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ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO SHARE PURCHASE SCHEME

The Board hereby announces that it has resolved to allot and issue 190,000 new Shares to the Trustee under the General Mandate granted by the shareholders at the AGM in order to grant awards to selected employees pursuant to the Share Purchase Scheme.

The Company shall cause to pay the Trustee an aggregate amount of USD9,500 from the Company's resources to fund the Trustee to subscribe for the Awarded Shares.

The number of the Awarded Shares to be allotted and issued by the Company to the Trustee represents: (i) approximately 0.08% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.08% of the issued share capital of the Company as enlarged by the allotment of the Awarded Shares.

Reference is made to the Share Purchase Scheme established by the Company for the purpose of incentivising officers and employees and attracting suitable personnel for the continuous development of the Group. Details of the Share Purchase Scheme were set out in the announcements of the Company dated 31 March 2011 and 19 May 2015 respectively. Terms defined in the said announcements shall have the same meanings when used herein.

The Board hereby announces that it has resolved to allot and issue 190,000 new Shares (subject to the Stock Exchange granting its approval for the listing of, and permission to deal, in such new Shares on the Stock Exchange) to the Trustee under the General Mandate granted by the shareholders at the AGM in order to grant awards to selected employees (excluding Directors and connected persons as defined under the Listing Rules) pursuant to the Share Purchase Scheme. Pursuant to the General Mandate, the maximum number of Shares that can be allotted and issued by the Directors is 25,118,213 Shares. Save for the allotment of the Awarded Shares disclosed in this announcement, no new Shares have been allotted or issued under the General Mandate as at the date of this announcement.

The new Shares shall be allotted and issued at par value and the Company shall cause to be paid to the Trustee an aggregate amount of USD9,500 from the Company's internal resources to fund the Trustee's subscription of the Awarded Shares and the Trustee shall hold such the Awarded Shares on trust for the relevant selected employees, which shall be transferred to those selected employees at no cost, upon satisfaction of all vesting conditions specified by the Board at the time of making the Awards. The number of selected employees to whom the Awards will be granted is over 200. The Trustee is not a connected person of the Company (as defined under the Listing Rules) and is third party independent of the Company.

The number of the Awarded Shares to be allotted and issued by the Company to the Trustee represents: (i) approximately 0.08% of the issued share capital of the Company as at the date of this announcement, and (ii) approximately 0.08% of the issued share capital of the Company as enlarged by the allotment of the Awarded Shares.

The Awarded Shares, when allotted and issued, shall rank *pari passu* among themselves and with the other Shares in issue, with the right to receive all dividends and other distributions which is on or after the date of allotment of the new Shares. While the Trustee holds the new Shares on trust for the selected employees, it may exercise at its discretion the voting rights attached to such Shares (and the Company has no power to influence whether and how the Trustee should exercise such discretion).

Application will be made by the Company to the Stock Exchange for approval of the listing of, and permission to deal in, the Awarded Shares. Other than such approval to be granted by the Stock Exchange, the allotment of the Awarded Shares is not subject to any condition or approval by the shareholders.

Further information relating to the Awarded Shares is set out below:

Securities to be issued: 190,000 new Shares

Fund to be raised: Nil

Note: USD9,500, being aggregate of the total nominal value of the Shares to be issued, shall be paid by the Company (from its internal resources) to the Trustee

Reasons for the issue: For the purpose of incentivising officers and employees and attracting suitable personnel for the continuous development of the Group

Identity of the allottee: Bank of East Asia (Trustees) Limited, being the trustee appointed by the Company for the administration of the Share Purchase Scheme

Market price of the Shares: HK\$126.3 per Shares, being the closing price of the Shares as at 9 June 2017

Fund raising activity(ies) in the last 12 months: The Company has not engaged in any fund raising activities by any issue of Shares in the 12 months immediately preceding the date of this announcement

Definitions

"AGM"	<i>the annual general meeting of the Company held on 15 July 2016</i>
"Award(s)"	<i>award(s) of a certain number of the Awarded Shares by the Board to the selected employees</i>
"Awarded Shares"	<i>the 190,000 new Shares to be allotted and issued to the Trustee under the General Mandate for the purpose of the Share Purchase Scheme</i>
"General Mandate"	<i>the general unconditional mandate granted to the Directors at the AGM to allot, issue and deal with Shares in the capital of the Company of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM</i>
"Listing Rules"	<i>Rules Governing the Listing of Securities on the Stock Exchange</i>

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

Hong Kong, 9 June 2017

As at the date of this announcement, the Executive Directors of the Company are Dr. Allan WONG Chi Yun (Chairman and Group Chief Executive Officer), Dr. PANG King Fai and Mr. Andy LEUNG Hon Kwong. The Independent Non-executive Directors of the Company are Dr. William FUNG Kwok Lun, Dr. Patrick WANG Shui Chung and Mr. WONG Kai Man.

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