

FOR IMMEDIATE RELEASE

VTech Announces First 5.8GHz Cordless Telephone

-Ground-breaking Cordless Phone Platform Offers Industry's Leading Audio Performance Technology and Innovative Design Features-

Hong Kong, January 9, 2002 – VTech Communications, Inc. (a subsidiary of VTech Holdings Ltd. SEHK: 303; London SE: VTH; ADR: VTKHY) today announced the launch of the industry's first 5.8GHz frequency cordless telephone at the Consumer Electronics Show (CES) in Las Vegas, Nevada. The 5.8GHz platform offers two new exclusive features to enhance audio performance, and an array of innovative, stylish design features. The VTech 5.8GHz cordless telephone will be available in the summer of 2002.

"We are excited to announce the launch of another pioneering technology for the telecommunications industry with the introduction of VTech's 5.8GHz cordless telephone," said Allan Wong, Chairman and CEO of VTech Holdings Ltd. "This new platform demonstrates the ability of VTech's research and development operations to create innovative products. The platform, with its range of new features, will enable VTech to capture an even higher percentage of the US premium cordless phone market, which continues to grow strongly as consumers upgrade their fixed line phones."

Commenting on VTech's strategic direction for 2002, Allan Wong added: "We have made a commitment to become a more marketing-oriented company that is supported by our core competencies in product innovation and cost-effective manufacturing. In 2002, this is evidenced by the launch of our new corporate identity, and overall branding strategy -- using the VTech and AT&T names -- which will support product innovations such as the 5.8GHz platform and contribute to higher margins and profitability. While VTech maintains a dominant market share in the US, we expect further geographical expansion in Europe, where the market remains much less developed than the US."

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VTech's introduction of 5.8GHz telephone is the company's latest achievement. Since 1991, VTech has introduced several new generations of 900MHz cordless phones, each incorporating more advanced technology, better quality and feature enhancements – firmly establishing the company as a leading, global manufacturer of high-frequency cordless phones. In 1999, VTech completed the 2.4GHz global cordless phone platform to support multiple handsets, which continues to experience strong sales growth each year.

Stylish, Innovative 5.8GHz Telephone Has Innovative “BOOST” Feature

The new 5.8GHz platform continues VTech's commitment to introduce the most advanced technology and features available on the cordless telephone market.

The unique, innovative 5.8GHz frequency telephone offers a superior set of features and a new, stylish comfortable design. In addition to the look and feel of the new phone, VTech has incorporated two new exclusive features: enhanced audio performance and a “BOOST” button. The enhanced audio performance mode is an intuitive technology that automatically activates when the system detects excess interference and/or reduced signal strength. The “BOOST” button is a manually activated feature. When depressed, the user will notice an immediate difference in audio quality.

An additional benefit of the new 5.8GHz phone is its two-phones-in-one functionality. Because the base unit has a speakerphone, keypad and display for Call Waiting Caller ID, it can be used as a standalone unit. The handset also comes with a built-in display for Call Waiting Caller ID, a hands-free speakerphone and a standalone charging unit, allowing it to be independent of the base unit.

The key features of the new platform are:

Enhanced Technology:

- Enhanced 5.8GHz technology -- Dual band transmission combines the best of 5.8GHz and 2.4GHz technologies, providing enhanced performance over standard cordless telephones.
- Multi-handset operation (up to 6) -- The system allows up to six total handsets to be linked with the base unit. Users can install a spare handset anywhere to AC power – no additional phone jack is required.
- “BOOST” feature for enhanced audio performance – With a press of this button, the phone provides an additional level of audio performance. Once activated, the



user will notice improved frequency response, for a more natural sound and less interference.

- Two-phones-in-one – The base unit has a dialing keypad for use with a speakerphone. This feature enables the base to be a truly stand-alone product - complete with Caller ID Call Waiting display and speakerphone. The handset has a separate charger base that can be placed anywhere in the home.
- Hands-free speakerphone on handset -- Each handset has a hands-free speakerphone to use during impromptu conference calls or when hands are too busy or too messy to hold a phone, such as the kitchen or workshop.
- Vibrating ringer -- A built-in vibrating ringer provides the option of silent notification.
- Smart dialing – Offers an enhanced way to dial from Caller ID memory. Some service areas require 10-digit dialing, while others require 7, 8 or 11 digits. This phone does not require pre-programmed area codes, but rather allows users to simply select the desired 7, 8, 10, or 11 digits dialing string required for a particular service area.

User Convenience:

- Dual alphanumeric caller waiting and caller ID -- Caller ID is displayed on both the handset and the base unit. From a usability standpoint, the display presentation and function are identical between the handset and base.
- Unique stand-alone handset design – Using only a remote charging stand, each handset can be recharged without having to return to the base unit.
- Dual battery charging system with power backup -- A spare battery charger in the base unit provides power backup, so the user can still place and receive calls, even if the electricity goes out, as well as a spare battery for uninterrupted use.
- Handset-to-handset operation – Handsets can be used as intercoms between each other.
- Conference call capability -- Up to two handsets and the base unit can be linked for a single conference call.



- Headset compatible -- Connect a standard 2.5mm headset for private hands-free conversations.
- Belt clip included – Allows users to attach the phone to the belt or pocket to free hands while walking or working.
- Wall mountable design -- The stylish design of the base is wall mountable.

Broadest Line of Feature-Packed, Technology Rich Telephones Today

Today, VTech's cordless phone product line features a wide variety of choices, from digital to analog, that cater to all age groups and include the market's most advanced technologies and consumer-friendly features. Analog technology is offered in the 2.4GHz and 900MHz frequency phones. Digital technology is offered in the 2.4GHz, 900MHz and the new 5.8GHz frequency phones arriving in 2002. The digital format offers interference-free audio, immunity from scanners attempting to pick up the transmission, and greater range potential than that of analog phones. The technical advances of digital technology along with a broad array of features, result in a line of telephones that offer a number of modern conveniences and a remarkable value for customers.

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About VTech:

VTech is a leading consumer-focused technology company. It designs, manufactures, markets and sells electronic learning and telecommunication products through its extensive international distribution network. Backed by its excellence in technology manufacturing, the group also engages in contract manufacturing services. With an turnover over US\$1.3 billion in FY2001, VTech currently has operations in 13 countries. The group invested over US\$66 million in research and development in FY2001 and launches more than 80 innovative and high quality products each year.

This release is issued by VTech Holdings Ltd through Golin/Harris Forrest.

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