacturing business increased year-on-year due to strong demand from existing customers in Europe, Asia Pacific and other markets. Sales at our branded business in North America decreased year-on-year in the first quarter as the US market slowed. Nonetheless, VTech, combining the market shares of its VTech and AT&T brands, continued to maintain its leadership position in the US cordless phone market.

For the ELP business, revenue for the first quarter of the financial year 2009 was higher than the same period last year. Growth was mainly driven by increased sales of traditional ELPs. All markets recorded sales growth during the period, with particularly strong performance in Europe. V-Motion™, one of our new V.Smile platforms, was test-marketed in selected cities in the United States in June and July. Initial point of sales data, while of limited scope, indicate good reception from consumers. Full launch of the product has already commenced in the United States in August 2008.

Revenue at the CMS business in the first quarter of the financial year 2009 rose over the same period last year. Growth mainly came from increased sales to existing customers in the areas of switching mode power supplies, wireless products and home appliances. Geographically, both Europe and North America recorded sales growth during the period.

The financial position of the Group remains very strong. As at 30th June 2008, the Group remained substantially debt-free. Stock and debtors remained at healthy levels.

Overall, the Board is satisfied with the performance of the Group's businesses in the first quarter of financial year 2009 but remains mindful of the economic conditions in our markets, especially the United States. High oil prices, rising labour costs and inflation in mainland China continue to impose cost pressures on the Group. We will continue to manage costs closely and focus on our four strategic growth drivers, namely product innovation, gains in market share, geographic expansion and operational excellence.

The Board has proposed to delist from the London Stock Exchange and a circular has been despatched to the shareholders for a Special General Meeting to be convened on 5th September 2008 to vote on the delisting resolution.

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), Mr. Edwin YING Lin Kwan and Dr. PANG King Fai. The Independent Non-executive Directors are Dr. Raymond CH'IEN Kuo Fung, Dr. William FUNG Kwok Lun, Mr. Michael TIEN Puk Sun and Dr. Patrick WANG Shui Chung.

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