

The Vtech logo is displayed in white lowercase letters on a dark blue rectangular background.The words "Press Release" are written in white on a light blue rectangular background.

**FOR IMMEDIATE RELEASE**

**VTech® PARTNERS WITH SKYPE™ TO LAUNCH FIRST U.S.  
CORDLESS PHONE FOR FREE GLOBAL TELEPHONY**

*VTech and Skype Empower People to Affordably Stay in Touch with Family and Friends*

Hong Kong, January 5, 2005 – VTech Communications, Inc. (a wholly-owned subsidiary of VTech Holdings Ltd., SEHK: 303; London SE: VTH; ADR: VTKHY), today introduced the usb7100 VTech Skype™ cordless phone that provides users the benefits and features of Skype's Internet telephony without being tethered to their PC.

Skype is a free Internet telephony software that offers a peer-to-peer network connection to make free voice calls to anyone in the world. Users connect to both their existing telephone line and Skype's free Internet telephony service from VTech's "all in one" handset, which enables them to place and receive free, unlimited global voice calls.

"Until now, consumers in the U.S. could only take advantage of Skype's free Internet telephony software and features when connected directly to their computer," said Donna Silbert, vice president of product management at VTech communications. "VTech is excited to partner with Skype to offer users unlimited, superior quality voice calls using their cordless VTech handset anywhere in the home.

The 2.4GHz cordless usb7100 phone is expandable up to four handsets, providing crystal clear calling over the Internet from any room in the home without the need for extra wiring. In addition, users will enjoy all the advantages of cordless phone technology, including caller ID, call waiting, intercom and conference call features. Users can also view on the cordless handset display which contacts are online, as well as being able to set a presence status, for example, showing if users are online, away or do not want to be disturbed. Finally, with each call automatically encrypted by Skype, security is not a concern.

The VTech usb7100 is an affordable and logical solution for the college student who can not always afford to call home often or the family who is frustrated with their high phone bills.

“We are proud to partner with leading companies like VTech to help expand the flexibility of Skype software and services,” said Niklas Zennström, CEO and co-founder, Skype. “VTech’s cordless USB handset expands the Skype platforms for US consumers and compliments our free Internet telephony perfectly, providing a quality solution that makes staying in touch with family and friends easy and affordable.”

VTech’s usb7100 and other VoIP offerings will be featured January 6 – 8, 2005 at Caesars Palace Hotel and Casino, Florentine Ballroom, in conjunction with the 2005 Consumer Electronics Show in Las Vegas. The products will be available in all major retail outlets and online at [www.vtechphones.com](http://www.vtechphones.com) in spring 2005.

*About Skype Technologies S.A.™*

*Skype, the Global Internet Telephony Company™, allows people everywhere to make free, unlimited, superior quality voice calls via its award-winning peer-to-peer software for Windows, Pocket PC, Mac OS, and Linux platforms. Skype’s feature-rich offering includes SkypeOut, the ability to call any landline or mobile phone worldwide for the price of a local call. Skype is available in 20 languages and is the fastest growing telephony offering worldwide. Since its launch in August 2003, Skype has been downloaded more than 43 million times. Skype Technologies S.A. is headquartered in Luxembourg and is growing its offices in London and Tallinn. Skype Technologies is privately held and backed by top-tier international venture capital firms, including Bessemer Venture Partners, Draper Fisher Jurvetson, Index Ventures, and Mangrove Capital Partners. [www.skype.com](http://www.skype.com)*

*About VTech®*

*VTech is one of the largest suppliers of corded and cordless phones in North America and one of the world’s leading suppliers of electronic learning products. It also provides highly sought-after contract manufacturing services. VTech is a pioneer in the establishment of China-based manufacturing facilities and sells its products via a strong brand platform supported by a well-established distribution network in North America, Europe and Asia.*

*This release is issued by VTech Holdings Ltd through GolinHarris. For further information on VTech and its array of telecommunication products, please visit [www.vtechphones.com](http://www.vtechphones.com) or contact:*

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