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VTech Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code : 303)

ANNOUNCEMENT

The board of directors of the Company is pleased to announce that it has approved the establishment of the Share Purchase Scheme, which is a share incentive award scheme for the purpose of incentivising employees and attracting suitable personnel for the continuous development of the Group. The Shares to be awarded pursuant to the Share Purchase Scheme will be existing Shares, which will be purchased on the Stock Exchange by the independent Trustee (with funds provided by the Company), and will be awarded in such manner as the Remuneration Committee may determine or approve. The maximum number of Shares that can be held by the Trustee under the Share Purchase Scheme is limited to three per cent. of the issued share capital of the Company from time to time (excluding Shares which have already been transferred to employees on vesting).

Introduction

The board of directors of the Company is pleased to announce that it has approved the establishment of the Share Purchase Scheme.

Purpose of the Share Purchase Scheme

The purpose of the Share Purchase Scheme is to incentivise employees and attract suitable personnel for continuous development of the Group.

SHARE PURCHASE SCHEME

Duration	A term of 20 years from the date of adoption of the Scheme.
Scheme Limit	Three per cent. of the ordinary issued share capital of the Company from time to time (excluding shares which have already been transferred to employees on vesting).
Operation	The Remuneration Committee may from time to time at its absolute discretion select or approve any employee of the Group for participation in the Scheme. The Remuneration Committee may (1) set aside a sum of money or (2) determine a number of shares which it wishes to be the subject of a bonus award under the Share Purchase Scheme. The Company shall pay that sum or an amount sufficient to purchase that number of Shares, as the case may be, to the Trustee from the Group's resources. Within five business days of receiving the said amount, the Trustee shall apply the same towards the purchase of Shares on the Stock Exchange and hold the same in accordance with the terms of the Share Purchase Scheme.

	<p>The Shares so acquired shall be held by the Trustee under the Scheme for:</p> <p>(1) the selected Non-US Employees who, subject to vesting under the Scheme, will receive the relevant Shares directly from the Trustee; or</p> <p>(2) the US Scheme Beneficiary which, subject to vesting under the Scheme, will transfer or procure the transfer of the relevant Shares to the selected US Employees.</p> <p>Participants of the Scheme include such directors, officers and employees of any member of the Group as the Remuneration Committee may determine or approve. No shareholders' approval is required for the establishment or operation of the Share Purchase Scheme.</p>
Vesting and Lapse	<p>Vesting of the Shares under the Scheme will be conditional on, inter alia, the relevant selected employee remaining an employee of the Group until the vesting date. The Remuneration Committee also has the discretion to stipulate other conditions in respect of a particular selected employee which will apply to the vesting of the Shares.</p> <p>Where Shares which are referable to a selected employee do not vest, the Trustee shall hold such Shares and any income deriving therefrom for the purpose of satisfying future Share awards.</p>
Termination	<p>The Board may by resolution terminate the operation of the Share Purchase Scheme at any time provided that such termination shall not affect any subsisting rights of any selected employee. If, at the date of such termination, the Trustee holds Shares which fail to vest, then the Trustee shall within five business days of receiving notice of such termination sell such Shares and remit the proceeds of sale (after deductions) to the Company.</p>

Other provisions

The Share Purchase Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules. The operation of the Share Purchase Scheme will comply with all applicable disclosure and other regulations including those set out in the Listing Rules, if any. The Share Purchase Scheme Rules state that the number of Shares which may be purchased under the Scheme (excluding Shares which have already been transferred to employees on vesting) may not exceed three per cent. of the issued share capital of the Company from time to time (being 7,448,884 Shares based on the current total issued share capital of the Company of 248,296,133 Shares as at the date of this announcement).

Definitions

"Board"	the board of Directors of the Company;
"business day"	A day (other than a Saturday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
"Company"	VTech Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;

"Directors"	directors of the Company;
"Group"	the Company and the Subsidiaries;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Non-US Employee"	any employee (which description, for the avoidance of doubt, includes any directors and officers) of the Company or of its Subsidiaries other than a US Employee, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise;
"Remuneration Committee"	the remuneration committee established by the Board;
"selected employee"	a Non-US Employee or a US Employee selected to participate in the Share Purchase Scheme;
"Share Purchase Scheme" or "Scheme"	the share purchase scheme constituted by the Share Purchase Scheme Rules and the Share Purchase Scheme Trust Deed whereby awards of Shares may be made to directors, officers or employees of the Company or its Subsidiaries (such Shares will be purchased by the Trustee in the market) pursuant to the Share Purchase Scheme Rules;
"Share Purchase Scheme Rules"	the rules adopted by the Board on 30 March 2011 for the purpose of establishing the Share Purchase Scheme;
"Share Purchase Scheme Trust Deed"	the trust deed to be made between the Company (as settlor) and the Trustee (as trustee) for the purposes of the Share Purchase Scheme;
"Shares"	shares of US\$0.05 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Cap.32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
"Trustee"	Bank of East Asia (Trustees) Limited (which is not a connected person of the Company within the meaning of the Listing Rules);
"US Employee"	any employee (which description, for the avoidance of doubt, includes any director and officers) of the Company or its Subsidiaries who is resident in the US, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise (for the purposes of this definition, the term "resident" shall have the same meaning as provided in the United States Banking Secrecy Act); and

"US Scheme Beneficiary " Rainbow Century Limited, a company incorporated in British Virgin Islands and a wholly owned Subsidiary, as a beneficiary under the Share Purchase Scheme Trust Deed in respect of the Shares that may be awarded to the selected US Employees under the Scheme.

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

Hong Kong, 31 March 2011

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 Independent Non-executive Directors are Dr. William FUNG Kwok Lun, Mr. Denis Morgie HO Pak Cho, Dr. David SUN Tak Kei, Mr. Michael TIEN Puk Sun and Dr. Patrick WANG Shui Chung.

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