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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**

**Financial adviser to the Company**



The Board is pleased to announce that on 9 January 2019 (after trading hours), the Transferors entered into the Master ST Agreement with the Transferee, an indirect wholly-owned subsidiary of the Company, in respect of the Acquisition, pursuant to which the Transferors conditionally agreed to sell and the Transferee conditionally agreed to acquire the Sale Shares, being the entire equity interests in the Target Company, for a total cash Consideration of VND561,400,000,000 (equivalent to approximately HK\$190,876,000) (subject to adjustment).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company which will have the rights to the Lands. 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.

**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 is pleased to announce that on 9 January 2019 (after trading hours), the Transferors entered into the Master ST Agreement with the Transferee, an indirect wholly-owned subsidiary of the Company, in respect of the Acquisition, pursuant to which the Transferors conditionally agreed to sell and the Transferee conditionally agreed to acquire the Sale Shares, being the entire equity interests in the Target Company, for a total cash Consideration of VND561,400,000,000 (equivalent to approximately HK\$190,876,000) (subject to adjustment).

## **MASTER ST AGREEMENT**

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

### **Date**

9 January 2019 (after trading hours)

### **Parties**

- (1) Transferee

Keyhinge Toys Vietnam Joint Stock Company

- (2) Transferors:

Nguyễn Chí Dũng and four other Vietnamese individuals

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

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiry, the Transferors are Independent Third Parties.

## **Interests to be acquired**

Pursuant to the Master ST Agreement, the Transferee has agreed to acquire the Sale Shares from the Transferors, representing the entire equity interests in the Target Company, free from all encumbrances and together with all rights attaching and accruing thereto from the date of the Master ST Agreement.

Under the terms of the Master ST Agreement, the Transferors guarantee that there will be sufficient legal rights of land use by the Target Company over the Lands.

## **Consideration**

The Consideration for the Sale Shares shall be VND561,400,000,000 (equivalent to approximately HK\$190,876,000) (subject to adjustment) as stipulated under the Master ST Agreement. In any event, if the actual site area of the Lands as measured and confirmed by the Transferee is different from the figures shown on the land use right certificates of the Lands, the Parties agreed to adjust the Consideration proportionately based on the actual site area of the Lands. 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 Lands, the valuation of the Lands as at December 2018 of approximately VND723,240,000,000 (equivalent to approximately HK\$245,901,600) performed by an independent qualified professional valuer based on market approach. The Directors intend to finance the Acquisition by internal resources and/or bank loans.

The Consideration shall be satisfied in the following manner:

- a) a deposit of VND112,280,000,000 (equivalent to approximately HK\$38,175,200) (the "**Deposit**") (representing 20% of the Consideration) will be paid in cash by the Transferee to the Transferors upon the completion of the following events:
  - (i) the Transferors having provided the original land use right certificate under the name of the Target Company with a land area of 2.1549 ha to the Transferee as a security for payment, after a memorandum of understanding in relation to the Acquisition having been entered into amongst the Transferors and the Transferee on 12 December 2018;

- (ii) a deposit contract having been entered into amongst the Transferors and the Transferee on 12 December 2018; and
  - (iii) the Transferors are the owner of the entire charter capital of the Target Company, which has the legal right of land use over the Lands.
- b) an advance of VND46,600,000,000 (equivalent to approximately HK\$15,844,000) (the “**Advance**”) (representing approximately 8.3% of the Consideration) will be paid in cash by the Transferee to the Transferors upon the completion of the events stated in a) above as well as the following events:
  - (i) that the Transferors having provided the original land use right certificate under the name of the Target Company with a land area of 5.0394 ha to the Transferee as a security for payment; and
  - (ii) the Transferors having provided a signed advance request letter.

As at the date of the announcement, the Deposit and the Advance have been paid by the Transferee to the Transferors. 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, the Deposit and the Advance shall be fully refunded to the Transferee, upon the Transferee returning to the Transferors the two original land use right certificates under the name of the Target Company with a total land area of 7.1943 ha. 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 Transferors do not continue to implement the Master ST Agreement, the Deposit and the Advance shall be fully refunded to the Transferee, plus an additional penalty amount equal to the Deposit, upon the Transferee returning to the Transferors the two abovementioned original land use right certificates.

The Deposit and the Advance will be used to partially set off the payment specified in c) below.

- c) an amount of VND224,560,000,000 (equivalent to approximately HK\$76,350,400) (representing 40% of the Consideration), after the set off by the Deposit and the Advance, netting VND65,680,000,000 (equivalent to approximately HK\$22,331,200) (representing approximately 11.7% of the Consideration), will be paid in cash by the Transferee to the Transferors upon the completion of the following events:
- (i) upon the receipt of the notice of the Department of Planning and Investment of Da Nang City that the Transferee is eligible to purchase shares of the Target Company;
  - (ii) the Transferors having provided the original land use right certificate under the name of the Target Company with a land area of 2.6392 ha to the Transferee as a security of payment; and
  - (iii) the Transferors and the Transferee having entered into a share transfer contract for 40% of the Sale Shares and the Target Company having issued the share certificate(s) for 6,400,000 shares in the Target Company (equivalent to 40% of the Sale Shares) to the Transferee.
- d) an amount of VND280,700,000,000 (equivalent to approximately HK\$95,438,000) (representing 50% of the Consideration), of which as to VND224,560,000,000 (equivalent to approximately HK\$76,350,000) (representing 40% of the Consideration) will be paid in cash while as to VND56,140,000,000 (equivalent to approximately HK\$19,087,600) (representing 10% of the Consideration) will be issued a debit certificate (the “**Debit Certificate**”) and the balance of which to be settled on a deferred basis when the completion of the events stated in e) below takes place, all of which upon the completion of the following events:
- (i) the Transferors having provided two original land use right certificates under the name of the Target Company with a total land area of 16.9381 ha to the Transferee as a security of payment; and

- (ii) the Transferors and the Transferee having entered into a share transfer contract for 50% of the Sale Shares and the Target Company having issued the share certificate(s) for 8,000,000 shares in the Target Company (equivalent to 50% of the Sale Shares) to the Transferee.
- e) an amount of VND56,140,000,000 (equivalent to approximately HK\$19,087,600) (the “**Final Payment**”) (representing 10% of the Consideration) will be paid by the Transferee to the Transferors upon the completion of the following events:
  - (i) with the assistance of the Transferors, the Target Company having successfully secured the land use rights of certain other lands (the “**Other Lands**”) adjacent to the Lands (the “**Potential Land Acquisition(s)**”); and
  - (ii) the Transferors and the Transferee having entered into a share transfer contract for 10% of the Sale Shares and the Target Company having issued the share certificate(s) for 1,600,000 shares in the Target Company (equivalent to 10% of the Sale Shares) to the Transferee.

The Transferors will be allowed to encash the Debit Certificate by surrendering it to the Transferee.

In the event the Target Company fails to secure the Other Lands, the abovementioned share transfer contract will not be executed by the Parties and the Transferee shall not be obliged to effect the Final Payment. However, in such case, the Transferee will only hold 90% of the Sales Shares and the remaining 10% Sales Shares will remain to be held by the Transferors.

The Company will comply with the relevant Listing Rules requirements as and when the Potential Land Acquisition(s) is entered into by the Group.

## **Conditions Precedent**

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

- (1) the Transferors shall ensure that the Target Company has the absolute right to use the Lands;
- (2) the Transferors are the legal owners of the Sale Shares and that the Target Company had been set up in accordance with Vietnam laws;
- (3) ensure that the Target Company has a written approval or license and/or certificate for using the Lands which are used for carrying on the businesses or developments in the manner set out in the said licenses or certificates;
- (4) ensure that the Target Company does not have any outstanding debts, taxes of the Government of Vietnam and other financial obligations related to the Lands;
- (5) the Transferors assure the Transferee that they have the absolute power to convey the Lands and there are no encumbrances, liens, charges, government dues, attachment, acquisition, requisition, processing on the Lands;
- (6) the Transferors covenant with the Transferee that the Transferors 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 Lands during the subsistence of the Master ST Agreement; and
- (7) the Transferors will bear all the taxes and other financial obligations related to the Acquisition. The Transferors are responsible for declaring and paying the taxes and financial obligations.

## **Termination**

Pursuant to the terms of the Master ST Agreement, the Transferors shall procure the fulfillment of the Conditions Precedent prior to Completion. The Master ST Agreement can be terminated by mutual agreement of the Parties. If the termination is caused by the Transferors breaching certain provisions of the Master ST Agreement, the deposit amount collected by the Transferors shall be refunded to the Transferee together with the penalty in the same amount of the deposit amount to be paid by the Transferors to the Transferee; and if the termination is caused by the Transferee breaching certain provisions of the Master ST Agreement, the Transferee will not be entitled to the refund of the deposit amount in accordance with the terms of the Master ST Agreement.

## **Completion**

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

## **INFORMATION OF THE TRANSFERORS AND THE TRANSFEE**

The Transferors, being Independent Third Parties, are Vietnamese property investors. Pursuant to the terms of the Master ST Agreement, the Transferors are the beneficial shareholders of the Target Company which will have the land use rights of the Lands 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 owned as to 86.25% by Nguyễn Chí Dũng and as to 13.75% by four other Vietnamese individuals as at the date of this announcement. Pursuant to the terms of the Master ST Agreement, the Target Company has or will have the land use rights of the Lands. The Lands have a total site area of approximately 26.7716 ha and are located at Lien Chieu District, Danang City, Vietnam.

As the Target Company was incorporated on 8 June 2017, there were no business activities during the period between 8 June 2017 and 31 December 2017. Set out below is the financial information of the Target Company as extracted from its unaudited management accounts for the period from 1 January 2018 to 17 December 2018:

	<b>For the period from 1 January 2018 to 17 December 2018</b> <i>VND</i> <i>(HK\$ equivalent)</i>
Loss before taxation	VND2,217,091,484 (HK\$753,811 equivalent)
Loss after taxation	VND2,217,091,484 (HK\$753,811 equivalent)
	<b>As at 17 December 2018</b> <i>VND</i> <i>(HK\$ equivalent)</i>
Net assets	VND177,860,275,581 (HK\$60,472,493 equivalent)

## **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 Da Nang, Vietnam and is familiar with the business environment of Da Nang. 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 asset 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 Lands located at Lien Chieu District of Da Nang City. The Group intends to develop the Lands for property investment purpose.

The Directors consider that the terms of the Master ST 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 Sale Shares as contemplated under the Master ST Agreement
“Business Day(s)”	a day (excluding Saturdays, Sundays or any gazette public holidays) on which banks in Da Nang City, Vietnam are open for business
“Board”	the board of Directors
“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 ST 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 VND561,400,000,000 (equivalent to approximately HK\$190,876,000) (subject to adjustment) payable by the Transferee to the Transferors under the Master ST Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“ha”	hectare
“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
“Lands”	<p>the land use right certificates including:–</p> <ul style="list-style-type: none"> <li>i) map numbered A4, with land area of 2.1549 ha;</li> <li>ii) map numbered C2, with land area of 2.6392 ha;</li> <li>iii) map numbered A3, with land area of 5.0394 ha;</li> <li>iv) map numbered C6, with land area of 3.1276 ha;</li> <li>v) map numbered KT03/03, with land area of 13.8105 ha,</li> </ul> <p>all of which are located at Lien Chieu District of Danang City, Vietnam with a total land area of approximately 26.7716 ha</p>
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master ST Agreement”	the master share transfer agreement dated 9 January 2019 entered into amongst the Transferors and the Transferee in connection with the Acquisition
“Sale Shares”	the entire equity interests in the Target Company
“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”	Javi Investment Joint Stock Company, a company established under the laws of Vietnam with limited liability, which is owned as to 86.25% by Nguyễn Chí Dũng and as to 13.75% by four other Vietnamese individuals 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
“Transferors”	collectively Nguyễn Chí Dũng and four other Vietnamese individuals, all of which are Independent Third Parties
“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 VND1 = HK\$0.00034. 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, 9 January 2019

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

\* *For identification purpose only*