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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this Circular or as to the action you should take, you should consult your independent financial adviser, stockbroker, solicitor, professional accountant or other professional adviser immediately.

**If you have sold or otherwise transferred** all your Shares in the Company, you should at once hand this Circular and the accompanying Form of Proxy to the purchaser or transferee or to the person through whom the sale or transfer 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 SHARES AND TO ISSUE NEW SHARES,  
RE-ELECTION OF RETIRING DIRECTORS,  
PROPOSAL FOR ADOPTION OF THE 2011 SHARE OPTION SCHEME AND  
CANCELLATION OF THE EXISTING SHARE OPTION SCHEME,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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This Circular should be read as a whole, your attention is drawn to the letter from the Board of the Company which is set out on pages 3 to 7 (inclusive) of this Circular. A notice convening the annual general meeting of VTech Holdings Limited to be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong at 3:30 p.m. (Hong Kong time) on 22 July 2011 is set out on pages 20 to 24 (inclusive) of this Circular.

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 or any adjournment thereof. Completion and return of the Form of Proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	3
<b>Appendix I – Explanatory Statement</b> .....	8
<b>Appendix II – Details of Retiring Directors Proposed for Re-election</b> .....	11
<b>Appendix III – Principal Terms of the 2011 Share Option Scheme</b> .....	14
<b>Notice of Annual General Meeting</b> .....	20
 <b>Accompanying documents:–</b>	
(i) Form of Proxy	
(ii) 2011 Annual Report	

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## DEFINITIONS

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

“2011 Share Option Scheme”	the new share option scheme proposed to be approved by the Shareholders at the AGM; a summary of the principal terms of the new option scheme is set out in Appendix III to this Circular;
“Adoption Date”	22 July 2011, being the proposed adoption date of the 2011 Share Option Scheme;
“AGM”	the annual general meeting (or any adjournment or postponement thereof) of the Company to be held on 22 July 2011 at 3:30 p.m. (Hong Kong time);
“AGM Notice”	the notice convening the AGM, which is set out on pages 20 to 24 (inclusive) of this Circular;
“Board”	the board of Directors or, with respect to the 2011 Share Option Scheme, any committee from time to time established by the board of Directors for the purpose of administering the 2011 Share Option Scheme or the Remuneration Committee, as any of them may have taken action or made decision or determination at any time in relation to the 2011 Share Option Scheme;
“business day”	any day (other than a Saturday and a Sunday) on which the Stock Exchange is open for the business of trading in securities;
“Circular”	this document;
“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 Stock Exchange;
“Director(s)”	the director(s), including all the independent non-executive director(s), of the Company from time to time;
“Form of Proxy”	the form of proxy for use at the AGM accompanying this document;
“Grantee”	any Participant who accepts an offer of Option in accordance with the terms of the 2011 Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person;
“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;
“Issue Mandate”	has the meaning ascribed to it under the section headed “3. General Mandate to Issue New Shares” in this Circular;

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## DEFINITIONS

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“Latest Practicable Date”	15 June 2011, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information included herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Option”	a right granted for the subscription of Shares pursuant to the 2011 Share Option Scheme;
”Participant(s)”	the employees and officers of any member (from time to time) of the Group (including, without limitation, directors, officers, vice presidents, senior managers, managers, and other full-time employees of any member of the Group as determined by the Board from time to time);
“Remuneration Committee”	the committee appointed by the Board to determine matters relating to, inter alia, the remuneration of the directors and senior management of the members of the Group;
“Repurchase Mandate”	has the meaning ascribed to it under the section headed “2. General Mandate to Repurchase Shares” in this Circular;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;
“Shareholder(s)”	holder(s) of Share(s);
“Share(s)”	ordinary share(s) of US\$0.05 each in the issued share capital of the Company or, if there has been any subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares in the ordinary share capital of the Company resulting from such any sub-division, reduction, consolidation, reclassification or reconstruction from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“US\$”	United States of America dollars, the lawful currency of the United States of America.

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## LETTER FROM THE BOARD

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# vtech

## VTech Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock code: 303)

*Executive Directors:*

Allan WONG Chi Yun

(Chairman and Group Chief Executive Officer)

PANG King Fai

Andy LEUNG Hon Kwong

*Independent Non-executive Directors:*

William FUNG Kwok Lun

Denis Morgie HO Pak Cho

David SUN Tak Kei

Michael TIEN Puk Sun

Patrick WANG Shui Chung

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal Office in Hong Kong:*

23rd Floor, Tai Ping Industrial Centre

Block 1, 57 Ting Kok Road

Tai Po, New Territories

Hong Kong

20 June 2011

*To the Shareholders,*

**GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES,  
RE-ELECTION OF RETIRING DIRECTORS,  
PROPOSAL FOR ADOPTION OF THE 2011 SHARE OPTION SCHEME AND  
CANCELLATION OF THE EXISTING SHARE OPTION SCHEME,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

### 1. INTRODUCTION

The purpose of this Circular is to seek your approval of proposals to (i) grant general mandates to repurchase shares and to issue new shares; (ii) re-elect the retiring Directors; (iii) adopt the 2011 Share Option Scheme and cancel the existing share option scheme (to expire on 9 August 2011) and to provide you with information in connection with such proposals. Your approval on such proposals will be sought at the AGM.

### 2. GENERAL MANDATE TO REPURCHASE SHARES

The previous general mandate granted to the Directors at the annual general meeting of the Company held on 30 July 2010 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 at the AGM 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 said Resolution 5 (the "Repurchase Mandate"). The authority relates only to repurchases made on the Stock Exchange and otherwise in accordance with the Listing Rules. The Repurchase Mandate covers repurchases made or agreed to be made only during the period ending at the conclusion of the annual

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## **LETTER FROM THE BOARD**

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general meeting of the Company to be held in 2012 or until the authority given under the said Resolution 5 is renewed, revoked, or varied by ordinary resolution of the Shareholders in general meeting, whichever occurs first. The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate is set out in Appendix I to this Circular.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Repurchase Mandate is set out in Resolution 5 in the AGM Notice as set out on pages 20 to 21 of this Circular.

### **3. GENERAL MANDATE TO ISSUE NEW SHARES**

The previous general mandate granted to the Directors at the annual general meeting of the Company held on 30 July 2010 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 at the AGM 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 (the "Issue Mandate"). As at the Latest Practicable Date, there were in issue an aggregate of 248,336,133 Shares. On the basis that no further new Shares are issued or repurchased prior to the AGM, the Company would be allowed to allot, issue and deal with a maximum of 24,833,613 further new Shares. In addition, if Resolution 5 as set out in the AGM Notice is passed, authorising the repurchase of Shares by the Company, Resolution 7 as set out in the AGM Notice will be proposed at the AGM as an ordinary resolution to extend the authority of the Directors to allot, issue and deal with new Shares to include an additional number of new Shares equal to the number of Shares repurchased under the Repurchase Mandate.

The authority of the Directors to allot and issue new 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 2012, 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 new Shares and that they have no present intention of allotting, issuing and dealing with new Shares pursuant to the authority that would be vested in them pursuant to Resolutions 6 and 7 as set out in the AGM Notice.

The full text of the ordinary resolution to be proposed at the AGM in relation to the Issue Mandate is set out in Resolutions 6 and 7 in the AGM Notice as set out on pages 21 to 22 of this Circular.

### **4. RE-ELECTION OF RETIRING DIRECTORS**

In accordance with Bye-law 112(A) of the Bye-laws of the Company, Mr. Andy LEUNG Hon Kwong and Dr. Patrick WANG Shui Chung will retire as Directors by rotation at the AGM and shall be eligible for re-election.

In accordance with Bye-law 94 of the Bye-laws of the Company, Dr. David SUN Tak Kei shall retire from office at the AGM and shall be eligible for re-election.

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## LETTER FROM THE BOARD

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Each of Dr. Patrick WANG Shui Chung and Dr. David SUN Tak Kei, both being Independent Non-executive Directors of the Company eligible for re-election at the AGM, has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Dr. WANG and Dr. SUN meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this Circular.

Under Resolution 3 as set out in the AGM Notice, the re-election of Directors will be individually voted on by Shareholders.

### 5. PROPOSAL FOR ADOPTION OF 2011 SHARE OPTION SCHEME

The Board proposed to replace the existing share option scheme of the Company, which will expire on 9 August 2011, by the 2011 Share Option Scheme. A proposal will be made at the AGM to seek Shareholders' approval of the adoption of the 2011 Share Option Scheme and the cancellation of the existing share option scheme. According to the terms of the existing share option scheme of the Company, the Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the same, in which event no further options will be offered but in all other respects the provisions of the same shall remain in force and the options granted prior to such termination shall continue to be valid and exercisable in accordance with the same.

Under the existing share option scheme of the Company, a total of 22,705,000 options had been granted, out of which 19,809,000 options had been exercised, no options had been cancelled and 2,896,000 options remained outstanding as at the Latest Practicable Date. Options to subscribe for 10,905,000 Shares had lapsed under the existing share option scheme of the Company since adoption. Saved as aforesaid and up to the Latest Practicable Date, no other options which remained exercisable had been granted under the existing share option scheme of the Company.

A summary of the principal terms of the 2011 Share Option Scheme is set out in Appendix III to this Circular. The purpose of the 2011 Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group.

The 2011 Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, at the time of the grant of the Options, the Company may specify such minimum period or performance target and the rules of the 2011 Share Option Scheme provide that the Board may determine, at its sole discretion, such terms(s) on the grant of an Option. The basis for determination of the exercise price is also specified precisely in the rules of the 2011 Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Participants to acquire proprietary interests in the Company.

The 2011 Share Option Scheme is conditional on:-

- (a) the passing of an ordinary resolution approving, *inter alia*, the adoption of the 2011 Share Option Scheme by the Shareholders and authorising the Board to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the 2011 Share Option Scheme, and

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## LETTER FROM THE BOARD

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- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the 2011 Share Option Scheme.

If the above condition (b) is not satisfied on or before the date following six months after the Adoption Date (or such later date as the Board may decide), the 2011 Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the 2011 Share Option Scheme. As at the date of this Circular, no Option has been granted or agreed to be granted under the 2011 Share Option Scheme. The existing share option scheme of the Company shall be cancelled upon the 2011 Share Option Scheme becoming effective. Such will be a natural consequence and not a condition of the adoption of the 2011 Share Option Scheme.

The Directors believe that any calculation of the fair value of the Options as at the Latest Practicable Date before the Options are actually granted would not be meaningful and would be misleading to Shareholders, because any valuation of the fair value of the Options would have to be based on the circumstances as at the Latest Practicable Date, but Options would not be granted until the 2011 Share Option Scheme is approved i.e. after the Latest Practicable Date. Given also the fact that there are various factors relevant to each individual grant (including vesting periods), such valuation figure cannot be relied upon as being an accurate measure of the fair value of all Options that may, in the future, be granted.

However, Shareholders should note that, in compliance with the Listing Rules, estimated valuations and cost of Options granted during any financial period based on the Black-Scholes option pricing model, the binominal option pricing model or a comparable based on generally accepted methodology will be provided in the Company's annual report and interim report, in accordance with the generally accepted accounting principles in Hong Kong.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the 2011 Share Option Scheme or not raising any objection thereto and for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the 2011 Share Option Scheme.

The full terms of the 2011 Share Option Scheme can be inspected at the principal office of the Company at 23rd Floor, Tai Ping Industrial Centre, Block 1, 57 Ting Kok Road, Tai Po, New Territories, Hong Kong from the date of this Circular up to and including the date of the AGM and at the AGM.

### **6. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The Chairman will therefore demand a poll for every resolution put to the vote of the AGM.

Pursuant to Bye-law 75 of the Bye-laws of the Company, a poll is demanded by:–

- (i) the Chairman of the meeting; or
- (ii) at least three members present in person or by proxy for the time being entitled to vote; or



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## LETTER FROM THE BOARD

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- (iii) 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) any member/members present in person or by proxy and holding shares conferring a right to vote at the meeting being shares 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.

The results of the poll will be published on the websites of the Company and the Stock Exchange following the AGM.

### 7. NOTICE OF AGM

The AGM Notice is set out on pages 20 to 24 (inclusive) of the Circular.

A Form of Proxy is enclosed with this Circular for use at the AGM. The Form of Proxy can also be downloaded from the Company's website at [www.vtech.com](http://www.vtech.com) or the website of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Whether or not you are able to attend the AGM, 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or adjourned meeting. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the AGM if you so wish. No Shareholder is required to abstain from voting at the AGM.

### 8. RESPONSIBILITY STATEMENT

This Circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

### 9. RECOMMENDATIONS

The Directors consider that the general mandate to repurchase Shares and to issue new Shares, the re-election of the retiring Directors and the adoption of the 2011 Share Option Scheme and the cancellation of the existing share option scheme as aforesaid are each in the best interests of the Company and its Shareholders as a whole and so recommend the Shareholders to vote in favour of these resolutions to be proposed at the AGM.

Yours faithfully  
For and on behalf of  
**VTech Holdings Limited**  
**Allan WONG Chi Yun**  
*Chairman*

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate.

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

The maximum number of Shares that may be repurchased on the Stock Exchange or on another stock exchange pursuant to the Repurchase 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 248,336,133 Shares. Subject to the passing of the relevant resolution approving the Repurchase 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 24,833,613 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 to subscribe for Shares that were outstanding was 2,896,000 being equivalent to approximately 1.2% 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 Repurchase Mandate to be passed at the AGM was also carried out in full following the AGM, the percentage of the total number of options to the total issued share capital would increase to approximately 1.5%.

### **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 31 March 2011, (being the date to which the latest published audited consolidated financial statements 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 an 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.

### **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.

### **Listing Rules**

The reporting requirements contained in the Listing Rules specify that, *inter alia*, a listed company shall report all repurchases of its securities to the Stock Exchange by no later than 8:30 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.

### **Directors' Undertaking**

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

### **Disclosure of Interests**

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 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 (as defined in the Listing Rules) 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 Codes 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.

As at the Latest Practicable Date, the total interests of Dr. Allan WONG Chi Yun (“Dr. WONG”) (including interests held directly and indirectly by the trustee of a discretionary trust in which Dr. WONG is the founder and accordingly is deemed interested under the SFO) was 34.9% 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 Dr. WONG (including interests held directly and indirectly by the trustee of a discretionary trust in which Dr. WONG is the founder and accordingly is deemed interested under the SFO) would increase to 38.8%, such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

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 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 Stock Exchange were as follows:

	Share Price	
	Highest HK\$	Lowest HK\$
<b>2010</b>		
June	88.90	72.15
July	86.95	77.55
August	84.40	74.00
September	84.65	77.80
October	84.10	79.30
November	88.80	78.25
December	92.35	80.90
<b>2011</b>		
January	96.80	86.00
February	90.00	81.80
March	88.80	80.75
April	92.80	86.70
May	93.00	85.60
June, up to the Latest Practicable Date	99.00	90.45

During 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.

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## APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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The followings are the details of Mr. Andy LEUNG Hon Kwong, Dr. David SUN Tak Kei and Dr. Patrick WANG Shui Chung, all of whom are the retiring Directors proposed to be re-elected at the AGM:

### **Andy LEUNG Hon Kwong**

**Andy LEUNG Hon Kwong**, aged 52, Executive Director and Chief Executive Officer of Contract Manufacturing Services, holds a Bachelor of Science degree in Electrical and Electronic Engineering from the University of Newcastle upon Tyne in the United Kingdom and an MBA degree from Oklahoma City University in the United States. He is also responsible for overseeing China Services Department of the Group. Mr. LEUNG joined the Group in 1988, left the Group in 1990 and re-joined in 1991. He became the Chief Executive Officer of Contract Manufacturing Services in 2002 after serving as General Manager for 9 years. Mr. LEUNG has over 20 years of experience in the electronics and manufacturing industry. Save as disclosed above, Mr. LEUNG did not hold any directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. LEUNG holds directorships in certain members of the Group. He has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. LEUNG was interested in 248,500 ordinary Shares and 252,000 underlying Shares in respect of share options granted under the Share Option Scheme of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Details of his interests are provided in the section headed “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures” under the “Report of Directors” in the Annual Report of the Company for the year ended 31 March 2011. Mr. LEUNG has not entered into any service contract with the Company and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Mr. LEUNG is entitled to a director’s fee as approved from time to time by the Shareholders at the annual general meeting of the Company, pro rata to his length of service during the year. The current director’s fee of Mr. LEUNG as an Executive Director of the Company is US\$30,000 per annum. Details of his emoluments for the year ended 31 March 2011 are set out in note 3 to the financial statements in the Annual Report of the Company for the year ended 31 March 2011. The amount of remuneration will be subject to annual review by the Remuneration Committee of the Company with reference to his scope of responsibilities, the prevailing market conditions and the results of the Company.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of the provisions under Paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

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## APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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### David SUN Tak Kei

**David SUN Tak Kei**, BBS, JP, aged 57, appointed as Independent Non-executive Director on 25 January 2011. Dr. SUN holds a Bachelor of Science degree in Business Administration from Kansas State University and a Master of Accounting Science degree from the University of Illinois. He also received an Honorary Doctorate of Business Administration from the Open University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Dr. SUN is a former Chairman and Managing Partner of Ernst & Young Far East Area. Dr. SUN was the President of the Hong Kong Institute of Certified Public Accountants in 2003. Dr. SUN is currently the Chairman of the Mandatory Provident Fund Schemes Advisory Committee, a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, a council member of the Hong Kong University of Science and Technology, a member of the Process Review Panel for the Securities and Futures Commission, a member of the Investment Committee for West Kowloon Cultural District Authority and a member of the Hong Kong Housing Authority. Save as disclosed above, Dr. SUN did not hold any directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Dr. SUN does not hold other positions in the Group. He has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Dr. SUN did not have any interests in the Shares within the meaning of Part XV of the Securities and Future Ordinance. Dr. SUN has not entered into any service contract with the Company. Dr. SUN has been appointed for a term of three years and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Dr. SUN is entitled to receive a director's fee as approved from time to time by the Shareholders at the annual general meeting of the Company, pro rata to his length of service during the year. The current director's fee of Dr. SUN as an Independent Non-executive Director of the Company is US\$30,000 per annum. Details of his emoluments for the year ended 31 March 2011 are set out in note 3 to the financial statements in the Annual Report of the Company for the year ended 31 March 2011. The amount of his director's fee has been determined by the Board with reference to his scope of responsibilities.

Dr. SUN has given an annual confirmation of his independence to the Company. The Board, therefore, considers him to be independent and recommends him to be re-elected.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of the provisions under Paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

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## APPENDIX II DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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### Patrick WANG Shui Chung

**Patrick WANG Shui Chung**, JP, aged 60, appointed as Independent Non-executive Director in 2001. Dr. WANG obtained his Bachelor and Master of Science degrees in Electrical Engineering and received an Honorary Doctorate of Engineering from Purdue University in Indiana, USA. Dr. WANG is currently the Chairman and Chief Executive Officer of Johnson Electric Holdings Limited. Appointed by the Government of the Hong Kong Special Administrative Region, Dr. WANG is a member of the Steering Committee on the Promotion of Electric Vehicles and a member of the Greater Pearl River Delta Business Council. He is also the Chairman and a director of the Hong Kong Applied Science and Technology Research Institute Company Limited, a non-executive director and a member of the Audit Committee of The Hongkong and Shanghai Banking Corporation Limited, and a non-executive director of Tristate Holdings Limited. Save as disclosed above, Dr. WANG did not hold any directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Dr. WANG does not hold other positions in the Group. He has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Dr. WANG was interested in 162,000 ordinary Shares within the meaning of Part XV of the Securities and Futures Ordinance. Dr. WANG has not entered into any service contract with the Company. Dr. WANG has been appointed for a term of three years and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Dr. WANG is entitled to receive a director's fee as approved from time to time by the Shareholders at the annual general meeting of the Company, pro rata to his length of service during the year. The current director's fee of Dr. WANG as an Independent Non-executive Director of the Company is US\$30,000 per annum. Details of his emoluments for the year ended 31 March 2011 are set out in note 3 to the financial statements in the Annual Report of the Company for the year ended 31 March 2011. The amount of his director's fee has been determined by the Board with reference to his scope of responsibilities.

Dr. WANG has served on the Board for more than nine years. He has diversified industry experience and brings a wide range of skills and experience to the Group. He has given an annual confirmation of his independence to the Company. The Board considers that the long service of Dr. WANG would not affect his exercise of independent judgement, and therefore, considers him to be independent and recommends him to be re-elected.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of the provisions under Paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**2011 SHARE OPTION SCHEME**

The following is a summary of the principal terms of the 2011 Share Option Scheme proposed to be approved at the AGM.

1. The purpose of the 2011 Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group.
2. The Directors may, at their discretion, invite Participants to participate in the 2011 Share Option Scheme. In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.
3. Initially the maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2011 Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10 per cent. of the aggregate of the Shares in issue as at the Adoption Date (such 10 per cent. limit represents 24,833,613 Shares as at the Latest Practicable Date). Options which have lapsed shall not be counted in calculating the 10 per cent. limit. However (but subject to the 30 per cent. limit referred to in this paragraph below), the Company may refresh this 10 per cent. limit with Shareholders' approval provided that each such limit (as refreshed) may not exceed the 10 per cent. of the Shares in issue as at the date of the Shareholders' approval. Options previously granted under the 2011 Share Option Scheme and any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable), including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options, will not be counted for the purpose of calculating the limit to be refreshed. The Company may seek separate approval by Shareholders in general meeting for granting Options beyond the 10 per cent. limit provided that the Options in excess of the limit are granted only to Participants specially identified by the Company before such approval is sought.

The total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the 2011 Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30 per cent. of the Shares in issue from time to time. As at the Latest Practicable Date, such 30 per cent. represents 74,488,840 Shares.

4. Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) under the 2011 Share Option Scheme in any 12-month period must not exceed 1 per cent. of the Shares in issue. Any further grant of Options which would result in the number of Shares issued as aforesaid exceeding the said 1 per cent. limit must be subject to prior Shareholders' approval with the relevant Participant and his associates abstaining from voting.

Each grant of Options to any Director, chief executive or substantial shareholder of the Company (or any of their respective associates) (as such terms are defined in Rule 1.01 of the Listing Rules) shall be subject to the prior approval of the independent non-executive



Directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Options). Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:–

- (a) representing in aggregate over 0.1 per cent. (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of Options shall be subject to prior approval by the Shareholders. All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the Circular to be sent to the Shareholders in connection therewith.

No offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Listing Rules at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company's interim or annual results; and
- (b) the deadline for the Company to publish its interim or annual results announcement as required by the Listing Rules,

and ending on the date of the results announcement, no Option may be granted.

- 5. (a) The period within which the Options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant (being the date on which the Board resolves to make an offer of Option to the relevant Participant, which date must be a business day).
- (b) In the event a Grantee (being an employee or officer of any member of the Group) ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or engagement specified in paragraph 12(f) below (and the date on which the Grantee so ceases to be a Participant shall be referred to as the "Cessation Date"), the Option shall lapse on the Cessation Date and not be exercisable unless the Board otherwise determines, in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The

Cessation Date for the purposes of this paragraph 5(b) shall be the last actual working day on which the Grantee was physically at work with the relevant member of the Group, whether salary is paid in lieu of notice or not.

- (c) In the event the Grantee dies before exercising the Option in full and none of the events for termination of employment under paragraph 12(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of six (6) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death.
- (d) If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(e) below) is made to all the holders of Shares (or all such holders other than the offeror, any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof (the "Offer Notice") to the Grantee and the Grantee may at any time within one (1) month after the date of the Offer Notice exercise the Option to its full extent.
- (e) If a general offer for Shares by way of a scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof (the "Scheme Notice") to the Grantee and the Grantee may at any time within one (1) month after the date of the Scheme Notice exercise the Option to its full extent.
- (f) In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as practicable allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (g) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5(e) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as practicable allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

- (h) Upon the occurrence of any of the events referred to in paragraphs 5(f) and (g) above, the Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company gives such notice that any Option shall be exercised in part only, the balance of the Option shall lapse.
6. At the time of grant of the Options, the Company may specify any minimum period(s) for which an Option must be held before it can be exercised. The 2011 Share Option Scheme does not contain any such minimum period.
7. At the time of the grant of the Options, the Company may specify any performance target(s) which must be achieved before the Options can be exercised. The 2011 Share Option Scheme does not contain any performance targets.
8. An offer of Option shall remain open for acceptance by the Participant to whom such offer is made for a period of thirty (30) days from the date on which the letter containing the offer of Option is issued to the Participant, provided that no such offer of Grant shall be open for acceptance after the tenth anniversary of the Adoption Date or after this 2011 Share Option Scheme has been terminated in accordance with the provisions thereof or after the person/entity to whom the offer of Option is made has ceased to be a Participant. An offer of Option shall be deemed to have been accepted by the Grantee and the Option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer of Option duly signed by the Grantee with the number of Shares in respect of which the offer of Option is accepted clearly stated therein, together with a payment in favour of the Company of HK\$1.00 (or its equivalent) by way of consideration for the grant thereof, is received by the Company.
9. The subscription price for the Shares shall be such price determined by the Board at its absolute discretion and notified to the Participant in the offer of Option and shall be no less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share on the Date of Grant. The subscription price will be established by the Board at the time the Option is offered to the Participant.
10. The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company), in respect of the Shares to be issued upon the exercise of the Option.

11. The 2011 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the adoption of the 2011 Share Option Scheme. No further Options shall be offered or granted under the 2011 Share Option Scheme on or after the date of the tenth anniversary of the adoption of the 2011 Share Option Scheme.
12. An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:
  - (a) the expiry of the Option period;
  - (b) the date or the expiry of the period for exercising the Option as referred to in paragraphs 5(b), (c) and (d) above (as the case may be);
  - (c) subject to the scheme of arrangement (referred to in paragraph 5(e) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5(e) above;
  - (d) subject to paragraph 5(f) above, the date of commencement of the winding up of the Company; and, subject to the compromise or arrangement (referred to in paragraph 5(g) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5(g) above,
  - (e) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any other person, over or in relation to any Option in breach of the 2011 Share Option Scheme;
  - (f) the date on which the Grantee (being an employee or officer of any member of the Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
  - (g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
  - (h) where the Grantee is an employee or officer of a member of the Group (other than the Company), the date on which such member ceases to be a subsidiary of the Company; and
  - (i) unless the Board otherwise determines, and other than in the circumstances referred to in paragraphs 5(b) or 5(c), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

Transfer of employment or engagement or relationship from one member of the Group to another member of the Group shall not be considered as a cessation of employment, engagement or relationship.

13. In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of the Company as a result of an issue of shares as consideration in a transaction to which the Company is a party, the auditors of or the financial advisor engaged by the Company for such purpose shall determine what adjustment is required to be made to the subscription price, and/or the number of shares to be issued on exercise of the Options, and/or (if necessary) the method of exercise of the Option (or any combination of the foregoing) provided that any such adjustments give the Participant the same proportion of the equity capital of the Company, provided that no adjustment may be made to the extent that shares would be issued at less than their nominal value.
14. Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the same Grantee provided that such Options fall within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the 2011 Share Option Scheme.
15. The Shares issued on exercise of the Options will on issue be identical to the then existing issued shares of the Company.
16. The Company by ordinary resolution of Shareholders, or the Board, may at any time terminate the operation of the 2011 Share Option Scheme and in such event no further Options will be offered or granted, but in all other respects the 2011 Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the 2011 Share Option Scheme.
17. The Options are not assignable or transferable, except for the transmission of an Option on the death of a Grantee to his personal representative(s) on terms of and as permitted by the 2011 Share Option Scheme.
18. Subject to the terms set out in the paragraph below, the Board may amend any of the provisions of the 2011 Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the 2011 Share Option Scheme, which are not found in the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

Those specific provisions of the 2011 Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrator of the 2011 Share Option Scheme in relation to any alteration of the terms herein shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the 2011 Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the 2011 Share Option Scheme. The 2011 Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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# vtech

## VTech Holdings Limited

*(incorporated in Bermuda with limited liability)*

**(Stock code: 303)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“AGM”) of shareholders of VTech Holdings Limited (the “Company”) will be held at Jade Room, 6/F, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on 22 July 2011 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 auditor for the year ended 31 March 2011.
2. To consider and declare a final dividend in respect of the year ended 31 March 2011.
3.
  - (a) To re-elect Mr. Andy LEUNG Hon Kwong as Director;
  - (b) To re-elect Dr. David SUN Tak Kei as Director;
  - (c) To re-elect Dr. Patrick WANG Shui Chung as Director;
  - (d) To fix the remuneration of the Directors as totalling US\$240,000 and such that each Director is entitled to US\$30,000 per annum for the year ending 31 March 2012 pro rata to their length of service during the year.
4. To re-appoint KPMG as the auditor of the Company at a fee to be agreed with the Directors.

### **SPECIAL BUSINESS**

Resolutions 5 to 8 will be proposed as ordinary resolutions 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 during the Relevant Period to repurchase ordinary shares of US\$0.05 each in the share capital of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) subject to and in accordance with all applicable laws and the provisions of, and in the manner specified in, the Rules Governing the Listing of Securities on the Stock Exchange be and is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the aggregate nominal amount of the shares (equivalent to a maximum of 24,833,613 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;
- (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 first annual general meeting of the Company after the date of the annual general meeting at which this Resolution is passed, or (ii) such authority given under this Resolution being renewed, revoked or varied by ordinary resolution of shareholders of the Company in general meeting; and
- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the 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 during the Relevant Period to allot, issue and deal with additional unissued shares in the capital of the Company and to make or grant offers, agreements and/or 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 first annual general meeting of the Company after the date of the annual general meeting at which this Resolution is passed, 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, such authority shall allow the Company before the expiry of such authority to make or grant offers, agreements and/or options (including warrants to subscribe for shares and other rights of subscription for or conversion into shares) which would or

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## NOTICE OF ANNUAL GENERAL MEETING

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might require shares to be allotted and issued after the expiry of such authority and the Directors may allot, issue and deal with the shares in pursuance of such offers, agreements and/or options as if such 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; or
  - (iii) the exercise of options granted under any share option scheme or similar arrangement adopted by the Company;
- (d) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors; and
- (e) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
7. “**THAT** conditional on the passing of Resolution 5 set out in the notice convening this meeting, the general mandate granted to the Directors 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.”



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## NOTICE OF ANNUAL GENERAL MEETING

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8. **“THAT** the new share option scheme of the Company (the “2011 Share Option Scheme”), the rules of which are contained in the document marked “A” produced to this Annual General Meeting and for the purpose of identification signed by the Chairman, be approved and adopted and the existing share option scheme of the Company adopted on 10 August 2001 be cancelled (upon which no further options will be offered but in all other respects the provisions of the same shall remain in force and the options granted prior to such cancellation shall continue to be valid and exercisable in accordance with the same); and subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the 2011 Share Option Scheme or not raising any objection thereto, and the granting of listing of, and permission to deal in, the shares of the Company (the “Shares”) falling to be issued pursuant to the exercise of any options granted thereunder, the directors of the Company (or any committee thereof) be authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2011 Share Option Scheme including but without limitation:
- (a) to administer the 2011 Share Option Scheme;
  - (b) to modify and/or amend the 2011 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2011 Share Option Scheme relating to modification and/or amendment;
  - (c) to allot and issue from time to time such number of Shares as may fall to be issued pursuant to the exercise of the options granted under the 2011 Share Option Scheme, provided always that the total number of Shares subject to the 2011 Share Option Scheme, when aggregated with any Shares subject to any other share option scheme(s) of the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing this Resolution but the Company may seek approval of its shareholders in general meeting for refreshing the 10 per cent. limit under the 2011 Share Option Scheme (such limit as refreshed shall not exceed 10 per cent. of the Shares in issue as at the date of the aforesaid shareholders’ approval) and the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 30 per cent. of the Shares in issue from time to time (the Company may seek separate approval by shareholders in general meeting for granting options beyond the 10 per cent. limit provided that the options in excess of the limit are granted only to participants specially identified by the Company before such approval is sought);
  - (d) to make application at the appropriate time or times to the Stock Exchange, and other stock exchanges upon which the issued Shares of the Company may for the time being be listed, for listing of and permission to deal in any Shares which may hereafter from time to time fall to be issued pursuant to the exercise of the options granted under the 2011 Share Option Scheme; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2011 Share Option Scheme.”

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

Hong Kong, 20 June 2011

*Notes:*

1. Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his/her/its 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 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, 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 15 July 2011 to 22 July 2011 (both days inclusive), during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM and to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates should be lodged with the principal share registrar of the Company, Butterfield Fulcrum Group (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda, or the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. (local time of the relevant share registrar) on 14 July 2011.