



16 new products

## VTech enters the China market



Distribution in large department stores



The financial year 2004 will mark VTech's entry into the China market, starting with the Electronic Learning Products (ELP), an exciting development that I believe offers great long term potential to become an important growth driver for the Group.

Over the past 12 months, our R&D teams in Hong Kong and mainland China have developed a range of products specifically for this market. Sixteen products are ready for testing the market in the financial year 2004. They cover all three major ELP categories: electronic infant toys, electronic pre-school toys and electronic learning aids.

The initial range is to be sold in the affluent Pearl River Delta area in large department stores. To support sales, VTech plans to launch a comprehensive marketing campaign, beginning with a TV advertising campaign in July and August 2003 that will capture the strong purchasing power of the summer vacation period. This will be supplemented by magazine advertising, point of sales displays as well as participation at trade fairs and sales fairs held in the department stores. Later in the financial year 2004, our products will target to launch in Beijing, the Chang Jiang River Delta Area and the Sichuan province.

All of these products reflect the 20-year heritage of VTech in ELP. We develop our products to be both educational and fun, applying advanced technology to make them as interactive as possible. In doing so, we ensure a range of designs to meet the learning needs of children of different age categories.

Our strong focus on education with Chinese contents is especially suited to mainland China, where tradition and the policy of encouraging one child per family lead to a great emphasis on children's education. VTech has strong brand equity in global markets and in mainland China and there is currently no dominant brand for educational products. We are therefore confident that VTech has a strong competitive advantage to maximize the opportunities presented by this emerging market.

**Albert LEE Wai Kuen**  
Deputy Chairman