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For shareholders of the Company whose shares in the Company are registered on the UK branch register, if you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser authorised under the UK Financial Services Act 1986 immediately.

**If you have sold or transferred** all your shares in VTech Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent, through whom the sale was effected, for transmission to the purchaser or transferee.

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**vtech**  
**VTech Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 303)**

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,  
RE-ELECTION OF DIRECTORS,  
AMENDMENTS TO BYE-LAWS AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A letter from the Chairman of VTech Holdings Limited is set out on pages 2 to 9 (inclusive) of this document. A notice convening the annual general meeting of VTech Holdings Limited to be held at Lotus Room, 6th Floor, The Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 3:30 p.m. (Hong Kong time) on 12th August, 2005 is set out on pages 10 to 12 (inclusive) of this document.

Whether or not you are able to attend the said meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

6th July, 2005

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## DEFINITIONS

*In this document, the following expressions have the following meanings unless the context otherwise requires:*

“AGM”	the annual general meeting of the Company to be held on 12th August, 2005 at 3:30 p.m. (Hong Kong time);
“AGM Notice”	notice of the AGM, which is set out on pages 10 to 12 (inclusive) of this circular;
“Board”	the board of Directors from time to time;
“Companies Act”	the Companies Act 1985 (as amended) of the UK;
“Company”	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 Hong Kong Stock Exchange and on the Official List of the UK Listing Authority;
“Directors”	the directors, including all the independent non-executive directors, of the Company from time to time;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Branch Register”	the register of members held in Hong Kong by Computershare Hong Kong Investor Services Limited of 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange Listing Rules”	the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange;
“Latest Practicable Date”	30th June 2005, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information included herein;
“London Stock Exchange”	London Stock Exchange plc;
“Shareholders”	holders of Shares;
“Share(s)”	ordinary share(s) of US\$0.05 each in the issued share capital of the Company;
“UK”	the United Kingdom of England, Wales, Scotland and Northern Ireland;
“UK Branch Register”	the register of members held in UK by Capita IRG Plc of Bourne House, 34 Beckenham Road, Kent BR3 4TU, DX91750, Beckenham West, United Kingdom;
“UK Listing Rules”	the rules and regulations made by the UK Listing Authority under Part IV of the Financial Services Act 1986 as amended from time to time; and
“US\$”	United States dollars, the lawful currency of the United States of America.



# VTech Holdings Limited

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 303)**

*Directors:*

Allan WONG Chi Yun

*(Chairman and Group Chief Executive Officer)*

Albert LEE Wai Kuen

*(Deputy Chairman)*

*Registered office:*

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-Executive Directors:*

Raymond CH' IEN Kuo Fung

William FUNG Kwok Lun

Michael TIEN Puk Sun

Patrick WANG Shui Chung

*Principal office in Hong Kong:*

23rd Floor  
Tai Ping Industrial Centre  
Block 1, 57 Ting Kok Road  
Tai Po, New Territories  
Hong Kong

6th July, 2005

*To the Shareholders and for information only,  
the holders of warrants  
of VTech Holdings Limited*

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,  
RE-ELECTION OF DIRECTORS,  
AMENDMENTS TO BYE-LAWS AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

At the AGM, notice of which is set out on pages 10 to 12 (inclusive) of this document, resolutions will be proposed to approve, inter alia, the following:

- (i) the grant to the Directors of a general mandate to repurchase fully paid up Shares representing up to 10% of the issued share capital of the Company as at the date of the AGM;
- (ii) the grant to the Directors of a general mandate to allot, issue and otherwise deal with Shares representing up to 10% of the issued share capital of the Company as at the date of the AGM;
- (iii) the grant to the Directors of a general authority to allot, issue and otherwise deal with Shares of the aggregate nominal amount of the Shares repurchased under the repurchase mandate; and

(iv) amendments to the Bye-laws of the Company.

The purpose of this document is to explain these proposed resolutions.

### **2. GENERAL MANDATE TO REPURCHASE SHARES**

The previous general mandate granted to the Directors at the annual general meeting of the Company held on 13th August, 2004 to exercise the powers of the Company to repurchase Shares will expire at the AGM.

At the AGM, Resolution 5, as set out in the AGM Notice, will be proposed as an ordinary resolution pursuant to which the Directors will be granted a general and unconditional mandate to exercise all the powers of the Company to repurchase issued Shares subject to the criteria set out in the resolution. The authority relates only to repurchases made on the Hong Kong Stock Exchange and the London Stock Exchange and otherwise in accordance with the Hong Kong Stock Exchange Listing Rules and the UK Listing Rules. The general mandate covers repurchases made or agreed to be made only during the period ending at the conclusion of the annual general meeting of the Company to be held in 2006 or until the authority given under Resolution 5 is renewed, revoked, or varied by ordinary resolution of the Shareholders in general meeting, whichever occurs first. In accordance with the Hong Kong Stock Exchange Listing Rules, the Company is required to send to its shareholders an explanatory statement containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the granting of a mandate to exercise the powers of the Company to purchase its own Shares. This document sets out below such information, in relation to the mandate to repurchase Shares, as is required to be provided in accordance with the Hong Kong Stock Exchange Listing Rules and the UK Listing Rules.

#### **Share Capital and Maximum Number of Shares that may be Repurchased**

The maximum number of Shares that may be repurchased on the Hong Kong Stock Exchange or on another stock exchange pursuant to the mandate will be such number of Shares as represents 10% of the share capital of the Company in issue on the date of the AGM. As at the Latest Practicable Date, there were in issue an aggregate of 229,874,133 Shares. Subject to the passing of the relevant resolution approving the mandate to repurchase Shares and on the basis that no Shares are issued or repurchased prior to the AGM, the Company would be permitted under the repurchase mandate to repurchase a maximum of 22,987,413 Shares. The mandate relates only to repurchases of Shares which are fully paid up.

As at the Latest Practicable Date, the total number of options and warrants to subscribe for Shares that are outstanding is 14,178,000 being equivalent to approximately 6.2% of the total issued share capital of the Company as at that date. If the repurchase of Shares under the currently existing mandate was carried out in full prior to the AGM and the repurchase of Shares under the new mandate to be passed at the AGM was also carried out in full following the AGM, the percentage of the total number of options and warrants to the total issued share capital would increase to approximately 7.7%.

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# LETTER FROM THE CHAIRMAN

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## **Reasons for Repurchases**

While it is not possible to anticipate any specific circumstances in which the Directors might think it appropriate to repurchase Shares, the Directors believe that an authority to do so would give the Company additional flexibility that would be beneficial. The Directors have no current intention to repurchase any Shares.

In reaching a decision as to whether to make any such repurchase, the Directors will take account of market conditions and the Company's funding arrangements at the time and whether or not such repurchase would lead to an enhancement of the net asset value per Share of the Company and/or its earnings per Share. Shareholders can be assured that the Directors would only make a repurchase in circumstances where they consider it to be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on favourable terms after obtaining all necessary consents which may be required under loan or finance documentation.

On the basis of the consolidated financial position of the Company as at 31st March, 2005, (being the date to which the latest published audited consolidated accounts of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares to which the repurchase mandate relates, the Directors consider that it is likely that there would be adverse impact on the working capital position and the gearing position of the Company in the event that the repurchase mandate were to be exercised in full during the repurchase period. No repurchases would be made where such repurchases would have a material adverse impact on the working capital position of the Company unless the Directors consider that such repurchases were in the best interests of the Company.

## **Price to be Paid for Repurchases**

Under the UK Listing Rules, the maximum price which may be paid for each of the Shares to be repurchased is 5% above the middle market quotation of those Shares as derived from the London Stock Exchange Daily Official List for the five dealing days immediately prior to the repurchase. The minimum price that will be paid for each of the Shares is US\$0.05, being the nominal value of the Shares.

## **Funding of Repurchases**

The Company is empowered by its Memorandum of Association and Bye-laws to repurchase its Shares. Purchases of Shares must be financed out of funds legally available for such purpose in accordance with the Company's Memorandum of Association and Bye-laws and the laws of Bermuda and will be funded by the resources of the Company. Bermuda law provides that the amount of capital paid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares or the funds of the Company that would otherwise be available for dividend or distribution of the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on repurchase may only be paid out of the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company before the Shares are repurchased. Should the Directors consider it desirable, they would be able to finance the repurchase out of funds borrowed against any of the above-mentioned accounts.

## **Hong Kong Stock Exchange Listing Rules**

The reporting requirements contained in the Hong Kong Stock Exchange Listing Rules specify that, inter alia, a listed company shall report all repurchases of its securities to the Hong Kong Stock Exchange by no later than 9:00 a.m. (Hong Kong time) on the business day following the date of repurchase of any securities and shall include in its annual report a monthly breakdown of repurchases of securities.

## **UK Listing Rules**

The UK Listing Rules require the Company to notify a Regulatory Information Services of the London Stock Exchange of any repurchases made by the Company no later than 7:30 a.m. (London time) on the business day following the day on which the repurchase took place.

## **Directors' Undertaking**

The Directors have undertaken to the Hong Kong Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Hong Kong Stock Exchange Listing Rules and the UK Listing Rules and all applicable Bermuda laws and in accordance with the regulations set out in the Memorandum of Association and Bye-laws of the Company.

## **Directors and Connected Persons**

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the Hong Kong Stock Exchange Listing Rules) of any of the Directors, have any present intention, in the event that the grant to the Directors of the repurchase mandate is approved by the Shareholders, of selling Shares to the Company.

No persons who are connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, nor have they undertaken not to sell any of the Shares held by them to the Company in the event that the Company is authorised to make repurchases of Shares.

## **Hong Kong Code on Takeovers and Mergers**

If, as a result of a share repurchase, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for the securities of the Company under Rule 26 of the Takeovers Code.

## LETTER FROM THE CHAIRMAN

As at the Latest Practicable Date, the total interests of Mr. Allan WONG Chi Yun (including interests held directly and indirectly by the trustee of a discretionary trust in which Mr. WONG is the founder) was 39.5% in the issued share capital of the Company.

If, which is not presently contemplated, the Company was to repurchase Shares up to the permitted maximum of 10% of its existing issued share capital as at the Latest Practicable Date from the public shareholding, the percentage shareholding of Mr. WONG (including interests held directly and indirectly by the trustee of a discretionary trust in which Mr. WONG is the founder) would increase to 43.9%.

The Directors do not have the intention to exercise the power to repurchase Shares of the Company to an extent which would make any of the substantial Shareholders to be obliged to make a mandatory offer under Rule 26 of the Takeovers Code in this respect.

### Share Prices and Share Repurchase Records

During each of the 12 months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Hong Kong Stock Exchange were as follows:

	Share Price	
	Highest HK\$	Lowest HK\$
<b>2004</b>		
July	16.20	14.60
August	15.60	13.50
September	14.85	14.00
October	15.95	11.70
November	12.05	9.40
December	10.95	9.05
<b>2005</b>		
January	11.75	10.65
February	11.70	10.90
March	11.70	10.85
April	11.70	10.65
May	11.50	10.65
June	18.80	11.15

During each of the six months preceding the Latest Practicable Date, no Shares were repurchased by the Company.

### Status of Repurchased Shares

Under Bermuda law, any Shares repurchased by the Company will be treated as cancelled and the issued share capital of the Company, but not the aggregate amount of its authorised share capital, will be reduced accordingly.



### 3. GENERAL MANDATE TO ISSUE SHARES

The previous general mandate granted to the Directors at the annual general meeting of the Company held on 13th August, 2004 to exercise the powers of the Company to allot, issue and deal with Shares will expire at the AGM.

Resolution 6 as set out in the AGM Notice will be proposed as an ordinary resolution to renew a general and unconditional mandate to authorise the Directors to allot, issue and deal with further new Shares representing up to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date the resolution is passed. As at the Latest Practicable Date, there were in issue an aggregate of 229,874,133 Shares. On the basis that no Shares are issued or repurchased prior to the AGM, the Company would be allowed to allot, issue and deal with a maximum of 22,987,413 further new Shares. In addition, if Resolution 5 is passed, authorising the repurchase of Shares by the Company, Resolution 7 set out in the AGM Notice will be proposed as an ordinary resolution to extend the authority of the Directors to allot, issue and deal with Shares to include an additional number of Shares equal to the number of Shares repurchased under the repurchase mandate.

The authority of the Directors to allot and issue Shares pursuant to Resolutions 6 and 7 shall expire on the earlier of the conclusion of the annual general meeting of the Company to be held in 2006, or the date of renewal of such authority prior to such time or the date on which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting. The Directors confirm that there are no pre-emptive rights attaching to the Shares and that they have no present intention of allotting, issuing and dealing with Shares pursuant to the authority that would be vested in them pursuant to Resolutions 6 and 7 set out in the AGM Notice.

### 4. RE-ELECTION OF DIRECTORS

In accordance with Bye-law 112(A) of the Bye-laws of the Company, Mr. Michael TIEN Puk Sun and Dr. Patrick WANG Shui Chung will retire as Directors by rotation at the AGM and, being eligible, will offer themselves for re-election.

Particulars of the Directors proposed to be re-elected at the AGM are as follows:

#### **Mr. Michael TIEN Puk Sun**

Michael TIEN Puk Sun, *BBS, JP*, aged 54, is an Independent Non-executive Director since November 2001. He is also a member of both the Audit Committee and the Remuneration Committee of the Company. Mr. TIEN is the Chairman and founder of the G2000 Group which starts its business back in 1979. Before starting up G2000, he worked with Macy's Department Store in New York, USA. Mr. TIEN is an active member in Hong Kong community affairs, he is currently the Chairman of the Standing Committee on Language Education and Research; the Chairman of the Employee Retraining Board and a member of the Education Commission. Mr. TIEN was appointed as the Chairman of Kowloon-Canton Railway Corporation in December 2001. Save as disclosed above, Mr. TIEN did not hold other directorships in listed public companies during the past three years.

Save as disclosed above, Mr. TIEN does not hold any other positions of the Company and its subsidiaries. Mr. TIEN has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. As at the Latest Practicable Date,

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## LETTER FROM THE CHAIRMAN

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Mr. TIEN was interested in 1,123,000 ordinary shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. These shares were held by a trust of which Mr. TIEN is a founder.

Mr. TIEN will receive Directors' fees as approved from time to time by Shareholders at the AGM, currently being US\$15,000 per annum, which is determined by the Board with reference to his scope of responsibilities. There is no service contract signed between the Company and Mr. TIEN. Mr. TIEN is not appointed for a specific term but shall be subject to retirement and re-election at the AGM in accordance with the Company's Bye-laws. Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders.

### **Dr. Patrick WANG Shui Chung**

Patrick WANG Shui Chung, *JP*, aged 54, is an Independent Non-executive Director since November 2001. Dr. WANG received an Honourary Doctorate of Engineering from Purdue University in Indiana, USA in May 2004. He earned both his BSc and MSc degrees in Electrical Engineering from Purdue University in 1972. Dr. WANG is a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. He is currently the Chairman and Chief Executive Officer of Johnson Electric Holdings Limited and also a non-executive director of The Hongkong and Shanghai Banking Corporation Limited and Tristate Holdings Limited. Save as disclosed above, Dr. WANG did not hold other directorships in listed public companies during the past three years.

Save as disclosed above, Dr. WANG does not hold any other positions of the Company and its subsidiaries. Dr. WANG has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. He does not have any interests in the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Dr. WANG will receive Directors' fees as approved from time to time by Shareholders at the AGM, currently being US\$15,000 per annum, which is determined by the Board with reference to his scope of responsibilities. There is no service contract signed between the Company and Dr. WANG. Dr. WANG is not appointed for a specific term but shall be subject to retirement and re-election at the AGM in accordance with the Company's Bye-laws. Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders.

## **5. AMENDMENTS TO THE BYE-LAWS OF THE COMPANY**

The Hong Kong Stock Exchange has recently amended the Hong Kong Stock Exchange Listing Rules for the purpose of implementing the Code on Corporate Governance Practices ("the Code"). In the Hong Kong Stock Exchange Listing Rules, the Code replaces the Code of Best Practice in Appendix 14 of the Hong Kong Stock Exchange Listing Rules. Pursuant to Paragraph A.4.2 of the Code, every director should be subject to retirement by rotation at least once every three years. The existing Bye-laws of the Company does not comply with the said Paragraph A.4.2 of the Code and the Directors therefore propose the Special Resolution as set out in the AGM Notice to amend the existing Bye-laws of the Company.

## **6. PROCEDURE TO DEMAND A POLL**

The procedure by which Shareholders of the Company may demand a poll at a general meeting of the Company is set out herein below.

Pursuant to Bye-law 75 of the Bye-laws of the Company, a resolution put to the vote shall be decided on show of hands unless a poll is duly demanded before or upon declaration of result of the show of hands, a poll can be demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote; or
- (iii) by any member/members present in person or by proxy and representing not less than one-tenth of the voting rights of all the members having the right to vote at the meeting; or
- (iv) by any member/members present in person or by proxy and holding shares conferring a right to vote at the meeting being share on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

## **7. NOTICE OF ANNUAL GENERAL MEETING**

The AGM Notice is set out on pages 10 to 12 (inclusive) of this document.

A form of proxy is enclosed with this document for use at the AGM. Whether or not you choose to attend this meeting, you are requested to complete and return the enclosed form of proxy to the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting. Completion of a form of proxy will not preclude you from attending and voting at the meeting in person if you so wish.

## **8. RECOMMENDATIONS**

The Directors consider that the general mandate to repurchase Shares and the general mandate to allot, issue and deal with Shares, the amendment to the Bye-laws, re-election of the retiring Directors and remuneration of the Directors are each in the best interests of the Company and its Shareholders as a whole. The Directors recommend that the Shareholders of the Company to vote in favour of these resolutions at the AGM. Those Directors who are also Shareholders of the Company intend to vote in favour of the resolutions.

Yours faithfully  
**Allan WONG Chi Yun**  
*Chairman*



# VTech Holdings Limited

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 303)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of shareholders of VTech Holdings Limited (the “Company”) will be held at Lotus Room, 6th Floor, The Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on 12th August, 2005 at 3:30 p.m. (Hong Kong time) for the following purposes:

## **ORDINARY BUSINESS**

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st March, 2005.
2. To declare a final dividend.
3. (a) To re-elect Mr. Michael TIEN Puk Sun as Director;  
(b) To re-elect Mr. Patrick WANG Shui Chung as Director;  
(c) To authorise the Board of Directors to fix the remuneration of the Directors.
4. To re-appoint KPMG as the auditors and to authorise the Board of Directors to fix their remuneration.

## **SPECIAL BUSINESS**

Resolutions 5 to 7 will be proposed as ordinary resolutions of the Company and Resolution 8 will be proposed as a special resolution of the Company:

5. **“THAT:**
  - (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors of all the powers of the Company to repurchase ordinary shares of US\$0.05 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) subject to and in accordance with all applicable laws and the provisions of, in the manner specified in the Rules Governing the Listing of Securities on the Stock Exchange be and is hereby generally and unconditionally approved;
  - (b) the aggregate nominal amount of shares hereby authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the annual general meeting at which this resolution is passed;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the authority hereby conferred on the Company pursuant to the approval in paragraph (a) above shall expire on the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2006 or (ii) such authority given under this resolution being renewed, revoked or varied by ordinary resolution of shareholders of the Company in general meeting.”

6. **“THAT:**

- (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors of all the powers of the Company to allot, issue and deal with additional authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares and other rights of subscription for or conversion into shares, which might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the share capital to be allotted, issued and dealt with by the Directors of the Company pursuant to the approval in paragraph (a) above, other than as set out in paragraph (c) below, shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the annual general meeting of the Company at which this resolution is passed and the authority conferred on the Directors pursuant to paragraph (a) above shall expire on the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2006 or (ii) such authority being revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, save that, in each case, this authority shall allow the Company before the expiry of this authority to make or grant offers, agreements and options (including warrants to subscribe for shares and other rights of subscription for or conversion into shares) which would or might require shares to be allotted and issued after such expiry and the Directors may allot, issue and deal with the shares in pursuance of such offers, agreements and options as if the authority conferred hereby had not expired;
- (c) the provisions of paragraph (b) above shall not apply to the aggregate nominal amount of share capital allotted and/or issued or agreed to be conditionally or unconditionally issued and/or allotted by the Directors pursuant to:
  - (i) a rights issue where shares are offered for a fixed period to shareholders in proportion to their then holdings of shares on a fixed record date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or stock exchange in, any territory applicable to the Company); or
  - (ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Company’s Bye-laws; and
- (d) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors.”

## NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** conditional on the passing of Resolution 5 in the notice convening this meeting, the general mandate granted to the Directors and for the time being in force to exercise all the powers of the Company to allot, issue and deal with additional shares pursuant to Resolution 6 set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be conditionally or unconditionally allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 5, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

8. “**THAT** the Bye-laws of the Company be amended as follows:

(a) By deleting Bye-law 112(A) in its entirety and substituting therefor the following:

“Notwithstanding any other provisions in the bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.”

(b) In Bye-law 112(B), adding the following at the end of the words “be determined by lot”:

“provided that every Director shall be subject to the same provision as to rotation at least once every three years.”

and by adding the following at the end of the words “A retiring Director shall be eligible for re-election”:

“and shall continue to act as a Director throughout the meeting at which he retires”.

and that the Directors be and are hereby authorised to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit in order to effect and complete any of the foregoing.

By Order of the Board  
**VTech Holdings Limited**  
**Chang Yu Wai**  
*Company Secretary*

Hong Kong, 22nd June, 2005

### Notes:

1. Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy must be deposited with the Company’s Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 46/F, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the AGM or any adjournment thereof.
3. The Register of Members of the Company will be closed from 8th August, 2005 to 12th August, 2005 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates should be lodged with Computershare Hong Kong Investor Services Limited at the address mentioned above for registration no later than 4:00 p.m. (Hong Kong time) on 5th August, 2005.