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**THIS CIRCULAR 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 stockbroker or registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or 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 bank, stockbroker or other agent 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)**

- (1) GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
(3) PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS AND  
ADOPTION OF THE NEW BYE-LAWS;  
(4) PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME AND  
ADOPTION OF THE AMENDED SHARE AWARD SCHEME;  
(5) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME AND  
ADOPTION OF THE AMENDED SHARE OPTION SCHEME;  
AND  
(6) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of VTech Holdings Limited to be held at Jade & Lotus Room, 6th Floor, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 19 July 2023 at 3:30 p.m. (Hong Kong time) is set out on pages 118 to 124 of this Circular.

Whether or not you are able to attend the 2023 AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the 2023 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2023 AGM or any adjournment thereof if you so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.

15 June 2023

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## DEFINITIONS

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

“2022 AGM”	the annual general meeting of the Company for the year ended 31 March 2022 held on 13 July 2022;
“2023 AGM”	the annual general meeting (or any adjournment or postponement thereof) of the Company for the year ended 31 March 2023 to be held on Wednesday, 19 July 2023 at 3:30 p.m. (Hong Kong time);
“2023 Annual Report”	annual report of the Company for the year ended 31 March 2023;
“Adoption Date”	19 July 2023, being the proposed date on which the Amended Share Award Scheme and the Amended Share Option Scheme are amended and adopted by the Company at the 2023 AGM;
“AGM Notice”	the notice convening the 2023 AGM, which is set out on pages 118 to 124 of this Circular;
“Amended Share Award Scheme”	the amended share award scheme which has incorporated all of the Award Proposed Amendments;
“Amended Share Option Scheme”	the amended share option scheme which has incorporated all of the Option Proposed Amendments;
“associate(s)”	has the meaning given to that term in the Listing Rules;
“Award Proposed Amendments”	the proposed amendments to the Share Award Scheme as set out in Appendix IV to this Circular;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“Bye-law(s)”	the bye-laws of the Company as supplemented or amended from time to time and references to a “Bye-law” are to a bye-law contained therein;
“Circular”	the circular to the Shareholders dated 15 June 2023;
“close associate(s)”	has the meaning given to that term in the Listing Rules;
“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) of the Company;

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## DEFINITIONS

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“Employee(s)”	any Non-US Employee(s) or US Employee(s);
“French Subplan”	the document titled “Addendum to the Plan for French resident Beneficiaries” as set out on page 95 to page 97 of this Circular;
“Group”	the Company and its Subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	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 the “Letter from the Board” contained in this Circular;
“Latest Practicable Date”	9 June 2023, 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;
“New Bye-laws”	the new Bye-laws incorporating the Proposed Amendments proposed to be approved and adopted by the Shareholders at the 2023 AGM;
“Nomination Committee”	the nomination committee of the Company;
“Non-US Employee(s)”	any bona fide employee(s) (which description, for the avoidance of doubt, includes any directors) of the Company or of any Subsidiary other than a US Employee, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise;
“Option”	a right granted for the subscription of Shares pursuant to the Amended Share Option Scheme;
“Option Proposed Amendments”	the proposed amendments to the Share Option Scheme as set out in Appendix V to this Circular;
“Other Distribution(s)”	has the meaning given in Paragraph 5(M)(iv) as supplemented by sub-Paragraphs 5(M)(v), (vii) and (ix) in the Amended Share Award Scheme;
“Participants”	the employees and directors of any member (from time to time) of the Group;
“Proposed Amendments”	the proposed amendments to the existing Bye-laws as set out in Appendix III to this Circular;

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## DEFINITIONS

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“Remuneration Committee”	the remuneration committee of the Company;
“Repurchase Mandate”	has the meaning ascribed to it under the section headed “2. General Mandate to Repurchase Shares” in the “Letter from the Board” contained in this Circular;
“Selected Employees”	the selected Non-US Employees and selected US Employees as defined in Paragraph 5(A) of the Amended Share Award Scheme, and each a “Selected Employee”;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of US\$0.05 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Share Scheme(s)”	share option scheme(s) and/or share award scheme(s) involving issuance of new Shares adopted and to be adopted by the Company from time to time;
“Share Award Scheme”	the existing share purchase scheme (now as the share award scheme) of the Company adopted on 30 March 2011 and revised on 27 May 2013 and 19 May 2015, respectively;
“Share Option Scheme”	the existing share option scheme of the Company adopted on 13 July 2021;
“Share Registrar”	the Hong Kong branch share registrar of the Company from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“US\$”	United States of America dollars, the lawful currency of the United States of America;
“US Employee(s)”	any bona fide employee(s) (which description, for the avoidance of doubt, includes any directors) of the Company or any Subsidiary who is resident in the US, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise (for the purposes of this definition, the term “resident” shall have the same meaning as provided in the United States Banking Secrecy Act); and
“%”	per cent.

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## LETTER FROM THE BOARD

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### 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

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Non-executive Director:*

William WONG Yee Lai

*Principal Office in Hong Kong:*

23rd Floor, Tai Ping Industrial Centre

Block 1, 57 Ting Kok Road

Tai Po, New Territories

Hong Kong

*Independent Non-executive Directors:*

William FUNG Kwok Lun

GAN Jie

KO Ping Keung

Patrick WANG Shui Chung

WONG Kai Man

15 June 2023

*To the Shareholders,*

- (1) GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
(3) PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS AND  
ADOPTION OF THE NEW BYE-LAWS;  
(4) PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME AND  
ADOPTION OF THE AMENDED SHARE AWARD SCHEME;  
(5) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME AND  
ADOPTION OF THE AMENDED SHARE OPTION SCHEME;  
AND  
(6) NOTICE OF ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

On 1 January 2022, the Listing Rules were amended by, among others, adopting a uniform set of 14 core standards for shareholder protection for issuers regardless of their place of incorporation set out in Appendix 3 to the Listing Rules. In light of such amendments, the Board proposed to make certain amendments to the existing Bye-laws to, among others, conform to the said core standards for shareholder protection.

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## LETTER FROM THE BOARD

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In light of the amendments of Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Board has also resolved to propose (i) the Award Proposed Amendments and the adoption of the Amended Share Award Scheme; and (ii) the Option Proposed Amendments and the adoption of the Amended Share Option Scheme, in order to bring them in line with the amended Chapter 17 of the Listing Rules.

The purpose of this Circular is to provide the Shareholders with, among others, the details of (i) the general mandates to repurchase Shares and to issue new Shares; (ii) re-election of the retiring Directors; (iii) the Proposed Amendments to the existing Bye-laws; (iv) the Award Proposed Amendments in respect of the Share Award Scheme; and (v) the Option Proposed Amendments in respect of the Share Option Scheme.

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

The previous general mandate granted to the Directors at the 2022 AGM to exercise the powers of the Company to repurchase Shares will expire at the 2023 AGM.

At the 2023 AGM, Resolution 5 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 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 on the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2024, or (ii) the authority given under the said Resolution 5 is revoked or varied by an ordinary resolution of the Shareholders in general meeting. The explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide the 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 2023 AGM in relation to the Repurchase Mandate is set out in Resolution 5 on pages 118 to 119 in the AGM Notice of this Circular.

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

The previous general mandate granted to the Directors at the 2022 AGM to exercise the powers of the Company to allot, issue and deal with Shares will expire at the 2023 AGM.

The Directors are aware of the investors’ concern on the possible dilution of shareholding interests resulting from the exercise of the general mandate to issue new Shares. Accordingly, the Directors propose, as in previous years, to limit the general mandate to 10% (rather than 20% as allowed by the Listing Rules) of the aggregate nominal amount of the share capital of the Company in issue at the date the resolution is passed (the “Issue Mandate”). In addition, any Shares to be allotted and issued (whether wholly or partly for cash or otherwise) under the Issue Mandate shall not be issued at a discount of more than 10% to the “Benchmarked Price” (as described under Rule 13.36(5) of the Listing Rules and defined in Resolution 6 set out in the AGM Notice) (rather than 20% as limited under the Listing Rules). As at the Latest Practicable Date, there were in issue an aggregate of 252,702,466 Shares. On the basis that no further new Shares will be issued or repurchased prior to the 2023 AGM, the Company would be allowed to allot, issue and deal with a maximum of 25,270,247 further new Shares.

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## LETTER FROM THE BOARD

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The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to issue Shares for flexibility in raising capital or other strategic needs that may arise from time to time.

The authority of the Directors to allot and issue new Shares pursuant to the said Resolution 6 shall expire on the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2024, or (ii) the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

The full text of the ordinary resolution to be proposed at the 2023 AGM in relation to the Issue Mandate is set out in Resolution 6 on pages 119 to 120 in the AGM Notice of this Circular.

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

In accordance with Bye-law 112(A) of the existing Bye-laws, Dr. PANG King Fai and Mr. William WONG Yee Lai shall retire from the Board as Directors by rotation at the 2023 AGM and, being eligible, shall offer themselves for re-election as executive Director and non-executive Director respectively. In accordance with Bye-law 94 of the existing Bye-Laws, Professor GAN Jie shall retire from the Board as the new Director appointed during the financial year ended 31 March 2023 and shall be eligible for re-election at the 2023 AGM as an independent non-executive Director.

In March 2023, having reviewed the structure, size and diversity of the Board, the Nomination Committee recommended Dr. PANG King Fai, Mr. William WONG Yee Lai and Professor GAN Jie to the Board for the Board to recommend to the Shareholders for the re-election of the aforementioned Directors at the 2023 AGM. The recommendations were made in accordance with the Nomination Policy and the Board Diversity Policy of the Company. These include, among others, the proposed Director's knowledge and experience, reputation for integrity, time commitment to the Company's business, and the diversity aspects (including but not limited to gender, age, cultural and educational background, skills, knowledge, industry and professional experience, independence and length of service), with due regard for the benefit of diversity of the Board, as set out in the Board Diversity Policy. The Nomination Policy and the Board Diversity Policy of the Company are set out in the "Corporate Governance Report" of the 2023 Annual Report.

The Nomination Committee and the Board had also taken into account the contribution to the Board of Professor GAN Jie, the retiring independent non-executive Director and her firm commitment to her independent role. Professor GAN Jie has extensive experiences in both technology innovation and finance. Her areas of expertise include corporate finance, asset management, Chinese industrial economy, financial regulation, stock markets, and entrepreneurship, which enable her to provide valuable and independent guidance to the Board and the Company. The wide breadth of knowledge and diversity of her experience make Professor GAN Jie, the retiring independent non-executive Director, an invaluable member of, and active contributor to, the Board.



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## LETTER FROM THE BOARD

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The Nomination Committee has conducted an assessment on the independence of all independent non-executive Directors, and in particular, Professor GAN Jie. The Nomination Committee and the Board were satisfied with the independence of Professor GAN Jie with reference to the criteria set out in Rule 3.13 of the Listing Rules. Professor GAN Jie has given a confirmation of her independence to the Company. Moreover, Professor GAN Jie does not hold any cross-directorships or has any significant links with other Directors through involvement in other companies or bodies that could give rise to conflicts of interest in her role as an independent non-executive Director and she is not involved in the daily management of the Company nor in any relationships or circumstances which would interfere with the exercise of her independent judgement.

The Nomination Committee was satisfied that Professor GAN Jie has the required character, integrity and experience to fulfill the role of an independent non-executive Director. In addition, Professor GAN Jie has shown devotion and commitment to the Board that she is able to devote sufficient time and attention to the Company's affairs and confirm that she will continue to demonstrate her commitment to her role.

The Board, based on the recommendation of the Nomination Committee, believes that Professor GAN Jie continues to be independent and provides invaluable and independent advice to the Board through her extensive knowledge and experience that enhance the diversified representation of the Board.

All the Directors offering themselves for re-election have provided valuable advice and contributed their respective experience and expertise to the Board and the Company. In view of their invaluable experience and their commitment to their roles, the Board believes that their re-elections are in the best interests of the Company and the Shareholders. Accordingly, the Board recommends them to stand for re-election at the 2023 AGM. Further information about the Board's composition, Board's skills and experience, and the attendance record of the retiring Directors for the Board meetings held during the year ended 31 March 2023 are disclosed in the "Board Composition", "Board Skills and Experience" and "Board, Board Committees and Shareholders' Meetings" under the "Corporate Governance Report" of the 2023 Annual Report.

Details of each of the retiring Directors proposed for re-election at the 2023 AGM are set out in Appendix II to this Circular.

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

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## LETTER FROM THE BOARD

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### 5. FEES TO DIRECTORS

In relation to Resolution 3(d) as set out in the AGM Notice regarding the fixing of the Directors' fees (including the additional fees payable to the chairman and members of the Audit Committee, the Nomination Committee and the Remuneration Committee) for the year ending 31 March 2024, the proposed fees to the Directors for their service on the Board and, where applicable, on the relevant Board committees, which remain the same as for the year ended 31 March 2023, are set out below:

	<b>Current fee per annum for the year ended 31 March 2023</b>	<b>Proposed fee per annum for the year ending 31 March 2024</b>
	<i>US\$</i>	<i>US\$</i>
<b>Basic fee to each Director</b>	35,000	35,000
<b>Additional fees to:</b>		
<i><b>Audit Committee</b></i>		
Chairman	10,000	10,000
Member (each)	5,000	5,000
<i><b>Nomination Committee</b></i>		
Chairman	5,000	5,000
Member (each)	3,000	3,000
<i><b>Remuneration Committee</b></i>		
Chairman	5,000	5,000
Member (each)	3,000	3,000

The proposed Directors' fees (including the additional fees payable to the chairman and each member of the Audit Committee, the Nomination Committee and the Remuneration Committee, respectively) for the year ending 31 March 2024 as set out above will be put forward at the 2023 AGM for the Shareholders' approval.

### 6. PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS AND ADOPTION OF THE NEW BYE-LAWS

On 1 January 2022, the Listing Rules were amended by, among others, adopting a uniform set of 14 core standards for shareholder protection for issuers regardless of their place of incorporation set out in Appendix 3 to the Listing Rules.

The Board proposes to make certain amendments to the existing Bye-laws of the Company to (a) conform to the said core standards for shareholder protection; (b) permit general meetings to be held either as hybrid or electronic meetings where the Shareholders may attend general meetings through electronic means in addition to physical meetings requiring attendance in person to provide flexibility over the conduct of general meetings; and (c) incorporate certain housekeeping changes.

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## LETTER FROM THE BOARD

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The Board also proposes to adopt the New Bye-laws in substitution for, and to the exclusion of, the existing Bye-laws. The Proposed Amendments and adoption of the New Bye-laws are subject to the approval of the Shareholders by way of a special resolution at the 2023 AGM. Full particulars of the Proposed Amendments (marked-up against the existing Bye-laws) are set out in Appendix III to this Circular. The Proposed Amendments are written in English. The Chinese translation of the Proposed Amendments is for reference only. In case of any discrepancy or inconsistency between the English version and its Chinese translation, the English version shall prevail.

The legal advisers to the Company as to Hong Kong laws have confirmed that the Proposed Amendments comply with the requirements of the Listing Rules and the legal advisers to the Company as to the laws of Bermuda have confirmed that the Proposed Amendments do not violate the applicable laws of Bermuda. The Company confirms that there is nothing unusual about the Proposed Amendments for a company listed on the Stock Exchange.

### **7. PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME AND ADOPTION OF THE AMENDED SHARE AWARD SCHEME**

The Board proposes to make certain amendments to the Share Award Scheme in order to bring it in line with the amendments to Chapter 17 of the Listing Rules which came into effect on 1 January 2023.

The Amended Share Award Scheme is a share scheme involving the grant of new Shares and it will be funded by both existing Shares and new Shares. Pursuant to the amended Chapter 17 of the Listing Rules, share schemes involving the grant of new shares must be approved by shareholders of the listed issuer in general meeting. In addition, alterations to the terms and conditions of a share scheme which are of a material nature must be approved by the shareholders in general meeting. Accordingly, the Award Proposed Amendments and the adoption of the Amended Share Award Scheme will be subject to, among others, Shareholders' approval at the 2023 AGM.

#### **Purposes**

The purposes of the Amended Share Award Scheme are to (i) attract potential employees; (ii) motivate and retain the Employees to support the Group's long term development; and (iii) provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Employees for their contributions and/or potential contributions to the Group.

#### **Conditions**

The Amended Share Award Scheme is subject to and conditional upon approval of the Board and the passing of an ordinary resolution approving the adoption of the Amended Share Award Scheme by the Shareholders.

#### **Participants**

The participants of the Amended Share Award Scheme are the Employees but an Employee shall not be entitled to participate in the Amended Share Award Scheme if he/she is a resident in a place where the setting aside of sums of money and/or Shares pursuant to the terms of the Amended Share Award Scheme is not permitted under the laws and regulations of such place, or where in the view of the Board or the trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employee.

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## LETTER FROM THE BOARD

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In determining the eligibility of the participants, the Board shall consider the Employee's individual performance, years of service, potential and/or actual contribution to the business affairs of and benefits to the Group; and/or whether the Employee is regarded as a valuable human resource of the Group based on his/her work experience, professional qualifications, industry knowledge or other relevant factors (including but not limited to technical know-how, business and/or market development capability, and market reputation). The Board (including the independent non-executive Directors) considers that the aforesaid criteria for determining the eligibility of an Employee are in line with the purposes of the Amended Share Award Scheme.

The Amended Share Award Scheme inherited the existing mechanism of the Share Award Scheme which was designed to grant share awards to the Employees (including US Employees) while fulfilling the requirements of the trustee and hence, the participants under the Amended Share Award Scheme are specified into US Employees and Non-US Employees.

### **Key amendments**

The key amendments entailed by the Award Proposed Amendments are summarised below:

- (a) to align the purposes and the basis of determining the eligibility of the participants of the Amended Share Award Scheme with that of the Amended Share Option Scheme;
- (b) to include a scheme mandate limit of not exceeding 10% of the Company's issued Shares as at the Adoption Date to all Share Schemes (which include the Amended Share Award Scheme and the Amended Share Option Scheme) for grant of awards involving new Shares;
- (c) to set out that the duration of the Amended Share Award Scheme shall not be more than ten years commencing on the Adoption Date;
- (d) to require independent Shareholders' approval for refreshment of scheme mandate limit within a three-year period from the date of Shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date of the Amended Share Award Scheme);
- (e) to require approval by the Shareholders where any grant of awards under the Amended Share Award Scheme would result in new Shares (including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all options or awards granted or referable to any Selected Employee under all Share Schemes (excluding any options and awards lapsed in accordance with the terms of the Amended Share Award Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue (i.e. the 1% Individual Limit as defined in the Amended Share Award Scheme);
- (f) to require approval by the Shareholders where any grant of awards under the Amended Share Award Scheme which is made or referable to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the new Shares (including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all awards (other than those under options of any other Share Schemes and excluding any awards lapsed in accordance with the terms of the

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## LETTER FROM THE BOARD

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Amended Share Award Scheme or any other Share Scheme(s)) granted or referable to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue;

- (g) to require approval by the Shareholders where any grant of awards under the Amended Share Award Scheme and options and awards to be granted under any other Share Scheme(s) to (or which is referable to) an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the Amended Share Award Scheme or any other Share Scheme(s)) granted or referable to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue;
- (h) to include a minimum vesting period of 12 months for grants of awards under the Amended Share Award Scheme, where the grant of awards involves the issue of new Shares only and does not involve existing Shares. However, the Board (including the Remuneration Committee) has discretion in allowing a shorter vesting period in certain circumstances. Such circumstances include:
  - (i) grants of “make-whole” awards of Shares to a Selected Employee who newly joined the Group to replace the share awards he forfeited when leaving the previous employers;
  - (ii) grants to a Selected Employee whose employment is terminated due to or for reasons associated with his death, illness or disability or the occurrence of any out of control event;
  - (iii) grants of awards of Shares with performance-based vesting conditions provided in the Amended Share Award Scheme, in lieu of time-based vesting criteria;
  - (iv) grants that are made in batches during a year for administrative or compliance reasons, which may include awards of Shares that should have been granted earlier but had to wait for a subsequent batch, in such cases, the vesting date (which is defined in the Amended Share Award Scheme) may be adjusted to take into account of the time from which award of Shares would have been granted if not for such administrative or compliance requirements;
  - (v) grants of awards of Shares with a mixed or accelerated vesting schedule such that the awards may vest evenly over a period of 12 months; or
  - (vi) grants of awards of Shares with a total vesting and holding period of more than 12 months.
- (i) to allow the Board (including the Remuneration Committee) to establish performance targets for the grant of awards; and
- (j) to include other house-keeping amendments for the purpose of making consequential amendments in line with the Award Proposed Amendments, and to better align the wordings with that of the Listing Rules.

The Directors are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed in paragraph (h) above is appropriate to provide flexibility to (a) offer higher

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## LETTER FROM THE BOARD

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incentives when attracting talents (sub-paragraphs (i) to (v)); (b) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (ii) and (iv)); (c) reward exceptional performers with accelerated vesting period (sub-paragraphs (v)); (d) motivate exceptional performers based on performance metrics rather than time (sub-paragraph (iii)); and (e) grant awards in exceptional circumstances where justified (sub-paragraph (i) to (vi)), which is in line with the purposes of the Amended Share Award Scheme.

Moreover, the Board (including the Remuneration Committee) has the authority to establish performance targets in relation to the granting of the share awards. The Directors are of the view that the flexibility given to the the Board (including the Remuneration Committee) in relation to the performance targets will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole, which is in line with the purposes of the Amended Share Award Scheme.

The Selected Employees are not required to pay any amount upon acceptance of an award or the vesting of any Shares (and the related Other Distributions) under the Amended Share Award Scheme. As such, the period within which payments or calls must or may be made or loans for such purposes must be repaid is not applicable.

There is no clawback mechanism specified under the Amended Share Award Scheme to clawback all or a specified part of the Shares (and the related Other Distributions, if any) awarded to any Employees in any event. The Board believes that it is in the best interests of the Company to ensure the Employees that the awarded Shares will not be clawed back in any event so as to retain such Employees to continue serving the Group whilst at the same time providing these Employees incentive in achieving the goals of the Group, and therefore aligns with the purposes of the Amended Share Award Scheme.

As at the Latest Practicable Date, none of the Directors is a trustee of the Amended Share Award Scheme or has a direct or indirect interest in such trustee. For information purpose only, Dr. Allan WONG Chi Yun (being an executive Director, the Chairman and Group Chief Executive Officer), is the Deputy Chairman and the independent non-executive director of The Bank of East Asia, Limited (“BEA”), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 23) (being the holding company of the trustee of the Amended Share Award Scheme). As disclosed in the annual report of BEA for the year ended 31 December 2022, he is beneficially interested and deemed to be interested in a total of 25,423,190 shares of BEA, representing approximately 0.95% of the issued voting shares of BEA. Mr. William WONG Yee Lai (being the non-executive Director of the Company and the son of Dr. Allan WONG Chi Yun) is also beneficially interested in 9,893,705 shares of BEA as at 31 December 2022, representing approximately 0.37% of the issued voting shares of BEA.

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## LETTER FROM THE BOARD

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### **French Subplan**

The French Subplan is applicable to the Selected Employees who are French residents or who are or may become subject to French tax as a result of the Shares to be granted under the Amended Share Award Scheme and, as part of the Amended Share Award Scheme, it is also funded by both new Shares and existing Shares of the Company. The French Subplan sets out the additional requirements (which, for the avoidance of doubt, do not contradict with the requirements in Chapter 17 of the Listing Rules) in France in relation to the granting of share awards that should be complied with by the Selected Employees who are French residents or or who are or may become subject to French tax while following the same rules and restrictions in the Amended Share Award Scheme, and hence, it also complies with Chapter 17 of the Listing Rules. For further details of the French Subplan, please refer page 95 to page 97 of this Circular.

### **Scheme limit**

The maximum number of new Shares which may be allotted and issued in respect of all awards to be granted under the Amended Share Award Scheme, all Options to be granted under the Amended Share Option Scheme, and all options and awards to be granted under any other Share Scheme(s) shall not in aggregate exceed 10% of the Shares in issue on the Adoption Date.

The maximum number of existing Shares which may be held by the trustee for awards to be granted under the Amended Share Award Scheme shall not exceed 3% of the Shares in issue from time to time (excluding Shares which have already been transferred to the Employees on vesting). The Board (including the Remuneration Committee) may resolve to increase such limit at its sole discretion.

Based on 252,702,466 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the 2023 AGM, the maximum number of new Shares which may be allotted and issued in respect of all awards to be granted under the Amended Share Award Scheme, all Options to be granted under the Amended Share Option Scheme and all options and awards to be granted under any other Share Scheme(s) is 25,270,247 Shares.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has 26,200 outstanding share awards under the Share Award Scheme. The outstanding share awards shall continue to be valid and subject to the provisions of the Share Award Scheme. The details of the share awards granted to the Directors, the five highest paid individuals and other eligible employees during the year ended 31 March 2023 and the outstanding share awards as at the Latest Practicable Date are as follows:

Name/category of grantees	Date of Award	Closing price of the shares immediately before the Date of Award (HK\$)	Fair Value per share as at the Date of Award (HK\$)	Number of Share Awards					Number of Outstanding Share Awards as at the Latest Practicable Date	
				Changes during the financial year ended 31 March 2023						
				Balance as at 1 April 2022	Granted during the year	Not vested/ Cancelled/ Lapsed	Balance as at 31 March 2023	Vesting Periods for Awarded Shares		
	(note 1)		(note 4)			(note 3)		(note 13)		
<b>Directors</b>										
Allan WONG Chi Yun	21 Dec 2022	50.0	49.8	100,000	100,000 (note 3)	(84,800)	(15,200)	100,000	18 May 2023 to 24 May 2023	-
PANG King Fai	21 Dec 2022	50.0	49.8	30,000	30,000 (note 3)	(25,400)	(4,600)	30,000	18 May 2023 to 24 May 2023	-
Andy LEUNG Hon Kwong	21 Dec 2022	50.0	49.8	50,000	50,000 (note 3)	(42,400)	(7,600)	50,000	18 May 2023 to 24 May 2023	-
<b>Five highest paid individuals</b> (note 6)	21 Dec 2022	50.0	49.8	20,000	20,000 (note 3)	(17,700)	(2,300)	20,000	18 May 2023 to 24 May 2023	-
<b>Other employees</b>	24 Jun 2022	59.65	61.0	-	172,100 (note 2)	(172,100)	-	-	24 June 2022 to 30 June 2022	-
	1 Aug 2022	53.55	52.5	28,800	73,200 (notes 2&5)	(75,800)	-	26,200	1 August 2022 to 7 August 2023	26,200
	21 Dec 2022	50.0	49.8	44,000	44,000 (notes 3)	(37,300)	(6,700)	44,000	18 May 2023 to 24 May 2023	-
				<b>272,800</b>	<b>489,300</b>	<b>(455,500)</b>	<b>(36,400)</b>	<b>270,200</b>		<b>26,200</b>

*Notes:*

- (1) The date of award refers to the date on which the Company issued letter of award to the eligible participant for the entitlement to the awarded Shares and made prior to the amendments to Chapter 17 of the Listing Rules taking effect on 1 January 2023.
- (2) These awarded Shares included the new Shares allotted and issued by the Company to the trustee of the Share Award Scheme for the selected participants (not being connected persons of the Company).



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## LETTER FROM THE BOARD

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- (3) 180,000 awarded Shares and 64,000 awarded Shares were granted to certain executive Directors and senior management on 21 December 2022 respectively, 173,500 awarded Shares to certain executive Directors and 57,700 awarded Shares to senior management were vested in May 2023 subject to achievement of certain performance targets for the year ended 31 March 2023. 6,500 awarded Shares to certain executive Directors and 6,300 award Shares to senior management were not vested. These Awarded Shares were purchased on the Stock Exchange by the trustee of the Share Award Scheme. 36,400 Awarded Shares granted to certain executive Directors and senior management in the year ended 31 March 2022 were not vested during the year ended 31 March 2023 as certain performance targets for the year ended 31 March 2022 were not met. The performance targets for the awarded Shares granted during the year ended 31 March 2023 are based on the financial performance of the Group or the financial performance of the business in which they are responsible for the financial year ended 31 March 2023 and financial year ended 31 March 2022 respectively.
- (4) The fair value at the date of grant was determined based on the closing price of the Shares on the date of the award. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.
- (5) These awarded Shares included 26,200 awarded Shares granted under the French Subplan during the year.
- (6) Of the five individuals with the highest emoluments in the financial year ended 31 March 2023, three are Directors whose awarded Shares are set out above.
- (7) During the year ended 31 March 2023, 200,000 awarded Shares, with a total fair value of HK\$10.0 million, were granted to the five highest paid individuals, and a total of 289,300 awarded Shares, with a total fair value of HK\$16.5 million, were granted to other employees.
- (8) The weighted average closing price of the shares immediately before the various dates on which the awarded Shares were vested was HK\$56.37.
- (9) No awarded Shares were cancelled during the year ended 31 March 2023.
- (10) No awarded Shares were lapsed during the year ended 31 March 2023.
- (11) No awarded Shares were granted to the non-executive Director during the year ended 31 March 2023.
- (12) None of the above grants of awarded Shares to any participants is in excess of the 1% individual limit.
- (13) None of the above grants of awarded Shares to any related participants in any 12 month period exceeding 0.1% of the issued shares of the Company.
- (14) No purchase price is required to be paid by the participants of the Share Award Scheme for the awarded Shares.
- (15) The vesting period refers to the 7-day period commencing from the date on which the vesting notice is issued to the eligible participant in respect of the awarded Shares.

The full text of the Amended Share Award Scheme (including the French Subplan and with mark-ups showing the Award Proposed Amendments) are set out in Appendix IV to this Circular. The Amended Share Award Scheme is written in English. The Chinese translation of the Amended Share Award Scheme is for reference only. In case of any discrepancy or inconsistency between the English version and its Chinese translation, the English version shall prevail.

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## LETTER FROM THE BOARD

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### 8. PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME AND ADOPTION OF THE AMENDED SHARE OPTION SCHEME

The Board also proposes to make certain amendments to the Share Option Scheme in order to bring it in line with the amendments to Chapter 17 of the Listing Rules which came into effect on 1 January 2023.

Pursuant to Chapter 17 of the Listing Rules and the Share Option Scheme, alterations to the terms and conditions of a share scheme which are of a material nature must be approved by the Shareholders in general meeting. As the Option Proposed Amendments are of a material nature, the Option Proposed Amendments and the adoption of the Amended Share Option Scheme will be subject to, among others, Shareholders' approval at the 2023 AGM.

#### **Purposes**

The purposes of the Amended Share Option Scheme are to (i) attract potential employees; (ii) motivate and retain the Participants (i.e. the employees and directors of any member (from time to time) of the Group) to support the Group's long term development; and (iii) 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 purposes of the Amended Share Option Scheme are the same as those of the Amended Share Award Scheme. In general, upon vesting, share options provide a right to purchase the Shares of the Company at a pre-determined price, while share awards provide direct ownership stakes in the Company. The Board is of the view that the adoption of both the Amended Share Option Scheme and the Amended Share Award Scheme gives the Company more flexibility to offer competitive remuneration packages which can cater to the different preferences of employees (i.e. some may prefer share options while some may prefer share awards), which has worked well for the Company over the years. The Board believes that this will continue to place the Group in a better position to attract potential employees, incentivize and reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole, which is in line with the purposes of both the Amended Share Option Scheme and the Amended Share Award Scheme. Further, since the Share Option Scheme and the Share Award Scheme had been in place for a long period of time, the adoption of both the Amended Share Option Scheme and the Amended Share Award Scheme would not only avoid disruptions to the administration of the outstanding options and awards under the Share Option Scheme and Share Award Scheme, but it will also ensure the continuous operation of the Group's successful remuneration practice.

#### **Conditions**

The Amended Share Option Scheme is conditional on (a) the passing of an ordinary resolution approving, inter alia, the adoption of the Amended 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 Amended Share Option Scheme; and (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 Amended Share Option Scheme.

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## LETTER FROM THE BOARD

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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 Amended Share Option Scheme shall forthwith determine, and any Option granted or agreed to be granted pursuant to the Amended Share Option Scheme and any offer of such grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Amended Share Option Scheme or any such Option.

### **Participants**

The Participants of the Amended Share Option Scheme are the employees and directors of any member (from time to time) of the Group. In determining the eligibility of the Participant, the Board shall consider the Participant's individual performance, years of service, potential and/or actual contribution to the business affairs of and benefits to the Group; and/or whether the Participant is regarded as a valuable human resource of the Group based on his work experience, professional qualifications, industry knowledge or other relevant factors (including but not limited to technical know-how, business and/or market development capability, and market reputation). The Board (including the independent non-executive Directors) considers that the aforesaid criteria for determining the eligibility of the Participants are in line with the purposes of the Amended Share Option Scheme.

### **Key amendments**

The key amendments entailed by the Option Proposed Amendments are summarised below:

- (a) to include a scheme mandate limit of not exceeding 10% of the Company's issued Shares as at the Adoption Date to all Share Schemes (which include the Amended Share Award Scheme and the Amended Share Option Scheme);
- (b) to require independent Shareholders' approval for refreshment of scheme mandate limit within a three-year period from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of the adoption of the Amended Share Option Scheme);
- (c) to require approval by the Shareholders for grant of Options over new Shares to an individual participant if the number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which include the Amended Share Option Scheme and the Amended Share Award Scheme) to an individual participant (excluding any options and awards lapsed in accordance with the terms of the Amended Share Option Scheme or any other Share Scheme(s)) will exceed 1% of the issued share capital of the Company in any 12-month period (i.e. the Individual Limit as defined in the Amended Share Option Scheme);
- (d) to require approval by the Shareholders for grant of Options over new Shares to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, if the number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which include the Amended Share Option Scheme and the Amended Share Award Scheme) (excluding any options and awards lapsed in accordance with the terms of the Share Scheme(s)) to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, will exceed 0.1% of the issued share capital of the Company in any 12-month period;

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## LETTER FROM THE BOARD

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- (e) to include a minimum vesting period of 12 months, where grants of any Option are subject to a shorter vesting period under specific circumstances as determined by the Board (including the Remuneration Committee). Such circumstances include:
  - (i) grants of “make-whole” Options to a Participant who newly joined the Group to replace the share options he forfeited when leaving the previous employers;
  - (ii) grants to a Participant whose employment is terminated due to death, illness or disability or occurrence of any out of control event;
  - (iii) grants of Options with performance-based vesting conditions provided in the Amended Share Option Scheme, in lieu of time-based vesting criteria;
  - (iv) grants that are made in batches during a year for administrative or compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the vesting date (which is defined in the Amended Share Option Scheme) may be adjusted to take into account of the time from which the Options would have been granted if not for such administrative or compliance requirements;
  - (v) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months; or
  - (vi) grants of Options with a total vesting and holding period of more than 12 months.
- (f) to allow the Board (including the Remuneration Committee) to establish performance targets for the grant of Options; and
- (g) to include other house-keeping amendments for the purpose of making consequential amendments in line with the Option Proposed Amendments, and to better align the wordings with that of the Listing Rules.

The Directors are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed in paragraph (e) above is appropriate to provide flexibility to (a) offer higher incentives when attracting talents (sub-paragraphs (i) to (v)); (b) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (ii) and (iv)); (c) reward exceptional performers with accelerated vesting period (sub-paragraphs (v)); (d) motivate exceptional performers based on performance metrics rather than time (sub-paragraph (iii)); and (e) grant Options in exceptional circumstances where justified (sub-paragraph (i) to (vi)), which is in line with the purposes of the Amended Share Option Scheme.

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## LETTER FROM THE BOARD

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Moreover, the Board (including the Remuneration Committee) has the authority to establish performance targets in relation to the granting of the Options. The Directors are of the view that the flexibility given to the Board (including the Remuneration Committee) in relation to the performance targets will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole, which is in line with the purposes of the Amended Share Option Scheme.

There is no clawback mechanism specified under the Amended Share Option Scheme to clawback the Options granted to any Participant in any event. The Board believes that it is in the best interests of the Company to ensure the Participants that the Options granted will not be clawed back in any event so as to retain such Participants to continue serving the Group whilst at the same time providing these Participants incentive in achieving the goals of the Group, and therefore aligns with the purposes of the Amended Share Option Scheme.

The basis for determination of the subscription price of the Options is specified in the rules of the Amended Share Option Scheme (see paragraph 5 of Appendix V to this Circular). The Board is of the view that the basis of such subscription price complies with the requirements of the Listing Rules and is consistent with the purposes of the Amended Share Option Scheme as it encourages the Participants to contribute to the Group and benefit from an increase in market price of the Shares.

As at the Latest Practicable Date, the Company did not appoint a trustee for the Share Option Scheme and did not intend to appoint a trustee for the administration of the Amended Share Option Scheme. If the Company is to engage any trustee in respect of the Amended Share Option Scheme in the future, such trustee will not be a Director and no Director will have any direct or indirect interest in the trustee of the Amended Share Option Scheme.

### **Scheme limit**

The maximum number of Shares which may be issued in respect of all Options to be granted under the Amended Share Option Scheme, all awards to be granted under the Amended Share Award Scheme, and all options and awards to be granted under any other Share Schemes of the Company shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the Amended Share Option Scheme will not be regarded as utilised for the purpose of calculating the scheme mandate limit.

Based on 252,702,466 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the 2023 AGM, the maximum number of Shares which may be allotted and issued in respect of all Options to be granted under the Amended Share Option Scheme, all awards to be granted under the Amended Share Award Scheme, and all options and awards to be granted under any other Share Scheme(s) is 25,270,247 Shares.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 876,667 outstanding share options under the Share Option Scheme of which 210,000, 333,333 and 333,334 share options may be exercised by the grantees until 30 March 2024, 30 March 2025 and 30 March 2026, respectively. The outstanding share options shall continue to be valid and subject to the provisions of the Share Option Scheme.

The movements in relation to share options granted (and the number of underlying shares to the share options granted) under the Share Option Scheme during the year ended 31 March 2023 and the outstanding share options as at the Latest Practicable Date are as follows:

Name/category of grantees	Date of Grant <i>(note 3)</i>	Exercise Price per share <i>(HK\$)</i>	Fair Value per share as at the Date of Grant <i>(HK\$)</i>	Exercise Period <i>(note 4)</i>	Number of underlying shares to the share options granted Changes during the financial year ended 31 March 2023			Number of Outstanding Share Options as at the Latest Practicable Date
					Balance as at 1 April 2022	Granted during the year	Exercised/ Cancelled/ Lapsed during the year <i>(note 9)</i>	
<b>Directors</b>								
Allan WONG Chi Yun <i>(note 5)</i>	14 Mar 2022	54.00	5.70	31 March 2022 to 30 March 2024	83,333	-	(83,333) <i>(note 6)</i>	-
	14 Mar 2022	54.00	6.71	31 March 2023 to 30 March 2025	83,333	-	-	83,333
	14 Mar 2022	54.00	7.04	31 March 2024 to 30 March 2026	83,334	-	-	83,334
PANG King Fai	14 Mar 2022	54.00	5.70	31 March 2022 to 30 March 2024	60,000	-	-	60,000
	14 Mar 2022	54.00	6.71	31 March 2023 to 30 March 2025	60,000	-	-	60,000
	14 Mar 2022	54.00	7.04	31 March 2024 to 30 March 2026	60,000	-	-	60,000
Andy LEUNG Hon Kwong	14 Mar 2022	54.00	5.70	31 March 2022 to 30 March 2024	100,000	-	-	100,000
	14 Mar 2022	54.00	6.71	31 March 2023 to 30 March 2025	100,000	-	-	100,000
	14 Mar 2022	54.00	7.04	31 March 2024 to 30 March 2026	100,000	-	-	100,000
<b>Others employees</b>	14 Mar 2022	54.00	5.70	31 March 2022 to 30 March 2024	90,000	-	(40,000) <i>(note 7)</i>	50,000
	14 Mar 2022	54.00	6.71	31 March 2023 to 30 March 2025	90,000	-	-	90,000
	14 Mar 2022	54.00	7.04	31 March 2024 to 30 March 2026	90,000	-	-	90,000
					<b>1,000,000</b>	<b>-</b>	<b>(123,333)</b>	<b>876,667</b>
								<b>876,667</b>

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## LETTER FROM THE BOARD

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*Notes:*

- (1) All of the above grants were made prior to the amendments to Chapter 17 of the Listing Rules taking effect on 1 January 2023.
- (2) None of the grants of share options to any participant is in excess of the 1% individual limit.
- (3) The closing price per Share immediately before the date on which the share options were granted were HK\$52.80.
- (4) The vesting period of the share options is from the date of grant until the commencement of the relevant exercise period.
- (5) Dr. Allan WONG Chi Yun is an Executive Director, the Chairman, the Group Chief Executive Officer, and a substantial shareholder of the Company.
- (6) The exercise date was 15 July 2022. The weighted average closing price per Share of the Company on the trading date immediately before the date on which the share options were exercised was HK\$61.20.
- (7) The exercise date was 18 July 2022. The weighted average closing price per Share of the Company on the trading date immediately before the date on which the share options were exercised was HK\$55.90.
- (8) All of the grants made during the financial year ended 31 March 2022 were made without any performance targets.
- (9) No share options were granted, cancelled or lapsed under the Share Option Scheme during the year ended 31 March 2023.

The full text of the Amended Share Option Scheme (with mark-ups showing the Option Proposed Amendments) are set out in Appendix V to this Circular. The Amended Share Option Scheme is written in English. The Chinese translation of the Amended Share Option Scheme is for reference only. In case of any discrepancy or inconsistency between the English version and its Chinese translation, the English version shall prevail.

Save for the Share Award Scheme and the Share Option Scheme, the Company had no other subsisting Share Schemes as at the Latest Practicable Date.

### **9. GENERAL**

No Director has a material interest and is required to abstain from voting on the resolutions to approve (i) the Award Proposed Amendments and the adoption of the Amended Share Award Scheme and (ii) the Option Proposed Amendments and the adoption of the Amended Share Option Scheme at the 2023 AGM. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on such resolutions at the 2023 AGM pursuant to the Listing Rules and/or the Bye-laws.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, (i) the new Shares to be issued for the share awards granted under the Amended Share Award Scheme; and (ii) the Shares to be issued upon the exercise of the Options granted under the Amended Share Option Scheme.

### **10. DOCUMENTS ON DISPLAY**

A copy of the Amended Share Award Scheme and the Amended Share Option Scheme will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the 2023 AGM and the Amended Share Award Scheme and the Amended Share Option Scheme will be made available for inspection at the 2023 AGM.

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## LETTER FROM THE BOARD

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### 11. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll. The Chairman will therefore, pursuant to Bye-law 75 of the existing Bye-laws of the Company, demand a poll for every resolution put to the vote of the 2023 AGM.

The results of the poll will be published on the websites of the Stock Exchange and the Company following the 2023 AGM.

### 12. NOTICE OF 2023 AGM

The AGM Notice is set out on pages 118 to 124 of this Circular.

A form of proxy is enclosed with this Circular for use at the 2023 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 the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Whether or not you are able to attend the 2023 AGM, you are requested to complete and return the enclosed form of proxy to the Company's branch share 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 2023 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2023 AGM or any adjournment thereof if you so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked. No Shareholder is required to abstain from voting at the 2023 AGM.

### 13. RESPONSIBILITY STATEMENT

This Circular, for which the Directors 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.

### 14. RECOMMENDATIONS

The Directors are of the view that all resolutions proposed for consideration and approval by the Shareholders at the 2023 AGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions as set out in the notice of the 2023 AGM.

### 15. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Circular.

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 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 2023 AGM. As at the Latest Practicable Date, there were in issue an aggregate of 252,702,466 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 2023 AGM, the Company would be permitted under the Repurchase Mandate to repurchase a maximum of 25,270,247 Shares. The mandate relates only to repurchases of Shares which are fully paid up.

### **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 into account the 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 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 statement of financial position of the Group as at 31 March 2023 (being the date to which the latest published audited consolidated financial statements of the Group have been made up) and in particular the working capital position of the Group 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 Group 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 Group 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. Repurchases 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 repaid 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, or from the proceeds of a new 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 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 close associates 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, to sell Shares to the Company.

No persons who are core 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.

**The Codes on Takeovers and Mergers and Share Buy-backs in Hong Kong and Public Float**

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 Codes on Takeovers and Mergers and Share Buy-backs (the "Takeovers Codes") 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, Dr. Allan WONG Chi Yun is deemed interested in 92,822,466 Shares (including, among other things, the deemed interest in 74,101,153 Shares held directly and indirectly by the trustee of a discretionary trust in which Dr. Allan WONG Chi Yun is the founder. Mr. William WONG Yee Lai also had a deemed interest in 74,101,153 Shares by virtue of him being one of the discretionary beneficiaries of the aforementioned discretionary trust), representing approximately 36.73% 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, the percentage shareholding of Dr. Allan WONG Chi Yun (including interests held directly and indirectly by the trustee of a discretionary trust in which Dr. Allan WONG Chi Yun is the founder, and accordingly is deemed interested under the SFO) would increase to approximately 40.81% in the issued share capital of the Company, such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Codes.

The Directors do not have any 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 Codes in this respect.

As at the Latest Practicable Date, the public float of the Company was approximately 62.16%. In the event that the Repurchase Mandate is exercised by the Company in full and assuming no other changes to the shareholdings in the Company, the public float of the Company would become 57.96%. The Directors will not make share repurchase on the Stock Exchange if such repurchase would result in the minimum public float requirements under Rule 8.08 of the Listing Rules not being complied with.

### 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 <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2022</b>		
June	62.50	58.50
July	61.85	53.45
August	54.80	50.80
September	53.25	45.05
October	46.80	41.75
November	49.70	41.75
December	53.90	48.70
<b>2023</b>		
January	54.65	50.00
February	52.95	42.95
March	47.60	43.10
April	48.15	44.35
May	50.70	44.50
June, up to the Latest Practicable Date	49.65	46.55

During the six months preceding the Latest Practicable Date, no Shares were repurchased by the Company pursuant to Repurchase Mandate.

### 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.

The followings are the details of the retiring Directors proposed to be re-elected at the 2023 AGM:

**PANG King Fai** (Age 67)

Director since	:	11 April 2007
Positions held with the Group	:	Executive Director and President of the Group Risk Management and Sustainability Committee (Member)
Interests in Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date	:	621,600 Shares (long position)
Emoluments received for the year ended 31 March 2023	:	US\$1.3 million* (including the current basic Director's fee of US\$35,000 per annum)

Dr. PANG King Fai holds a Bachelor of Science in Engineering from The University of Hong Kong, a Master of Philosophy degree from Imperial College of Science, Technology and Medicine, London and a Doctor of Philosophy degree in Electrical Engineering from Stanford University. He is a Fellow of the Institution of Engineering and Technology. Dr. PANG King Fai joined the Group in 2004 as Group Chief Technology Officer and was promoted to the position of President of the Group in 2009. He has over 20 years of experience in design engineering for consumer electronics products. Save as disclosed above, Dr. PANG King Fai did not hold any other 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. PANG King Fai holds directorships in certain subsidiaries of the Company. Dr. PANG King Fai has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Dr. PANG King Fai has not entered into any service contract with the Company. Dr. PANG King Fai is proposed to be appointed for a term of three years and be 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. PANG King Fai 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 amount of emoluments will be subject to annual review by the Remuneration Committee 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 Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

\* *Details of Dr. PANG King Fai's emoluments for the year ended 31 March 2023 are set out in note 3 to the financial statements in the 2023 Annual Report.*

**William WONG Yee Lai** (Age 43)

Director since	:	12 November 2019
Positions held with the Group	:	Non-executive Director
Interests in Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date	:	deemed interest in 74,101,153 Shares by virtue of him being one of the discretionary beneficiaries of The Allan Wong 2011 Trust. The details of The Allan Wong 2011 Trust are set out in the 2023 Annual Report
Emoluments received for the year ended 31 March 2023	:	US\$35,000 (Current basic Director's fee per annum)

Mr. William WONG Yee Lai attended Southern Methodist University in Computer Science. Mr. William WONG Yee Lai is the founder and the CEO of Playality Limited (“Playality”). Playality was a leading Hong Kong online and social gaming company. Mr. William WONG Yee Lai started such business in December 2011 and within a year, he (who was also the architect behind Playality’s data analytics engine) led the company to much success, with its Grand Poker game being popular in the poker genre on a global social media platform. Previously, Mr. William WONG Yee Lai was the founder and the CEO of Ality Limited, a company which developed an internet connected digital photo frame with instant messaging client and web content streaming features and its products were sold at well-known retail chain stores. Mr. William WONG Yee Lai is the son of Dr. Allan WONG Chi Yun, an executive Director, the Chairman and Group Chief Executive Officer.

Save as disclosed above, Mr. William WONG Yee Lai did not hold any other 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. William WONG Yee Lai does not hold any other positions in the Group. Mr. William WONG Yee Lai has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. William WONG Yee Lai has not entered into any service contract with the Company. Mr. William WONG Yee Lai is proposed to be appointed for a term of three years and be 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. William WONG Yee Lai 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 amount of Director’s fee has been determined by the Board 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 Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**GAN Jie** (Age 53)

Director since	:	24 March 2023
Positions held with the Group	:	Independent Non-executive Director Audit Committee (Member)
Interests in Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date	:	Nil
Emoluments received from 24 March 2023 (date of appointment) to 31 March 2023	:	US\$767 (Current basic Director's fee per annum is US\$35,000) US\$110 (Current additional fee as member of the Audit Committee per annum is US\$5,000)

Professor GAN Jie holds a Bachelor of Science degree from Nanjing University, a Certificate of 2-year Master Studies from Peking University, and a Doctor of Philosophy degree from the Massachusetts Institute of Technology. She is currently a Professor of Finance and was previously an Associate Dean at Cheung Kong Graduate School of Business. She was a Professor (formerly as Assistant Professor and Associate Professor) of Finance at The Hong Kong University of Science and Technology from 2002 to 2010 and an Assistant Professor (tenure track) at Columbia Business School from 2000 to 2002. Save as disclosed above, Professor GAN Jie did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

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

Professor GAN Jie has not entered into any service contract with the Company. Professor GAN Jie is proposed to be appointed for a term of three years and be 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. Professor GAN Jie 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 her length of service during the year. The amount of her Director's fee has been determined by the Board with reference to her 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 Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Details of the Proposed Amendments are set out below. Unless otherwise specified, clauses, paragraphs and bye-law numbers referred to herein are clauses, paragraphs and bye-law numbers of the existing Bye-laws or New Bye-laws. If the serial numbering of the existing Bye-laws is changed due to the addition, deletion or re-arrangement of certain clauses made in these amendments, the serial numbering of the existing Bye-laws as so amended shall be changed accordingly, including cross-references.

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)	
	<p style="text-align: center;">_____ Company Limited by Shares _____  POST SPECIAL ACT  BYE-LAWS  OF  VTECH HOLDINGS LIMITED</p> <p style="text-align: center;">(As adopted by Special Resolution passed on 23rd August, 1989 and amended by Special Resolutions passed on 26th September, 1990, 3rd August, 1993, 11th September, 1996, 6th August, 1997, 7th August, 1998, 24th January, 2000, 13th August, 2004 and 12th August, 2005[●] 2023)</p>	
1	<b><u>announcement</u></b>	<b><u>shall mean a document including without limitation an official notice or announcement of the Company, and of which the publication is subject to and to such extent permitted by the rules of the Designated Stock Exchange, by electronic communication or by advertisement published in the newspapers or in such manner or means ascribed and permitted by the rules of the Designated Stock Exchange and applicable laws;</u></b>
	associate	the meaning attributed to it in the rules of the Designated Stock Exchange;
	auditors	“auditors” shall mean the persons for the time being performing the duties of that office;
	<b><u>board</u></b>	<b><u>shall mean the board of Directors of the Company;</u></b>
	capital	“capital” shall mean the share capital from time to time of the Company;
	chairman	“the chairman” shall mean the chairman presiding at any meeting of members or of the board;

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)	
	clearing house	<b><u>shall mean</u></b> a clearing house recognized by the laws of Hong Kong and The Stock Exchange of Hong Kong Limited;
	<b><u>close associate</u></b>	<b><u>in relation to any Director, shall have the same meaning as defined in rules of The Stock Exchange of Hong Kong Limited as modified from time to time, except that for purposes of bye-law 103(C) where the transaction or arrangement to be approved by the board is a connected transaction referred to in the rules of The Stock Exchange of Hong Kong Limited, it shall have the same meaning as that ascribed to “associate” in the rules of The Stock Exchange of Hong Kong Limited;</u></b>
	Companies Act the Act	“the Companies Act” or “the Act” shall mean the Companies Act 1981 of Bermuda as amended from time to time and includes every other act incorporated therewith or substituted therefor;
	Designated Stock Exchange	<b><u>shall mean</u></b> a stock exchange which is an appointed stock exchange for the purposes of the Act in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company;
	Directors board	“ <del>Directors</del> ” or “ <del>board</del> ” shall mean the Directors from time to time of the Company or (as the context may require) a majority of Directors present and voting at a meeting of Directors;
	dividend	“ <del>dividend</del> ” shall include bonus and a distribution out of contributed surplus;
	document being executed	referenees to a document being executed include referenees to it <b><u>shall include a document</u></b> being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
	<b><u>electronic communication</u></b>	<b><u>shall mean a communication sent, transmitted, conveyed and received by any electronic means including wire, radio, optical networks or other similar means in any form through any medium;</u></b>
	<b><u>electronic facilities</u></b>	<b><u>shall include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise);</u></b>



Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)	
	<u>electronic meeting</u>	<u>shall mean a general meeting held virtually and conducted and participated wholly and exclusively by means of electronic facilities;</u>
	<u>Extraordinary Resolution</u>	<u>shall mean a resolution that has been passed by a majority of not less than two thirds of votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with bye-law 68;</u>
	Great Britain	“Great Britain” shall mean England, Scotland and Wales;
	HK dollars	“HK dollars” and “HK\$” shall mean dollars legally current in <u>the lawful currency of Hong Kong</u> ;
	head office	“head office” shall mean such office of the Company as the Directors may from time to time determine to be the principal office of the Company;
	Hong Kong	“Hong Kong” shall mean <u>the Hong Kong Special Administrative Region of the People’s Republic of China</u> and its dependencies;
	<u>hybrid meeting</u>	<u>shall mean a general meeting that can be attended by members and/or proxies and/or corporate representatives physically at the Principal Meeting Place and where applicable, one or more Meeting Locations, and virtually by means of electronic facilities;</u>
	<u>meeting</u>	<u>shall mean a meeting convened and held in any manner permitted by these bye-laws and any member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Statutes and these bye-laws, and attend, participate, attending, participating, attendance and participation shall be construed accordingly;</u>
	<u>Meeting Location</u>	<u>has the meaning given to it in bye-law 74A;</u>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)	
	<u>member's right to speak at electronic meetings or hybrid meetings</u>	<u>references to the right of a member to speak at an electronic meeting or a hybrid meeting shall include a member's right to raise questions or make statements to the chairman of the meeting, verbally or in written form, by means of electronic facilities. Such a right shall be deemed to have been duly exercised if the questions or statements may be heard or seen by all or only some of the persons present at the meeting (including and/or only by the chairman of the meeting) in which event the chairman of the meeting shall relay the questions raised or the statements made verbatim to all persons present at the meeting, either orally or in writing using electronic facilities;</u>
	month	"month" shall mean a calendar month;
	Office	"Office" shall mean the registered office of the Company for the time being;
	Ordinary Resolution	<p><u>shall mean a</u> resolution <del>that</del> shall be an Ordinary Resolution when it has been passed by a simple majority of <u>votes cast by</u> such members as, being entitled so to do, vote in person or, in the case of any member being a corporation, by its duly authorised representative or, where proxies and attorneys are allowed, by proxy <del>or by attorney</del> at a general meeting of which <u>notice has been duly given in accordance with bye-law 68</u>; not less than 14 days' notice specifying (without prejudice to the power contained in these presents to amend the same) the intention to propose the resolution as an Ordinary Resolution has been given and held in accordance with these presents.</p> <p>A Special Resolution <u>or an Extraordinary Resolution</u> shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these presents or the Statutes:-</p>
	persons companies	words importing persons shall include companies and corporations; and
	<u>physical meeting</u>	<u>shall mean a general meeting held and conducted by physical attendance and participation by members and/or proxies and/or corporate representatives at the Principal Meeting Place and/or where applicable, one or more Meeting Locations;</u>
	<u>Principal Meeting Place</u>	<u>shall have the meaning given to it in bye-law 68 (B);</u>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)	
	registration office	the “ <del>registration office</del> ” shall mean such place or places in the relevant territories or elsewhere where the Directors from time to time determine to keep a branch register of shareholders and where (except in cases where the Directors otherwise agree) transfers or other documents of title are to be lodged for registration and are to be registered;
	relevant territories	the “ <del>relevant territories</del> ” shall mean the <del>United Kingdom</del> <b>Hong Kong</b> and such other territory <del>or territories</del> in which the Company’s <b>issued</b> share capital is listed;
	seal	“ <del>seal</del> ” shall mean the common seal from time to time of the Company or any additional common seals of the Company for use in any place outside Bermuda;
	secretary	“ <del>secretary</del> ” shall mean the person or corporation for the time being performing the duties of that office;
	share	“ <del>share</del> ” shall mean share in the capital of the Company of whatsoever class and howsoever denominated;
	shareholders members	“ <del>shareholders</del> ” or “ <del>members</del> ” shall mean the duly registered holders from time to time of the shares in the capital of the Company;
	Special Act	“ <del>Special Act</del> ” shall mean <del>The Video Technology Group Limited Act 1989 of Bermuda</del> ;
	Special Resolution	<b>shall mean a</b> <del>A resolution shall be a Special Resolution when it</del> <b>that</b> has been passed by a majority of not less than three-fourths of <b>votes cast by</b> such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representative or, where proxies <del>and attorneys</del> are allowed, by proxy <del>or by attorney</del> at a general meeting of which <b>notice has been duly given in accordance with bye-law 68</b> ; <del>not less than 21 days’ notice, specifying (without prejudice to the power contained in these presents to amend the same) the intention to propose the resolution as a Special Resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at any such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, and in the case of an annual general meeting, if it is so agreed by all the members entitled to vote thereat, a resolution may be proposed and passed as a Special Resolution at a meeting of which less than 21 days’ notice has been given.</del>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)	
	Statutes	<b>shall mean</b> the Act and every other act of the Legislature of Bermuda for the time being in force applying to or affecting the Company, its memorandum of association and/or these <del>b</del> Bye-laws;
	statutory provisions	references to any statute or statutory provision shall be construed as relating to any statutory modification or reenactment thereof for the time being in force.
	the Company <b>this Company</b>	“the Company” or “this Company” shall mean VTECH HOLDINGS LIMITED <b>VTech Holdings Limited</b> ;
	the register	“the register” shall mean the register of members to be kept pursuant to the provisions of the Companies Act;
	these bye-laws these presents	“these bye-laws” or “these presents” shall mean the present bye-laws and all supplementary, amended or substituted bye-laws for the time being in force;
	United Kingdom	“United Kingdom” shall mean the United Kingdom of Great Britain and Northern Ireland;
	US dollars	“US dollars” and “US\$” shall mean dollars legally current in the <b>lawful currency of</b> United States of America;
	<del>W</del> words in the Act to bear same meaning in bye-laws	<del>S</del> subject as aforesaid, any words defined in the Act shall, if not inconsistent with the subject and/or context, bear the same meanings in these bye-laws;-
	writing printing	“writing” or “printing” shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing <b>or reproducing</b> words or figures in a <b>legible and non-transitory form or, to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another</b> visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the <del>M</del> member’s election comply with all applicable Statutes, rules and regulations;
3	(A) The share capital of the Company at the date on which these <del>B</del> bye-laws come into effect shall be divided into shares of US\$0.05 each.	

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
5	<p>(A) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Statutes, be varied, modified or abrogated with the consent in writing of the holders of <b>not less than</b> three-fourths <del>in nominal value</del> <b>of the voting rights</b> of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these bye-laws relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum at such meeting (<del>other than</del><b>including</b> at an adjourned meeting) shall be two persons at least holding or representing by proxy one-third <del>in nominal value</del> of the issued shares of that class and <b>every holder of shares of the class shall be entitled to one vote for every such share held by him.</b> <del>that any holder of shares of the class present in person (or, in the case of a holder being a corporation, present by its duly authorized representative) or by proxy may demand a poll. At any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum.</del></p>
13	<p>(C) Except when the register of members is closed under the provisions of these bye-laws, the register of members and any branch register maintained by, or on behalf of, the Company shall, during business hours (as appropriate in the relevant territory) be open to inspection of any member of the Company without charge, and of any other person on such payment (if any) as the Directors shall determine but in no case being more than US\$0.20 for each inspection. The register of members including any overseas or local or other branch register of <del>M</del><b>m</b>embers may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the board may determine and either generally or in respect of any class of shares.</p>
22	<p>The Directors may from time to time make such calls as they may think fit upon the members in respect of any monies unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by <del>Instalments</del><b>instalments</b>. The Directors may, but are not obliged to, allot shares on terms that if a sum payable in respect of any call is not duly paid, the Directors may exercise the powers of forfeiture contained in bye-laws 47 to 56 of these presents, but the holders of the relevant shares shall have no other contractual liability to the Company in respect of such unpaid sums.</p>
26	<p>A call shall be deemed to have been made at the time when the resolution of the <del>been</del> <b>then</b> Directors authorising such call was passed.</p>

<b>Bye-laws No. (original No./new No.)</b>	<b>Proposed Amendments (showing amendments to the existing Bye-laws)</b>
35	Subject to these <del>b</del> Bye-laws, any member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the <del>Board</del> <b>board</b> may approve from time to time.
36	The instrument of transfer of any share shall be executed by or on behalf of the transferor and, in the case of a share which is not fully paid by or on behalf of the transferee. The <del>Board</del> <b>board</b> , in its absolute discretion, may accept for registration an instrument of transfer where the signature(s) of the transferor have been affixed to the instrument of transfer by some mechanical means other than autographic. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. Nothing in these bye-laws shall preclude the board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
39	<p>The Directors may also decline to recognise any instrument of transfer unless:-</p> <ul style="list-style-type: none"> <li>(i) the instrument of transfer is lodged at the relevant registration office or Office, as the case may be, and accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;</li> <li>(ii) the instrument of transfer is in respect of only one class of share; and</li> <li>(iii) if applicable, the instrument of transfer is properly stamped.</li> </ul>
41	Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued upon payment of a fee, if any, as the <del>Board</del> <b>board</b> from time to time shall determine, which fee shall not be greater than the sum permitted by the stock exchange of any relevant territory to the transferee in respect of the shares transferred to him, and if any of the shares included in the certificate so given up shall be retained by the transferor a new certificate in respect thereof shall be issued to him upon payment of a fee, if any, as the <b>board</b> <del>Board</del> from time to time shall determine, which fee shall not be greater than the sum permitted by the stock exchange of any relevant territory. The Company shall also retain the transfer.

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
45	If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall testify his election by executing a transfer of <del>of</del> nominee such share to his nominee. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member.
58	(B) The Company may from time to time by <del>s</del> <b>S</b> pecial <del>r</del> <b>R</b> esolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Act, any share premium account or other undistributable reserve.
65	<del>Subject to the Companies Act, The</del> <b>the</b> Company shall in each <b>financial</b> year hold a general meeting as its annual general meeting <b><u>and such annual general meeting must be held within six (6) months of the end of the Company's financial year (unless a longer period would not infringe the rules of the Designated Stock Exchange, if any).</u></b> <del>in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held at such time and place as the Directors shall appoint.</del>
67	<del>The Directors may, whenever they think fit, convene a special general meeting, to be held in any of the relevant territories or anywhere else in the world in which in their discretion they deem appropriate and special general meetings shall also be convened on requisition, as provided by the Statutes, or, in default, may be convened by the requisitionists.</del> <b><u>Any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the board or the Secretary of the Company, to require a special general meeting to be called by the board for the transaction of any business or resolution specified in such requisition and have the right to add resolution(s) to the agenda of such meeting; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the board fails to proceed to convene such meeting the requisitioner(s) himself (themselves) may convene the meeting, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the board shall be reimbursed to the requisitioner(s) by the Company.</u></b>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
68	<p><b>(A)</b> <u>An annual general meeting shall be called by written notice of not less than twenty-one (21) days. All other general meetings (including a special general meeting) must be called by written notice of not less than fourteen (14) days.</u> <del>An annual general meeting and any special general meeting called for the passing of a Special Resolution shall be called by twenty-one days' notice in writing at the least, and all other special general meetings of the Company shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these bye-laws, entitled to receive such notices from the Company, <i>provided</i> that subject to the provisions of the Companies Act, a meeting of the Company notwithstanding that it is called by shorter notice than that specified in this bye-law be deemed to have been duly called if it is so agreed:-</del></p> <p>(i) in the case of a meeting called as an annual general meeting, by all the members entitled to attend, <u>speak</u> and vote thereat; and</p> <p>(ii) in the case of any other meeting, by a majority in number of the members having a right to attend, <u>speak</u> and vote at the meeting, being a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right.</p> <p><b>(B)</b> <u>The notice shall specify (a) the time and date of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the board pursuant to bye-law 74A, the principal place of the meeting (the "Principal Meeting Place"), (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all members other than to such members as, under the provisions of these bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a member and to each of the Directors and the auditors.</u></p>



Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
71	<p>For all purposes the quorum for a general meeting shall be three members present <b><u>(including attendance by means of electronic facilities)</u></b> in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. No business other than the appointment of the chairman of a general meeting shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.</p>
72	<p>If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, <del>but if</del> <b><u>In</u></b> any other case it shall stand adjourned to the same day in the next week <b><u>at the same time and (where applicable) same place(s) or to such time and (where applicable) such place(s) and in such form and manner as the Directors may absolutely determine.</u></b> <del>and at such time and place as shall be decided by the Directors, and if</del> <b><u>If</u></b> at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, two members present in person (or by corporate representative) or by proxy shall be a quorum and may transact the business for which the meeting was called.</p>
73	<p>The chairman of the board shall take the chair at every general meeting, or, if there be no such chairman or, if at any general meeting such chairman shall not be present within fifteen minutes after the time appointed for holding such meeting, the members present shall choose another Director as chairman, and if no Director be present, or if all the Directors present decline to take the chair, or if the chairman chosen shall retire from the chair, then the members present shall choose one of their own number to be chairman.</p> <p><b><u>If the chairman of a general meeting is participating in the general meeting using electronic facilities and becomes unable to participate in the general meeting using such electronic facilities, another person (determined in accordance with this bye-law) shall preside as chairman of the meeting unless and until the original chairman of the meeting is able to participate in the general meeting using the electronic facilities.</u></b></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
74	<p><b><u>Subject to bye-law 74C, the</u></b><del>The</del> chairman may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time (or sine die) and/or from place to place(s) <b><u>and/or from one form to another (a physical meeting, a hybrid meeting or an electronic meeting)</u></b> as the meeting shall determine, <b><u>but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place.</u></b> Whenever a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice, specifying the <b><u>details set out in bye-law 68(B),</u></b> <del>place, the day and the hour of the adjourned meeting</del> shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.</p>
74A	<p>(1) <b><u>The board, at its absolute discretion may, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of electronic facilities at such location or locations ("Meeting Location(s)") determined by the board at its absolute discretion. Any member or any proxy attending and participating in such electronic meeting or a hybrid meeting by means of electronic facilities is deemed to be present at and shall be counted in the quorum of the meeting.</u></b></p> <p>(2) <b><u>All general meetings are subject to the following:</u></b></p> <p>(a) <b><u>where a member is attending at a Meeting Location and/or in the case of a hybrid meeting, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;</u></b></p> <p>(b) <b><u>members present in person or by proxy at a Meeting Location and/or members participating in an electronic meeting or a hybrid meeting by means of electronic facilities shall be counted towards the quorum for and entitled to vote at such meeting, and provided that the chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that members at all Meeting Locations and members participating in an electronic meeting or a hybrid meeting are able to participate in the business for which the meeting has been convened, that meeting shall be duly constituted and its proceedings valid;</u></b></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
	<p>(c) <u>where members attend a meeting by being present at one of the Meeting Locations and/or where members participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened or in the case of an electronic meeting or a hybrid meeting, the inability of one or more members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business provided that there is a quorum present throughout the meeting; and</u></p> <p>(d) <u>if any of the Meeting Locations is outside the jurisdiction of the Principal Meeting Place and/or in the case of a hybrid meeting, unless otherwise stated in the Notice, the provisions of these bye-laws concerning the service and giving of Notice for the meeting, and the time for lodging proxies, shall apply by reference to the Principal Meeting Place; and in the case of an electronic meeting, the time for lodging proxies shall be as stated in the Notice for the meeting.</u></p>
74B	<p><u>The board and, at any general meeting, the chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, any Meeting Location(s) and/or participation in an electronic meeting or a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a member who, pursuant to such arrangements, is not able to attend, in person or by proxy, at any Meeting Location shall be able so to attend at one of the other Meeting Locations; and the entitlement of any member so to attend the meeting or adjourned meeting or postponed meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting.</u></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
74C	<p><b><u>If it appears to the chairman of the general meeting that:</u></b></p> <p>(a) <b><u>the electronic facilities at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in bye-law 74A(1) or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the notice of the meeting; or</u></b></p> <p>(b) <b><u>in the case of an electronic meeting or a hybrid meeting, electronic facilities being made available by the Company have become inadequate; or</u></b></p> <p>(c) <b><u>it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or</u></b></p> <p>(d) <b><u>there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting;</u></b></p> <p><b><u>then, without prejudice to any other power which the chairman of the meeting may have under these bye-laws or at common law, the chairman may, at his absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn the meeting (including adjournment for indefinite period). All business conducted at the meeting up to the time of such adjournment shall be valid.</u></b></p>
74D	<p><b><u>The board and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction the board or the chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this bye-law shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or ejected (physically or electronically) from the meeting.</u></b></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
74E	<p><b><u>If, after the sending of notice of a general meeting but before the meeting is held, or after the adjournment of a meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting on the date or at the time or place or by means of electronic facilities specified in the notice calling the meeting, they may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, an electronic meeting or a hybrid meeting) without approval from the members. Without prejudice to the generality of the foregoing, the Directors shall have the power to provide in every notice calling a general meeting the circumstances in which a postponement of the relevant general meeting may occur automatically without further notice, including without limitation where a number 8 or higher typhoon signal, black rainstorm warning or other similar event is in force at any time on the day of the meeting. This bye-law shall be subject to the following:</u></b></p> <p><b><u>(a) when a meeting is so postponed, the Company shall endeavour to post a notice of such postponement on the Company’s website as soon as practicable (provided that failure to post such a notice shall not affect the automatic postponement of such meeting);</u></b></p> <p><b><u>(b) when only the form of the meeting or electronic facilities specified in the notice are changed, the board shall notify the members of details of such change in such manner as the board may determine;</u></b></p> <p><b><u>(c) when a meeting is postponed or changed in accordance with this bye-law, subject to and without prejudice to bye-law 74, unless already specified in the original notice of the meeting, the board shall fix the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting and shall notify the members of such details in such manner as the board may determine; further all proxy forms shall be valid (unless revoked or replaced by a new proxy) if they are received as required by these bye-laws not less than 48 hours before the time of the postponed or changed meeting; and</u></b></p> <p><b><u>(d) notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the postponed or changed meeting is the same as that set out in the original notice of general meeting circulated to the members.</u></b></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
<u>74F</u>	<u>All persons seeking to attend and participate in an electronic meeting or a hybrid meeting shall be responsible for maintaining adequate facilities to enable them to do so. Subject to bye-law 74C, any inability of a person or persons to attend or participate in a general meeting by way of electronic facilities shall not invalidate the proceedings of and/or resolutions passed at that meeting.</u>
<u>74G</u>	<u>Without prejudice to other provisions in bye-law 74, a physical meeting may also be held by means of telephone, electronic or such other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</u>
75	<p><u>In the case of a physical meeting where a show of hands is allowed</u> <del>At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, a poll is</del> <u>may be</u> (before or on the declaration of the result of the show of hands) demanded:-</p> <ul style="list-style-type: none"> <li>(i) by the chairman; or</li> <li>(ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or</li> <li>(iii) by any member <del>or</del> <u>for</u> members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or</li> <li>(iv) by a member or members present in person or by proxy and holding shares in the Company 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 the shares conferring that right.</li> </ul> <p><u>Where a resolution is voted on by a show of hands</u> <del>Unless a poll be so demanded and the demand is not withdrawn,</del> a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution. 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.</p>

<b>Bye-laws No. (original No./new No.)</b>	<b>Proposed Amendments (showing amendments to the existing Bye-laws)</b>
76	If a poll is demanded as aforesaid, it shall (subject as provided in bye-law 77) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was demanded as the chairman directs. No notice need <b>to</b> be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
80	Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these <b>B</b> bye-laws, at any general meeting on a show of hands every member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these <b>B</b> bye-laws, where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.
84	<p><b>(C) <u>All members (including a member which is a clearing house (or its nominee(s)) shall have the right to (a) speak at a general meeting, and (b) vote at a general meeting except where a member is required, by the rules of the Designated Stock Exchange, to abstain from voting to approve the matter under consideration.</u></b></p> <p><b>(D)</b> Where the Company has knowledge that any member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.</p>
85	Any member of the Company entitled to attend, <b>speak</b> and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member <b>who is the holder of two or more shares</b> may appoint more than one proxy to attend <del>on the same occasion</del> . In addition, <b>a</b> proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
92A	<p>Where a member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this <del>B</del>bye-law shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, <b><u>the right to speak and to vote and, where a show of hands is allowed,</u></b> the right to vote individually on a show of hands.</p>
103	<p>(C) (1) A Director shall not vote (nor be counted <del>in</del><b><u>towards</u></b> the quorum) on any resolution of the <del>board</del> <b><u>Board</u></b> approving any contract or arrangement or any other proposal in which he or any of his <del>close</del> <b><u>close</u></b> associates is materially interested, but this prohibition shall not apply to any of the following matters namely:</p> <p>(i) <del>any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;</del> <b><u>the giving of any security or indemnity either:-</u></b></p> <p>(a) <b><u>to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or</u></b></p> <p>(b) <b><u>to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;</u></b></p>



Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
	<p>(ii) <del>any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;</del></p> <p>(iii)(ii) <del>any contract or arrangement</del><b>proposal</b> concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his <del>close</del><b>close</b> associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;</p> <p>(iv) <del>any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;</del></p> <p>(v) <del>any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company or in which the Director together with any of his associate(s) (as defined by the rules, where applicable, of the Designated Stock Exchange) and any of/or his associate(s) is/are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or</del></p> <p>(vi)(iii) any proposal or arrangement concerning the <b>benefit of employees of the Company or its subsidiaries including:</b></p> <p>(a) <b><u>the adoption, modification or operation of any employees' share scheme or any share incentive or a share option scheme under which the Director or his close associate(s) may benefit; or;</u></b></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
	<p>(b) <b><u>the adoption, modification or operation of</u></b> a pension fund or retirement, death or disability benefits scheme <del>or other arrangement</del> which relates both to directors <b><u>the Director</u></b>, his <b><u>close</u></b> associate(s) and employee(s) of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his <b><u>close</u></b> associate(s), as such any privilege or advantage not <del>accorded</del> generally <b><u>accorded</u></b> to the class of persons to which such scheme or fund relates.</p> <p>(iv) <b><u>any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.</u></b></p> <p>(2) <del>A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. Or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder.</del></p> <p>(3) <del>Where a company in which a Director and/or his associate(s) holds five (5) per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.</del></p> <p>(D) <del>Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation in each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (C) (iv) of this bye-law) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.</del></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
	<p><b>(D)</b> If any question shall arise at any meeting of the <del>board</del> <b>Board</b> as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the <del>board</del><b>Board</b>. If any question as aforesaid shall arise in respect of the chairman of the meeting, such question shall be decided by a resolution of the <del>board</del> <b>Board</b> (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the <del>board</del> <b>Board</b>.</p> <p><b>(E)</b> The Company may by Ordinary Resolution suspend or relax the provisions of this bye-law to any extent or ratify any transaction not duly authorised by reason of a contravention of this bye-law.</p>
118	<p><b><u>The members may, at any general meeting convened and held in accordance with these bye-laws, The Company may</u></b> by Ordinary Resolution remove any Director <b><u>(including a managing director or other executive director)</u></b> before the expiration of his period of office notwithstanding anything in these bye-laws or in any agreement between the Company and such Director <b><u>(but without prejudice to any claim for damages under any such agreement)</u></b> and may elect another person in his stead. Any person so elected <b><u>under this bye-law 118</u></b> shall hold office for such time only as the Director in whose place he is elected would have held the same if he had not been removed.</p>
119	<p><b>(A)</b> The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purposes of this bye-law an alternate Director shall be counted in a quorum but, notwithstanding that an alternate Director is an alternate for more than one Director, he shall for quorum purposes count as only one Director. A Director or any member of a committee of the Directors may participate in a meeting of the board or such committee by means of a conference telephone or <b><u>electronic facilities</u></b> <del>similar communications equipment by means of</del> <b>by</b> which all persons participating in the meeting are capable of hearing each other.</p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
	<p>(B) Where the Company appoints and maintains a Resident Representative (being a person ordinarily resident in Bermuda), the Resident Representative shall maintain an office in Bermuda and comply with the provisions of the <del>Special</del> Act.</p> <p>The Company shall provide the Resident Representative with such information as the Resident Representative may require in order to be able to comply with the provisions of the <del>Special</del> Act.</p>
138	<p>(A) The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution (and not required for the payment or provision of the dividend on any shares with a preferential right to dividend) and accordingly that such sums be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid or partly in the one way and partly in the other, and the Directors shall give effect to such resolution, provided that a share premium account and any reserve or fund representing unrealised profits may, for the purposes of this bye-law, only be applied in paying up unissued shares to be issued to members of the Company credited as fully paid up shares. In carrying sums to reserve and in applying the same the <del>B</del>board shall comply with the provisions of the Act.</p>
142	<p>(F) The <del>B</del>board may terminate, suspend or amend any offer of the right to elect to receive shares in lieu of any cash dividend at any time.</p>
156	<p>(A) Subject to Section 88 of the Act and <del>b</del>Bye-law 156A the Directors shall lay before the Company at each annual general meeting the profit and loss accounts, balance sheets, group accounts (if any) and reports of the Company.</p>

<b>Bye-laws No. (original No./new No.)</b>	<b>Proposed Amendments (showing amendments to the existing Bye-laws)</b>
156A	To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of <del>B</del> bye-law 156 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.
156B	The requirement to send to a person referred to in <del>B</del> bye-law 156 the documents referred to in that provision or a summary financial report in accordance with <del>B</del> bye-law 156A shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in <del>B</del> bye-law 156 and, if applicable, a summary financial report complying with <del>B</del> bye-law 156A, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.
<u>157A</u>	<b><u>At the annual general meeting or at a subsequent special general meeting in each year, the members shall by Ordinary Resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.</u></b>
<u>157B</u>	<b><u>The Directors may fill any casual vacancy in the office of auditor but while any such vacancy continues the surviving or continuing auditor or auditors, if any, may act. The remuneration of any auditor appointed by the Directors under this bye-law may be fixed by the Directors. Subject to bye-law 157C, an Auditor appointed under this bye-law shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the members under bye-law 157A at such remuneration to be determined by the members under bye-law 158.</u></b>
<u>157C</u>	<b><u>The members may, at any general meeting convened and held in accordance with these bye-laws, by Extraordinary Resolution remove the auditor at any time before the expiration of his term of office and shall by Ordinary Resolution at that meeting appoint another auditor in his stead for the remainder of his term.</u></b>

<b>Bye-laws No. (original No./new No.)</b>	<b>Proposed Amendments (showing amendments to the existing Bye-laws)</b>
158	Subject as otherwise provided by the Statutes the remuneration of the auditors shall be fixed by <b>an Ordinary Resolution passed at a</b> <del>the Company in</del> general meeting <b>or in such manner as the members may by Ordinary Resolution determine</b> , <del>provided always that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.</del>
160	Any notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these <del>B</del> bye-laws from the Company to a member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any member either personally or by sending it through the post in a prepaid envelope addressed to such member at his registered address as appearing in the register of members or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the notice being duly received by the member or may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the member by any of the means set out above. In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.
162	Any Notice or other document:  (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;

<b>Bye-laws No. (original No./new No.)</b>	<b>Proposed Amendments (showing amendments to the existing Bye-laws)</b>
	<p>(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website or the website of the Designated Stock Exchange, is deemed given by the Company to a member on the day following that on which a notice of availability is deemed served on the member;</p> <p>(c) if served or delivered in any other manner contemplated by these <del>B</del>bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof; and</p> <p>(d) may be given to a member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.</p>
166A	<p>For the purposes of these <del>B</del>bye-laws, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.</p>
168	<p><b>(A)</b> <u>Subject to bye-law 168(B), the Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.</u></p> <p><b>(B)</b> <u>A resolution that the Company be wound up by the court or be wound up voluntarily shall be a Special Resolution.</u></p>

Bye-laws No. (original No./new No.)	Proposed Amendments (showing amendments to the existing Bye-laws)
	<p><del>(C)</del>(B) If the Company shall be wound up (whether assets in the liquidation is voluntary, under liquidation supervision or by the court) the liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributor shall be compelled to accept any shares in respect of which there is a liability.</p>
170	<p>Save and except so far as the provisions of this bye-law shall be avoided by any provisions of the sStatutes and save for fraud or dishonesty on the part of the relevant Director:-</p> <p>(A) every Director or other officer of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them and everyone of their heirs, executors and administrators shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto, provided that this bye-law shall only have effect in so far as its provisions are not avoided by the Companies Act;</p> <p>(B) if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.</p>



*The following is the full text of the Amended Share Award Scheme (with mark-ups showing the Award Proposed Amendments) proposed to be adopted at the 2023 AGM:*

**VTECH HOLDINGS LIMITED**

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**RULES RELATING TO  
THE VTECH SHARE AWARDPURCHASE SCHEME**

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(Adopted on 30 March 2011)

(Revised on 27 May 2013)

(Further revised on 19 May 2015)

(Further amended and adopted by resolution of shareholders on [●] 2023)

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**RULES RELATING TO  
THE VTECH SHARE AWARDPURCHASE SCHEME**

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**1. DEFINITIONS AND INTERPRETATION**

(A) In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:

“Adoption Date”	<u>[●] 2023, 30<sup>th</sup> March, 2011 being (the date on which this Scheme is amended and adopted by the Company at its general meeting on [●] 2023);</u>
“associate(s)”	<u>has the meaning ascribed to it in the Listing Rules;</u>
“Articles”	<u>the articles of association of the Company from time to time;</u>
“Beneficiary”	<u>(i) any Non-US Employee which is a Selected Employee, and/or (ii) the US Scheme Beneficiary;</u>
“Board”	<u>the board of directors of the Company or, such committee, or such sub-committee or person(s) delegated with the power and authority by the bBoard of dDirectors of the Company to administer and/or make decisions and/or determinations for the purpose of the Scheme;</u>
“business day”	<u>a day (other than a Saturday and a Sunday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;</u>
“Bye-laws”	<u>the memorandum of association and bye-laws as may be adopted and approved by the Company from time to time;</u>
“close associate(s)”	<u>has the meaning ascribed to it in the Listing Rules;</u>
“connected person”	<u>has the meaning ascribed to it in the Listing Rules;</u>
“Company”	<u>VTech Holdings Limited, a company incorporated in Bermuda with limited liability;</u>
“connected person(s)”	<u>has the meaning ascribed to it in the Listing Rules;</u>

<u>“controlling shareholder(s)”</u>	<u>has the meaning ascribed to it in the Listing Rules;</u>
<u>“core connected person(s)”</u>	<u>has the meaning ascribed to it in the Listing Rules;</u>
<u>“Corporate Action”</u>	<u>has the meaning set out in Paragraph 5M(vi);</u>
“Deed of Share Incentive Support”	has the meaning set out in Paragraph 5(A)(i), and as such deed may be amended from time to time;
<u>“Director(s)”</u>	<u>the director(s) of the Company;</u>
<u>“Employee(s)”</u>	any Non-US Employee(s) or US Employee(s);
<u>“Excluded Expense(s)”</u>	<u>has the meaning set out in Paragraph 12(B);</u>
<u>“French Subplan”</u>	<u>the document titled “Addendum to the Plan for French resident Beneficiaries” dated [●] 2023;</u>
<u>“General Mandate”</u>	<del>the mandate (in terms permitted by the Listing Rules) granted by the shareholders of the Company in general meeting and subsisting from time to time and at the relevant time, under which the board of directors of the Company is authorised to, inter alia, allot and issue Shares;</del>
“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;
<u>“inside information”</u>	<u>has the meaning ascribed to it in the Listing Rules;</u>
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, <u>as amended from time to time;</u>
<u>“Non-US Employee(s)”</u>	any bona fide employee(s) (which description, for the avoidance of doubt, includes any directors <del>and officers</del> ) of the Company or of any Subsidiary other than a US Employee, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise;

“Notice of Acceptance”	a notice of acceptance in substantially the form set out in Schedule 4(A) or Schedule 4(B) as the context may require;
“Other Distribution(s)”	has the meaning given in Paragraph 5(M)(iv <del>a</del> ) as supplemented by sub-Paragraphs 5(M)(v <del>b</del> ), (vi <del>ie</del> ) <u>and</u> , (ix <del>e</del> ) <u>and</u> (g);
“Referable Amount”	the sum of money paid or caused to be paid by the Company to the Trustee (or as it shall direct) to the purchase of or subscription for Shares pursuant to Paragraph 5(C);
“Reference Date”	in respect of any Selected Employee, it shall have the meaning set out in Paragraph 5(C);
“ <u>Remuneration Committee</u> ”	<u>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;</u>
“Returned Shares”	shall have the meaning set out in Paragraph 8 as supplemented by sub-Paragraphs <u>5(E3)</u> , 5(M)(vi <del>ie</del> ) <u>and</u> (ix <del>e</del> ), (e), (f) <u>and</u> (g);
“Scheme”	the share incentive award scheme in its present form (as constituted by this document, the Trust Deed, <del>and</del> the Deed of Share Incentive Support <u>and the French Subplan</u> ) or as amended from time to time in accordance with the provisions hereof;
“ <u>Scheme Mandate Limit</u> ”	<u>shall have the meaning set out in Paragraph 7(A);</u>
“Scheme Beneficiaries”	the beneficiaries under the Trust Deed, being (i) the Selected Non-US Employees, and (ii) the US Scheme Beneficiary in respect of Shares awarded to the Selected US Employees;
“Scrip Dividend Scheme”	shall have the meaning set out in Paragraph 5(M)(v <del>b</del> );

“Selected Employees”	the Selected Non-US Employees and Selected US Employees, and each a “Selected Employee”;
“Selected Non-US Employees” and “Selected US Employees”	have the respective meanings set out in Paragraph 5(A);
“SFO”	<u>the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;</u>
“Shares”	ordinary shares of US\$0.05 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Share Scheme(s)”	<u>share option scheme(s) and/or share award scheme(s) involving issuance of new Shares adopted and to be adopted by the Company from time to time;</u>
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	<u>the trust constituted by the Trust Deed;</u>
“Trust Deed”	a trust deed dated 30th March, 2011 <u>and signed by the Trustee in respect of, inter alia, the moneys and Shares to be held by the Trustee (as <del>supplemented and</del> amended by the deed of amendment dated 19 May 2015 and the deed of amendment dated on or about the Adoption Date and as further supplemented and amended from time to time) for the purpose of the Scheme;</u>
“Trustee”	Bank of East Asia (Trustees) Limited, which will hold cash and/or Shares subject to the terms and conditions of the Trust Deed, or such other trustee or trustees as shall be appointed for the purposes set out herein;
“US”	the United States of America;

“US Employee(s)”	any bona fide employee(s) (which description, for the avoidance of doubt, includes any directors <del>and officers</del> ) of the Company or any Subsidiary who is resident in the US, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise (for the purposes of this definition, the term “resident” shall have the same meaning as provided in the United States Banking Secrecy Act);
“US Grantor”	any Subsidiary of the Company granting US Share Awards to any US Employee;
“US Share Award(s)”	has the meaning given in Paragraph 5(C); <del>and</del>
“US Scheme Beneficiary”	Rainbow Century Limited (or such other company or companies as the Board may determine), being a wholly owned Subsidiary and the beneficiary under the Trust Deed in respect of certain Shares awarded to the Selected US Employees under US Share Awards; <del>and-</del>
“ <u>Vesting Date</u> ”	<u>has the meaning given in Paragraph 5(E).</u>

(B) In this Scheme, save where the context otherwise requires:-

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (ii) references to Paragraphs are references to paragraphs of this Scheme;
- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders;

- (vi) references herein to any Shares (or any interest therein or entitlement thereto) as being “referable” to any Selected US Employees shall not be construed as such Selected US Employees having any interest in or entitlement to such Shares (whether while they are being held by the Trustee or upon vesting in the US Scheme Beneficiary or otherwise), but merely as an indication of the number of Shares that are held by the Trustee for the US Scheme Beneficiary and are, subject to vesting, subsequently deliverable under the Deed of Share Incentive Support for the purpose of the relevant US Share Awards to such Selected US Employees, and no provision herein shall be interpreted to the contrary. For the avoidance of doubt, the Selected US Employees shall have no interest (whether legal, equitable, actual or contingent) of any nature whatsoever in any Shares (and any related distribution in respect of those Shares), whether when they are held by the Trustee or upon vesting in the US Scheme Beneficiary under this Scheme; and no Selected US Employee shall be a beneficiary under this Scheme and shall have any rights in relation to, or derived through, the US Scheme Beneficiary in respect of those Shares;
- (vii) any reference to any award (or any interest in such award or entitlement thereto) made herein to a Selected US Employee shall be construed as the US Share Award between the relevant US Grantor and the Selected US Employee, and, again, no provision herein shall be interpreted to the contrary. For the avoidance of doubt, the Selected US Employees shall have no interest (whether legal, equitable, actual or contingent) of any nature whatsoever in any Shares (and any related distribution in respect of those Shares), whether when they are held by the Trustee or upon vesting in the US Scheme Beneficiary under this Scheme; and no Selected US Employee shall be a beneficiary under this Scheme or have any rights in relation to, or derived through, the US Scheme Beneficiary in respect of those Shares;
- (viii) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind; and
- (ix) save where the context otherwise requires, terms defined in the Trust Deed shall have the same meanings when used herein.

## 2. PURPOSES AND OBJECTIVES

(A) ~~The specific objectives purposes~~ of the Scheme are:

- (i) ~~to attract potential employees recognise the contributions by certain Employees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and~~
- (ii) ~~to motivate and retain the Employees to support the Group’s long term development; and attract suitable personnel for further development of the Group.~~
- (iii) to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Employees for their contributions and/or potential contributions to the Group.

~~(B) This document serves to set out the terms and conditions upon which the incentive bonus arrangement for the Selected Employees shall operate.~~

### 3. CONDITIONS

This Scheme is subject to and conditional upon the approval of the Board and the passing of an ordinary resolution approving the adoption of this Scheme by the shareholders of the Company.

### 4. DURATION AND ADMINISTRATION

(A) Subject to any early termination as may be determined by the Board pursuant to Paragraph 11, this Scheme shall be valid and effective for a term of ten (120) years commencing on the Adoption Date, and, after the expiry of such ten (10)-year term, no further award of Shares shall be made but the rules of the Scheme shall remain in full force and effect to the extent necessary to give effect to any award of Shares (and the related Other Distributions (if any)) made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

(B) This Scheme shall be subject to the administration of the Board in accordance with the provisions hereof. Any decision of the Board made in accordance with the provisions of this Scheme, and any decision of the Trustee made in accordance with the provisions of the Trust Deed shall be final and binding on all parties, provided in each case that such decision is made in accordance with the ~~Bye-laws~~Articles and any applicable law.

### 5. OPERATION OF SCHEME

(A) (i) The eligible participants of this Scheme are the Employees. The Board may from time to time at its absolute discretion select any Non-US Employee for participation in the Scheme (“**Selected Non-US Employee**”). The operation of the Scheme is also subject to such local requirements (including, without limitation, the local requirements set forth in the French Subplan) as the Board may from time to time adopt. In addition, the board of directors of a US Grantor may, subject to the prior approval of the Board, from time to time select any US Employee for participation in the Scheme (“**Selected US Employee**”). The Shares under this Scheme shall be held by the Trustee on behalf of (a) the said Selected Non-US Employees, and (b) with respect to any US Share Awards for Selected US Employees, the US Scheme Beneficiary. The US Scheme Beneficiary has separately entered into an undertaking (“**Deed of Share Incentive Support**”) with the US Grantor in which the US Scheme Beneficiary undertakes to provide such US Grantor with the relevant Shares for the purposes of the relevant US Share Awards. For the avoidance of doubt, this Paragraph 5(A)(i) shall at all times be subject to Paragraph 5(A)(ii) below.

(ii) Notwithstanding any other provision herein (and, none shall be interpreted to the contrary), the Selected US Employees shall have no interest (whether legal, equitable, actual or contingent) of any nature whatsoever in any Shares (and any related distribution in respect of those Shares), whether when they are held by the Trustee or upon vesting in the US Scheme Beneficiary under this Scheme; and no Selected US Employee shall (1) be a beneficiary under this Scheme or have any rights in relation to, or derived through, the US Scheme Beneficiary in respect of those Shares, and (2) have any right, claim or entitlement of whatever nature under the Deed of Share Incentive Support or against the US Scheme Beneficiary.



- (B) No Employee shall be entitled to participate in the Scheme and there shall be excluded from the term Selected Employee any Employee who is resident in a place where the setting aside of sums of money and/or Shares pursuant to the terms of this Scheme is not permitted under the laws and regulations of such place, or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employees.
- (B1) In determining the basis of eligibility of each Employee, the Board would take into account such factors as the Board may at its discretion consider appropriate, including but not limited to:
- (1) the Employee's (i) individual performance, (ii) years of service, and/or (iii) potential and/or actual contribution to the business affairs of and benefits to the Group; and/or
  - (2) whether the Employee is regarded as a valuable human resource of the Group based on his work experience, professional qualifications, industry knowledge or other relevant factors (including but not limited to technical know-how, business and/or market development capability, and market reputation).
- (C) Subject to Paragraph 7, the Board shall either (i) set aside a sum of money, or (ii) determine a number of Shares, which it wishes to be the subject of a bonus award hereunder, or (iii) set aside Returned Shares (and the date on which the Board makes such decision shall be referred to as a “**Reference Date**”), which shall in each case constitute a bonus referable (subject always to the proviso in paragraph 5(A) above) to (1) each Selected Non-US Employee, and (2) each Selected US Employee to whom an award of Shares is made by his employing US Grantor with the prior approval of the Board, in each case pursuant to this Scheme. Where a sum of money has been set aside (or a number of Shares has been determined) by the Board, it shall pay (or cause to be paid) that amount or an amount sufficient to purchase that number of Shares or subscribe for that number of Shares at par value (or direct that the Trustee shall appropriate an amount from the cash portion of the Returned Shares for such purpose) as the case may be (in each case, a “**Referable Amount**”) to the Trustee (or as it shall direct) from the Group's resources as soon as practicable following such funds being set aside, and in so doing will have regard to Paragraph 5(M). The Board shall notify such Selected Non-US Employee of any such award in writing substantially in the form set out in Schedule 1(A). The US Grantor shall, subject to the Board's prior approval, notify the relevant Selected US Employee of the award of Shares (of an amount equal to that attributable to the relevant Referable Amount) made by such US Grantor) in writing substantially in the form set out in Schedule 1(B) (“**US Share Awards**”). ~~In determining the abovementioned bonus referable to a Referable Amount, the Board may take into consideration matters including (without limitation) the present contribution and expected contribution of the Selected Non-US Employee or a Selected US Employee (as the case may be), to the profits of the Group, the general financial condition of the Group and the Group's overall business objectives and future development plan. T~~he Board (and the relevant US Grantor in the case of a Selected US Employee) are entitled to impose any condition as any of them deems appropriate with respect to any award of Shares hereunder (including, without limitation, ~~any~~the conditions in relation to the performance targets as described in Paragraph 8A and to vesting referred to in Paragraph 5(E)), provided that such condition(s) ~~are~~is communicated to such Selected Employee at the same time as he is notified of his award pursuant to this Paragraph 5(C). None of the Selected Employees or the US Scheme Beneficiary shall be required to pay any amount upon acceptance of an award or the vesting of any Shares (and any Other Distributions) under the Scheme except for the Excluded Expenses which shall be borne by the relevant Selected Employees or the US Scheme Beneficiary.

- (D) Subject to Paragraph 7, within five (5) business days on which the trading of Shares has not been suspended, after actual receipt of the Referable Amount, the Trustee shall apply the same (or the part thereof designated by the Board for the relevant purpose(s) below) towards:
- (i) the purchase of the relevant amount of Shares on the Stock Exchange to the extent permissible by the then prevailing market condition. The Trustee shall purchase the maximum number of board lots of Shares possible from the Referable Amount at the time of purchase, taking into account all costs and expenses associated with such a purchase (including but not limited to stamp duty and brokerage charges) and refund the balance of the Referable Amount to the Company within three (3) business days after the abovementioned five (5) business day period; and/or
  - (ii) the subscription of the relevant amount of Shares at par, to be issued by the Company in compliance with the relevant Listing Rules and any other applicable laws or regulations under the General Mandate, Provided That ~~(a)~~ the Company shall have received from the Stock Exchange a grant of the listing of, and permission to deal in, the relevant new Shares, ~~and the Trustee shall only subscribe for new Shares for such purpose as abovementioned upon the receipt of a confirmation from the Company that: (1) the relevant Selected Non-US Employee(s) and/or Selected US Employee(s) to whom an award (awards) of Shares is/are referable is/are not a connected person (persons) of the Company, and (2) such subscription would not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules,~~

and the Trustee shall hold any Shares so purchased or subscribed for (as the case may be) in accordance with the terms hereof and the provisions of the Trust Deed.

- (E) Any Shares (together with the Other Distributions attributable thereto) held by the Trustee pursuant to the terms hereof and the Trust Deed and which are referable to a Selected Employee shall vest in that Selected Non-US Employee or the US Scheme Beneficiary (as the case may be) in accordance with the timetable determined by the Board (or the US Grantor (and approved by the Board) in the case of Selected US Employees) at its discretion at the date on which that Selected Employee is selected pursuant to Paragraph 5(A) above and informed to the Trustee by notice in writing, provided that the conditions referred to in Paragraph 5(F) below have been and remain satisfied at the relevant dates, and provided further that none of the events set out in Paragraph 5(I) below has arisen (the date or each such date on which Shares are to vest as set out in such timetable being hereinafter referred to as a “**Vesting Date**”).

- (E1) Where the grant of awards involves the issue of new Shares only and does not involve existing Shares, the vesting period in respect of any Shares (and the related Other Distributions, if any) which are referable to a Selected Employee shall not be less than 12 months provided that the Board (or the US Grantor (and approved by the Board) with respect to any Selected US Employee) shall have the authority to determine a shorter vesting period if the Board considers that a shorter vesting period is appropriate to align with the purpose of this Scheme, and in any one (or more) of the situations set out below:
- (i) grants of “make-whole” awards of Shares to a Selected Employees who newly joined the Group to replace the share awards he forfeited when leaving the previous employers;
  - (ii) grants to a Selected Employee whose employment is terminated due to or for reasons associated with his death, illness or disability or the occurrence of any out of control event;
  - (iii) grants of awards of Shares with performance-based vesting conditions provided in this Scheme, in lieu of time-based vesting criteria;
  - (iv) grants that are made in batches during a year for administrative or compliance reasons, which may include awards of Shares that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take into account of the time from which award of Shares would have been granted if not for such administrative or compliance requirements;
  - (v) grants of awards of Shares with a mixed or accelerated vesting schedule such that the awards may vest evenly over a period of 12 months; or
  - (vi) grants of awards of Shares with a total vesting and holding period of more than 12 months.
- (E2) Notwithstanding the minimum vesting period stipulated in Paragraph 5(E1) in respect of a Selected Employee who dies at any time prior to or on the Vesting Date, all the Shares (and the related Other Distributions, if any) which are referable to such Selected Employee shall be deemed to be vested on the day immediately prior to his death.
- (E3) Further, in the event of the death of a Selected Employee, the Trustee shall directly or indirectly hold the vested Shares (and the related Other Distributions, if any) which are referable to such Selected Employee upon trust to transfer the same to the legal personal representatives or lawful successors of such Selected Employee (or, with respect to a Selected US Employee, the said transfer shall be made to the US Scheme Beneficiary for such purpose) within (i) two years of the death of the such Selected Employee (or such longer period as the Trustee and the Board shall agree from time to time) or (ii) the Trust period as stated in the Trust Deed (whichever is shorter). If such vested Shares (and the related Other Distributions, if any) fail to be transferred or would otherwise become bona vacantia for any reason, such vested Shares (and the related Other Distributions, if any) shall be forfeited and cease to be transferable and shall constitute Returned Shares and remain part of the Trust fund.

- (F) The conditions referred to in Paragraph 5(E) above are as follows:
- (i) such further conditions as the Board at its discretion may have stipulated and which have been communicated to the Selected Employee in writing on or before the date on which the Selected Employee is notified of the award hereunder; and
  - (ii) that the Selected Employee remains at all times after the Reference Date and on the Vesting Date (or, as the case may be, on each relevant Vesting Date) an Employee of the Company or a Subsidiary.

For the avoidance of doubt, in the event that a Selected Employee ceases to be an Employee by reason of redundancy, ~~severance~~ or unfair dismissal or because he has tendered his resignation, then such person will (subject to Paragraph 5(H)) be deemed to have ceased to be an Employee for the purposes of this Scheme and the condition referred to in (ii) above shall fail to have been satisfied.

- (G) In the event that the Company, the Subsidiary or the business division by which a Selected Employee is employed ceases to be a member or business division of the Group, then any award made to such Selected Employee shall lapse forthwith.
- (H) Notwithstanding any other provision of this Scheme (but subject to any applicable laws), the Board shall be at liberty to waive any condition referred to in Paragraph 5(F) or Paragraph 5(G) above or otherwise imposed by or pursuant to this Scheme.
- (I) The events referred to in Paragraph 5(E) above shall be deemed to have arisen where the Selected Employee:
- (i) has been terminated by the Company or any Subsidiary for cause. For the purposes of this Paragraph and all other relevant provisions hereunder (if any) relating to termination for cause, “cause” shall mean:
    - (a) dishonesty or serious misconduct, whether or not in connection with his employment; wilful disobedience or non-compliance with the terms of his employment contract with the Company or the Subsidiary or any lawful orders or instructions given by the Company or the Subsidiary;
    - (b) incompetence or negligence in the performance of his duties; or
    - (c) doing anything in the conclusive opinion of the Company, adversely affects his ability to perform his duties properly or bring the Company or the Group into disrepute;

- (ii) has been summarily dismissed by the Company (or by the relevant Subsidiary, as the case may be); or
  - (iii) has become bankrupt or failed to pay his debts within a reasonable time after they become due; or has made any arrangement or composition with his creditors generally.
- (J)
- (i) When Shares (and the related Other Distribution, if any) vest in a Selected Non-US Employee in accordance with the rules of this Scheme, the Board shall issue to the Trustee a vesting notice substantially in the form set out in Schedule 2 advising the Trustee of such vesting and asking the Trustee to send to the relevant Selected Non-US Employee a vesting notice substantially in the form set out in Schedule 3(A);
  - (ii) the relevant Selected Non-US Employee may choose to accept his right to receive the relevant vested Shares (and the related Other Distribution, if any) by sending to the Trustee (and copied to the Board) a Notice of Acceptance substantially in the form set out in Schedule 4(A) (together with such documents as the Trustee may require for the delivery of such Shares (and the related Other Distribution, if any)) within thirty (30) days (or a shorter period as stated in the vesting notice) of the date of issue of the relevant vesting notice referred to in Paragraph 5(J)(i) above (or the vesting notice referred to in Paragraph 6 below, as the case may be);
  - (iii) under normal circumstances, the Trustee shall (i) within five (5) business days of receipt of a Notice of Acceptance, electronically transfer the relevant vested Shares to the relevant Selected Non-US Employee, or (ii) within fifteen (15) business days of receipt of a Notice of Acceptance, deliver to the relevant Selected Non-US Employee the share certificate(s) representing the relevant vested Shares if so elected by the relevant Selected Non-US Employee and the Selected Non-US Employee shall execute all transfer documents as the Trustee may require. The related Other Distributions, if any, will be transferred by the Trustee as soon as practicable to the Selected Non-US Employee in such manner and within such period as the Trustee may determine; and
  - (iv) in the event that a Selected Non-US Employee does not deliver a Notice of Acceptance within the time limit set out in Paragraph 5(J)(ii) above, the entitlement of that Selected Non-US Employee to the relevant vested Shares (and the related Other Distribution, if any) shall lapse.
- (K)
- (i) When Shares (and the related Other Distribution, if any) vest in a Selected US Employee in accordance with the rules of the Scheme, the Board and the US Grantor shall issue to the Selected US Employee, with a copy to the Trustee, a vesting notice substantially in the form set out in Schedule 3(B) advising the Selected US Employee of such vesting;

- (ii) the relevant Selected US Employee may choose to accept his right to receive the relevant vested Shares (and the related Other Distribution, if any) by sending to the Board and the US Grantor a Notice of Acceptance substantially in the form set out in Schedule 4(B) (together with such documents as the US Grantor may require for the delivery of such Shares (and the related Other Distribution, if any)) within thirty (30) days (or a shorter period as stated in the vesting notice) of the date of issue of the relevant vesting notice referred to in Paragraph 5(K)(i) above (or the vesting notice referred to in Paragraph 6 below, as the case may be), but in the event that a Selected US Employee does not deliver a Notice of Acceptance within the aforesaid time limit, the entitlement of that Selected US Employee to the relevant vested Shares (and the related Other Distribution, if any) shall lapse;
  - (iii) after receipt of a Notice of Acceptance from the Selected US Employee, the Company, the US Scheme Beneficiary and the US Grantor shall issue to the Trustee a notice substantially in the form set out in Schedule 5 advising the Trustee of such vesting and the Selected US Employee's giving of a Notice of Acceptance, and asking the Trustee to transfer the relevant Shares (and the related Other Distribution, if any) to the US Scheme Beneficiary or as it may direct in writing therein; and
  - (iv) under normal circumstances, the Trustee shall (i) within five (5) business days of receipt of such a vesting notice referred to in Paragraph 5(K)(iii) above, electronically transfer the relevant vested Shares to the US Scheme Beneficiary or as it may direct in writing therein, or (ii) within fifteen (15) business days of receipt of a vesting notice referred to in Paragraph 5(K)(iii) above, deliver to the US Scheme Beneficiary or as it may direct in writing therein the share certificate(s) representing the relevant vested Shares if so elected by the US Scheme Beneficiary, and the US Scheme Beneficiary or the relevant transferee (as the case may be) shall execute all transfer documents as the Trustee, the Company or the US Grantor may require. The related Other Distributions, if any, will be transferred by the Trustee as soon as practicable to the Selected US Employee in such manner and within such period as the Trustee may determine.
- (L) Pending vesting, Any interest of a Selected Employee in an award made hereunder shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the amount of cash which has been set aside and is referable to him or her pursuant to such award or any Shares which are purchased with such cash, unless a waiver is granted by the Stock Exchange allowing the transfer of an award made under this Scheme from a Selected Non-US Employee to a vehicle (such as a trust or a private company) for the benefit of such Selected Non-US Employee and/or any family members of such Selected Non-US Employee for estate planning or tax planning purposes that would continue to meet the purpose of the Scheme and comply with the requirements of the Listing Rules.

(M) For the avoidance of doubt:

- (i) pending and subject to vesting, none of the Selected Non-US Employees shall have any interest or rights (including the right to receive dividends) in any Shares (and the related Other Distributions, if any) which are referable to any of them;
- (ii) pending and subject to vesting, none of the Selected US Employees or the US Scheme Beneficiary shall have any interest or rights (including the right to receive dividends) in any Shares (and the related Other Distributions, if any) which are referable to any of them;
- (iii) the Trustee shall abstain from exercising the voting rights in respect of any unvested Shares held directly or indirectly under the Trust;
- (~~iv~~) the Shares which are held pursuant to the Scheme and which are referable to a Selected Non-US Employee or the US Scheme Beneficiary, together with any other benefits (subject to the exclusion set out in sub-Paragraph 5(M)(~~v~~) below) deriving therefrom (“**Other Distributions**”, which include any non-cash dividends and other issue of Shares or other securities (in each case credited as fully paid) by the Company by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund) declared, paid and/or made in respect of such Shares at any time prior to the vesting of such Shares), shall be held by the Trustee for the benefit of the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be) subject to (~~a~~) the vesting thereof in accordance with Paragraph 5(E), (~~b~~) the satisfaction of conditions referred to in Paragraph 5(F) (and their remaining satisfied) and (~~c~~) the relevant Selected Employee having sent a Notice of Acceptance in accordance with Paragraph 5(J)(ii) or 5(K)(ii), as the case may be;
- (~~v~~) with respect to (~~a~~) any cash dividend, and (~~b~~) any other dividends declared by the Company where the Company allows its shareholders to elect to receive Shares in lieu of cash (a “**Scrip Dividend Scheme**”, as provided in the relevant announcement and/or circular of the Company), then in respect of (1) the awarded Shares referable to any Selected Non-US Employee or the US Scheme Beneficiary which have not vested and are held by the Trustee and (2) any Shares comprised in the Returned Shares, the Trustee shall, in the case of a Scrip Dividend Scheme, elect to receive cash in respect of such dividends, and any such cash (whether resulting from a cash dividend or a Scrip Dividend Scheme) shall be used to defray the fees, costs and expenses of this Scheme, and, for the avoidance of doubt, such cash shall not constitute Other Distributions. For the avoidance of doubt, no Selected Employee shall have any right to give any direction to, or make any claim against, the Trustee in relation to the making of the any election under a Scrip Dividend Scheme;

(vi) in the event that the Company undertakes a capitalisation issue, subdivision or consolidation of the Shares, or reduction of the share capital of the Company (each a “Corporate Action”), the Selected Employee and the US Scheme Beneficiary shall respectively be entitled to (with respect to the Shares (and the related Other Distributions, if any) which are referable to him (rounded to the nearest whole share)) the same proportion of the equity capital of the Company as that to which he was immediately entitled prior to such Corporate Action, and the Board and/or the US Grantor shall as soon as reasonably practicable after such Corporate Action has been affected, notify such Selected Employee (with a copy of the notification to the Trustee) the adjustment on the number of Shares (and the related Other Distributions, if any) that he would be entitled to on vesting after such Corporate Action, provided that:

- (a) no such adjustments may be made to the extent that a Share would be issued at less than its nominal value; and
- (b) in respect of any of the above adjustment events (other than adjustment made on a capitalisation issue), the auditors or an independent financial adviser of the Company must confirm to the Directors in writing that such adjustment(s) satisfies the requirements set out in the relevant provisions of the Listing Rules.

Any issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any adjustment abovementioned.

(vii) in the event of a rights issue that may be undertaken by the Company, with respect to:

- (a) the awarded (but unvested) Shares held by the Trustee that are referable to the Selected Non-US Employees and the US Scheme Beneficiary, the Trustee shall sell such amount of the nil-paid rights allotted to it in respect of such Shares held by it for each such Selected Non-US Employee and the US Scheme Beneficiary respectively, as is appropriate such that the net proceeds of sale of such rights shall be applied towards the subscription of the maximum amount of the rights shares (in the integral multiple of the then prevailing board lot size), and the balance of the said net proceeds and such rights shares shall be held and treated as and constitute Other Distributions referable to the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be); and
- (b) the Shares comprised in the Returned Shares, the Trustee shall sell such amount of the nil-paid rights allotted to it in respect of such Shares as is appropriate such that the net proceeds of sale of such rights shall be applied towards the subscription of the maximum amount of the rights shares (in the integral multiple of the then prevailing board lot size), and the balance of the said net proceeds and such rights shares shall be held and treated as and constitute Returned Shares for the purposes of the Scheme;



- (viii~~d~~) in the event the Company undertakes an open offer of new shares in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not subscribe for any new shares;
- ~~(e) in the event the Company undertakes a pro-rata issue of bonus warrants in respect of any awarded (but unvested) Shares and the Shares comprised in the Returned Shares held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall sell the bonus warrants created and granted to it, and (i) with respect to the net proceeds of sale of the bonus warrants attributable to the Selected Non-US Employees and the US Scheme Beneficiary respectively, the relevant net proceeds shall be held and treated as and constitute Other Distributions referable to the relevant Selected Non-US Employees or the US Scheme Beneficiary (as the case may be), respectively, and (ii) with respect to the net proceeds of sale of the bonus warrants attributable to the Shares comprised in the Returned Shares, the relevant net proceeds shall be held and treated as and constitute Returned Shares for the purposes of the Scheme;~~
- ~~(f) in the event the Company undertakes a consolidation of the Shares, all fractional share arising out of such consolidation in respect of the Shares held by the Trustee and referable to each Selected Non-US Employee and to the US Scheme Beneficiary shall be held and treated as and constitute Returned Shares for the purposes of the Scheme; and~~
- (ix~~g~~) in the event of other non-cash and non-scrip pro-rata distributions made by the Company in respect of the awarded (but unvested) Shares and the Shares comprised in the Returned Shares held by the Trustee, the Trustee shall, at its option, either:
- ~~(ai) dispose of such distributions and the net sale proceeds thereof shall be held and treated as and constitute (1) Other Distributions referable to the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be), and (2) additional Returned Shares for the purposes of the Scheme, respectively; or~~
- ~~(bi) hold such non-cash and non-scrip distributions (1) as Other Distributions for the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be), and (2) as additional Returned Shares for the purposes of the Scheme provided that the Company shall have agreed to pay the additional reasonable fees to the Trustee for such service.~~

- (x) notwithstanding the minimum vesting period as stipulated in Paragraph 5(E1), if notice is duly given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its discretion whether the awarded (but unvested) Shares held by the Trustee that are referable to the Selected Non-US Employees and/or the US Scheme Beneficiary shall vest in them respectively and the time at which such awarded Shares shall vest. If the Board determines that any such awarded Shares shall vest, it and/or the US Grantor shall promptly notify such Selected Non-US Employees and/or the US Scheme Beneficiary (with a copy of the notification to the Trustee) and shall use its reasonable endeavours to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the awarded Shares which are to become vested in such Selected Non-US Employees and/or the US Scheme Beneficiary to such Selected Non-US Employees and/or the US Scheme Beneficiary; and
- (xi) the Shares (and the related Other Distributions, if any) allotted and issued, or transferred, to a Selected Employee upon vesting shall rank pari passu in all respects with the fully paid Shares in issue on the date of allotment or transfer, except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid on the record date which falls before the date of vesting of such Shares (and the related Other Distributions, if any).
- (N) No payment shall be made to the Trustee pursuant to Paragraph 5(C), and no instructions to acquire Shares shall be given to the Trustee and no award shall be made by the Board and/or the US Grantor (subject to the prior approval by the Board) under this Scheme where any member of the Board is in possession of unpublished inside information in relation to the Company or where dealings by directors are prohibited under the Model Code for Securities Transactions by Directors of Listed Companies as set out in the Listing Rules or any applicable laws or regulation or any internal code of conduct in securities dealings adopted by the Company from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until (and including) the trading day after such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) during the period commencing one month immediately before the earlier of:
- (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(b) the last date on which the Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, no award may be made during any period of delay in publish a results announcement; or

(iii) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted. For example, pursuant to Appendix 10 to the Listing Rules (and subject to any amendments as may from time to time be made to the Listing Rules), a director of the Company must not deal in any securities of the Company on any day on which its financial results are published and: (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional.

(O) In respect of the operation of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules.

## 6. TAKEOVER

If an offer by way of takeover, merger, scheme of arrangement, share repurchase or otherwise is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (i.e. all conditions to which such transaction is subject have been satisfied and/or waived) prior to the vesting of Shares in any Selected Employee or the US Scheme Beneficiary pursuant to Paragraph 5(E), then notwithstanding the timetable for vesting referred to in Paragraph 5(E) and the minimum vesting period as stipulated in Paragraph 5(E1) such Shares shall immediately so vest and:

(i) in respect of each Selected Non-US Employee, the Board shall issue to the Trustee a notice substantially in the form set out in Schedule 2, advising the Trustee of such vesting and asking the Trustee to send to the Selected Non-US Employee, a vesting notice substantially in the form set out in Schedule 3(A), and the Trustee shall send such a vesting notice accordingly. Thereafter, a Selected Non-US Employee may elect to send a Notice of Acceptance under Schedule 4(A) to the Trustee (with a copy to the Company) in accordance with Paragraph 5(J)(ii), provided that the conditions referred to in Paragraph 5(F) have been and remain satisfied and none of the events set out in Paragraph 5(I) have occurred; and

- (ii) in respect of each Selected US Employee, the Board and the US Grantor shall issue to each Selected US Employee a vesting notice substantially in the form set out in Schedule 3(B) advising the Selected US Employees of the vesting of Shares subject to receipt of the applicable Notice of Acceptance. Thereafter, a Selected US Employee may elect to send a Notice of Acceptance to the Board and the applicable US Grantor in accordance with Paragraph 5(K)(ii), provided that the conditions referred to in Paragraph 5(F) have been and remain satisfied and none of the events set out in Paragraph 5(I) have occurred.

## 7. SCHEME MANDATE LIMIT AND PROHIBITION

(A) Without prejudice to Paragraph 7(B), the maximum number of new Shares which may be allotted and issued in respect of all awards to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) shall not exceed ten (10) per cent. of the number of Shares in issue as at the Adoption Date (“Scheme Mandate Limit”). Awards lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Unless expressly approved by the shareholders of the Company in general meeting and expressly allowed by the Stock Exchange, no option or awards may be granted under this Scheme or any other Share Scheme(s), if the grant of such option or award will result in the limit referred to in this Paragraph 7(A) being exceeded.

(B) Subject to Paragraph 7(A) and without prejudice to:

(a) Paragraph 7(B)(b), the Company may seek approval of its shareholders in general meeting to refresh the Scheme Mandate Limit under this Scheme, provided that:

(i) the total number of new Shares which may be allotted and issued in respect of all awards to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) must not exceed ten (10) per cent. of the Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, awards lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised;

(ii) where the refreshment of the Scheme Mandate Limit is sought:

(1) within three years from the date of shareholders’ approval for the last refreshment (or, as the case may be, the Adoption Date):

a. at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and

b. the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this Paragraph 7(B)(a)(ii)(1) do not apply if the refreshment is made immediately after an issue of securities by the Company to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules (or the successor provision then prevailing) such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole share; and

(2) after three years from the date of shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date), the requirements under Paragraph 7(B)(a)(ii)(1) shall not be applicable;

(b) Paragraph 7(B)(a), the Company may seek separate shareholders' approval in general meeting to grant awards under this Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed Scheme Mandate Limit referred to in Paragraph 7(B)(a) to Selected Employees specifically identified by the Company before such approval is sought. The number and terms of awards to be granted or referable to such Selected Employee must be fixed before shareholders' approval.

(C) The maximum number of new Shares (including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all options or awards granted or referable to any Selected Employee under all Share Schemes (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant should not in aggregate exceed one (1) per cent. of the total number of Shares in issue ("1% Individual Limit"). Where any grant of awards under this Scheme would result in new Shares (including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all options or awards granted or referable to any Selected Employee under all Share Schemes (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over the 1% Individual Limit, such grant of awards must be separately approved by the shareholders of the Company in general meeting with the relevant Selected Employee and his close associates (or his associates if the Selected Employee is a connected person of the Company) abstaining from voting. The number and terms of awards to be granted or referable to such Selected Employee must be fixed before shareholders' approval.

(D) Where any grant of awards under this Scheme is made or referable to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the new Shares (including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all awards (other than those under options of any other Share Schemes and excluding any awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) granted or referable to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the total number of Shares in issue, such grant of awards must be approved by shareholders of the Company in general

meeting (with such person, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such circumstance, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).

- (E) Where any grant of awards under this Scheme and options and awards to be granted under any other Share Scheme(s) to (or which is referable to) an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) granted or referable to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the total number of Shares in issue, such grant of awards must be approved by shareholders of the Company in general meeting (with such person, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such circumstance, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).
- (F) Any change in the terms of awards granted or is referable to any Selected Employee who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by shareholders of the Company in general meeting in the manner as set out in Paragraph 7(D) and Paragraph 7(E), if the initial grant of awards requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).
- (G) The requirements for the grant of awards to a Director or chief executive of the Company set out in Paragraphs 7(D) to 7(F) do not apply where the Selected Employee is only a proposed Director or a proposed chief executive of the Company.
- (H) For the purpose of seeking the approval of the shareholders of the Company under Paragraphs 7(B) to 7(F), the Company must send a circular to its shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules, and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.
- (I) For the avoidance of doubt, the Scheme Mandate Limit as set out in Paragraph 7(A) and limits as set out in Paragraphs 7(C) to Paragraph 7(E) are applicable to any grant involving the issue of new Shares only. No sum of money shall be set aside by the Board for the purchase or subscription of existing Shares pursuant to the Scheme, nor any amounts shall be paid by the Board to the Trustee for the purpose of making such a purchase or subscription, if, as a result of such purchase or subscription, the number of such Shares held by the Trustee at such time under the Scheme would represent in excess of three (3) per cent. of the issued share capital of the Company at such time, provided that Shares which have been transferred to Selected Non-US Employees or the US Scheme Beneficiary upon vesting shall be left out of account when ascertaining such amount and provided further that the Board may resolve to increase such limit at its sole discretion.

~~(J) The Board shall not direct the Trustee to:~~

~~(i) apply any Referable Amount towards the subscription of Shares to be issued under the General Mandate (the “Subscription Shares”); or~~

~~(ii) hold any Returned Shares (being Subscription Shares) or any income deriving therefrom,~~

~~for the purpose of satisfying any award under the Scheme that is referable to a Selected Non-US Employee or Selected US Employee who is a connected person of the Company.~~

~~Further, the Board shall not direct the Trustee to apply any Referable Amount towards the subscription of Shares to be issued under the General Mandate where such subscription would constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.~~

## 8. UNVESTED SHARES AND CANCELLATION OF AWARDS

(A) Subject to Paragraph 7, where, Shares and Other Distributions, which are referable to a Selected Non-US Employee or the US Scheme Beneficiary, do not vest or are not acquired or accepted in accordance with Paragraph 5 (collectively, the “Returned Shares”), then the Trustee shall hold such Returned Shares and any income deriving therefrom exclusively for the benefit of all or one or more of any then existing or future Beneficiary or in accordance with the direction or instructions of the Board.

(B) Subject to the terms and conditions of this Scheme and the Listing Rules, any awarded (but unvested) Shares (and the related Other Distributions, if any) held by the Trustee that are referable to a Selected Non-US Employee or the US Scheme Beneficiary may not be cancelled except with the prior written consent of such Selected Non-US Employee and the US Scheme Beneficiary (as the case may be) and the approval of the Board.

(C) Where the Company cancels any awarded (but unvested) Shares (and the related Other Distributions, if any) held by the Trustee that are referable to the Selected Non-US Employee or the US Scheme Beneficiary and grants new award(s) of Shares under this Scheme to the same Selected Non-US Employee or the US Scheme Beneficiary (as the case may be), the grant of such new award(s) may only be made with available Scheme Mandate Limit approved by the shareholders of the Company pursuant to Paragraph 7. The cancelled awards shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

**8A. PERFORMANCE TARGETS AND CLAWBACK MECHANISM**

- (A) Subject to the terms and conditions of this Scheme, the Board may establish performance targets upon the fulfilment of which the awards granted or referable to the Selected Employee concerned would then be vested in terms of this Scheme. The Board shall have the authority, after the grant of any award under this Scheme which is performance linked as aforesaid, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstance, provided that any such adjustments shall be considered fair and reasonable by the Board.
- (B) Proposed performance targets may include, without limitation, goals that can be benchmarked to or measured against different business and operational segments of the Group such as product research and development, supply chain operations, business development, sales and marketing, financial management and performance, business operations, human resources and administration support and efforts leading to the creation of value for the Group as well as those relating to the Selected Employees based on the individual performance indicators relevant to their roles and responsibilities. The Board will conduct assessment at the end of the performance period by comparing the actual performance level against the pre-agreed goals to determine whether the targets have been met, or the extents to which they have been met.
- (C) There is no clawback mechanism under this Scheme to claw back all or a specified part of the Shares (and the related Other Distributions, if any) awarded to any Employees in any event.

**8B. LAPSE OF AWARD**

An award shall lapse automatically on the earliest of:-

- (i) the Company, the Subsidiary or the business division by which a Selected Employee is employed ceases to be a member or business division of the Group (as set forth in Paragraph 5(G));
- (ii) a Selected Non-US Employee does not deliver a Notice of Acceptance within the time limit (as set forth in Paragraph 5(J)(iv)); and
- (iii) a Selected US Employee does not deliver a Notice of Acceptance within the time limit (as set forth in Paragraph 5(K)(ii)).

**9. DISPUTES**

Any dispute arising in connection with this Scheme shall be referred to the decision of the Trustee who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and conclusive and binding on all persons who may be affected thereby.

**10. ALTERATION OF THIS SCHEME**

- (A) Subject to Paragraphs 10(B) and 10(C) below, tThis Scheme may be altered in any respect by a resolution of the Board except that:
- (i) any alterations to the terms and conditions of this Scheme which are of a material nature; or
- (ii) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules (or the successor provision then prevailing) to the advantage of the Selected Employees;



shall not be altered except with approval of the shareholders of the Company in general meeting, and provided that no such alteration shall operate to affect adversely any subsisting rights of any Beneficiary, hereunder except with the consent in writing of the Beneficiaries with respect to whom an aggregate number of Shares that are held by the Trustee and are referable to them on the date on which such consent is obtained amounting to three-fourths in nominal value of all Shares so held by the Trustee on that date; or the sanction of a special resolution passed at a meeting of the Beneficiaries. To any such meeting of Beneficiaries referred to in Paragraph 10(A) all the provisions of the Bye-laws Articles as to general meetings of the Company shall mutatis mutandis apply as though the Shares then held by the Trustee for this Scheme were a separate class of shares forming part of the share capital of the Company except that:

- (i) not less than five (5) days' notice of such meeting shall be given;
  - (ii) a quorum at any such meeting shall be two of the Beneficiaries present in person or by proxy and with an aggregate number of Shares that are held by the Trustee and referable to them amounting to three-fourths in nominal value of all Shares so held by the Trustee on that date;
  - (iii) every Beneficiary present in person or by proxy at any of such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Share then held by the Trustee and referable to them (but for the avoidance of doubt excluding for this purpose any such Shares in respect of which that date is a Vesting Date);
  - (iv) any Beneficiary present in person or by proxy may demand a poll;
  - (v) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than 7 or more than 14 days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Beneficiaries who are then present in person or by proxy shall form a quorum and at least 7 days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Beneficiaries who are then present in person or by proxy shall form a quorum; and
  - (vi) the US Scheme Beneficiary shall abstain from voting unless the manner in which it is to vote has been directed in writing by Selected US Employees with respect to whom an aggregate number of Shares that are held by the Trustee that are referable to the Selected US Employees on or prior to the date on which the resolution is proposed to be passed ~~exceeds amounts to in excess of~~ one half or more in nominal value of all shares so held by the Trustee on that date.
- (B) Subject to Paragraph 10(C), any change to the terms of any award made or referable to a Selected Employee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the shareholders of the Company in general meeting (as the case may be) if the initial grant of the award was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the shareholders of the Company in general meeting (as the case may be), in accordance with the terms of this Scheme and the Listing Rules. The foregoing provisions of this Paragraph 10(B) shall not apply where the alteration take effect automatically under the existing terms of this Scheme.

- (C) Any change to the authority of the Board to alter the terms of this Scheme must be approved by the shareholders of the Company in general meeting.
- (D) The amended terms of this Scheme and/or any award made under this Scheme must comply with the applicable requirements under the Listing Rules.
- (E) Where the terms of this Scheme are amended, the Company shall, upon such changes taking effect, provide to all Selected Employees the details of such changes in writing.

## 11. TERMINATION

- (A) The Scheme shall terminate on the earlier of:

- (i) the tenth (10<sup>th</sup>) anniversary date of the Adoption Date; and
- (ii) such date of early termination as determined by the Board by a resolution of the Board,

Provided That such termination shall not affect any subsisting rights of any Selected Employee or the US Scheme Beneficiary (as the case may be) hereunder.

- (B) Upon termination of the Scheme,

- (i) no further award of Shares may be made under the Scheme;
- (ii) all the awarded Shares (and the related Other Distributions, if any) of the Selected Non-US Employee and the US Scheme Beneficiary granted under this Scheme shall continue to be held by the Trustee and become vested in the Selected Non-US Employees and the US Scheme Beneficiary according to the terms and conditions of the award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by such Selected Non-US Employees and the US Scheme Beneficiary or the relevant transferee (as the case may be); and
- (iii) ~~The Board may by resolution terminate the operation of this Scheme at any time provided that such termination shall not affect any subsisting rights of any Beneficiary hereunder and provided further that if, at the date of such termination, if the Trustee holds Returned Shares which have not been designated in favour of any particular Beneficiary, then the Trustee shall within five (5) business days of receiving notice of such termination sell the same to the extent permissible by the prevailing market conditions and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) to the Company.~~

- (C) For the avoidance of doubt, the temporary suspension of the granting of any award under this Scheme shall not be construed as a decision to terminate the operation of the Scheme.

**12. MISCELLANEOUS**

- (A) This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Employee, and the rights and obligations of any Employee under the terms of his or her office or employment shall not be affected by his or her participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (B) The Company shall bear the costs of establishing and administering this Scheme (including, for the avoidance of doubt, costs arising from as communications as referred to in Paragraph 12(C)), excluding any transaction levy, brokerage, tax or expenses of whatsoever nature payable on the part of any Employee, the US Scheme Beneficiary or the Trustee in respect of any sale, purchase, vesting or transfer of Shares pursuant to the Scheme (“**Excluded Expenses**”) provided always that if there are no assets out of which the Trustee may pay such excluded expenses pursuant to the powers vested in it by the Trust Deed, the Company shall bear the costs of the same.
- (C) Any notice or other communication between the Company and any Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Hong Kong or such other address as notified to the Employee from time to time and in the case of an Employee, his or her address in Hong Kong or in the case of Selected US Employees, the US, as notified to the Company from time to time. Any notice or other communication given by the Company to the Employee may also be given, to the extent permitted by and in accordance with the Listing Rules and any other applicable laws, by electronic communication including by transmitting the same to any electronic number, address or website as notified to the Company from time to time or by placing the same on the Company’s website and/or the website of the Stock Exchange.
- (D) Any notice or other communication served by post:
- (i) by the Company, shall be deemed to have been served 24 hours after the same was put in the post; and
  - (ii) by an Employee shall not be deemed to have been received until the same shall have been received by the Company.

- (E) Any notice or other communication served by electronic communication by the Company shall be deemed to be have been served on the Employee:
- (i) in the case of placing on the Company's website and/or the website of the Stock Exchange, on the day on which the same is published on such website; and
  - (ii) in any other case, on the day on which the same is transmitted to the Employee if no notification has been received by the Company within 48 hours after the transmission that the electronic communication has not reached the Employee.

or at such later time as may be prescribed by the Listing Rules or any other applicable laws. Any failure transmission of the electronic communication which is beyond the Company's control shall not invalidate the effectiveness of the notice or communication being served.

- (EF) The Company shall not be responsible for any failure by any Employee to obtain any consent or approval required for such Employee to participate in this Scheme or for any tax, duty, expenses, fees or any other liability to which he/she may become subject as a result of his or her participation in this Scheme.
- (G) For the avoidance of doubt, the awarded Shares (and the related Other Distributions, if any) granted under the Scheme prior to the Adoption Date (if any) shall continue to be valid and subject to the provisions of the Scheme as at the relevant grant date(s) of such awarded Shares notwithstanding the adoption and amendment of this Scheme on the Adoption Date.

### 13. GOVERNING LAW

- (A) This Scheme shall operate subject to the ~~Bye-laws~~Articles and any applicable law.
- (B) This Scheme shall be governed by and construed in accordance with the laws of Hong Kong.

**SCHEDULE 1(A)**

(Share award for Selected Non-US Employees)

[On VTech Holdings Limited ~~letterhead~~ ~~headed notepaper~~]

[Name of Selected Employee]

[Address]

[Date]

Dear [●]

**The VTech Share Award Purchase Scheme (the “Scheme”)**

We are pleased to advise you that the Board of Directors (the “Board”) of VTech Holdings Limited (the “Company”), has determined that you should be eligible to participate in the Scheme. To this end, the Board will set aside a sum of money under the Scheme to acquire shares in the Company (the “Shares”). The sum of money will be made available to [Bank of East Asia (Trustees) Limited], the trustee to the Scheme (the “Trustee”) who will use it to acquire Shares for your benefit, subject to the rules of the Scheme (the “Scheme Rules”). Unless the context herein requires otherwise, terms defined in the Scheme Rules shall have the same meanings when used herein.

Provided that you satisfy the conditions set out herein and the performance targets set out in a separate letter of even date to you (the “Performance Targets”) and subject to the Scheme Rules, you have the right to receive the Shares as follows:

Vesting date	Number of Shares
<del>{On [the first anniversary] of the date hereof, being [●]}</del>	[●]

Please note that you will have an interest (subject to the exclusions in the Scheme Rules) in the Shares, but that this interest will be contingent until the date(s) set out above and until the conditions referred to above (including the Performance Targets) are satisfied or waived by the Board. After the Shares have vested in you in accordance with the Scheme Rules, a vesting notice advising you of this fact and will be sent to you inviting you to accept the Shares. You may do this by returning the “Notice of Acceptance” which accompanies the above vesting notice (together with such documents duly executed by you as the Trustee and/or the Company may require for the purpose of transferring the said Shares (and the Other Distributions, if any) to you) to the Trustee within 30[●] days of the date of the vesting notice. The Trustee will then make the requisite transfer of your Shares (and the Other Distribution, if any) to you. In the event that you do not deliver the Notice of Acceptance (together with the aforesaid documents) within the said 30[●]-day period, your entitlement to the relevant Shares (and the Other Distributions, if any) shall lapse.

Other than satisfying the conditions, you will not be required to provide any consideration in order to acquire these Shares (either now or at the date of vesting/acceptance).

You should also note that this award will automatically lapse in the event that the Company (or the Subsidiary or the business division by which you are employed) ceases to be part of the Group (as defined in the Scheme Rules).

We would recommend that you seek specific advice from your own tax adviser on how this award may affect your tax status. Please also take the time to familiarise yourself with the Scheme Rules, [a copy of which is enclosed with this notice] [accessible via this link, [●]letter, as they contain important information relating to the administration of the Scheme.

Yours sincerely,

[●]

for and on behalf of

**VTech Holdings Limited**

c.c.: [Bank of East Asia (Trustees) Limited]

**SCHEDULE 1(B)**  
**(Share award for Selected US Employees)**

~~On~~ [US Subsidiary] ~~letterhead~~ ~~headed notepaper~~

[Name of Selected US Employee]

[Address]

(referred to below as “you” or “Selected Employee”)

[Date]

Dear [●],

**Offer of share incentive (the “Share Award”) in the form of shares in the capital of VTech Holdings Limited (the “Company”) on terms set out hereinafter**

We are pleased to advise you that the board of directors (the “Board”) of [US Subsidiary] Limited (the “US Grantor”) has determined that, subject to your acceptance of this one-off offer by [signing and returning a duplicate of this notice]/[agreement and sending the acceptance] ~~letter~~ to the US Grantor within ~~seven~~ [●] days and subject further to the satisfaction of the conditions set out in the table below and the performance targets set out in a separate notice ~~letter~~ of even date to you (together, the “Vesting Conditions”) and the other terms and conditions herein and in the “Rules relating to The VTech Share Award ~~Purchase~~ Scheme” (the “Scheme Rules”) contained in the Schedule hereto (together, the “Terms and Conditions”), US Grantor will procure the number of the shares (the “Award Shares”, being shares in the capital of the Company) set out in the table below against the relevant “Vesting Date”, be transferred, free of charge, to you:

Vesting Date	Number of Award Shares
<del>{On [the first anniversary] of the date hereof, being [●]}</del>	[●]

Unless the context herein requires otherwise, terms defined in the Scheme Rules shall have the same meanings when used herein.

Please note that you do NOT have any interest (whether legal, equitable, actual or contingent) of any nature whatsoever in the Award Shares from time to time and at any time and whether or not the date(s) set out above has/have past and the conditions referred to above are satisfied or waived by the Board.

Please note that you will only have the right to receive the Award Shares and to the extent set out above until the date(s) set out above and until the conditions referred to above are satisfied or waived by the Board, subject further to the Terms and Conditions. (When the aforesaid right to receive any Award Shares has become unconditional and exercisable, the relevant Share Award shall become “vested” to the extent of such Award Shares, and references to “vest” and “vesting” shall be construed accordingly.)

After the relevant Award Shares have vested in you, a vesting notice advising you of this fact and will be sent to you inviting you to accept such Award Shares. You may do so by [returning]//[sending] the “Notice of Acceptance” which accompanies the above vesting notice within 30[●] days of the date of the vesting notice. Subject to your duly executing such documents and providing such information as US Grantor may require for the purpose of transferring the relevant Award Shares (and the Other Distribution, if any) to you, US Grantor will then procure the requisite transfer of such Award Shares (and the Other Distribution, if any) to you. In the event that you do not deliver a Notice of Acceptance within 30[●] days from the date of the vesting notice, your entitlement to the relevant vested Award Shares (and the Other Distribution, if any) shall lapse.

Other than satisfying the conditions, you will not be required to provide any consideration in order to acquire the relevant Award Shares (and the Other Distribution, if any) either now or at the date of vesting/acceptance.

By [signing and returning the duplicate of this ~~notice letter~~][acknowledging and confirming your agreement of the contents of this notice and sending it] to us, you hereby agree that you shall effect and complete all such notifications and registrations, and execute and file all such documents, as we may from time to time communicate to you, in connection with the Share Award, and you further undertake to provide us with such evidence in respect thereof as we may require, in each case, failing which the Share Award will lapse.

You should note that this award will also automatically lapse in the event that US Grantor (or the business division by which you are employed) ceases to be a subsidiary of the Company.

We would recommend that you seek specific advice from your own tax adviser on how this award may affect your tax status. Please also take the time to familiarise yourself with the Terms and Conditions, as they contain important information relating to the administration and operation of the Share Award.

Yours sincerely,

[●]

for and on behalf of

[US Subsidiary] **Limited**

c.c. VTech Holdings Limited

c.c. [Bank of East Asia (Trustees) Limited]



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I agree to accept the offer of the Share Award  
on terms of the above and the Terms and Conditions

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[Name]

Date:

### SCHEDULE

[The Rules relating to The VTech Share ~~Award~~ Purchase Scheme]

**SCHEDULE 2****(Vesting notice to Trustee (Selected Non-US Employees))**~~On~~ VTech Holdings Limited ~~letterhead-headed notepaper~~**Vesting Notice to Trustee (Selected Non-US Employees)***[Amend form if in respect of more than one employee]*

[Bank of East Asia (Trustees) Limited]

[Address]

For the attention of: [●]

[Date]

Dear Sirs,

**The VTech Share ~~Award~~Purchase Scheme (the “Scheme”)**

We refer to the ~~notice~~letter of [date] addressed to [name of employee] (the “Selected Employee”) (a copy of which was provided to you), wherein we advised the Selected Employee that [he]/[she] had acquired rights to some Shares subject to certain conditions (including a condition covering a vesting timetable). Terms used in that ~~notice~~letter shall have the same meaning in this ~~notice~~letter.

The abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares], and the Selected Employee is now entitled to give a Notice of Acceptance in respect of [his]/[her] rights to receive that number of Shares [(and the related Other Distribution)] under the rules of the Scheme.

We should therefore be grateful if you would send to the Selected Employee, c/o VTech Holdings Limited, a vesting notice substantially in the form set out in Schedule 3(A) to the rules of the Scheme within the next 40[●] days advising [him]/[her] of the [satisfaction]/[waiver] of the relevant conditions and inviting [him]/[her] to give a Notice of Acceptance pursuant to the rules of the Scheme within 30[●] days of the date of your vesting notice.

Yours faithfully

[●]

for and on behalf of

**VTech Holdings Limited**

**SCHEDULE 3(A)**  
**(Vesting Notice for Selected Non-US Employee)**

[On ~~Bank of East Asia (Trustees) Limited letterhead~~ ~~headed notepaper~~]

**Vesting Notice to Selected Non-US Employee**

[Name of Selected Employee]  
c/o VTech Holdings Limited

[Date]

Dear [●],

**The VTech Share ~~Award~~ Purchase Scheme (the “Scheme”)**

We refer to the ~~notice~~ letter dated [●] from VTech Holdings Limited (the “Company”) to you, wherein the Company advised you that, subject to certain conditions (including a condition covering a vesting timetable), you had the right to receive certain Shares. Terms used in that letter shall have the same meaning in this ~~notice~~ letter. We have been advised that the abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares], and that you are now entitled to receive that number of Shares [(and the related Other Distribution, being [●])] from the Trustee.

We would recommend that you seek specific advice from your own tax adviser on how the receipt of these Shares may affect your tax status.

If you wish the above Shares to be transferred to you, please sign and [return]/[send] the attached Notice of Acceptance [(together with the relevant instrument of transfer and bought note duly executed by yourself)] within 30[●] days of the date of this ~~notice~~ letter.

Yours sincerely

[●]

for and on behalf of

**[Bank of East Asia (Trustees) Limited]**

c.c. **VTech Holdings Limited**

**SCHEDULE 3(B)****(Vesting Notice for Selected US Employee)****VTECH HOLDINGS LIMITED***[FULL NAME OF US GRANTOR]***Vesting Notice to Selected US Employee**

*[Name of the Selected US Employee  
c/o relevant VTech group company]*

[Date]

Dear [●],

**The VTech Share ~~Award~~Purchase Scheme (the “Scheme”)**

We refer to the ~~notice~~letter dated [●] from *[name of US Grantor]* (the “US Grantor”) to you, wherein the US Grantor advised you that, subject to certain conditions (including a condition covering a vesting timetable), the US Grantor will procure the transfer of certain Shares set out therein to you. The abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares].

If you wish the above [Shares] [(and the related Other Distribution, being [●])] to be transferred to you, please send to us a Notice of Acceptance in the form [attached]/[accessed through this link, [●]] [(together with the relevant instrument of transfer and bought note duly executed by yourself)] within 30[●] days of the date of this ~~notice~~letter.

We would recommend that you seek specific advice from your own tax adviser on how receipt of these Shares may affect your tax status.

Yours sincerely

Yours sincerely

[●]  
for and on behalf of  
**VTech Holdings Limited**

[●]  
for and on behalf of  
*[Insert Name of US Grantor]*

c.c. *[Insert Name of US Scheme Beneficiary]*

**SCHEDULE 4(A)**

**Notice of Acceptance (Selected Non-US Employees)**

To: **[Bank of East Asia (Trustees) Limited]**

[*date*]

Dear Sirs

Please transfer [●] shares in VTech Holdings Limited to me in accordance with the vesting notice issued by you on [*date*].

[The shares should be transferred as follows:]

[*insert details of CCASS nominees*]

[Enclosed are the instrument of transfer [and bought note] in relation to the transfer of the abovementioned shares duly executed by myself as transferee.]

Yours faithfully

[*name of employee*]

c.c. **VTech Holdings Limited**

**SCHEDULE 4(B)**

**Notice of Acceptance (Selected US Employees)**

To: **VTech Holdings Limited**

To: *[Insert name of the US Grantor]*

c/o **VTech Holdings Limited**

*[date]*

Dear Sirs

Please transfer [●] [shares in VTech Holdings Limited] to me in accordance with the vesting notice issued by you on *[date]*.

[The [shares] should be transferred as follows:]

*[insert transfer details]*

[Enclosed are the instrument of transfer [and bought note] in relation to the transfer of the abovementioned shares duly executed by myself as transferee.]

Yours faithfully

*[name of employee]*

**SCHEDULE 5**

(Vesting notice to Trustee (for Selected US Employees))

**VTECH HOLDINGS LIMITED**

(“Company”)

***[INSERT THE FULL NAME OF THE US SCHEME BENEFICIARY]***

(“US Scheme Beneficiary”)

***[INSERT THE FULL NAME OF THE US GRANTOR]***

(“US Grantor”)

**Vesting Notice to Trustee (Selected US Employees)**

[Amend form if in respect of more than one employee]

[Bank of East Asia (Trustees) Limited]

[Address]

For the attention of: [●]

[Date]

Dear Sirs,

**The VTech Share ~~Award~~Purchase Scheme (the “Scheme”)**

We refer to the ~~notice~~letter of [date] addressed to [name of US employee] (“Relevant Selected US Employee”) from [insert name of US Grantor] (“US Grantor”), a copy of which was provided to you, (“Share Award”), wherein the US Grantor advised the Relevant Selected US Employee that the relevant US Grantor will procure the transfer of the number of Shares set out therein to the Relevant Selected US Employee, subject to certain conditions (including a condition covering a vesting timetable). Terms used in the rules of the Scheme shall have the same meaning in this letter, unless the context requires otherwise.

The abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares], which was notified by the Company and the US Grantor to the Relevant Selected US Employee in a vesting notice dated [●], a copy of which is [attached]/[available through this link, [●]]. In addition, the Relevant Selected US Employee has since given a Notice of Acceptance in respect of that vesting notice, a copy of which is also [attached]/[available through this link, [●]].

The US Scheme Beneficiary, as beneficiary of the relevant Shares [(and the related Other Distributions, being [●])] so vested under the Scheme, hereby directs you to transfer such Shares [(and the said related Other Distributions)] to the Relevant Selected US Employee in accordance with the transfer details set out in the [attached/returned] Notice of Acceptance, and each of the Company and the US Grantor requests that those Shares be transferred accordingly.

Yours faithfully

Yours faithfully

Yours faithfully

[●]  
for and on behalf of  
**VTech Holdings Limited**

[●]  
for and on behalf of  
*[Insert name of US Scheme  
Beneficiary]*

[●]  
for and on behalf of  
*[Insert name of US Grantor]*



**RULE RELATING TO THE VTECH AMENDED SHARE AWARDPURCHASE SCHEME****Addendum to the Plan for French resident Beneficiaries (“French Subplan”)**

This Addendum to the VTech Amended Share AwardPurchase Scheme (the “Plan”), ~~resulting from the decisions of the Remuneration Committee Meeting of Vtech Holdings Limited held on 12 March 2018,~~ sets out the terms of the Plan as they apply to beneficiaries who are resident of France or who are or may become subject to French tax (i.e. income tax and/or social security tax) as a result of Shares granted under the Plan. The Shares granted under this Plan will be deemed French Qualified Free Shares and shall be eligible for the favourable income and social security tax regime applicable to shares granted for no consideration under Article L.225-197-1 to L.225-197-5 of the French Commercial Code., as subsequently amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration

The terms of this Addendum shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social security laws, and relevant Guidelines published by French tax and social security administrations and subject to the fulfilment of legal, tax and reporting obligations.

This Addendum should be read in conjunction with the rules of the Plan and is subject to the terms and conditions of the Plan except to the extent that the terms and conditions of the Plan differ from or conflict with the terms set out in this Addendum in which event the terms set out in this Addendum shall prevail.

The terms of this Addendum are the terms set out in the rules of the Plan modified as follows.

**1. APPLICATION**

This section will apply to Plan Beneficiaries who are resident of France and who are or may become subject to French tax (i.e. income tax and/or social security tax) as a result of Shares granted under the Plan. The Shares granted under this plan will be deemed French Qualified Free Shares.

**2. ELIGIBILITY**

French Qualified Free Shares may not be granted under this Addendum to an individual:

- unless he is employed by VTech Holdings Limited, or by a company which is a subsidiary of VTech Holdings Limited, as defined in Article 225-197-2 of the French “Code de Commerce” in France; or
- unless he is a director with a management function as defined in Article 225-197-1 of the French “Code de Commerce” in France of VTech Holdings Limited or of a company which is a subsidiary of VTech Holdings Limited as defined in Article 225-197-2 of the French “Code de Commerce” in France; or
- who owns more than 10% of the share capital of VTech Holdings Limited

### 3. VESTING PERIOD

The vesting period applicable to French Qualified Free Shares may not be less than one year following the Reference Date (i.e. the date of grant of the free shares to an eligible Beneficiary) even in case of termination of employment for any cause including retirement and disability of the Beneficiary.

However, notwithstanding the above, in the event of death of a French Qualified Free Share Beneficiary, all of his or her outstanding Shares shall vest and the Shares shall be transferred as set forth in Section 7 of this Addendum.

### 4. SALES RESTRICTIONS

The sale of shares issued pursuant to the vesting of the award may not occur prior to the expiration of a one-year period as calculated from the date the Shares are transferred to the Beneficiary, or such other period as is required to comply with the minimum mandatory holding period applicable to French Qualified Free Shares under Section L. 225-197-1 of the French Commercial Code. Notwithstanding the above, in case of Beneficiary's death, the Beneficiary's heirs shall not need to comply with the restriction on the sale of Shares. In addition, in the event of disability of 2nd or 3rd category disability (as defined under Article L.341-4 of the French Social Security Code) of a Beneficiary, the Beneficiary shall not need to comply with the restriction on the sale of Shares.

### 5. CLOSED PERIODS

Shares underlying French Qualified Free Shares may not be sold during the following period ("Closed Periods"):

- within the 10 days before or after the publication of the annual accounts and interim accounts of VTech Holdings Limited;
- within a period beginning with the date at which company's executives become aware of any information which, were it to be public knowledge, could have a significant impact on the company's share price and ending 10 trading days after the information becomes public knowledge.

These Closed Periods will apply to grant of French Qualified Free Shares long as and to the extent such Closed Periods are applicable under French law.

### 6. NON-TRANSFERABILITY OF SHARES

Except in the case of (i) death or (ii) disability (as defined under Article L.341-4 of the French Social Security Code), French Qualified Free Shares may not be transferred to any third party.

**7. DISABILITY OR DEATH OF A BENEFICIARY**

In the event of the of 2nd or 3rd category disability (as defined under Article L.341-4 of the French Social Security Code) of a Beneficiary, the Beneficiary shall not need to comply with the restriction on the sale of Shares set forth in Section 4 above. Notwithstanding the foregoing, the Beneficiary must comply with the restriction on the sale of shares set forth in Section 5 above.

In the event of the death of a Beneficiary, all unvested French Qualified Free Shares held by the Beneficiary at the time of death shall become immediately vested. The Company shall transfer the underlying shares to the Beneficiary's heirs, at their request, within six months following the death of the Beneficiary. The Beneficiary's heirs shall not need to comply with the restriction on the sale of Shares set forth in Sections 4 ~~above~~below. Notwithstanding the foregoing, the Beneficiary's heirs must comply with the restriction on the sale of shares set forth in Section 5 above.

**8. BENEFICIARY'S ACCOUNT**

The Shares transferred pursuant to the vesting of the French Qualified Free Shares shall be recorded in an account in the name of the Beneficiary with the Company or a broker or in such other manner as the Company may otherwise determine in order to ensure compliance with the sale restrictions set forth above in section 4.

**9. ADJUSTMENTS DUE TO CERTAIN CORPORATE EVENTS**

Adjustments to the terms and conditions of the French Qualified Free Shares may be made only pursuant to applicable French legal and tax rules. Nevertheless, the Board, at its discretion, may determine to make adjustments in the case of a transaction for which adjustments are not authorized under French law, in which case the Shares may no longer qualify as French Qualified Free Shares.

[Revised: ~~24 July 2018~~ [●] 2023]

*The following is the full text of the Amended Share Option Scheme (with mark-ups showing the Option Proposed Amendments) proposed to be adopted at the 2023 AGM:*

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**VTECH HOLDINGS LIMITED**

**~~2021~~ SHARE OPTION SCHEME**

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(Approved pursuant to a resolution passed by the Shareholders at the annual general meeting held on  
13 July 2021)

(Amended and adopted by a resolution passed by the Shareholders at the annual general meeting held on  
[●] 2023):-

**VTECH HOLDINGS LIMITED***(incorporated in Bermuda with limited liability)***2021-SHARE OPTION SCHEME****1. DEFINITIONS**

1.1 In this Scheme, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:-

“Adoption Date”	<del>13 July 2021, being [●] 2023, the date on which of adoption of this Scheme is amended and adopted by an</del> ordinary resolution of the Shareholders;
“associate(s)”	has the meaning given to that term in the Listing Rules;
“Auditors”	the auditors for the time being and from time to time of the Company;
“Board”	the board of directors of the Company or any committee from time to time established by the board of directors of the Company for the purpose of administering this Scheme or the Remuneration Committee, as any of them may have taken action or made decision or determination at any time in relation to this Scheme;
“business day”	<del>any day (other than a Saturday and a Sunday) on which the Stock Exchange is open for the business of trading in securities;</del> <u>has the meaning given to that term in the Listing Rules;</u>
“chief executive”	has the meaning given to that term in the Listing Rules;
“close associate(s)”	has the meaning given to that term in the Listing Rules;
“Company”	VTech Holdings Limited, a company incorporated in Bermuda with limited liability;
“connected person(s)”	has the meaning given to that term in the Listing Rules;
<u>“controlling shareholder(s)”</u>	<u>has the meaning given to that term in the Listing Rules;</u>
“core connected person(s)”	has the meaning given to that term in the Listing Rules;

“Date of Grant”	in respect of an Option, subject as mentioned in paragraph <u>4.2A, 8.2(b) and 8.35</u> , the date on which the Board resolves to make an Offer of that Option to the Participant, which date must be a business day;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of this 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;
“ <u>Individual Limit</u> ”	<u>has the meaning stated in paragraph 8.3;</u>
“ <u>inside information</u> ”	<u>has the meaning given to that term in the Listing Rules;</u>
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Offer”	the offer of the grant of an Option made in accordance with paragraph 4.1;
“Option”	a right granted for the subscription of Shares pursuant to this Scheme;
“Option Period”	a period to be notified by the Board to each Grantee at the time of making an Offer, which shall not expire later than ten (10) years from the Date of Grant;
“Participants”	the employees and <del>directors</del> <u>officers</u> of any member (from time to time) of the Group <del>(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);</del>
“PRC”	the People’s Republic of China which, for the purposes of this Scheme, exclude Hong Kong, the Macau Special Administrative Region and Taiwan;

“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;
“Scheme”	this share option scheme in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Limit”	<del>has the meaning given to that term in paragraph 8.1;</del>
“Scheme Mandate Limit”	has the meaning given to that term in paragraph <del>8.18-2</del> ;
“Share Registrar”	the Hong Kong branch share registrar of the Company 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;
<u>“Share Scheme(s)”</u>	<u>the share option scheme(s) and/or share award scheme(s) involving issuance of new Shares adopted and to be adopted by the Company from time to time;</u>
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in paragraph 5;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere;
“substantial shareholder”	has the meaning given to that term in the Listing Rules; <del>and</del>

“US\$”	United States of America dollars, the lawful currency of the United States of America;:-
<u>“Vesting Date”</u>	<u>in relation to any Grantee, the earliest date on which the Option (or a tranche thereof) granted to him may be exercised by such Grantee, pursuant to which Shares (or separate tranches of Shares) may be subscribed for pursuant to the terms of such Option; and</u>
<u>“Vesting Period”</u>	<u>in relation to any Grantee, the period commencing on the date on which the Grantee accepts the Option granted to him and ending on the Vesting Date (both dates inclusive).</u>

1.2 In this Scheme, save where the context otherwise requires:-

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (b) references to paragraphs are references to paragraphs of this Scheme;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender or the neuter shall include other genders and the neuter; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind whether or not having separate legal identity.

## 2. APPROVAL CONDITIONS

2.1 This Scheme shall take effect subject to:

- (a) the passing of an ordinary resolution approving, inter alia, the adoption of this 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 this Scheme, and
- (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 this Scheme.



- 2.2 If the above condition 2.1(b) is not satisfied on or before the date following six (6) months after the Adoption Date (or such later date as the Board may decide), this Scheme shall forthwith determine, and any Option granted or agreed to be granted pursuant to this Scheme and any offer of such grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme or any such Option.

## **2A. PARTICIPANTS**

The Participants of this Scheme are the employees and directors of any member (from time to time) of the Group.

## **3. PURPOSE, DURATION AND ADMINISTRATION**

- 3.1 (a) The purposes of this Scheme are (i) to attract potential employees; (ii) motivate and retain the Participants to support the Group's long term development; and (iii) 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.
- (b) 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, including but not limited to:
- (1) the Participant's (i) individual performance, (ii) years of service, and/or (iii) potential and/or actual contribution to the business affairs of and benefits to the Group; and/or
  - (2) whether the Participant is regarded as a valuable human resource of the Group based on his work experience, professional qualifications, industry knowledge or other relevant factors (including but not limited to technical know-how, business and/or market development capability, and market reputation).
- 3.2 Subject to paragraphs 2 and 12, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date. After the expiry of the ten (10) year period, no further Options shall be offered or granted, but in all other respects the provisions of this Scheme shall remain in full force and effect. Options complying with the provisions of the Listing Rules which are granted during the life of this Scheme shall continue to be exercisable in accordance with their terms of issue after the end of the said ten (10) year period.
- 3.3 This Scheme shall be subject to the administration of the Board, and the decision of the Board shall be final and binding on all parties. The Board shall have the right to (i) interpret and construe the provisions of this Scheme, (ii) determine the persons who will be offered Options under this Scheme, the number of Shares and the Subscription Price, subject to paragraph 5, in relation to such Options, (iii) subject to paragraphs 9 and 11, make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme as it deems necessary, and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

3.4 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board or for any mistake of judgment made in good faith for the purposes of this Scheme, and the Company shall indemnify and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out of any act or omission to act in connection with this Scheme unless arising out of such person's own fraud or bad faith.

#### 4. GRANT OF OPTION

4.1 On and subject to the terms of this Scheme, the Board shall be entitled at any time within ten (10) years after the Adoption Date to make an Offer to any Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may include the Vesting Date(s) ~~any minimum period(s) for which the Option must be held;~~ and/or any minimum performance target(s) that must be reached; before the Option can be exercised in whole or in part, and may include at the discretion of the Board other terms imposed either on a case by case basis or generally.

4.2 ~~Any~~ ~~Each~~ grant of Options to ~~a~~ ~~any~~ director, chief executive or substantial shareholder of the Company (or any of their respective associates) 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).

4.2A 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 in respect upon exercise of all Options and awards already granted under this Scheme and any other Share Scheme(s) (excluding any options and awards lapsed in accordance with the terms of the Share Scheme(s)) 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; ~~and~~

(a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares then 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 must be approved shall be subject to prior approval by the Shareholders in general meeting. The Company must send a relevant circular to the Shareholders. The proposed recipient of the grant of Options, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting, except that any such 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. In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing). The number and terms of the Options to be granted to such Participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.~~

4.3 No Offer shall be made and no Option shall be granted to any Participant after inside information has come to the Company's knowledge until (and including) the trading day after the Company has announced the information. In particular, no Offer shall be made and no Option shall be granted during the period commencing one (1) 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 results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on (and including) the trading day after the date of the results announcement. For the avoidance of doubt, no Offer shall be made and no Option shall be granted during any period of delay in publishing the results announcement of the Company.

Furthermore, no Offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Listing Rules or 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. For example, pursuant to Appendix 10 to the Listing Rules (and subject to any amendments as may from time to time be made to the Listing Rules), a director of the Company must not deal in any securities of the Company on any day on which its financial results are published and: (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional.

- 4.4 An Offer shall be made to a Participant by ~~letter~~ a written notice in duplicate in such manner or form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant to whom the Offer is made for a period of thirty (30) days from the date on which the ~~written notice letter~~ written notice containing the Offer is issued to that Participant (or such other period of time as the Board may determine and specify in the aforementioned ~~written notice letter~~ written notice), provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after this Scheme has been terminated in accordance with the provisions hereof or after the person/entity to whom the Offer is made has ceased to be a Participant.
- 4.5 An Offer 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~~ written notice comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a payment in favour of the Company of HK\$1.00 (or its equivalent) (or such other reasonable amount as determined by the Board) by way of consideration for the grant thereof, is received by the Company. Such payment shall not be refundable in any circumstances and shall be made within thirty (30) days from the date on which the written notice containing the Offer is issued to that Participant (or such other period of time as the Board may determine and specify in the aforementioned written notice).
- 4.6 Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within the period specified in paragraph 4.4 (or in the aforementioned ~~written notice letter~~ written notice containing the Offer to be issued to that Participant, as the case may be) in the manner indicated in paragraph 4.5, it shall be deemed to have been irrevocably declined.
- 4.7 The Vesting Period in respect of any Option granted to any Grantee shall not be shorter than 12 months. The Board shall have the authority to determine a shorter Vesting Period if the Board considers that a shorter Vesting Period is appropriate to align with the purpose of this Scheme, and in any one (or more) of the situations set out below:
- (a) grants of “make-whole” Options to a Participant who newly joined the Group to replace the share options he forfeited when leaving the previous employers;
  - (b) grants to a Participant whose employment is terminated due to death, illness or disability or the occurrence of any out of control event;
  - (c) grants of Options with performance-based vesting conditions provided in this Scheme, in lieu of time-based vesting criteria;
  - (d) grants that are made in batches during a year for administrative or compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;

- (e) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months; or
- (f) grants of Options with a total vesting and holding period of more than 12 months.

#### **4A. PERFORMANCE TARGETS AND CLAWBACK MECHANISM**

4A.1 Subject to terms and conditions of this Scheme, the Board may establish performance targets upon the fulfillment of which the Options granted to the Participant concerned would then be vested in accordance with the terms of this Scheme. The Board shall have the authority, after the grant of any Option which is performance linked as aforesaid, to make fair and reasonable adjustments to the prescribed performance targets during the Vesting Period if there is a change in circumstances, provided that any such adjustments shall be considered fair and reasonable by the Board.

4A.2 Proposed performance targets, may include, without limitation, goals that can be benchmarked to or measured against different business and operational segments of the Group such as product research and development, supply chain operations, business development, sales and marketing, financial management and performance, business operations, human resources and administration support and efforts leading to the creation of value for the Group as well as those relating to the Participant concerned based on the individual performance indicators relevant to their roles and responsibilities. The Board will conduct assessment at the end of the performance period by comparing the actual performance level against the pre-agreed goals to determine whether the targets have been met, or the extents to which they have been met.

4A.3 There is no clawback mechanism under this Scheme to claw back the Options granted to any Participant in any event.

#### **5. SUBSCRIPTION PRICE**

The Subscription Price shall be such price determined by the Board at its absolute discretion and notified to the Participant in the Offer and shall be no less than the highest of:-

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) business days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share on the Date of Grant.

## 6. EXERCISE OF OPTIONS

- 6.1 An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option, except for the following circumstances: (i) the transmission of an Option on the death of the Grantee to his personal representative(s) on terms of and as permitted by this Scheme or (ii) a waiver is granted by the Stock Exchange to allow the transfer of Option(s) to a vehicle (such as a trust or a private company) for the benefit of the relevant Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the Scheme and comply with the requirements of the Listing Rules. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company.
- 6.2 An Option may, subject to the terms and conditions upon which such Option is granted, be exercised in whole or in part in the manner as set out in paragraph 6.3 by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within ten (10) business days after receipt of the notice and, where appropriate, receipt of the Auditors' or the relevant financial ~~adviser~~ adviser's (retained for such purpose) certificate pursuant to paragraph 9, the Company shall allot and issue, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted.
- 6.3 Subject to the terms and conditions upon which such Option was granted, an Option may be exercised by the Grantee at any time during the Option Period, provided that:-
- (a) in the event the Grantee (being an employee or ~~director~~ 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 7(f) (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 having taken into account such factors as the Board may at its discretion consider appropriate, including but not limited to the Grantee's past contribution to the business affairs of and benefits brought to the Group, in which event the Option shall be exercisable to the extent and within such period as the Board may determine; and, for the purposes of this paragraph 6.3(a), with respect to an employee and who may or may not be a director of any member of the Group, the Cessation Date shall be the date of the notice of termination or the date of the letter of resignation (as the case may be), instead of the last actual working day on which the Grantee was physically at work with the Company or the relevant Subsidiary, whether salary is paid in lieu of notice or not;

- (b) in the event the Grantee dies before exercising the Option in full and none of the events for termination of employment or engagement under paragraph 7(f) 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;
- (c) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of a scheme of arrangement pursuant to paragraph 6.3(d) 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 (for the avoidance of doubt, all the Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written notice~~letter~~ containing the Offer);
- (d) 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 (for the avoidance of doubt, all the Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written notice~~letter~~ containing the Offer);
- (e) 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 (for the avoidance of doubt, all the Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written notice~~letter~~ containing the Offer) or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 6.4(b), 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;
- (f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 6.3(d) 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 (for the avoidance of doubt, all the Options then outstanding may be exercised in full, irrespective of the fact that such Options (in whole or in part) may not otherwise be exercisable at such time pursuant to the terms of the written

~~notice letter~~ containing the Offer) or, if the Company shall give the relevant notification, to the extent notified by the Company pursuant to paragraph 6.4(b), 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.

6.4 For the purpose of this paragraph 6:-

- (a) any references to exercising an Option shall refer to exercising that Option to the extent not already exercised, notwithstanding that the Option Period has not come into effect or the Option has not otherwise become exercisable;
- (b) pursuant to paragraphs 6.3(e) and (f), the Company may in its discretion notwithstanding the terms of the relevant Option, at the same time as giving the notice provided for under each of those paragraphs, 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; and
- (c) if the Company gives notice under paragraph 6.4(b) that an Option can be exercised in part only, the balance of the Option shall lapse.

6.5 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 and from time to time in force and will rank pari passu with, and shall have the same voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, as attached to, 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, dividend, transfer and other rights, including those arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the Option.

6.6 Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Grantee provided that such new Options are granted within the limits prescribed by paragraph 8 and otherwise comply with the terms of this Scheme. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

## **7. LAPSE OF OPTION**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:-

- (a) the expiry of the Option Period (subject to the provisions of paragraph 2.2);
- (b) the date or the expiry of the periods for exercising the Option as referred to in paragraphs 6.3(a), (b) and (c) (as the case may be);
- (c) subject to the scheme of arrangement (referred to in paragraph 6.3(d)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 6.3(d);
- (d) subject to paragraph 6.3(e), the date of the commencement of the winding-up of the Company; and, subject to the compromise or arrangement (referred to in paragraph 6.3(f)) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 6.3(f);



- (e) the date on which the Grantee commits a breach of paragraph 6.1;
- (f) the date on which the Grantee 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) where the Grantee is an employee or ~~director/officer~~ of a member of the Group (other than the Company), the date on which such member ceases to be a Subsidiary; and
- (h) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph 6.3(a) or (b), 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.

## 8. MAXIMUM NUMBER OF SHARES SUBJECT TO OPTIONSSCHEME MANDATE LIMIT

- 8.1 ~~Without prejudice to paragraph 8.2, The overall limit on the maximum number of new Shares which may be allotted and issued in respect of upon exercise of all outstanding Options to be granted and yet to be exercised under this Scheme and all options and awards to be granted under any other sShare option sSchemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 1030% of the Shares in issue as at the Adoption Datefrom time to time (the “Scheme Mandate Limit”). Options lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, Nno Options or awards may be granted under this Scheme or any other Share Scheme(s) if thesueh grant of such option or award will result in the Scheme Limit referred to in this paragraph 8.1 being exceeded.~~
- 8.2 ~~The total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date (the “Scheme Mandate Limit”). Options lapsed in accordance with the terms of this Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.~~
- 8.23 Subject to paragraph 8.1 and without prejudice to:
- (a) ~~paragraph 8.2(b), tThe Company may seekrefresh the Scheme Mandate Limit at any time subject to prior approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit, provided that:~~

- (i) the total number of new Shares which may be allotted and issued in respect of all Options to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) must. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit, aforesaid Shareholders' approval. Options previously granted under this Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled, lapsed in accordance with its terms or exercised), shall not be counted and for the purpose of calculating the limit as refreshed Scheme Mandate Limit, Options lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised; and-

~~A circular must be sent to shareholders in connection with the general meeting at which their approval for the refreshment of the Scheme Mandate Limit will be sought.~~

- (ii) where the refreshment of the Scheme Mandate Limit is sought:
- (A) within three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date):
- (1) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and
- (2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this paragraph 8.2(a)(ii)(A) shall not apply if the refreshment is made immediately after an issue of securities by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules (or the successive provision then prevailing) such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share; and

- (B) after three years from the date of Shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date), the requirements under paragraph 8.2(a)(ii)(A) shall not be applicable;

- 8.4 (b) ~~paragraph 8.2(a), The Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit or, if applicable, the refreshed Scheme Mandate Limit referred to in paragraph 8.2(a) to the Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to the Shareholders containing a generic description of the specified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participants, how those Options serve such purpose and any other information as required by the Listing Rules. The number and terms of Options to be granted to such Participant must be fixed before Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such Grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.~~
- 8.35 ~~The maximum number of new Shares issued and to be issued in respect of all options and awards granted under this Scheme and any other Share Scheme(s) to any Participant (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant should not in aggregate exceed 1% of the total number of Shares in issue (the "Individual Limit"). The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue (the "Individual Limit"). Subject to paragraph 4.2A, where Any further grant of Options to a Participant which would result in the new Shares issued and to be issued in respect upon exercise of all Options and awards granted under this Scheme and any other Share Scheme(s) and to be granted to such Participant (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s) including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over the Individual Limit (exceeding the "Individual Limit"), such grant must be separately shall be subject to approved of by the Shareholders in general meeting in advance with such Participant and his close associates (or his associates if the Participant is a connected person of the Company) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of such Participant(s), the number and terms of the Options granted and to be granted and any other information as required by the Listing Rules. The number and terms (including the exercise price) of the Options to be granted to such Participant(s) shall be fixed before the Shareholders' approval is sought and the date of the Board meeting for proposing such further grant shall for all purposes be the Date of Grant for the purpose of calculating the Subscription Price.~~
- 8.46 The maximum number of Shares referred to in paragraph 8 shall be adjusted, in such manner as the Auditors or the financial adviser of the Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 9 by way of capitalisation issue of profits or reserves, rights issue, subdivision or consolidation of Shares, reduction of the share capital of the Company.

**9. REORGANISATION OF CAPITAL STRUCTURE AND SPECIAL DIVIDENDS**

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable, by way of capitalisation ~~issue of profits or reserves~~, rights issue, ~~open offer (if there is a price dilutive element)~~, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than 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), such corresponding alterations (if any) shall be made to:-

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option,

or any combination thereof, as the Auditors or a financial ~~advisor~~ adviser engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled, but so that no such adjustments be made to the extent that a Share would be issued at less than its nominal value. The capacity of the Auditors or financial ~~advisor~~ adviser (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors or financial ~~advisor~~ adviser (as the case may be) shall be borne by the Company. The Company shall comply with the requirements under ~~Chapter 17~~ of the Listing Rules and any applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange in relation to the above.

**10. SHARE CAPITAL**

- 10.1 The exercise of any Option shall be subject to the ~~Shareholders~~members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.
- 10.2 The Options do not carry any right to vote in general meeting of the Company, or any right to dividend, or any other rights whether or not arising on the liquidation of the Company.

**11. ALTERATION OF THIS SCHEME**

- 11.1 Subject to ~~paragraph 11.2 below~~ all other provisions in this paragraph 11, the Board may amend any of the provisions of this 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 this 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) except that:-
- ~~11.2~~ (a) any alterations to the terms and conditions of this Scheme which are of a material nature; and/or
- (b) any alterations to the~~Those specific~~ provisions of this Scheme which relate to the matters set out in ~~Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants,~~
- must be approved by Shareholders in general meeting., and
- 11.2 ~~Any~~ changes to the authority of the Board ~~directors or administrators of this Scheme in relation to any alteration of the terms of this Scheme shall~~ must be made, ~~without the prior approval of by the Shareholders in general meeting.~~
- 11.3 ~~Any alterations to the terms and conditions of this Scheme which are of a material nature, or any change to the terms of Options granted to a Participant, must also, to be effective, be approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be)~~ Shareholders in general meeting, except This provision shall not apply where the alterations take effect automatically under the existing terms of this Scheme.
- 11.4 ~~The amended terms of this is Scheme or the Options so altered must comply with Chapter 17 of the Listing Rules.~~

**12. TERMINATION**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of this Scheme with immediate effect or otherwise, and in such event no further Options will be offered or granted but in all other respects the provisions of this Scheme shall remain in full force and effect. Options which are unexercised and unexpired immediately prior to the termination of the operation of this Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of this Scheme.

**13. DISPUTES**

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option, the amount of the ~~Exercise~~-Subscription Price or otherwise) shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error be final and conclusive and binding on all persons who may be affected thereby.

**14. MISCELLANEOUS**

- 14.1 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Grantee, and the rights and obligations of any such Grantee under the terms of his ~~or her~~ office or employment or engagement shall not be affected by his ~~or her~~ participation in this Scheme and this Scheme shall afford such Grantee no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.
- 14.2 This Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company or any Subsidiary.
- 14.3 The Company shall bear the costs of establishing and administering this Scheme.
- 14.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares generally.
- 14.5 Any notice or other communication between the Company and a Grantee may be given, in the case of notice and communication to the Company, by sending the same by prepaid post or by personal delivery to its registered office in Hong Kong or such other address as notified to the Grantees from time to time and, in the case of notice and communication to the Grantee (i) by sending the same by prepaid post or by personal delivery to his correspondence address in Hong Kong as notified to the Company from time to time or (ii) to the extent permitted by and in accordance with the Listing Rules and any other applicable laws, by electronic communication including by transmitting the same to any electronic number, address or web site as notified to the Company from time to time or by placing the same on the Company's web site and/or the web site of the Stock Exchange.
- 14.6 Any notice or other communication served by post by:
- (a) ~~by~~ the Company shall be deemed to have been served on the Grantee 48 hours after the same was put in the post; and

(b) ~~by~~ the Grantee shall not be deemed to have been received by the Company until the same shall have been received by the Company.

14.7 Any notice or other communication served by electronic communication by the Company shall be deemed to be have been served on the Grantee:

(a) in the case of placing on the Company's website and/or the website of the Stock Exchange, on the day on which the same is published on such website; and

(b) in any other case, on the day on which the same is transmitted to the Grantee if no notification has been received by the Company within 48 hours after the transmission that the electronic communication has not reached the Grantee,

or at such later time as may be prescribed by the Listing Rules or any other applicable laws. Any failure transmission of the electronic communication which is beyond the Company's control shall not invalidate the effectiveness of the notice or communication being served.

14.8 All allotments and issues of Shares will be subject to all necessary consents under any relevant legislation for the time being and from time to time in force in Hong Kong and in Bermuda, and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant, holding or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Scheme.

14.9 Each Grantee shall pay all taxes and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.

14.10 The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the provisions of this Scheme. The Board shall also have the power to delegate its powers to grant Options to Participants and to determine the Subscription Price, to the designated directors of the Company from time to time.

14.11 This Scheme and all Options granted hereunder ~~are~~ shall be governed by and ~~shall be~~ construed in accordance with the laws of Hong Kong.

14.12 For the avoidance of doubt, the options granted under the Scheme prior to the Adoption Date (if any) shall continue to be valid and subject to the provisions of the Scheme as at the relevant grant date(s) of such options notwithstanding the adoption and amendment of this Scheme on the Adoption Date.

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## NOTICE OF ANNUAL GENERAL MEETING

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### VTech Holdings Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 303)**

**NOTICE IS HEREBY GIVEN** that the 2023 AGM of the Shareholders will be held at Jade & Lotus Room, 6th Floor, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 19 July 2023 at 3:30 p.m. (Hong Kong time) for the following purposes. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 15 June 2023 (the “Circular”).

#### **ORDINARY BUSINESS**

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and the auditor of the Company (the “Auditor”) for the year ended 31 March 2023.
2. To consider and declare a final dividend in respect of the year ended 31 March 2023.
3.
  - (a) To re-elect Dr. PANG King Fai as an executive Director.
  - (b) To re-elect Mr. William WONG Yee Lai as a non-executive Director.
  - (c) To re-elect Professor GAN Jie as an independent non-executive Director.
  - (d) To fix the Directors’ fees (including the additional fees payable to chairman and members of the audit committee, the nomination committee and the remuneration committee of the Company) for the year ending 31 March 2024, pro rata to their length of services during the year.
4. To re-appoint KPMG as the Auditor and authorise the board of Directors to fix its remuneration.

#### **SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without modifications, resolutions 5 to 8 as ordinary resolutions:

5. **“THAT:**
  - (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors of the powers of the Company during the Relevant Period (as defined below) to repurchase ordinary shares of US\$0.05 each in the share capital of the Company on 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 25,270,247 shares) 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 being revoked or varied by an ordinary resolution of the Shareholders in general meeting; and
- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until 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 in general meeting.”

6. **“THAT:**

- (a) subject to the provisions of paragraphs (b) and (c) below, the exercise by the Directors of the powers of the Company during the Relevant Period (as defined below) 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 pursuant to the approval in paragraph (a) above, other than 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 an ordinary resolution of the Shareholders 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 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;

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- (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 allotted and/or issued by the Directors pursuant to:
  - (i) a rights issue where shares are offered for a fixed period to the Shareholders in proportion to their then holdings of shares on a fixed record date (subject to such exclusion 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) any share option scheme or share award scheme that complies with Chapter 17 of the Listing Rules adopted by the Company for the time being or to be adopted by the Company;
- (d) any shares to be allotted and issued (whether wholly or partly for cash or otherwise) pursuant to the approval in paragraph (a) above shall not be issued at a discount of more than 10% to the "Benchmarked Price" of such Shares;
- (e) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors; and
- (f) for the purposes of this Resolution:

"Benchmarked Price" means the higher of:

- (i) the closing price of the shares of the Company as quoted on Stock Exchange on the date of the agreement involving the relevant proposed issue of shares of the Company under this Resolution; and
- (ii) the average closing price as quoted on Stock Exchange of the shares of the Company in the five (5) trading days immediately preceding the earlier of the date: (1) of announcement of the transaction or arrangement involving the relevant proposed issue of shares of the Company under this Resolution; (2) of the agreement involving the relevant proposed issue of shares of the Company under this Resolution; and (3) on which the price of shares of the Company that are proposed to be issued is fixed;

"Relevant Period" means the period from the passing of this Resolution until 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 in general meeting."

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7. “**THAT:**

- (a) the proposed amendments to the Share Award Scheme of the Company currently in force (i.e the Award Proposed Amendments) as set out in Appendix IV to the Circular be and are hereby approved and adopted and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to give full effect to the Award Proposed Amendments;
- (b) the Amended Share Award Scheme which incorporates all of the Award Proposed Amendments (a copy of which has been produced to this meeting and initialled by the chairman of this meeting for identification purpose) and the Scheme Mandate Limit (as defined in the Amended Share Award Scheme) be and are hereby approved and adopted in substitution for, and to the exclusion of, the Share Award Scheme with immediate effect. For the avoidance of doubt, the awarded Shares (and the related Other Distributions (as defined in the Amended Share Award Scheme), if any) granted under the Share Award Scheme prior to the Adoption Date of the Amended Share Award Scheme (if any) shall continue to be valid and subject to the provisions of the Share Award Scheme as at the relevant grant date(s) of such awarded Shares notwithstanding the amendments to the Share Award Scheme and the adoption of this Amended Share Award Scheme on the Adoption Date; and
- (c) the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the Amended Share Award Scheme, including without limitation,
  - (i) administering or authorising a committee of the Board to administer the Amended Share Award Scheme and granting awards under the Amended Share Award Scheme;
  - (ii) modifying and/or amending the Amended Share Award Scheme from time to time provided that such modification and/or amendment is effective in accordance with the provision of the Amended Share Award Scheme relating to modifications and/or amendment and the requirements of the Listing Rules;
  - (iii) issuing and allotting from time to time such number of shares in the capital of the Company as may be required pursuant to the awards granted under the Amended Share Award Scheme and subject to the Listing Rules;
  - (iv) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the granting of awards under the Amended Share Award Scheme; and
  - (v) consenting, 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 Amended Share Award Scheme.”

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8. “**THAT:**

- (a) the proposed amendments to the Share Option Scheme of the Company currently in force (i.e the Option Proposed Amendments) as set out in Appendix V to the Circular be and are hereby approved and adopted, and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to give full effect to the Option Proposed Amendments;
- (b) subject to 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 Amended Share Option Scheme, the Amended Share Option Scheme which incorporates all of the Option Proposed Amendments (a copy of which has been produced to this meeting and initialled by the chairman of this meeting for the purpose of identification) and the Scheme Mandate Limit (as defined in the Amended Share Option Scheme) be and are hereby approved and adopted in substitution for, and to the exclusion of, the Share Option Scheme with immediate effect. For the avoidance of doubt, the options granted under the Share Option Scheme prior to the Adoption Date of the Amended Share Option Scheme (if any) shall continue to be valid and subject to the provisions of the Share Option Scheme as at the relevant grant date(s) of such options notwithstanding the amendments to the Share Option Scheme and adoption of this Amended Share Option Scheme on the Adoption Date; and
- (c) the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the Amended Share Option Scheme, including without limitation,
  - (i) administering or authorising a committee of the Board to administer the Amended Share Option Scheme and granting Options under the Amended Share Option Scheme;
  - (ii) modifying and/or amending the Amended Share Option Scheme from time to time provided that such modification and/or amendment is effective in accordance with the provision of the Amended Share Option Scheme relating to modifications and/or amendment and the requirements of the Listing Rules;
  - (iii) issuing and allotting from time to time such number of shares in the capital of the Company as may be required pursuant to the exercise of the Options granted under the Amended Share Option Scheme and subject to the Listing Rules;
  - (iv) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the Options granted under the Amended Share Option Scheme; and
  - (v) consenting, 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 Amended Share Option Scheme.”

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### SPECIAL RESOLUTION

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a special resolution:

**“THAT:**

- (a) The Proposed Amendments to the existing Bye-laws of the Company (the “Existing Bye-laws”), the details of which are set out in Appendix III to the Circular, be and are hereby approved;
- (b) the New Bye-laws which contain all the Proposed Amendments (a copy of which has been produced to this meeting and initialled by the chairman of the meeting for the purpose of identification), be and are hereby approved and adopted in substitution for and to the exclusion of the Existing Bye-laws with immediate effect; and
- (c) any Director or company secretary of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents and make all such arrangements that he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the New Bye-laws, including without limitation, making relevant registrations and filings in accordance with the requirements of the applicable laws in Bermuda and Hong Kong.”

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

Hong Kong, 15 June 2023

*Notes:*

- 1. At the 2023 AGM, the Chairman of the meeting will exercise his power under Bye-law 75 of the Company’s Bye-laws to put each of the above resolutions to the vote by way of a poll.
- 2. Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of member. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2023 AGM or any adjournment thereof if you so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.
- 3. To be valid, the form of proxy must be lodged with the Company’s branch share 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 2023 AGM or any adjournment thereof.
- 4. In the case of joint holders of a share, any one of such joint holders may vote at the 2023 AGM, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto. However, if more than one of such joint holders are present at the 2023 AGM, either personally or by proxy, the joint holder whose name stands first in the register of members of the Company shall alone be entitled to vote.

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5. The register of members of the Company will be closed for the following periods:
- (a) For the purpose of determining Shareholders who are entitled to attend and vote at the 2023 AGM, the register of members of the Company will be closed from 14 July 2023 to 19 July 2023 (both days inclusive), during which no transfer of shares will be effected. The Shareholders whose names appear on the register of members of the Company on 19 July 2023 are entitled to attend and vote at the 2023 AGM following completion of the registration procedures for share transfers. In order to be entitled to attend and vote at the 2023 AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the principal share registrar of the Company, MUFG Fund Services (Bermuda) Limited of 4th Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda, or the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 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 13 July 2023.
  - (b) For the purpose of determining Shareholders who are qualified for the final dividend, the register of members of the Company will be closed on 25 July 2023, during which no transfer of shares will be effected. The Shareholders whose names appear on the register of members of the Company on 25 July 2023 (i.e the record date) are qualified for the final dividend following completion of the registration procedures for share transfers. In order to qualify for the final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the principal share registrar of the Company, MUFG Fund Services (Bermuda) Limited of 4th Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda, or the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 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 24 July 2023.
6. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 12:00 noon on the date of the meeting, the meeting will be adjourned in accordance with the Bye-laws. The Company will post an announcement on the Company’s website at [www.vtech.com](http://www.vtech.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify Shareholders of the date, time and place of the adjourned meeting.
7. **Shareholders are reminded that physical attendance is not necessary for the purpose of exercising shareholders’ rights. They are strongly encouraged to exercise their rights and indicate how they would like the proxy to vote on their behalves by submitting a form of proxy to appoint the Chairman of the 2023 AGM as their proxy for voting as early as possible and in any event no later than 48 hours before the time appointed for holding the 2023 AGM or any adjournment or postponement thereof.**

Shareholders who wish to attend the 2023 AGM are encouraged to take note that Hong Kong Government appealed to the public to wear a mask when having respiratory symptoms or weakened immunity and going to crowded places. Subject to the public health requirements or guidelines of Hong Kong Government and/or regulatory authorities, the Company may announce further updates on the arrangement of the 2023 AGM on the Company’s website at [www.vtech.com](http://www.vtech.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as and when appropriate.