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MATRIX

MATRIX HOLDINGS LIMITED

美力時集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1005)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 27 July 2021 (after trading hours), the Transferor entered into the Master Capital Transfer Agreement with the Transferee, an indirect wholly-owned subsidiary of the Company, in respect of the Acquisition, pursuant to which the Transferor conditionally agreed to sell and the Transferee conditionally agreed to acquire the entire equity interests in the Target Company, for a total cash Consideration of VND356,950,000,000 (equivalent to approximately HK\$120,439,000).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company which will have the rights to the Land Plots. As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements but is not subject to circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

As Completion is subject to the fulfillment of the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board of Directors (the “**Board**”) of Matrix Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announcement that on 27 July 2021 (after trading hours), the Transferor entered into the Master Capital Transfer Agreement with the Transferee, an indirect wholly-owned subsidiary of the Company, in respect of the Acquisition, pursuant to which the Transferor conditionally agreed to sell and the Transferee conditionally agreed to acquire the entire equity interests in the Target Company, for a total cash Consideration of VND 356,950,000,000 (equivalent to approximately HK\$120,439,000) .

MASTER CAPITAL TRANSFER AGREEMENT

The principal terms of the Master Capital Transfer Agreement are set out as follows:

Date

27 July 2021 (after trading hours)

Parties

(1) Transferee

Keyhinge Toys Vietnam Joint Stock Company

(2) Transferor

NGUYEN HA CHI

(the Transferor and the Transferee hereinafter known as “**Parties**”)

After having made all reasonable enquiry, to the best knowledge and belief of the Directors, the Transferor is an Independent Third Party.

Interests to be acquired

Pursuant to the Master Capital Transfer Agreement, the Transferor has agreed to transfer and the Transferee has agreed to purchase 100% of the charter capital of the Target Company, free from all encumbrances and together with all rights attaching and accruing thereto from the date of the Master Capital Transfer Agreement.

Under the terms of the Master Capital Transfer Agreement, the Transferor guarantees that there will be sufficient legal rights of land use by the Target Company over the Land Plots.

Consideration

The Consideration of the Acquisition shall be VND356,950,000,000 (equivalent to approximately HK\$120,439,000) as stipulated under the Master Capital Transfer Agreement. The Consideration was determined by the Parties following arm's length negotiations having taken into account, among others, the current market conditions, the location and development potential of the Land Plots, the valuation of the Land Plots in July 2021 of approximately VND471,509,000,000 (equivalent to approximately HK\$159,093,000) performed by an independent qualified professional valuer based on market approach. The Directors intend to finance the Acquisition by internal resources.

The Consideration shall be satisfied in the following manner:

a) First Installment Payment

The Transferee has paid a deposit of VND 27,800,000,000 (equivalent to approximately HK\$9,380,000) and the Transferor has handed over a notarized copy of the minutes of successful auction of Land Plot No.5 to the Transferee to keep as collateral for the payment.

b) Second Installment Payment:

The Transferee has paid a deposit of VND 22,200,000,000 (equivalent to approximately HK\$7,491,000) and the Transferor has handed over 4 original land use right certificates of Land Plot Nos. 1, 2, 3 and 4 to the Transferee to keep as security for the payment.

c) Third Installment Payment:

The Third Installment Payment is VND306,950,000,000 (equivalent to approximately HK\$103,569,000). The Parties agreed that the Transferee will complete this Third Installment Payment by recording the amount transferred by the Transferee under the Loan Contracts. The Transferor must transfer all capital of the Target Company to the Transferee and not have to perform the debt repayment obligation under the Loan Contracts. At the same time, the Transferor will transfer notarized copies of two minutes of successful asset auction dated 8 July 2021 regarding Land Plot Nos. 6, 7, 8 and 9 to the Transferee to keep as security for the payment.

As at the date of the announcement, the First Installment Payment and the Second Installment Payment have been paid by the Transferee to the Transferor. In the event of a decision made by a Vietnamese competent authority regarding the Transferee is not eligible to purchase the shares of the Target Company or the transfer of any of the Land Plots to the Target Company, the Master Capital Transfer Agreement shall be expired, all amounts received by the Transferor in relation to this Acquisition shall be fully refunded to the Transferee and a debit certificate or relevant document to be issued as guarantee of the Transferor to receive the refund or other repayable if applicable, upon the Transferee returning to the Transferor original land use right certificates under the name of the Target Company. In the event of a decision made by a Vietnamese competent authority regarding the Transferee is eligible to purchase the shares of the Target Company but the Transferor do not continue to implement the Master Capital Transfer Agreement, the First Installment Payment and the Second Installment Payment shall be fully refunded to the Transferee, plus VND230,000,000 (equivalent to approximately HK\$77,605) and a debit certificate or relevant document to be issued as guarantee of the Transferor to receive the refund or other repayable if applicable, upon the Transferee returning to the Transferor the abovementioned original land use right certificates.

Conditions Precedent

Completion is subject to, inter alia, the fulfillment by the Transferor of the following Conditions Precedent:

- (1) the Transferor shall ensure that the Target Company has the absolute right to use the Land Plots;
- (2) the Transferor is the owner of the entire charter capital of the Target Company which had been set up in accordance with Vietnam laws and the Transferor owned 100% of the Capital Transfer;
- (3) the Transferor shall ensure that the Target Company has a written approval or license and/or certificates for using the Land Plots which are used for carrying on the businesses or developments in the manner set out in the said licenses or certificates;
- (4) the Transferor assures the Transferee that it has the absolute power to convey the Land Plots and there are no encumbrances, liens, charges, government dues, attachment, or acquisition, requisition processing on the Land Plots;
- (5) the Transferor covenants with the Transferee that the Transferor and the Target Company have not done or shall not do any act, deed or thing creating any charge, lien or encumbrance in respect of the Land Plots during the subsistence of the Master Capital Transfer Agreement; and
- (6) the Transferor will bear all the taxes and other financial obligations related to the Capital Transfer. The Transferor is responsible for declaring and paying the taxes and financial obligations.

Termination

Pursuant to the terms of the Master Capital Transfer Agreement, the Transferor shall procure the fulfillment of the Conditions Precedent prior to Completion. The Master Capital Transfer Agreement can be terminated by mutual agreement of the Parties. If the termination is caused by the Transferor breaching certain provisions of the Master Capital Transfer Agreement, the Transferor shall refund all the amounts received to the Transferee; and if the termination is caused by the Transferee breaching certain provisions of the Master Capital Transfer Agreement, the Transferor shall refund all the amounts received to the Transferee in accordance with the terms of the Master Capital Transfer Agreement.

Completion

Subject to the fulfillment of the Conditions Precedent, the Acquisition shall complete on the Completion Date.

INFORMATION OF THE TRANSFEROR AND THE TRANSFEREE

The Transferor, being an Independent Third Party, is a Vietnamese property investor. Pursuant to the terms of the Master Capital Transfer Agreement, the Transferor is the beneficial shareholder of the Target Company which will have the land use rights of the Land Plots as at the date of this announcement.

The Transferee is a company established under the laws of Vietnam with limited liability and an indirect wholly-owned subsidiary of the Company. The Transferee's principal business activities include manufacturing and export of toys and lighting products.

INFORMATION OF THE TARGET COMPANY

The Target Company is a property holding company established under the laws of Vietnam and is wholly owned by NGUYEN HA CHI as at the date of this announcement. Pursuant to the terms of the Master Capital Transfer Agreement, the Target Company has or will have the land use rights of the Land Plots. The Land Plots have a total site area of approximately 126,599.30 m² and are located at Danang City of Vietnam.

As the Target Company was incorporated on 28 June 2019, there were no business activities during the period between 28 June 2019 and 31 December 2020. Set out below is the financial information of the Target Company as extracted from its unaudited management accounts for the period from 1 January 2021 to 30 June 2021:

	For the period from 1 January 2021 to 30 June 2021	
	VND'000	(HK\$'000 equivalent)
Loss before taxation	13,929	5
Loss after taxation	13,929	5

	As at 30 June 2021	
	VND'000	(HK\$'000 equivalent)
Assets		
- The Lands carried at cost (Note)	60,266,559	20,335
- Other assets	49,792,210	16,801
Total assets	110,058,769	37,136
Liabilities	60,409,631	20,383
Net Assets	49,649,138	16,753

The Target Company incurred a loss of VND 336,933,000 (equivalent to approximately HK\$114,000) for the period from 28 June 2019 to 31 December 2020.

Note:

The values of Land Plot Nos. 6 to 9 are not included because the Target Company successfully bid these at the auction on 8 July 2021. The Target Company is in the process of completing the procedures to update its name on the land use right certificates.

According to the valuation performed by an independent qualified professional valuer in July 2021, the value of Land Plots No. 1 to 5 was VND 103,446,000,000 (equivalent to approximately HK\$34,904,000) while the value of Land Plots No. 6 to 9 was VND368,063,000,000 (equivalent to approximately HK\$124,189,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing of plastic, die-cast and plush toys, with vertically integrated production process including mould making, manufacturing and design, and the manufacturing of lighting products. The Group has a long history of running the manufacturing business in Danang City, Vietnam and is familiar with the business environment of Danang City. The Acquisition is in line with the overall development strategy of the Group of actively identifying and exploring different investments and good merger and acquisition opportunities in order to acquire new business or assets that will bring additional value, synergistic effects and new income streams to the Group, with a view to broadening its asset and income bases. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company which will have the rights to the Land Plots located at Danang City. The Group intends to develop the Land Plots for property investment purpose.

The Directors consider that the terms of the Master Capital Transfer Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of Company and is therefore subject to the notification and announcement requirements but is not subject to circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfillment of the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Acquisition”	the proposed acquisition of the entire charter capital of the Target Company as contemplated under the Master Capital Transfer Agreement
“Business Day(s)”	a day (excluding Saturdays, Sundays or any gazette public holidays) on which banks in Danang City, Vietnam are open for business
“Board”	the board of Directors
“Capital Transfer”	The Transferor agrees to transfer and the Transferee agrees to purchase 100% of the charter capital of the Target Company as contemplated under the Master Capital Transfer Agreement
“Company”	Matrix Holdings Limited, a limited liability company incorporated in Bermuda, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1005)
“Completion”	completion of the Acquisition under the Master Capital Transfer Agreement in accordance with its terms and conditions
“Completion Date”	the date of Completion
“Conditions Precedent”	the conditions precedent to Completion, as set out in the section headed “Conditions Precedent” in this announcement
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of VND 356,950,000,000 (equivalent to approximately HK\$120,439,000 payable by the Transferee to the Transferor under the Master Capital Transfer Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Land Plots”	<p>the land use right certificates including:–</p> <p>Land Plot No.1: map numbered 14, with land area of 300.00 m²;</p> <p>Land Plot No.2: map numbered 14, with land area of 300.00 m²;</p> <p>Land Plot No.3: map numbered 14, with land area of 300.00 m²;</p> <p>Land Plot No.4: map numbered 23, with land area of 187.50 m²;</p> <p>Land Plot No.5: map numbered A1, with land area of 14,665.00 m²;</p> <p>Land Plot No.6: map numbered C, with land area of 28,484.10 m²;</p> <p>Land Plot No.7: map numbered C7, with land area of 26,504.60 m²;</p> <p>Land Plot No.8: map numbered C8, with land area of 29,968.50 m²;</p> <p>Land Plot No.9: map numbered C9, with land area of 25,889.60 m²;</p> <p>all of which are located at Danang City, Vietnam with a total land area of approximately 126,599.30 m²</p>
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Contracts”	the loan contracts between the Transferor and the Transferee
“Master Capital Transfer Agreement”	the master capital transfer agreement dated 27 July 2021 entered into amongst the Transferor and the Transferee in connection with the Acquisition
“m ² ”	square meter

“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	CÔNG TY TNHH MỘT THÀNH VIÊN KIM BẢO AN, a company established under the laws of Vietnam with limited liability, which is wholly owned by NGUYEN HA CHI as at the date of this announcement
“Transferee”	Keyhinge Toys Vietnam Joint Stock Company, a company established under the laws of Vietnam with limited liability and an indirect wholly-owned subsidiary of the Company
“Transferor”	NGUYEN HA CHI, an Independent Third Party
“Vietnam”	the Socialist of Republic of Vietnam
“VND”	Vietnamese Dong, the lawful currency of Vietnam
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in VND have been converted into HK\$ at the rate of HK\$1 = VND2,963.73. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.

By order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 27 July 2021

As at the date of this announcement, the Board consists of Mr. Cheng Yung Pun, Mr. Cheng King Cheung, Mr. Tsang Chung Wa, Mr. Tse Kam Wah and Ms. Yip Hiu Har as executive directors; Dr. Loke Yu alias Loke Hoi Lam, Mr. Mak Shiu Chung, Godfrey and Mr. Heng Victor Ja Wei as independent non-executive directors.