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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

**DISPOSAL OF 100% ISSUED SHARE CAPITAL OF
MAX SMART INVESTMENT LIMITED**

The Board is pleased to announce that on 26 June 2008, Matrix Investments (a wholly-owned subsidiary of the Company) as vendor, entered into the Agreement with the Purchaser. Pursuant to the Agreement, Matrix Investments agreed to sell to the Purchaser, and the Purchaser agreed to acquire from Matrix Investments, the Sale Shares, representing the entire issued share capital of Max Smart, for a cash consideration of HK\$1 million. Max Smart is an indirect wholly-owned subsidiary of the Company. Upon Completion, Max Smart will cease to be a subsidiary of the Company.

Max Smart is an investment holding company whose only asset is the entire interests in Keyhinge. Keyhinge, in turn, is an investment holding company which holds 98% of the equity interests in the Vietnam Company which engages in the manufacture of gifts and novelties in Vietnam.

As the applicable percentage ratios in relation to the Disposal represent 5% or more but less than 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements. The Company will despatch to the Shareholders, within 21 days after the publication of this announcement, a circular containing, among other things, further information on the Disposal as required under Chapter 14 of the Listing Rules.

* *for identification purposes only*

THE AGREEMENT

On 26 June 2008, Matrix Investments (a wholly-owned subsidiary of the Company) as vendor, entered into the Agreement with the Purchaser. Pursuant to the Agreement, Matrix Investments agreed to sell to the Purchaser, and the Purchaser agreed to acquire from Matrix Investments, the Sale Shares, representing the entire issued share capital of Max Smart, for a cash consideration of HK\$1 million. Upon Completion, Max Smart will cease to be a subsidiary of the Company. The principal terms of the Agreement are set out below.

Date

26 June 2008

Parties

- (1) Matrix Investments, as vendor
- (2) Waterfront Investments Management Limited, as Purchaser

The Purchaser is an investment holding company incorporated in the British Virgin Islands on 17 January 2008.

Apart from the Disposal, the Company has no prior transaction with the Purchaser and its associates in the past 12 months which would require aggregation with the Disposal under Chapter 14 of the Listing Rules.

The Directors confirm that to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

Assets to be disposed

The Sale Shares, being 10 shares of US\$1.00 each in Max Smart issued as fully paid-up, representing the entire issued share capital of Max Smart as at the date of the Agreement and the date of this announcement.

Consideration

The consideration for the Disposal is HK\$1 million. The consideration shall be paid by the Purchaser in cash in full at Completion.

The consideration was determined after arm's length negotiations between Matrix Investments and the Purchaser. In arriving the consideration, the Directors have considered factors including (i) the unaudited consolidated net asset value of Max Smart as at 31 December 2007 and (ii) the future prospects of the toy manufacturing industry in Vietnam. The Directors consider that the terms of the Agreement are fair and reasonable so far as the Company and the Shareholders are concerned and that the Disposal is in the interests of the Company and the Shareholders as a whole.

Completion

Completion of the Agreement shall take place on the Completion Date or such other date as Matrix Investments and the Purchaser may agree in writing.

Post Completion settlement of outstanding accounts

The Purchaser irrevocably undertakes to Matrix Investments that it shall procure the relevant members of the Target Group to make full payment of all the Payables of the Target Group to Matrix Investments and/or the relevant Affiliate of Matrix Investments or of the Company on or before the Payment Date, to the intent and effect that all the Payables of the Target Group shall have been repaid in full on or before the Payment Date.

Matrix Investments also irrevocably undertakes to the Purchaser that it shall use its best endeavours to procure the relevant Affiliate of Matrix Investments or of the Company to make full payment of all the Payables of the Vendor Affiliate to the relevant members of the Target Group on or before the Payment Date, to the intent and effect that all the Payables of the Vendor Affiliate shall have been repaid in full on or before the Payment Date.

Save and except for the Payables, Matrix Investments and the Purchaser agree that all other payables owing between the Purchaser and/or any members of the Target Group on the one part and Matrix Investments and/or Affiliate of Matrix Investments or of the Company on the other part shall be payable in accordance with the respective terms of contractual arrangement or agreement governing such other payables.

The Purchaser shall indemnify and keep indemnified Matrix Investments and/or the relevant Affiliates of Matrix Investments or of the Company against all losses, damages, costs and expenses which Matrix Investments and/or any of the Affiliates of Matrix Investments or of the Company may suffer through or arising from or in relation to any of the Payables of the Target Group not being repaid in full on or before the Payment Date.

INFORMATION ON THE TARGET GROUP

Max Smart

Max Smart is a company incorporated in the British Virgin Islands on 3 January 2008 and holds only the Keyhinge Group. It is an investment holding company and an indirect wholly-owned subsidiary of the Company. Max Smart holds 100% equity interests in Keyhinge.

The Keyhinge Group

Keyhinge is a limited liability company incorporated in Hong Kong on 31 January 2000. It is an indirect wholly-owned subsidiary of the Company. Keyhinge is an investment holding company and holds 98% of the equity interests in the Vietnam Company, principally engaged in the manufacture of gifts and novelties in Vietnam. The Group acquired Keyhinge Group on 18 January 2002 at a consideration of HK\$26 million. The Keyhinge Group operates in one of the existing production plants of the Group in Danang City, Vietnam.

Due to the fact that Max Smart was only incorporated in January 2008, no audited accounts have been prepared since its incorporation. The unaudited consolidated financial statements of Max Smart (the “Unaudited Account”) is prepared based upon the unaudited consolidated balance sheet of the Keyhinge Group as at 31 December 2007 which is prepared in accordance with Hong Kong Financial Reporting Standards as if Max Smart had been incorporated on 31 December 2007 and Keyhinge had become the subsidiary of Max Smart on the same day. The unaudited consolidated net asset value of Max Smart as at 31 December 2007 based on the Unaudited Account was approximately HK\$78.

Set out below are the unaudited consolidated financial information of the Target Group for the two financial years ended 31 December 2007:

	For the financial year ended	
	31 December	31 December
	2007	2006
	(unaudited)	(unaudited)
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit/(loss) before taxation and extraordinary items	11.63	4.83
Profit/(loss) after taxation and extraordinary items	10.13	4.82

Upon Completion, the Company will no longer have any interests in Max Smart. Max Smart will cease to be a subsidiary of the Company and the assets, liabilities and financial results of Max Smart will no longer be consolidated in the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the manufacture and distribution of gifts, novelties items and infant and pre-school children toys.

As stated in the annual report of the Company for the year ended 31 December 2007, the Group operates three production plants – two in Danang City, Vietnam and one in Zhongshan, the PRC, with total production capacity of approximately 1.5 million units per day. To cope with the development of the Group, the construction of the Group's third production plant in Danang City, Vietnam was completed in January 2008. The new production plant in Vietnam is designed to meet future customers' orders and the increase in production capacity of the Group. In order to enhance the cost-effectiveness of production, the Group has strengthened its factory management by integrating and relocating the warehouse and plant operations. The Group invested in the latest technologies and machinery for toy manufacturing. In addition, the 'one-stop-shop' production line is planned to put in place in the new production plant in Vietnam so as to achieve the cost-effectiveness of production. In view of the above, the Directors consider that the disposal of the old production plant of the Group in Danang City, Vietnam would allow the Group to centralize its resources which would help the Group to further develop and upgrade its new production base in Vietnam and it is also in line with the continuous cost saving measures of the Group.

The net proceeds of approximately HK\$1 million generated from the Disposal will provide the Group with additional cash which would be used as general working capital of the Group.

It is estimated that there would be a gain on the Disposal of approximately HK\$1 million based on the unaudited consolidated net asset value of Max Smart as at 31 December 2007. Having considered the terms of the Agreement and the above reasons and benefits, the Directors consider that the terms of the Agreement and the Disposal are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in relation to the Disposal represent 5% or more but less than 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements. The Company will despatch to the Shareholders, within 21 days after the publication of this announcement, a circular containing, among other things, further information on the Disposal as required under Chapter 14 of the Listing Rules.

DEFINITIONS

“Affiliate(s)”	in relation to any person, any subsidiary or holding company of such person and any subsidiary of any such holding company and any company in which such person or any such holding company holds or control directly or indirectly not less than 20% of the issued share capital
“Agreement”	the agreement dated 26 June 2008 entered into between Matrix Investments and the Purchaser in relation to the Disposal
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Matrix Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“Completion”	completion of the Disposal in accordance with the Agreement
“Completion Date”	1 July 2008 or such other date as Matrix Investments and the Purchaser may agree in writing
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by Matrix Investments to the Purchaser
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Keyhinge”	Keyhinge Holdings Limited, a company incorporated in Hong Kong with limited liability, an indirectly wholly-owned subsidiary of the Company as at the date of this announcement
“Keyhinge Group”	Keyhinge and the Vietnam Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Matrix Investments”	Matrix Investments Group Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company as at the date of this announcement
“Max Smart”	Max Smart Investment Limited, a company incorporated in the British Virgin Islands, an indirect wholly-owned subsidiary of the Company as at the date of this announcement

“Payables”	the payables owing and payable between the relevant members of the Target Group on the one part and Matrix Investments and/or the relevant Affiliate of Matrix Investments or of the Company on the other part as at 31 May 2008 of approximately HK\$142,661,000
“Payment Date”	the date falling 18 months of the Completion Date
“Payables of the Target Group”	the amounts of Payables owing and payable by the relevant members of the Target Group to Matrix Investments and/or relevant Affiliate of Matrix Investments or of the Company as at 31 May 2008 of approximately HK\$99,861,000
“Payables of the Vendor Affiliate”	the amounts of the Payables owing and payable by Matrix Investments and/or the relevant Affiliate of Matrix Investments or of the Company to the relevant members of the Target Group as at 31 May 2008 of approximately HK\$42,800,000
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Purchaser”	Waterfront Investments Management Limited, a company incorporated in the British Virgin Islands
“Sale Shares”	10 shares of US\$1.00 each of Max Smart held by Matrix Investments
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Max Smart and the Keyhinge Group

“US\$”	US Dollars, the lawful currency of the United States of America
“Vietnam Company”	Keyhinge Toys Vietnam Joint Stock Company, a company incorporated in Vietnam and is principally engaged in the manufacture of gifts and novelties in Vietnam
“%”	per cent

By Order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 27 June 2008

As at the date of this announcement, the Board comprises Mr. Cheng Yung Pun, Mr. Arnold Edward Rubin, Mr. Yu Sui Chuen and Ms. Cheng Wing See, Nathalie as executive Directors and Dr. Loke Yu alias Loke Hoi Lam, Mr. Mak Shiu Chung, Godfrey and Mr. Wan Hing Pui as independent non-executive Directors.