



## **VTech Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 303)

### **Remuneration Policy**

#### **1. Purpose**

This remuneration policy (the “Policy”) outlines the general principles and framework for the remuneration of the Board (the “Board”) of Directors (the “Directors”) of VTech Holdings Limited (the “Company” and together with all its subsidiaries referred to as “we”, “VTech” or the “Group”).

The primary objectives of the Policy are to (i) establish a set of fair, formal and transparent procedures by developing a clear and structured approach for determining the remuneration of the Directors; and (ii) attract, motivate, reward and retain talented individuals who can make significant contributions to achieving the Company’s goals and creating long-term value for stakeholders.

By adhering to these principles, the Policy aims to support the Company’s strategic objectives and promote sustainable growth.

#### **2. Basic Remuneration Principles**

- Remuneration programs shall support the delivery of corporate strategies and create long-term sustainable shareholder values.
- Remuneration shall reflect the skills, knowledge, time commitment, responsibilities and performance of individual executives. It should be linked to both the financial and non-financial performance of the Group.
- Competitive remuneration shall be offered with reference to the salaries paid by comparable companies, taking into account prevailing market conditions.
- The Company shall ensure that its Directors are paid equitably and fairly. The compensation shall be determined based on the scope and responsibilities of the role, as well as the individual skills and performance of each Director. Compensation practices shall be free from gender bias, racism or other forms of bias.
- No individual or any of his or her close associates should determine their own remuneration to ensure fairness.

### 3. Remuneration Governance, Review and Approval

Remuneration is managed through well-defined processes. The Board's Remuneration Committee approves the remuneration packages of the Directors and reviews the Remuneration Policy annually. The responsibilities of the Remuneration Committee are stipulated in its Terms of Reference: [https://www.vtech.com/wp-content/uploads/2024/03/e\\_RemunerationCommitteeCharterFinal.pdf](https://www.vtech.com/wp-content/uploads/2024/03/e_RemunerationCommitteeCharterFinal.pdf)

### 4. Remuneration Structure for Executive Directors

The remuneration packages for the Executive Directors shall consist of the following fixed and variable components:

	Definition and Purpose	Policy and Link to Performance
Annual Base Salary	Fixed cash payments intended to attract and retain executives of the highest caliber and to reflect their experience and scope of responsibilities.	Determined based on skills, knowledge and performance, time commitment, job responsibilities, prevailing market conditions, the financial performance of the Group and employment conditions elsewhere in the Group, with reference to the salaries paid by comparable companies.
Allowances and Benefits in kind	Allowances and benefits in kind include medical insurance, housing benefits, training programs and education subsidies.	Provide allowance and benefits in kind aligned with market standards and the Company's policies.
Retirement Benefit Schemes	Provide retirement plans comparable to market standards.	The Company offers a defined benefit scheme and defined contribution schemes in Hong Kong and overseas.
Short-term Incentives - Discretionary Bonus	Discretionary year-end bonus may be given based on individual performance and the overall performance of the Group to motivate and reward high performers. It will be on an annual basis	Individual performance of Executive Directors and performance of the Group during the year will be considered.  For the Group's performance, a mix of financial and non-financial Key Performance Indicators (KPIs) for the relevant year will be taken into account. Financial KPI is aligned with financial performance of the Group of the relevant

	in respect of each complete financial year.	financial year. Non-financial KPIs in sustainability are aligned with the performance of key ESG-related third-party evaluation (or ESG Indexes) of the relevant financial year.
Long-term Incentives - Share Award Scheme	The purpose of the Share Award Scheme is to motivate and retain the Executive Director to support the Group's long term development.	<p>The Board may establish performance targets upon the fulfilment of which the awards granted or referable to the Executive Director concerned would be vested. Performance targets may include, among others, financial management and performance as well as individual performance of the Executive Director. The Board has the authority to adjust the performance targets during the vesting period if there is a change in circumstances, provided that such adjustments are fair and reasonable.</p> <p>Where the grant of awards involves the issue of new Shares only and does not involve existing Shares, the vesting period shall be not less than 12 months. The Board also has the authority to determine, if the Board considers appropriate, a shorter vesting period for awards granted with performance-based vesting conditions.</p>
Long-term Incentives - Share Option Scheme	The purpose of the Share Option Scheme is to motivate and retain the Executive Director to support the Group's long term development	<p>The Board may establish performance targets upon the fulfillment of which the Options granted to the Executive Director concerned would be vested. Performance targets may include, among others, financial management and performance as well as individual performance of the Executive Director. The Board has the authority to adjust performance targets (if any) during the vesting period if there is a change in circumstances, provided that such adjustments are fair and reasonable.</p> <p>The vesting period shall be not less than 12 months. The Board also has the authority to determine, if the Board considers appropriate, a shorter vesting period for Options granted with performance-based vesting conditions.</p>

## **5. Remuneration for Non-Executive Directors and Independent Non-Executive Directors**

The Board has established a practice of reviewing the fees for the Non-Executive Directors, particularly the remuneration of the INEDs, every five years to ensure that Non-Executive Directors are remunerated on a fair and reasonable basis. The consideration factors include (i) the specific duties and responsibilities undertaken by the Non-Executive Directors, (ii) the level of commitment and the amount of time the Non-Executive Directors dedicate to fulfilling their roles and responsibilities, and (iii) the workload associated with their memberships on various Board committees. The review of the Non-Executive Directors' fees shall also take into account (a) the average annual remuneration of directors of comparable listed companies in Hong Kong, (b) the remuneration practices of other major manufacturing companies, and (c) such other factors as the Remuneration Committee considers appropriate.

## **6. Clawback Mechanism**

Neither the Share Award Scheme nor the Share Option Scheme includes a clawback mechanism. However, the Remuneration Committee is confident that even in the absence of a clawback mechanism, the awarded shares or options (as the case may be) will effectively retain the Director's commitment to the Group. This incentive aligns with the goals of the Group, fulfilling the purpose of the Share Award Scheme and the Share Option Scheme (as the case may be). It also ensures that the interests of the management staff are aligned with those of the Company and its shareholders.

March 2025