

VTECH HOLDINGS LIMITED REMUNERATION COMMITTEE CHARTER

1) Formation

The Remuneration Committee (the "Committee") was formed on 29 June 2004 pursuant to a resolution passed by the board of directors of the Company (the "Board") on the same date.

2) Purpose

The purpose of the Committee is to review the remuneration policy and remuneration packages of the Directors and senior management.

3) Composition

The Committee shall be chaired by an Independent Non-executive Director ("INED") and shall comprise a majority of INEDs. The Board shall appoint Committee members and nominate one of the members as the Chairman of the Committee.

4) Frequency of meeting

The Committee shall meet at least annually with an authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via telephonic or video-conferencing.

5) Meeting procedures

- (a) Proceedings of meetings of the Committee shall be governed by the provisions of the Bye-laws of the Company. Quorum of meeting shall not be less than two Committee members and a majority of INEDs shall be present throughout each meeting. Each Committee member in the meeting shall carry one vote.
- (b) The Company Secretary, or his or her delegate, shall act as the secretary to the Committee.
- (c) The Committee shall invite any director, executive or other members of management to attend meetings as necessary. The Committee shall be supported by the Human Resources Manager and by the Company Secretary who shall be responsible for preparation of meeting agenda and minutes. Meeting agenda shall be provided in advance to members, along with appropriate briefing materials.

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6) Responsibilities

The Committee shall carry out the following responsibilities:

- (a) To make recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) To make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Committee considers factors such as salaries paid by comparable companies, responsibilities, the prevailing market conditions, the results of the Company, and employment conditions elsewhere in the Group;
- (d) To make recommendations to the Board on the remuneration of non-executive Directors. In doing so, the Committee considers factors such as fee paid by comparable companies, time commitment and responsibilities of non-executive Directors;
- (e) To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (f) To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (g) To ensure that no Director or any of his associates is involved in deciding his own remuneration; and
- (h) To review and approve the operations of the Share Purchase Scheme.

7) Authority

The Committee is authorised by the Board to seek such legal, remuneration or other professional advice to perform its function as it shall deem appropriate and shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference of remuneration consultants to advise it on all aspects of remuneration.

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8) Reporting requirements

- (a) To report to the Board on decisions or recommendations made; and
- (b) To describe the Committee's composition, responsibilities, and how they were discharged and any other information required by the rules in the annual report.