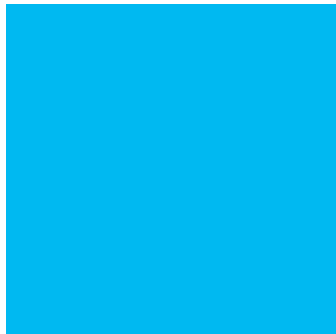


Building on a **Solid Foundation**



Technology



Innovation



Leadership

Corporate Profile

VTech is one of the world's largest suppliers of corded and cordless telephones and a leading supplier of electronic learning products. It also provides highly sought-after contract manufacturing services. Founded in 1976, the Group's mission is to be the most cost effective designer and manufacturer of innovative, high quality consumer electronics products and to distribute them to markets worldwide in the most efficient manner.

With headquarters in the Hong Kong Special Administrative Region and state-of-the-art manufacturing facilities in mainland China, VTech currently has a presence in 10 countries and over 30,000 employees, including around 1,300 R&D professionals in R&D centres in Canada, Hong Kong and mainland China. This network allows VTech to stay abreast of the latest technology and market trends throughout the world, while maintaining a highly competitive cost structure.

The Group invested US\$45.2 million in R&D in the financial year 2007 and launches numerous new products each year. VTech sells its products via a strong brand platform supported by an extensive distribution network of leading retailers in North America, Europe and Asia. Apart from the well-known VTech brand, the Group has the rights to use the AT&T brand in connection with the manufacture and sale of its wireline telephones and accessories.

In addition, VTech has license agreements with licensors of well-known children's characters that allow it to use those characters in the cartridges for its popular V.Smile product range and certain electronic learning products.

Shares of VTech Holdings Limited are listed on both the Hong Kong and London stock exchanges (HKSE: 303; LSE: VTH). Ordinary shares are also available in the form of American Depository Receipts (ADRs) through the Bank of New York (ADR: VTKHY).

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Financial Highlights

- Record revenue and profit
- Group revenue increased by 21.5% to US\$1,463.8 million
- Profit attributable to shareholders rose by 42.0% to US\$182.9 million
- Net profit margin expanded 1.8% points to 12.5%
- Net cash, after special dividend of US\$71.7 million, rose to US\$246.5 million
- Final dividend of US41.0 cents per share, total dividend per share for the year (includes special dividend of US30.0 cents) up 150.0%

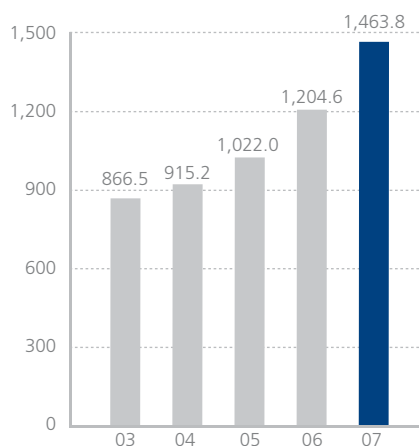
For the year ended 31st March	2007	2006	Change
Operating results (US\$ million)			
Revenue	1,463.8	1,204.6	21.5%
Gross profit	540.0	446.7	20.9%
Operating profit	194.0	136.2	42.4%
Profit before taxation	201.5	140.1	43.8%
Profit attributable to shareholders	182.9	128.8	42.0%
Financial position (US\$ million)			
Cash generated from operations	196.9	182.9	7.7%
Net cash	246.5	242.4	1.7%
Shareholders' funds	343.3	306.2	12.1%
Per share data (US cents)			
Earnings per share – basic	76.6	54.9	39.5%
Earnings per share – diluted	75.1	54.3	38.3%
Dividend per share			
– Interim and final	50.0	32.0	56.3%
– Special	30.0	Nil	N/A
Other data (US\$ million)			
Capital expenditure	37.2	32.1	15.9%
R&D expenditure	45.2	40.3	12.2%
Key ratios (%)			
Gross profit margin	36.9	37.1	-0.2% pts
Operating profit margin	13.3	11.3	2.0% pts
Net profit margin	12.5	10.7	1.8% pts
EBITDA/Revenue	14.9	12.9	2.0% pts
Return on shareholders' funds	53.3	42.1	11.2% pts

↑ **21.5%**

(2007 vs 2006)

GROUP REVENUE IN LAST 5 YEARS

US\$ million

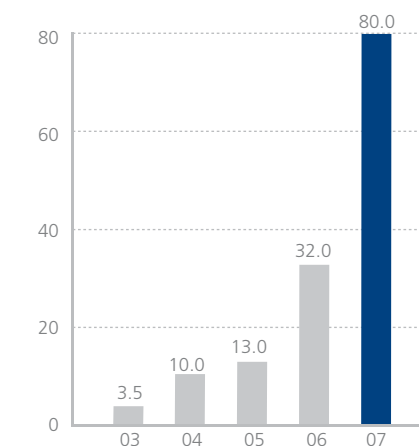


↑ **150.0%**

(2007 vs 2006)

DIVIDENDS PER SHARE IN LAST 5 YEARS

US cents

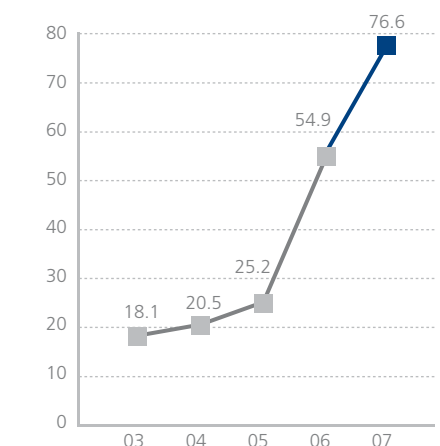


↑ **39.5%**

(2007 vs 2006)

EARNINGS PER SHARE IN LAST 5 YEARS

US cents



Letter to Shareholders



“All three of our businesses recorded revenue increases during the financial year 2007, resulting in revenue for the Group reaching an all-time high.”

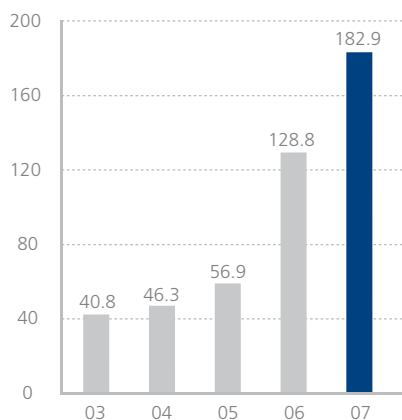
Allan WONG Chi Yun
Chairman

DEAR SHAREHOLDERS,

All three of our businesses recorded revenue increases during the financial year 2007, resulting in revenue for the Group reaching an all-time high. This, together with an improvement in operating profit margin, allowed us to achieve a second straight year of record profit. The results demonstrate that we are reaping the benefit of the hard work put in over recent years to enhance our operations and build a solid foundation for growth.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS IN LAST 5 YEARS

US\$ million



RESULTS

Revenue for the Group increased by 21.5% over the financial year 2006 to US\$1,463.8 million. Profit attributable to shareholders rose by 42.0% to US\$182.9 million, while earnings per share increased by 39.5% to US76.6 cents. With the Group's balance sheet remaining strong, the Board of Directors has proposed a final dividend of US41.0 cents per share. Together with the interim dividend of US9.0 cents per share and the special dividend of US30.0 cents per share made in celebration of the Group's 30th anniversary, this gives a total dividend for the year of US80.0 cents per share, 150.0% higher than the US32.0 cents per share declared for the financial year 2006.

OPERATIONS

Following two years of rationalisation at its US operations, the telecommunication products (TEL) business regained its leadership position in the US cordless phone market. A rebound in sales in this market led to a marked increase in revenue for the TEL business overall, while contribution to the Group continued to improve.

↑ 42.0%

(2007 vs 2006)

The gains in North America were the result of the success of the new product lines. The 5.8GHz phones, together with the AT&T 2.4GHz products using proprietary technology developed in-house, proved popular with consumers and continued to win us more shelf space from customers.

Several new models were introduced in January at the 2007 Consumer Electronics Show where our focus was on innovative design and new technology. Our design capabilities were showcased by the Digital Enhanced Cordless Telecommunications (DECT) 6.0 models, whose cutting-edge slim handsets were exceptionally well received. On the technology side, we were able to show a cordless system with Bluetooth connectivity and the infoPhone™, an Internet enabled phone that allows people to check email and information without the need to turn on a computer.

As we noted at the interim report, the European market had suffered from excess inventory, especially during the first half of the financial year. Hence, despite a pick up of sales in the second half over the first half, revenue from this market still recorded a decline as compared with the financial year 2006.

Revenue at the electronic learning products (ELP) business reached an all time high as we saw sales growth in all product ranges in all major markets. The traditional ELPs performed especially well, with a double digit sales increase. A number of new products helped boost sales, including Nitro Vision and a new line of interactive animal character play sets for toddlers, SmartVille. Nitro Notebook Pink was included in the Toys“R”Us “Fabulous 15 The Best of the Holiday Season” list.

V.Smile continued its success as a platform based product and eight new titles were added in the calendar year 2006. V.Smile Baby, targeting children between the ages of nine months and three years old, was added to the range. It appeared on the shelves in the first half of the financial year and sales have been encouraging. V.Flash, aimed at children aged six and up, got off to a slower start following its late launch in September 2006.

The contract manufacturing services (CMS) business achieved record revenue for the third year in a row as we grew our sales with existing customers. Once again, the business outperformed the global Electronic Manufacturing Services (EMS) market. The switching mode power supplies, professional audio equipment and industrial printing categories experienced particularly strong demand and marked growth was seen in the US market.

The success of the CMS business demonstrates the attraction of a complete one-stop shop service from design to execution and the very high quality levels achieved. Customer service levels improved further during the financial year as we cut order processing time significantly and again reduced the failures per million units of output (ppm).

All three businesses did well to counter cost pressures during the financial year despite high materials prices, as well as rising labour costs and overheads in China, following the appreciation of the Renminbi. Greater economies of scale, as our production volume has expanded, have mitigated these cost pressures, and we have been able to raise productivity through efficiency gains. The new plant at the city of Qingyuan in the northern part of China’s Guangdong province, to which we have begun transferring some production, is also beginning to make a positive impact.

CHANGES IN DIRECTORS

Our Deputy Chairman, Mr. Albert LEE Wai Kuen, retired with effect from 1st April 2007. He has been with the Group since 1984 and I would like to express my sincere appreciation to him for his valuable contribution over two decades. He will continue to play a role as an adviser to the Group.

Following Mr. LEE’s retirement, two new Executive Directors were appointed in April 2007. They are Mr. Edwin YING Lin Kwan, Group Chief Operating Officer and Mr. PANG King Fai, Group Chief Technology Officer.

The succession of good results achieved in recent years testifies to VTech’s ability to develop sound business strategies and execute them well. I believe we have developed a solid foundation for future expansion.

OUTLOOK

The succession of good results achieved in recent years testifies to VTech's ability to develop sound business strategies and execute them well. I believe we have developed a solid foundation for future expansion. Despite the uncertainties of the US economy, a probable further appreciation of the Renminbi, as well as a continued rise in labour costs and components prices, we expect to achieve a similar level of profitability as in the financial year 2007.

The rise in our production volume has begun to put pressure on capacity and to ease capacity constraints and realise further economies of scale, the Group is adding manufacturing facilities. In the second quarter of the financial year 2008, a new factory building for the CMS business will open, increasing its capacity by some 50%. We also intend to build a second factory at Qingyuan, to serve the growing needs of the ELP business.

We expect the positive momentum at the TEL business to carry into the financial year 2008. Growth, however, will primarily come from Europe as the market continues to recover from the excess inventory. The North American business will be hard pressed to repeat the similar growth recorded in the financial year 2007, as the business has already rebounded from a sales decline and regained its leadership position in the market.

Despite this, our new models with innovative designs and new technology will support profitable growth in North

America. Through designs such as the DECT 6.0 models, we are successfully creating new product categories for retail customers, while technologies such as the infoPhone™ will enable us to explore new distribution channel such as service providers.

To add new avenues of growth, the TEL business will develop the small and home office market. Changing demographics, new work practices and technologies have made this a growth area, one that we have not so far addressed as a distinct segment.

Building on its strong position in Europe and increasing market share in North America, the ELP business is expected to continue to grow. The addition of the Whiz Kid Learning System™ will enable VTech to capture a position in the reading market. The V.Smile range will continue to evolve and an enhanced V.Smile console will be on the shelves in the United States in August 2007, featuring a sing-along microphone and a writing joystick. It will be joined by a new version of V.Smile Pocket that features a microphone for new games. The new version is also smaller, lighter and hence easier for children to carry. Eight new titles will be launched in the calendar year 2007 as we expand the library of cartridges.

Growth at the CMS business is expected to moderate as existing customers mature and newer customers only gradually build up orders. Nonetheless, we are confident of once again outperforming the EMS market, which is forecast to grow in the high

single digits in the calendar year 2007. We will continue to improve the service we offer to all customers and have set up a new task force to examine any cost savings that can be passed on.

Japan, a market of great potential for the CMS business, will be a focus for new business development. A dedicated Japanese client team has been set up, and we will reopen our sales office there in June 2007. Separate facilities are being set up specifically for Japanese clients, covering manufacturing, engineering and quality control.

APPRECIATION

I would like to thank my fellow directors and all staff for their efforts, which helped to make our 30th anniversary a banner year.

Although we see challenges ahead, we are taking action to address specific issues, and with the global economy still expanding at a reasonable pace, I am confident that VTech is well positioned to achieve further growth in the financial year 2008 and deliver good returns for shareholders in the years ahead.



Allan WONG Chi Yun
Chairman

Hong Kong, 20th June 2007

Management Discussion and Analysis

REVENUE

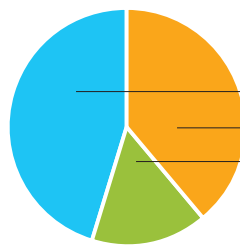
The Group revenue for the year ended 31st March 2007 increased by 21.5% over the previous financial year to US\$1,463.8 million as a result of an increase in revenue from its three core businesses.

The TEL business recorded a 11.1% increase in revenue to US\$660.6 million. This performance was mainly driven by strong sales of 5.8GHz cordless phones and a range of AT&T 2.4GHz products using proprietary technology developed in-house for the North American market, which helped increase revenues from this market by 26.3% or US\$107.0 million compared with the previous financial year. Revenue from the European market, however, decreased by 25.1% or US\$42.3 million over the previous financial year because the market had suffered from excess inventory, a situation that affected all suppliers.

The ELP business had another excellent year with considerable growth in revenue, achieving a 26.2% year-on-year increase to US\$570.1 million. The growth was attributable to good performance from all ELP product ranges. The growth in revenue from traditional products range was especially strong. The V.Smile product range also continued to grow. Sales of the basic V.Smile met management expectations, while the introduction of the well-received V.Smile Baby in the first half of the financial year 2007 and the launch of V.Flash in later part of the financial year, together with the rising sales of software drove sales higher compared to the previous financial year.

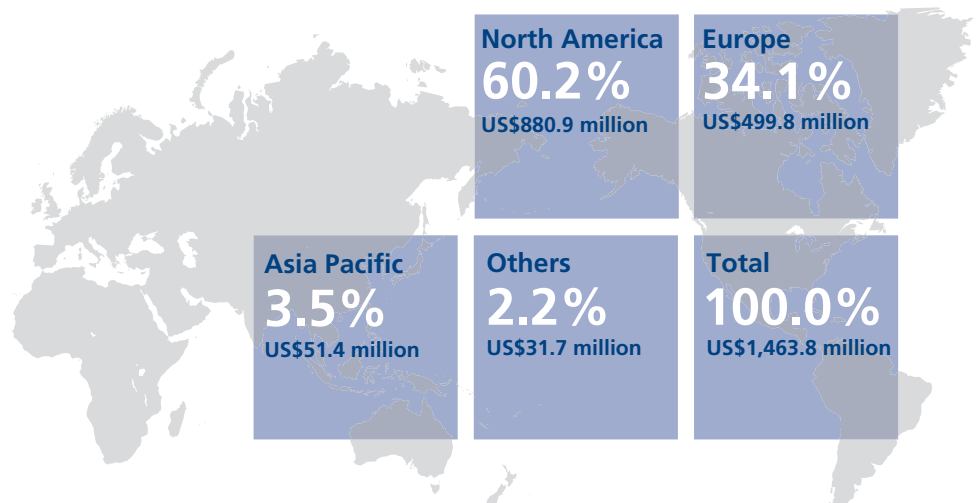
For the CMS business, the strategy of providing a one-stop shop EMS service to small and medium sized customers continued to be successful, and the business achieved significant growth in revenue of 47.3% over the previous

GROUP REVENUE BY PRODUCT LINE



	%	2007 US\$ million
Telecommunication Products	45.1	660.6
Electronic Learning Products	39.0	570.1
Contract Manufacturing Services	15.9	233.1
Total	100.0	1,463.8

GROUP REVENUE BY REGION (2007)



financial year, reaching US\$233.1 million. The growth came mainly from increased orders from existing customers with demand particularly strong in the areas of switching mode power supplies, professional audio equipment and industrial printing categories.

The Group's revenue from its three core businesses was: 45.1% from the TEL business, 39.0% from the ELP business and 15.9% from the CMS business.

North America continues to be the largest market for the Group. Revenue from this market accounted for 60.2% of Group revenue for the financial year 2007. Europe and Asia Pacific accounted for 34.1% and 3.5% respectively. This change in the relative contribution of the three regions mainly reflects the sales increase from all of the

Group's businesses in North America, which more than offset the sales reduction at the TEL business in Europe while the ELP and CMS businesses also achieved satisfactory growth in Europe.

GROSS PROFIT/MARGIN

The gross profit for the financial year 2007 was US\$540.0 million, an increase of US\$93.3 million compared to the US\$446.7 million recorded in the previous financial year. Gross margin for the year declined slightly from 37.1% to 36.9%. Although all businesses suffered from the negative impacts of rising labour costs, high raw material prices and the appreciation of the Renminbi during the financial year 2007, the Group was able to maintain gross profit margin as management implemented measures to improve operational efficiency and raise productivity.

OPERATING PROFIT/MARGIN

The operating profit for the year ended 31st March 2007 was US\$194.0 million, an increase of US\$57.8 million or 42.4% over the previous financial year. The improvement mainly came from a significant increase in gross profit resulting from the overall growth in revenue at the three core businesses. The operating profit margin also improved from 11.3% in the previous financial year to 13.3% in the financial year 2007. A significant part of the improvement was attributable to the rebound at the TEL business whose contribution to the Group continued to improve in the financial year 2007.

Selling and distribution costs increased by 14.1% from US\$209.2 million in the previous financial year to US\$238.6 million in the financial year 2007. The increase was mainly due to higher spending on advertising and promotional activities at the ELP business. Royalty payments to licensors for the use of popular cartoon characters for certain ELPs and V.Smile Smartridges also increased, which was in line with increased sales of the V.Smile product range. However, selling and distribution costs as a percentage of Group revenue actually decreased from 17.4% in the previous financial year to 16.3% in the financial year 2007, owing to management's success in maintaining a tight control over operating costs.

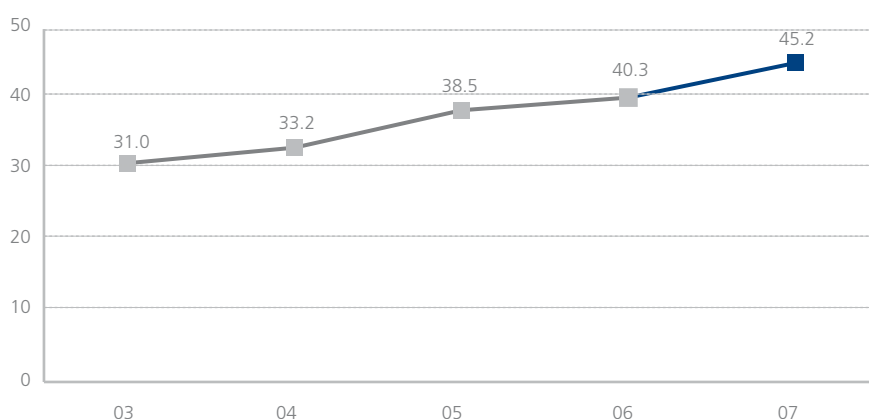
Administrative and other operating expenses increased from US\$61.0 million in the previous financial year to US\$62.2 million in the financial year 2007. An exchange gain of US\$3.1 million was recorded under administrative and other operating expenses in the current financial year because of the appreciation of the Euro and Sterling against the US dollar. This contrasted with an exchange loss of US\$2.6 million recorded in the previous financial year. Excluding the effect of exchange differences, the

administrative and other operating expenses increased by US\$6.9 million compared to the previous financial year, partly due to an increase in employee related costs as business has expanded. The administrative and other operating expenses as percentage of Group revenue, excluding the effect of exchange differences, actually improved from 4.8% in the previous financial year to 4.5% in the financial year 2007.

Research and development (R&D) activities are vital for the long-term development of the Group. During the financial year 2007, the Group spent US\$45.2 million on R&D activities, which represented around 3% of total Group revenue.

GROUP R&D EXPENDITURE IN LAST 5 YEARS

US\$ million



NET PROFIT AND DIVIDENDS

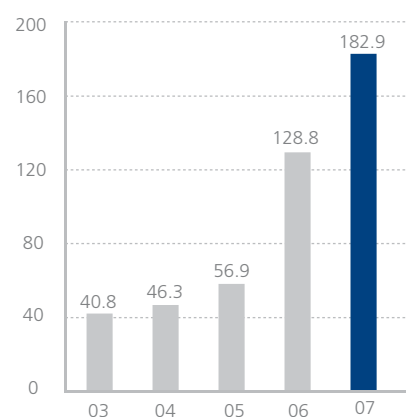
The profit attributable to shareholders for the year ended 31st March 2007 was US\$182.9 million, an increase of US\$54.1 million as compared to the previous financial year. The ratios of EBIT and EBITDA to revenue were 13.3% and 14.9% respectively.

Basic earnings per share for the year ended 31st March 2007 were US76.6 cents as compared to US54.9 cents in the previous financial year. During the year, the Group declared and paid an interim dividend and a special dividend of US9.0 cents per share and US30.0 cents per share respectively, which aggregated to US\$93.2 million. The directors have proposed a final dividend of US41.0 cents per share, which will aggregate to US\$98.0 million. Excluding the special dividend, the total dividend for the year

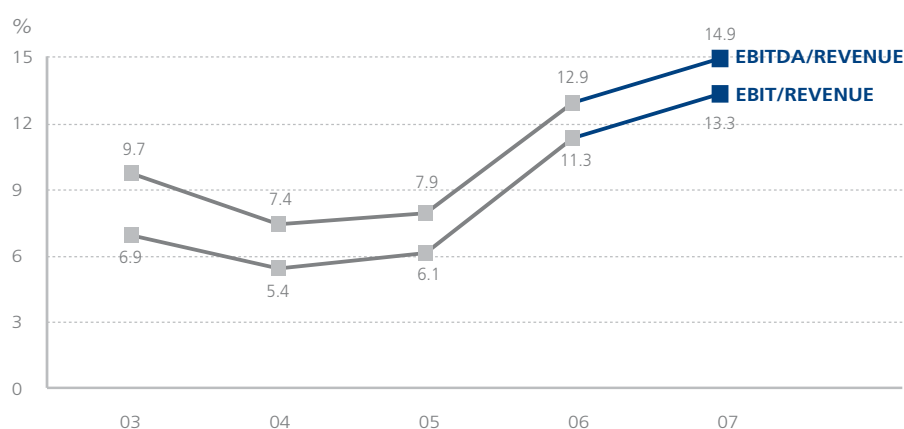
amounted to US50.0 cents per share, representing an increase of US18.0 cents per share or 56.3% from the previous financial year.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS IN LAST 5 YEARS

US\$ million



GROUP EBITDA/REVENUE AND EBIT/REVENUE IN LAST 5 YEARS



LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' funds as at 31st March 2007 were US\$343.3 million, a 12.1% increase from the US\$306.2 million reported for the financial year 2006. The net assets per share increased by 12.5% from US\$1.28 to US\$1.44.

As at 31st March 2007 and 2006

	2007 US\$ million	2006 US\$ million
Cash	246.5	242.4
Less: Total interest bearing liabilities	–	–
Net cash position	246.5	242.4

As at 31st March 2007, the net cash increased to US\$246.5 million, up 1.7% from US\$242.4 million at the previous year-end. The Group is substantively debt-free, except for an insignificant amount in the form of a fixed-interest bearing equipment loan which is denominated in Euro and repayable within two years.

TREASURY POLICIES

The objective of the Group's treasury policies is to manage its exposure to fluctuation in foreign currency exchange rates arising from the Group's global operations. It is our policy not to engage in speculative activities. Forward foreign exchange contracts are used to hedge certain exposures.

WORKING CAPITAL

As at 31st March 2007 and 2006

All figures are in US\$ million unless stated otherwise

	2007	2006
Stocks	124.1	133.8
Average stocks as a percentage of Group revenue	8.8%	10.7%
Turnover days	68 days	81 days
Trade debtors	178.7	162.9
Average trade debtors as a percentage of Group revenue	11.7%	13.5%
Turnover days	65 days	65 days

The stock balance as at 31st March 2007 decreased by 7.2% over the balance at 31st March 2006 to US\$124.1 million. The turnover days improved from 81 days to 68 days. The decrease in stock level is mainly attributable to an improvement in supply chain management at the TEL business. The trade debtors balance as at 31st March 2007 was US\$178.7 million as compared to US\$162.9 million in the previous financial year. The turnover days were 65 days, the same as the previous financial year. The increase in trade debtors balance as at 31st March 2007 was mainly due to an increase in revenue in the fourth quarter when compared with the corresponding period of the previous financial year.

CAPITAL EXPENDITURE

For the year ended 31st March 2007, the Group invested US\$37.2 million in the construction of factory buildings, purchases of plant and machinery, equipment, computer systems and other tangible assets. All of these capital expenditures were financed with internal resources.

CAPITAL COMMITMENTS AND CONTINGENCIES

The Group expects to invest approximately US\$59 million on capital expenditure in the financial year 2008. Besides normal capital expenditure for ongoing business operations, the new R&D centre in Shenzhen, Guangdong province is under construction and is expected to be completed by the end of calendar year 2007. The Group also intends to incur further capital investment for the construction of the second manufacturing plant in the city of Qingyuan, in northern Guangdong province.

All of these capital expenditures will be financed from internal resources.

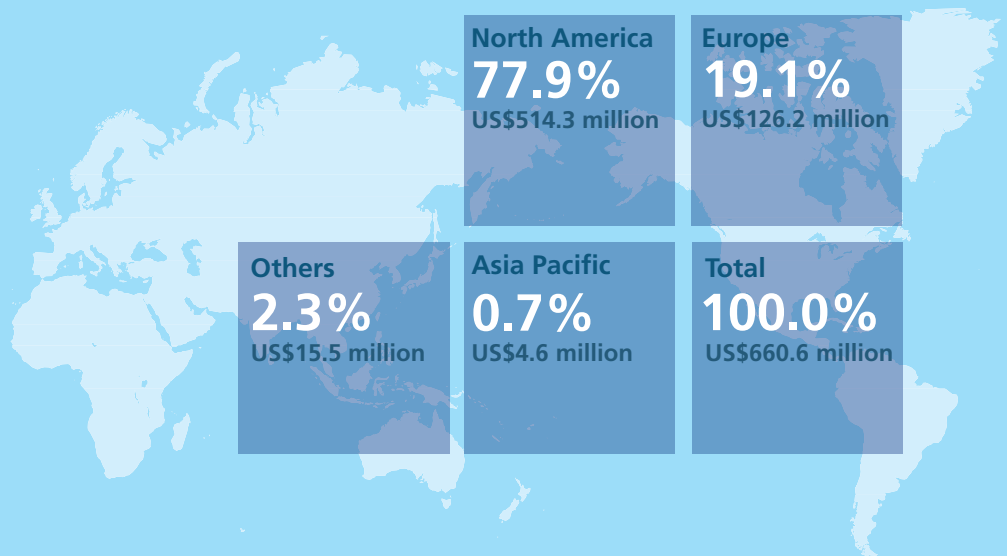
As of the financial year end date, the Group had no material contingencies.

Telecommunication Products



Revenue at the TEL business increased in the financial year 2007 and contribution to the Group improved further. North America was the key growth driver.

TEL REVENUE BY REGION (2007)



Revenue for the financial year 2007 at the TEL business rose 11.1% over the previous financial year to US\$660.6 million and contribution to the Group improved further as the rebound that began in the first half continued. The business accounted for 45.1% of Group revenue, against 49.4% in the previous financial year.

North America was the key growth driver. For the financial year 2007, revenue in North America increased by 26.3% to US\$514.3 million, representing 77.9% of the total TEL

revenue, against 68.5% in the financial year 2006.

The competitiveness of the TEL business in North America has strengthened following the rationalisation of its business operations two years ago. Better products, together with enhanced supply chain and channel management resulted in market share gains in North America. The new 5.8GHz cordless phones, together with the AT&T 2.4GHz products using proprietary technology developed in-house, were well-received by

The US TEL business was given the “Supplier of Excellence Award” for the fourth quarter of 2006 by Wal-Mart.



consumers and enabled VTech to win more shelf space from retail customers.

To recognise VTech’s innovative ideas, products and pricing in growing Wal-Mart’s business, we were given the “Supplier of Excellence Award” for the fourth quarter of 2006 in the Consumer Electronics category in February 2007.

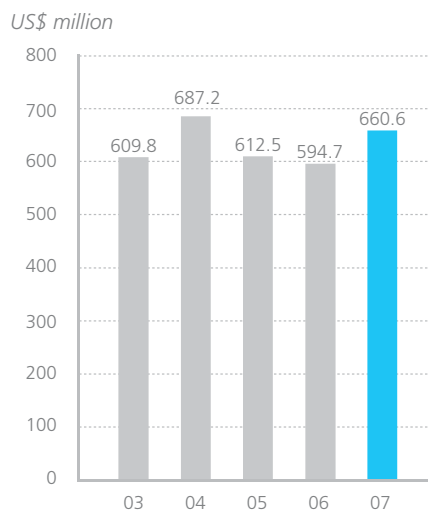
In Europe, as mentioned in the interim report, the market had suffered from excess inventory, a situation that affected all suppliers. As a result, despite a pick up of sales in the second half over the first half, sales to the region for the financial year 2007 declined 25.1% over the financial year 2006 to US\$126.2 million, accounting for 19.1% of total TEL revenue.

To ensure growth momentum is maintained, throughout the financial year, we continued to invest in the development of new products and a number of exciting models were unveiled at the Consumer Electronics Show (CES) in Las Vegas in January 2007, where our focus was on innovative design and new technology.

Our design capabilities saw the unveiling of the Digital Enhanced Cordless Telecommunications (DECT) 6.0 system. Featuring a uniquely thin, compact form factor, these phones deliver a superior level of interference-free clarity, quality, security and range in a cutting-edge design.

Building on its tradition of pioneering technology, VTech rounded out its Internet enabled and Bluetooth enabled phones. The new Internet enabled phone, infoPhone™ combines standard telephony, peer-to-peer VoIP calling and personalised content delivery in a sleek design. It allows users to check e-mail and Internet delivered content such as news, sports, weather and horoscopes through the cordless handset, without the need to turn on a computer. Recognising the increased penetration of Bluetooth enabled cellular phones, we also introduced an AT&T cordless phone with Bluetooth connectivity at affordable price point. It has been available since May 2007.

TEL REVENUE IN LAST 5 YEARS



The Internet enabled phone, infoPhone™ combines standard telephony, peer-to-peer VoIP calling and personalised content delivery

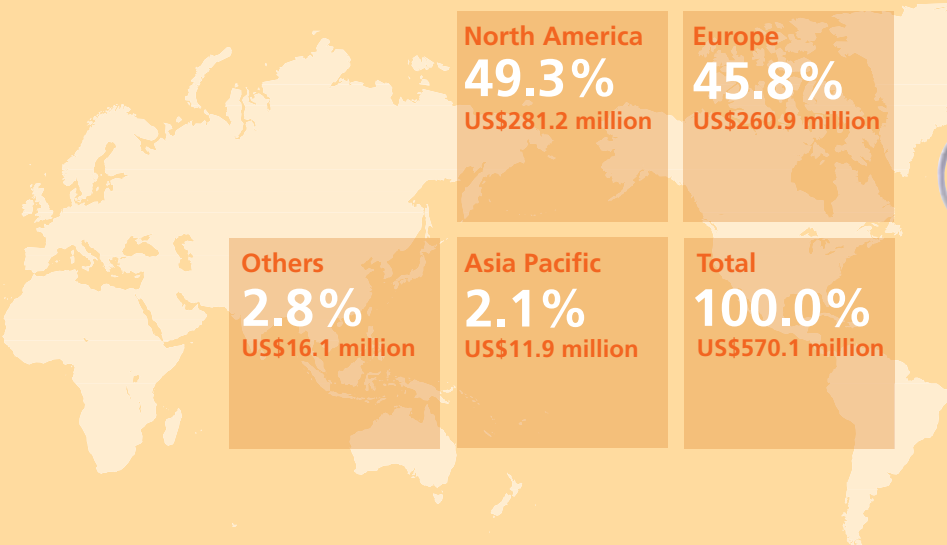
Review of Operations

Electronic Learning Products

The ELP business achieved record revenue in the financial year 2007. The growth came across the board, with good performances from all product ranges.



ELP REVENUE BY REGION (2007)



In the financial year 2007, the ELP business achieved record revenue, which increased by 26.2% as compared with the financial year 2006 to US\$570.1 million. This was equivalent to 39.0% of total Group revenue, as compared with 37.5% in the previous financial year.

The growth came across the board, with good performances from all product ranges. The traditional ELPs recorded higher sales growth than the V.Smile range, mainly driven by increased shelf space and an expanded product portfolio.

Revenue increases were apparent in all markets, with particularly strong growth in North America as VTech continued to gain shelf space in this market. Sales from the region rose by 29.2% to US\$281.2 million. In Europe, revenue grew by 21.5% over the previous financial year to US\$260.9 million and VTech maintained its leadership position in its principal markets.

In the financial year 2007, the V.Smile range entered its third year of sales. Sales of the basic console and software met management expectations. In the calendar year 2006, eight new titles

Eight new titles were added to the V.Smile software library in the calendar year 2006, bringing it to 33 in total.



were added to the library, bringing it to 33 in total.

In addition to the basic V.Smile, the range was extended in the financial year 2007 through the introduction of two new platforms, the V.Smile Baby Infant Development System™ (V.Smile Baby), aimed at children from nine months to three years old and the V.Flash Home Edutainment System™ (V.Flash), which targets those aged six and up.

Sales of V.Smile Baby have been particularly encouraging and in September, it was put on the Toys "R" Us 2006 "Hot Toy" list. Sales of V.Flash

were below management expectations due to the late launch in September 2006. Nonetheless, in October, V.Flash was named one of the Top 12 Toys of Christmas and Holiday 2006 by Wal-Mart.

Development of new products and platforms continued and they were unveiled during the toy fairs in early 2007.

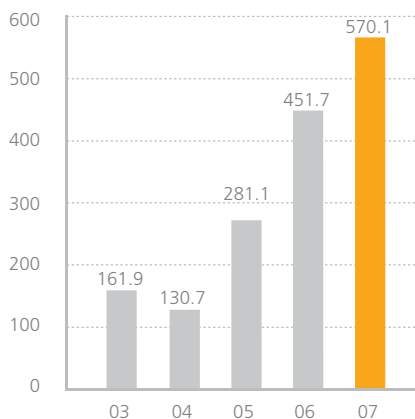
The Whiz Kid Learning System™ (Whiz Kid), a new platform based product that can be connected to the computer, was introduced to capture the reading market. Whiz Kid lets children aged from three to six years enjoy interactive reading and learning activities wherever

they go through a portable and touch-sensitive stylus. Children can choose from 40 activity pages, slide the page into the pad and watch it come alive with more than 120 activities.

To refresh the original V.Smile, an enhanced console was introduced to the trade, featuring a sing-along microphone and a writing joystick. Further new software titles were unveiled, as well as two additional accessories that connect directly to the consoles. An interactive storybook, the SmartBook™ uses touch pen technology to activate animated stories and games, while the Smart Keyboard™ offers typing and word games.

ELP REVENUE IN LAST 5 YEARS

US\$ million



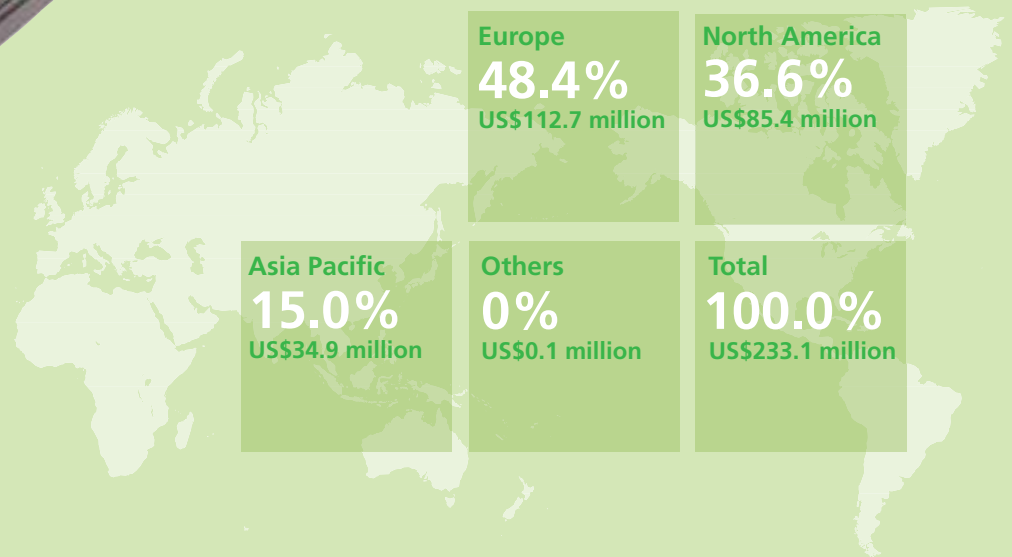
Nitro Notebook Pink was included in the Toys "R" Us "Fabulous 15 The Best of the Holiday Season" list



Contract Manufacturing Services

The CMS business once again achieved excellent results in the financial year 2007, outperforming the global EMS industry. The growth came mainly from existing customers.

CMS REVENUE BY REGION (2007)



The CMS business once again achieved excellent results, with revenue for the financial year 2007 increasing by 47.3% over the financial year 2006 to US\$233.1 million, the third consecutive record. The business accounted for 15.9% of Group revenue, up from 13.1% in the previous financial year.

The business once again outperformed the global Electronic Manufacturing Services (EMS) industry, which grew by some 13.5%* during the calendar

year 2006. Although some new customers were acquired, the growth in revenue came primarily from existing customers, especially in the areas of switching mode power supplies, professional audio equipment and industrial printing. Particularly strong demand was experienced from customers in the United States and hence this market grew its share of total CMS revenue markedly from the 29.5% recorded in the previous financial year.

*Source: Manufacturing Market Insider – December 2006 issue



The CMS business received four awards from its customers, in recognition of its outstanding service.

Switching mode power supplies and professional audio equipment continued to be the leading product categories, accounting for 28.2% and 27.7% of total CMS revenue respectively, followed by communications products and home appliances. Europe remained the leading source of revenue, representing 48.4% of total CMS revenue, followed by North America at 36.6% and Asia Pacific at 15.0%.

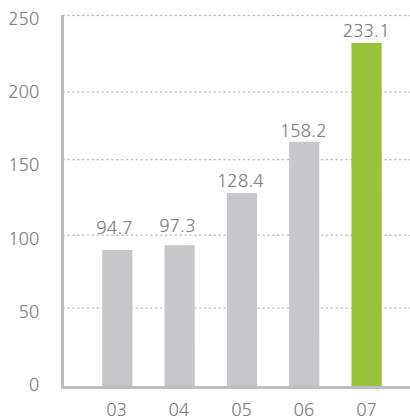
To cope with the growing demand, the business added a new factory building at its existing plant in Liaobu town, Dongguan city. The new facility will increase the capacity of the business by some 50% and will begin operations in the second quarter of the financial year 2008.

While adding capacity to cater for business growth, the business moved aggressively to counter the effects of cost pressures. Materials prices rose sharply and unlike in previous years, the Group was unable to offset these rises through improved contract terms with material suppliers. Additional cost pressures came from the continued rise in the Renminbi and wages in southern China. These factors were largely offset by economies of scale and improved productivity. Among the improvements, a realignment of production reduced the manufacturing cycle time, lowering overtime payments, electricity consumption and equipment downtime.

Efforts were also made to improve service levels, despite the surge in production volumes and cost controls. Order processing time was improved by 50%. Outgoing quality level, as measured by failures per million units of output (ppm), improved to within a range of 250 – 750 ppm. The business received four awards from its customers in the field of professional audio equipment, communications products and medical products during the financial year 2007, in recognition of its outstanding service and the high level of support given to the customers' business development.

CMS REVENUE IN LAST 5 YEARS

US\$ million



Corporate Affairs



VTECH AND OUR SHAREHOLDERS

VTech is committed to enhancing shareholder value by:

- Strengthening the competitive position of the Group's businesses
- Continuous efforts to achieve sustainable growth in shareholder returns and in the Group's return on investment
- Ensuring timely, true, comprehensive and non-selective disclosure of the Group's financial information and operating performance

Returns – Dividends

The dividend payout ratio of the Group is linked to its operating earnings performance, financial position and future investment opportunities. In the financial year 2007, the dividend payout ratio (excluding the special dividend of US30.0 cents per share) was 65.3% of the Group's net profit, against 59.3% in the previous financial year.

Share Performance

(for the year ended 31st March 2007)

Highest closing price	HK\$57.10 (on 26th March 2007)
Lowest closing price	HK\$30.65 (on 23rd May 2006)

Investor Communications

VTech adopts a proactive investor relations and communications programme to keep investors and shareholders up to date on the Group's latest developments and we encourage them to make suggestions for improvement. During the financial year 2007, we held one-on-one meetings with investors, site visits to our manufacturing facilities in mainland China and participated in investor conferences.

Key financial announcements are webcast, accompanied by the detailed slide presentations and other important financial information. The Group's quarterly newsletter outlines the latest products and marketing initiatives by the Group's businesses. Up-to-date information on the Group's development, financial data and stock information are available at the corporate website www.vtech.com. All key information can be downloaded.

VTECH AND OUR EMPLOYEES

The average number of employees for the financial year 2007 was 28,200, an increase of 15.1% from 24,500 in the previous financial year. Employee costs for the year ended 31st March 2007 were approximately US\$138 million, as compared to approximately US\$115 million in the financial year 2006.

Employment Policy

VTech's policy is to employ, retain, promote, terminate and treat all employees on the basis of merit, qualifications and competence. The Group creates a favourable work environment in which all employees can enjoy equal opportunities at work and avoid discrimination on the grounds of age, sex, status, disability or any other non-job related factor.

The Group has an incentive bonus scheme and a share option scheme for its employees, with benefits determined based on the performances of the Group and individual employees.

Communications and Personal Development

VTech uses the latest technology to engage in dialogue with employees at all levels, including an intranet and interactive webcasts. Training is provided to build skills and competencies. Staff members regularly attend internal training courses and may apply for external training sponsorships.

Celebrating at Work

Each year, VTech organises social events for its employees across the world, helping to foster a team spirit, promote life balance and enhance motivation.

During the financial year 2007, the 30th anniversary was celebrated by a logo contest open to staff worldwide and a fun-filled outing to Ocean Park for Hong Kong staff, with similar outings elsewhere. Life balance was promoted through yoga classes, a sports month and participation in the annual dragon boat races. Employees also participated in the Standard Chartered Hong Kong Marathon 2007, for the sixth consecutive year.

VTECH AND OUR COMMUNITIES

VTech is a pioneer in the telecommunication products and electronic learning products industries. With a corporate culture rooted in "Innovation and Technology", the Group focuses its philanthropic efforts on initiatives supporting education, innovation and technology.

Community Support

During the financial year 2007, we supported Business of Design Week in Hong Kong, an event to promote the use and value of good design. In mainland China, we supported Race to Feed 2006, organised by Heifer International Hong Kong. Our donation funded Heifer projects in China's rural areas.

In Europe, we lent a helping hand to the French charity "Un regard, un enfant" (one look, one child), donating 20,000 Euros to support the education of underprivileged children in developing countries.

In North America, we joined CBS' annual "Wishes for Kids" toy drive by donating 200 V.Flash units to needy children.

VTECH AND THE ENVIRONMENT

VTech regards care for the environment and making a positive contribution to tackle climate change as an important part of its corporate social responsibility. Throughout our operations worldwide, we encourage waste reduction, environmentally sound processes, energy efficiency and recycling.

Our plants and offices have comprehensive programmes in place to recycle materials used in the production and administrative process, to increase energy efficiency and to minimise the production of waste, as well as handle waste in an environmentally responsible manner.

Our products and packaging are designed to comply with the highest standards of environmental legislation or guidelines, such as RoHS in Europe and Energy Star in the United States, using recyclable materials where possible. Consumers are also encouraged to recycle their products and to dispose of them in an environmentally appropriate manner.



Year in Review

JUNE



APRIL 2006 Contract Manufacturing Services

- VTech Communications Limited was given a "2005 Service Award" by a home appliance customer in recognition of its outstanding services and high level of support to the company.

MAY 2006 Telecommunication Products

- VTech received the Gold Suppliers Award from Deutsche Telekom in recognition of its innovative and superior customer service.



JUNE 2006 Electronic Learning Products

- V.Smile Baby and TV Learning Station were named the "Best New Infant Toy of the Year 2006" and the "Best New Educational Toy of the Year 2006" respectively by a French toy magazine *La Revue du Jouet*.



JULY



JULY 2006 Corporate

- *BusinessWeek* ranked VTech Holdings Limited among the top 100 information technology or technology companies worldwide (the "INFOTECH 100"), a commendation based upon total revenue, revenue growth, return on equity, shareholder return and net profit.

Contract Manufacturing Services

- VTech Communications Limited received "Partner Award 2006" from a communications product customer in Canada in appreciation of VTech's support to the company's business growth and development.

Electronic Learning Products

- V.Smile Pocket received the Gold Award in the electronic category at the Good Toy Awards 2006 in the United Kingdom.

AUGUST 2006 Electronic Learning Products

- Write & Learn Letter Pad was named one of the Dr. Toy's "Best Vacation Products" in the United States.



OCTOBER



SEPTEMBER 2006 Electronic Learning Products

- Dora The Explorer Laptop won the "Best Licensed Interactive Range" at the Licensing Awards 2006 in the United Kingdom.



OCTOBER 2006 Contract Manufacturing Services

- VTech Communications Limited was presented a "Partner of the Year 2006" award by a customer in the field of professional audio equipment in appreciation of its outstanding service and support throughout the year.

Telecommunication Products

- The i5871 5.8GHz cordless phone was named the Gold Winner in the category of Consumer Electronics at the HKEIA Award for outstanding Innovation and Technology Products 2006 in Hong Kong.



NOVEMBER



**NOVEMBER 2006
Electronic Learning Products**

- V.Smile Jammin' Gym Class received the "Children's Choice Award" from the Canadian Toy Testing Council (CTTC).
- V.Smile TV Learning System was named "Toy of the Year 2006" by the South African Toy Association.

**DECEMBER 2006
Contract Manufacturing Services**

- VTech Communications Limited was given a "Valued Supplier Award 2006" by a medical product customer for VTech's contributions over the years.



FEBRUARY



**JANUARY 2007
Contract Manufacturing Services**

- VTech Communications Limited was presented "Supplier Award 2006" by a professional audio equipment customer in Germany in appreciation of VTech's continuous improvement and strategic cooperation throughout the year.

Electronic Learning Products

- V.Smile TV Learning System was named "Pre-School ELA Toy of the Year 2006" by the Toy Retailers Association in the United Kingdom.



**FEBRUARY 2007
Electronic Learning Products**

- VTech Electronics Limited was named "Vendor of the Year 2006" by Toys "R" Us in the United States for its excellent customer service during the year.

MARCH



Telecommunication Products

- VTech Communications, Inc. received the "Supplier Award of Excellence (4th quarter-2006)" in the category of Consumer Electronics from Wal-Mart for its innovative ideas, products and pricing in growing Wal-Mart's business.



**MARCH 2007
Corporate**

- VTech Chairman and Group Chief Executive Officer Mr. Allan Wong was named "Leader of the Year 2006" in the Commerce and Industry/Finance category by Sing Tao News Corporation Limited, one of the leading media groups in Hong Kong.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

VTech Holdings Limited is incorporated in Bermuda. The Company has its primary share listing on The Stock Exchange of Hong Kong Limited ("the Hong Kong Stock Exchange") and London Stock Exchange Plc. The primary corporate governance rules applicable to the Company is the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Throughout the year ended 31st March 2007, the Company has complied with all the code provisions of the Code and to a large extent, the recommended best practices in the Code except for the deviation from code provision A.2.1 of the Code as described below:

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Allan WONG Chi Yun has the combined role of Chairman and Group Chief Executive Officer. The Board of Directors (the "Board") considers that this structure will not impair the balance of power and authority between the Board and the management of the Group as the non-executive directors form the majority of the Board of which four out of seven are independent. The Board believes the appointment of Mr. Allan WONG to the posts of Chairman and Group Chief Executive Officer is beneficial to the Group as he has considerable industry experience.

The Company is not subject to the Combined Code on Corporate Governance under the Listing Rules of the Financial Services Authority in the United Kingdom (the "UK Listing Rules") that applies to United Kingdom incorporated companies.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Codes as set out in Appendix 10 of the Listing Rules and Annex 1 to Rule 9 of the UK Listing Rules regarding securities transactions by directors and senior management in relation to

the accounting period covered by the Annual Report. After specific enquiry, all directors of the Company confirmed that they have complied with the required standard of dealings set out therein throughout the year.

BOARD OF DIRECTORS

The Board currently comprises three executive directors and four independent non-executive directors. The names and brief biographies are set out on page 20 of this report. Due to personal reasons, Mr. Albert LEE Wai Kuen resigned as Deputy Chairman with effect from 1st April 2007. The non-executive directors are high calibre executives with diversified industry expertise and bring a wide range of skills and experience to the Group. They bring independent judgement on issues of strategy, performance, risk and people through their contribution at Board meetings. The Board considers that four non-executive directors, being the majority of the Board, are independent in character and judgement and they also meet the independence criteria set out in Rule 3.13 of the Listing Rules. All non-executive directors are appointed for a specific term of three years and all directors are required to submit themselves for re-election at least once

The attendance of individual members of the Board and other Board Committees during the financial year is set out below:

	Meetings attended/Eligible to attend		
	Board	Audit Committee	Remuneration Committee
Executive Directors			
Allan WONG Chi Yun	4/4	–	–
Albert LEE Wai Kuen	4/4	–	–
Independent Non-Executive Directors			
Raymond CH'EN Kuo Fung	3/4	2/2	1/1
William FUNG Kwok Lun	2/4	1/2	0/1
Michael TIEN Puk Sun	3/4	2/2	1/1
Patrick WANG Shui Chung	2/4	–	–

BOARD COMMITTEES

The Board has established four committees with specific responsibilities as described below. The terms of reference of the Remuneration Committee, Nomination Committee and Audit Committee are posted on the Company's website.

Remuneration Committee

The Remuneration Committee is chaired by Mr. Michael TIEN Puk Sun with Mr. Raymond CH'EN Kuo Fung

every three years under the Company's Byelaws. In accordance with the Company's Byelaws, each new director appointed by the Board shall hold office until the next following annual general meeting and thereafter the directors will be subject to retirement by rotation.

The Board has received from each independent non-executive director a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules.

The Board's focus is on the formulation of business strategy and policy, and control. Matters reserved for the Board are those affecting the Company's overall strategic policies, finances and shareholders. These include: preliminary announcements of interim and final results, dividend policy, the annual budgets, major corporate activities such as material acquisitions and disposals, and connected transactions.

Four Board meetings at approximately quarterly interval are scheduled for 2007/08 with other meetings as necessary to deal with urgent matters. All Directors have access to the advice and services of the Company Secretary and independent professional advice may be taken by the Directors as required.

and Mr. William FUNG Kwok Lun as members, all of whom are independent non-executive directors. It is responsible for reviewing and recommending all elements of the executive directors and senior management remuneration. The fees of the non-executive directors are determined by the Board.

The Remuneration Committee met once during the year and reviewed the Group's remuneration policy and the remuneration package of the executive directors and senior management.

Nomination Committee

The Nomination Committee is chaired by Mr. William FUNG Kwok Lun with Mr. Patrick WANG Shui Chung and Mr. Allan WONG Chi Yun as members. Mr. Raymond CH' IEN Kuo Fung and Mr. Michael TIEN Puk Sun were appointed as additional committee members in April 2007. The majority of the members of the Nomination Committee are independent non-executive directors. It is responsible for reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the required blend of skills, knowledge and experience.

The Nomination Committee was established on 21st June 2006 and did not hold any meeting during the financial year.

The Nomination Committee met once in April 2007 and considered the appointments of Mr. Edwin YING Lin Kwan and Mr. PANG King Fai to the Board as executive directors.

Audit Committee

The Audit Committee is chaired by Mr. Raymond CH' IEN Kuo Fung with Mr. William FUNG Kwok Lun and Mr. Michael TIEN Puk Sun as members, all of whom are independent non-executive directors. It has been established to assist the Board in fulfilling its oversight responsibilities for financial reporting, risk management and evaluation of internal controls and auditing processes. It also ensures that the Group complies with all applicable laws and regulations.

Mr. Raymond CH' IEN is the Chairman of the Audit Committee and has the appropriate financial management expertise as required under the Listing Rules. The Audit Committee held two meetings during the year. It reviewed the work done by internal and external auditors, the relevant fees and terms, reports from external auditors in relation to the interim and annual financial statements, and receives regular reports from the internal audit functions in accordance with the Committee's term of reference. The meetings were attended by the Chairman, Chief Compliance Officer, Chief Financial Officer and external auditors.

Auditors' Remuneration

An analysis of remuneration in respect of audit and non-audit services provided by KPMG, the auditors, is shown in note 2 to the financial statements.

Risk Management Committee

The Risk Management Committee, comprising the executive directors, held two meetings during the year to review the Group's risk management and internal control systems.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility to prepare the financial statements as set out on page 29. The statement of the external auditors about their reporting responsibilities on the financial statements is set out on page 29.

INTERNAL CONTROLS

The Directors have the overall responsibility for internal control, including risk management, and sets appropriate policies having regard to the objectives of the Group. The Directors, through the Audit Committee, have conducted an annual review of the effectiveness of the Group's system of financial and non-financial controls. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Controls are monitored by management review and by a programme of internal audits.

The Audit Committee reviews the effectiveness of the internal control environment of the Group. The Internal Audit Department carries out annual risk assessment on each audit area and derives an annual audit plan according to their risk rankings. The audit plan is reviewed and agreed by the Audit

Committee. In addition to the agreed schedule of work, the Internal Audit Department conducts other review and investigative work as may be required. The Audit Committee receives summary reports from the internal and external auditors periodically. The results of internal audit reviews and responses to the recommended corrective actions are reported to the Executive Directors and Audit Committee. The Internal Audit Department is also responsible for following up the corrective actions to ensure that satisfactory controls are maintained. The Audit Committee considered that the key areas of the corrective action were reasonably implemented.

The Group has put in place an organisational structure with formal defined lines of responsibility and delegation of authority. There are also established procedures for planning, capital expenditure, treasury transactions, information and reporting systems, and for monitoring the Group's businesses and their performance.

WHISTLEBLOWER POLICY

The Group maintains a whistleblower policy to facilitate the raising of concerns by employees. Procedures are established for employees to report complaints and internal malpractice directly to the Chief Compliance Officer, who will review complaints and determine the mode of investigation and subsequent corrective action. Recommendations on improvements are communicated to the respective departments senior management for implementation. The Chief Compliance Officer reports the results of their review of the complaints received to the Audit Committee twice a year.

CODE OF CONDUCT

Employees are required to strictly follow the Code of Conduct to ensure the Group operates to the highest standards of business conduct and ethics in our dealings with customers, business partners, shareholders, employees, and the business communities. Every employee is provided a copy of the Code of Conduct and they are required to confirm compliance with the Code in writing each year.

Directors and Senior Management

PROFILE OF DIRECTORS

Allan WONG Chi Yun, JP, aged 56, Chairman and Group Chief Executive Officer, co-founded the Group in 1976. Dr. WONG holds a Bachelor of Science degree in Electrical Engineering from the University of Hong Kong, a Master of Science degree in Electrical and Computer Engineering from the University of Wisconsin and an honorary degree of Doctor of Technology from the Hong Kong Polytechnic University. Dr. WONG is the Chairman of the Hong Kong Applied Science and Technology Research Institute and an ex-officio member of the Steering Committee on Innovation and Technology. He is also a council member of the University of Hong Kong, an independent non-executive director of the Bank of East Asia Limited, China-Hongkong Photo Products Holdings Limited, Li & Fung Limited and the Vice Chairman of Oasis Hong Kong Airlines Limited.

Edwin YING Lin Kwan, aged 54, Executive Director and Group Chief Operating Officer, holds a BSc (ME) from the University of Hong Kong. He joined the Group in 1986 as Chief Mechanical Engineer, left the Group as Chief Executive Officer of Electronic Learning Products Business in 2004 and rejoined the Group as Group Chief Operating Officer in December 2006. Mr. YING has over 30 years of experience in electronics manufacturing.

PANG King Fai, aged 51, Executive Director and Group Chief Technology Officer, holds a BSc (Eng) from the University of Hong Kong, an MPhil from London University and a PhD (EE) from Stanford University. He is a Fellow of the Institution of Engineering and Technology. Dr. PANG joined the Group in 2004 as Group Chief Technology Officer. He has over 20 years of experience in design engineering for

consumer electronics products. He is also an Honorary Professor of the Electrical and Electronic Engineering Department of the University of Hong Kong.

Raymond CH'IEN Kuo Fung, GBS, CBE, JP, aged 55, has been an Independent Non-executive Director since November 2001. Dr. CH'IEN is the Chairman of CDC Corporation as well as Chairman of its subsidiary, China.com Inc. He is also the Chairman of MTR Corporation Limited. Dr. CH'IEN serves on the boards of HSBC Holdings plc, the Hongkong and Shanghai Banking Corporation Ltd, Inchcape plc, Convenience Retail Asia Limited and The Wharf (Holdings) Limited. In public service, Dr. CH'IEN is the Chairman of the Hong Kong/European Union Business Cooperation Committee and is a Hong Kong member of the APEC Business Advisory Council. In addition, Dr. CH'IEN is an honorary President and past Chairman of the Federation of Hong Kong Industries. He received a doctoral degree in Economics from the University of Pennsylvania, USA in 1978 and became a Trustee of the University in 2006. He was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994 and awarded the Gold Bauhinia Star Medal in 1999.

William FUNG Kwok Lun, OBE, JP, aged 58, has been an Independent Non-executive Director since November 2001. Dr. FUNG is the Group Managing Director of Li & Fung Limited and has held key positions in major trade associations. He is the past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. Currently he is a member of The Hong Kong Trade Development Council. Dr. FUNG holds a Bachelor of Science degree in Engineering from Princeton University, and an MBA degree from Harvard Graduate School of Business. He has

been awarded an Honorary Doctorate degree of Business Administration by Hong Kong University of Science and Technology. Dr. FUNG is also a non-executive director of Convenience Retail Asia Limited, Integrated Distribution Services Group Limited, and an independent non-executive director of HSBC Holdings plc., CLP Holdings Limited and Shui On Land Limited.

Michael TIEN Puk Sun, BBS, JP, aged 56, is Independent Non-executive Director since November 2001, holds a Bachelor of Science Degree in Electrical Engineering from Cornell University, USA and an MBA degree from Harvard Business School. Mr. TIEN is the Chairman and founder of the G2000 Group which started its business back in 1979. Before starting up G2000, he worked with Macy's Department Store in New York, USA. Mr. TIEN is an active member in Hong Kong community affairs, holding posts including the Chairman of the Standing Committee on Language Education and Research, the Chairman of the Employee Retraining Board and a member of the Education Commission. Mr. TIEN was appointed as the Chairman of Kowloon-Canton Railway Corporation in December 2001.

Patrick WANG Shui Chung, JP, aged 56, has been an Independent Non-executive Director since November 2001. Dr. WANG received an Honorary Doctorate of Engineering from Purdue University in Indiana, USA in May 2004. He earned both his Bachelor and Master of Science degrees in Electrical Engineering from Purdue University in 1972. Dr. WANG is a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. He is currently the Chairman and Chief Executive Officer of Johnson Electric Holdings Limited and also a non-executive director of The Hongkong and Shanghai Banking Corporation Limited and Tristate Holdings Limited.

PROFILE OF SENIOR MANAGEMENT

Telecommunication Products

Kent WONG Wah Shun, aged 44, Chief Executive Officer of the Branded Business, is responsible for overseeing the Telecommunication Products Business under VTech and AT&T licensed brands. Mr. WONG joined VTech in 1989 and over the years has held management positions in a number of areas including business development, product management and development, engineering and manufacturing operations. Mr. WONG holds a Master degree in Engineering, a Master degree in Engineering Management and an MBA degree. Mr. WONG is a Chartered Engineer and Chartered Manager, holding a Membership of Institute of Engineering and Technology, and Fellowship of Chartered Management Institute, UK.

TONG Chi Hoi, aged 42, President of ODM & SOHO Business, is responsible for overseeing the ODM (Original Design Manufacturing) and SOHO (Small Office Home Office) of Telecommunication Products Business worldwide. Mr. TONG joined VTech in December 2006. He has over 20 years of experience in the electronics and manufacturing industry. Mr. TONG holds a First Class Honours Bachelor degree in Electrical and Electronics Engineering from the University of London. He is a member of Institute of Electrical and Electronics Engineers, Inc, US.

Nicholas P. DELANY, aged 55, President of VTech Communications, Inc., is responsible for the Telecommunication Products Business in US specifically business development, sales, customer support, business intelligence processes, supply chain, logistics, IT, HR/Administration and marketing. Prior to joining VTech

in 2000, Mr. DELANY had over 20 years sales and management experience in the industrial, retail, construction and mining industries in Asia, Europe and South Africa. He also has 10 years of experience in developing supply chain systems with leading corporations in North America including The Stanley Works, Inc. Mr. DELANY holds a Bachelor Degree in Marketing and Financial Management from the University of South Africa and Damleyn College.

Gordon CHOW, aged 51, President of VTech Telecommunications Canada Limited, is responsible for the Telecommunication Products Business in Canada. He established the Canadian operations in 1986. Mr. CHOW holds a Bachelor of Commerce degree from the University of British Columbia and is a member of the Institute of Chartered Accountants of British Columbia. He is a member of the Board of Governors of Crofton House School in Vancouver. Mr. CHOW has served as a member of the President's Advancement Council of British Columbia Institute of Technology and a director of the BCIT Foundation. He was also a member of the Royal Roads University - MBA Advisory Board and a director of the Canadian Toy Association.

Gary TAM Wai Keung, aged 43, Senior Vice President of Sales, is responsible for the business development and sales and marketing activities of ODM (Original Design Manufacturing) Telecommunication Products Business worldwide. Mr. TAM has over 20 years of sales and marketing experience. Mr. TAM joined VTech in 1986 and he held management positions in a number of areas including operations, sales and marketing. He holds a Bachelor degree in Electronics from the Chinese University of Hong Kong and an MBA

degree from Strathclyde Business School, UK.

Matt RAMAGE, aged 37, Senior Vice President of Product Management, is responsible for product management, channel marketing and customer support services of VTech and AT&T licensed brands in North America. Mr. RAMAGE joined VTech in 1992 and over the years has held management positions in a number of areas including sales, marketing and product management.

Gary ROGALSKI, aged 44, Vice President of Engineering, is responsible for the Telecommunication Products Business research and development activities in Vancouver, Canada. He leads a team based in Vancouver that develops VoIP, video telephony products and accessories with WIFI and Bluetooth technologies. Mr. ROGALSKI joined VTech in 1988 and has over 20 years of engineering research and development experience in the telecommunications industry. He holds a Diploma in Telecommunications from the British Columbia Institute of Technology.

Paulina AU King Lun, aged 37, Divisional Chief Financial Officer, is responsible for financial and accounting control of the Telecommunications Products Business. Ms. AU has over 13 years of experience in professional accounting and finance and prior to joining VTech in 2000, she worked with PricewaterhouseCoopers as an audit manager. Ms. AU holds a Bachelor degree in Accountancy from the City University of Hong Kong and a Master degree in Applied Finance from Macquarie University, Australia. She is a Fellow Member of Association of Chartered Certified Accountants and an Associate Member of Hong Kong Institute of Certified Public Accountants.

Electronic Learning Products

William TO, aged 51, President of VTech Electronics North America, L.L.C., joined the Group in 1983. Mr. TO is responsible for the Group's Electronic Learning Products Business in the United States of America and Canada. He holds a Master degree in Business Administration from the University of Chicago.

Gilles SAUTIER, aged 51, Chief Executive Officer of continental Europe of Electronic Learning Products Business, joined the Group in November 2000 and is responsible for the Group's Electronic Learning Products Business in France, Belgium, Holland, Luxembourg, Spain and Germany. He is also responsible for the support centre in Holland which takes care of finance, logistic and IT systems for the European sales companies. With over 25 years of experience in marketing, sales and management in the toy industry, he held various positions in Kenner-Parker, Spear's Games, Ideal Toys and Majorette. He holds a Bachelor degree in Law from Paris University and an MBA degree from L'ESSEC, a French business school. Mr. SAUTIER is a member of the Board of the French Toy Federation.

Sid HEYDE, aged 58, Chief Executive Officer of the United Kingdom, is responsible for overseeing the Electronic Learning Products Business in European Markets. Mr. HEYDE joined the Group in 1988 as Sales & Marketing Director, retired in early age in 2001 and re-joined the Group in 2007. He has over 30 years of experience in sales, marketing, and general management of electronic consumer durables. He is a member of the British Institute of Management and Chartered Institute of Marketing.

Davis CHAN Hon Hung, aged 43, General Manager – Electronics Manufacturing of Electronic Learning Products Business. Mr. CHAN joined the Group in 1999. He holds a Master degree in Logistics and Operations Management from Macquarie University, Australia. Mr. CHAN has over 20 years of experience in toys industry. Prior to joining VTech, he held a senior position in an OEM (Original Equipment Manufacturing) toys company.

LEUNG Chun Kwan, aged 41, General Manager – Plastic Manufacturing of Electronic Learning Products Business. Mr. LEUNG joined the Group in 1998 and transferred to the division in December 2000. He had been working in the telecommunication products manufacturing industry before joining the division. Mr. LEUNG holds a Bachelor of Science degree in Electronics Engineering and a Master of Philosophy degree in Electronics Engineering from the City University of Hong Kong. He is a member of the Institute of Engineering and Technology and a Chartered Engineer of the Engineering Council, UK.

Vincent YUEN Chi Ming, aged 47, Senior Manager of Product Development Department (Engineering & Administration) of Electronic Learning Products Business. Mr. YUEN joined VTech in 1984. He holds a Bachelor of Science degree in Electronics from the Chinese University of Hong Kong.

AU Ip Sing, aged 47, Senior Manager of Product Development Department (Engineering & Administration) of Electronic Learning Products Business. He has more than 10 years in Mechanical Engineering Design of switches, TV and toys products, and 15 years in toy product development management. Mr. AU holds a Diploma in Production and Industrial Engineering from the Hong Kong Polytechnics and a Master Degree in Engineering Management from the University of Technology Sydney, Australia.

Rowena SO Lin Ying, aged 52, Divisional Chief Financial Officer of Electronic Learning Products Business, is responsible for financial reporting and control of the business. Ms. SO joined VTech in 1986. She holds an MBA degree from the University of Lincolnshire and Humberside. She has over 20 years of managerial experience in finance and accounting in the company.

Contract Manufacturing Services

Andy LEUNG Hon Kwong, aged 48, Chief Executive Officer of Contract Manufacturing Services Business since April 2002 after serving as General Manager for nine years. He joined VTech in 1988. Mr. LEUNG has over 20 years of experience in the EMS industry. He holds a Bachelor of Science degree in Electrical Engineering from the University of Newcastle Upon Tyne in the United Kingdom and an MBA degree from Oklahoma City University in the United States.

Alex CHOI Lap Hung, aged 44, General Manager of VTech Communications Ltd, is responsible for the development of contract manufacturing services business worldwide and the operations of the factory including project management, manufacture, quality assurance, engineering and materials functions. Before joining the Group in November 2002, Mr. CHOI worked in two other EMS companies for 16 years in various areas including marketing, project management and quality assurance. He holds a Master of Engineering degree of Manufacturing Systems Engineering from Warwick University, UK.

Kent CHEUNG King Fai, aged 45, General Manager of VTech Communications Ltd. Mr. CHEUNG joined VTech in 1989. He holds a Master of Business degree from University of Newcastle, Australia. Mr. CHEUNG has more than 23 years of experience in the electronics industry. Prior to joining VTech, he held senior positions in various electronic companies.

Rix CHAN Ching Pun, aged 36, Operations Manager, is responsible for the development of Contract Manufacturing Service business in the Japan market and the operations of the factory including project management, manufacturing, quality assurance, engineering and materials functions. Mr. CHAN joined VTech in 1996, with 12 years prior experience in EMS industry. Mr. CHAN holds a Bachelor degree of Electronics Engineering from the Hong Kong Polytechnic University and an MBA from the City University of Hong Kong.

POON Yuen Fung, aged 37, Senior R&D Manager of VTech Communications Ltd., is responsible for R&D and development engineering of Contract Manufacturing Services Business. Mr. POON holds a Bachelor degree of Engineering in Electronic Engineering from the City Polytechnic of Hong Kong and a Master degree of Science in Electronic Engineering from the City University of Hong Kong. He also holds an MBA degree from University of Durham, UK. Mr. POON has more than 14 years of experience in electronic engineering development and project management, mainly in the wireless and telecommunication products area. Before joining the division in 2002, Mr. POON had worked for VTech Telecommunications Ltd. for cordless phone development for seven years from 1994 to 2001.

Rolf D. SEICHTER, aged 64, President of VTech Telecom, L.L.C., is responsible for the overseas development and marketing of Contract Manufacturing Services Business. Mr. SEICHTER joined VTech in 1999, left in 2001 and re-joined in 2004. Prior to joining VTech, he held senior management positions with several large high-tech corporations in Europe and the United States. He is well familiar with high-tech applications in the telecommunications, industry, automation and consumer markets. He holds a Master of Science degree in RF Electronics from Gauss University, Berlin, Germany and an MBA degree from Suffolk University, Boston, MA, USA.

Corporate Services

CHANG Yu Wai, aged 47, Company Secretary and Group Chief Compliance Officer. Joined the Group in June 2000 after spending eight years with one of the leading international accounting firms in Hong Kong. He has over 15 years of experience in professional accounting and auditing. He holds a Bachelor of Science degree in Mathematics and Management Sciences from the University of Manchester Institute of Science and Technology. Mr. CHANG is a member of the Institute of Chartered Accountants in England and Wales.

Shereen TONG Ka Hung, aged 38, Group Chief Financial Officer, is responsible for the Group accounting and tax, treasury and financial as well as information technology and human resources management functions. Ms. TONG joined the Group in 1994 and has held management positions in a number of areas including internal audit and financial control of the Group. She holds an MBA degree from Manchester Business School, UK, a Master of Science degree in Information Systems from Hong Kong Polytechnic University and a Bachelor of Laws degree from Manchester Metropolitan University, UK. She is an Associate Member of Chartered Institute of Bankers, UK, Chartered Institute of Management Accountants, UK and a Fellow Member of Hong Kong Institute of Certified Public Accountants.