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EPCglobal Hong Kong Completes Landmark EPC/RFID Pilot with VTech

First Pilot in Asia to Implement EPCnetwork for Wal-Mart's Global RFID Project

Hong Kong, 29 April 2007 - EPCglobal Hong Kong, the not-for-profit standards organization dedicated to driving the adoption of Electronic Product Code™ (EPC) for supply chain excellence, announced the completion of an RFID pilot program based on the EPC standard, in partnership with VTech Telecommunications Ltd (VTech). The pilot program is part of the Hong Kong EPCnetwork Project, a two-year infrastructure project aiming to increase supply chain information visibility, sponsored by the Hong Kong SAR Government's Innovation and Technology Commission.

The pilot tracked goods movement in real-time in order to improve supply chain efficiency for VTech's telecommunication products. VTech is among the top tier suppliers to participate in Wal-Mart's global RFID project. By building VTech an RFID enabled infrastructure, the pilot enables the Hong Kong supplier to improve upstream operational efficiency and production planning in the Pearl River Delta (PRD) region on the one hand, and on the other, it facilitates Wal-Mart to reduce out-of-stock and improve replenishment rate in the U.S.

"EPCglobal Hong Kong's EPC/RFID solution delivers integrated and intelligent capabilities that connect us with Wal-Mart's Inventory Management System via RFID technology on a global basis to improve out-of-stock and inventory fill rate. The Hong Kong EPCnetwork provides all the partners along the global supply chain with better product movement visibility and we can testify from our experience that customer relationships were enhanced through the project," said **Alex Kwan, Senior Supply Chain and Logistics Manager, VTech Telecommunications Ltd.**

Between August and November 2006, more than 20,000 cartons of cordless phones were shipped to the overseas retailer in 10 shipments. The Hong Kong EPCnetwork provided a common platform for VTech and the global retailer to track in real-time the movement of the cordless phones from the Dongguan factory in China to Wal-Mart's distribution centres in the U.S.

"With the international rollout of RFID projects by different global buyers, RFID is increasingly critical to export trade. The PRD region is the world's leading sourcing centre for global buyers and there are tens of thousands of Hong Kong-linked enterprises in the region. The pilot showcases how a Hong Kong manufacturer based in the PRD, like VTech, optimises its



manufacturing operation efficiency to prepare for global retailers' tagging requirements and realizes greater value from automated identification technologies. This case sets an applicable reference model for Hong Kong manufacturers to capitalize on next-generation supply chain technologies and to increase their competitiveness in one of the most important manufacturing hubs on the global stage," said **Anna Lin, Chief Executive of EPCglobal Hong Kong.**

About EPCglobal Hong Kong

EPCglobal Hong Kong, formed under the auspices of GS1 Hong Kong in 2004, is a not-for-profit organization dedicated to driving the adoption of Electronic Product Code™ as the global standard to enable accurate information and visibility about products in the global supply chain. The organization provides training programs and financial and technological implementation, such as EPC Industry Solutions, holds industry conferences and seminars, and drives development of EPC standards by building the Hong Kong EPCnetwork infrastructure and operating the Supply Chain Innovation Centre, an industry supply chain technology centre jointly established by GS1 Hong Kong and Hong Kong Science and Technology Parks Corporation.

EPCglobal Hong Kong is the local Member Organization of EPCglobal Inc. and is the only organization authorized to issue EPC Manager Numbers in Hong Kong. To date, more than 1,000 corporations around the world have joined the EPCglobal community as members. For more information about EPCglobal Hong Kong, please visit www.epcglobal.org.hk.

About the Hong Kong EPCnetwork Project¹

The Hong Kong EPCnetwork is a global standard-based infrastructure which allows different supply chain stakeholders, from manufacturers to logistics providers and retailers, to access real-time, accurate data about their goods, not just within their own company, but also throughout the global supply chain. Supported by the Hong Kong SAR Government's Innovation and Technology Commission (ITC) under the Guangdong-Hong Kong Technology Cooperation Funding Scheme, EPCglobal Hong Kong launched the network initiative in 2005, aiming to deliver four pilot studies with Maersk Logistics, Esquel Group, Group Sense (International) Limited and VTech (Telecommunications) and create end-to-end supply chain visibility for Hong Kong and the Pearl River Delta region with the rest of the world.

About VTech

Founded in 1976, VTech has a corporate culture rooted in "Innovation & Technology". The Group invested US\$40.3 million in R&D in the financial year 2006 and launches numerous innovative and high quality products each year. With headquarters in the Hong Kong Special Administrative Region ("HKSAR") and state-of-the-art manufacturing facilities in mainland China, VTech currently has a presence in 10 countries and approximately 30,000 employees, including around 1,000 R&D professionals in R&D centres in Canada, Hong Kong SAR and mainland China. This network allows VTech to stay abreast of the latest technology and market trends throughout the world. For further information about VTech, please visit www.vtech.com.

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