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# MATRIX

## **MATRIX HOLDINGS LIMITED**

美力時集團有限公司\*

(the “Company”)

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1005)

## **CONNECTED TRANSACTION DISPOSAL OF ASSETS**

### **THE DISPOSAL**

The Board is pleased to announce that on 25 September 2024 (after trading hours), the Vendor (an indirect wholly owned subsidiary of the Company) entered into the Agreement for Sale and Purchase with the Purchaser, pursuant to which, amongst others, the Purchaser agreed to acquire and the Vendor agreed to sell the Target Assets at a total consideration of AUD2,236,000 (equivalent to HK\$11,784,000) in cash.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Purchaser is regarded as an Associate of the executive director and/or the controlling Shareholder of the Company, the Purchaser is regarded as a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the disposal of the Target Assets contemplated under the Agreement are higher than 0.1% but below 5%, the entering into of the Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 25 September 2024 (after trading hours), the Vendor (an indirect-wholly owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which, amongst others, the Purchaser agreed to acquire and the Vendor agreed to sell the Target Assets for a total consideration of AUD2,236,000 (equivalent to HK\$11,784,000) in cash.

## **AGREEMENT FOR SALE AND PURCHASE**

The principal terms of the Agreement are set out as below:-

### **Date**

25 September 2024

### **Parties**

- (i) The Purchaser, regarded as an Associate of Mr. Cheng Yung Pun, chairman, executive director of the Company and a controlling shareholder of the Company and hence a connected person of the Company within the meaning of the Listing Rules; and
- (ii) The Vendor (an indirect-wholly owned subsidiary of the Company)

### **Target Assets**

The Target Assets are 34 horses which are owned by the Vendor as at the date of this announcement.

The original acquisition cost of the Target Assets was approximately AUD5,430,000 (equivalent to HK\$28,616,000).

### **Consideration and Terms of Payment**

The total consideration for the Target Assets is AUD2,236,000 (equivalent to HK\$11,784,000), which shall be paid by the Purchaser in cash upon tender of delivery of the Target Assets to the Purchaser.

### **Basis of the Consideration**

The independent valuer used the fair market value approach to estimate the values of the Target Assets, taking into account various key factors, including age, fertility, race performance, pedigree, and market trends for stallions, broodmares, weanlings, yearlings, and racehorses when performing the valuation. The Directors (including the independent non-executive Directors, but excluding Mr. Cheng Yung Pun and Mr. Cheng King Cheung, being an Associate of Mr. Cheng Yung Pun, who are required to abstain from voting) confirm that the Consideration was arrived by the parties after arm's length negotiations on normal commercial terms with reference to the appraised market value of the Target Assets as at 31 August 2024 in approximately AUD2,033,000 (equivalent to HK\$10,714,000) pursuant to the valuation conducted by the independent valuer.

## **Conditions Precedent**

The Purchaser's obligation to pay the Consideration and the Vendor's obligation to deliver the Target Assets are subject to certain customary conditions precedent, including:

- (i) the execution of the Agreement and other related transaction documents;
- (ii) the announcement, circular and/or independent shareholders' approval requirements under the Listing Rules having been complied with by the Company (unless such transaction is exempt from the relevant disclosure and/or independent shareholders' approval requirements); and
- (iii) the approval by the board of directors of both parties in respect of the Agreement for Sale and Purchase and the transactions contemplated thereunder in accordance with the articles of association.

## **Completion**

Completion for the disposal of the Target Assets will take place upon the payment of the Consideration from the Purchaser to the Vendor and the delivery of the Target Assets from the Vendor to the Purchaser and shall take place on or around 30 September 2024 or such other time to be mutually agreed.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS**

The net book value of the Target Assets as at 25 September 2024 amounted to approximately AUD2,093,000 (equal to HK\$11,030,000. Based on the consideration of AUD2,236,000 (equivalent to HK\$11,784,000) and the taxes of the Disposal of approximately AUD203,000 (equivalent to HK\$1,070,000), the Company is expected to record a loss on the Disposal of approximately AUD60,000 (equivalent to HK\$316,000). The net proceeds of approximately AUD2,033,000 (equivalent to HK\$10,714,000 are intended to be used as the general working capital of the Company.

The exact amount of the loss on the Disposal to be recorded in the financial statements of the Company for the year ending 31 December 2024 is subject to audit. It will be calculated based on the net book value of the Target Assets as at the date of the completion of the Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of the loss set out above.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Since 2019, the Group has planned to develop a property development project in Danang City, Vietnam. However, in light of the Group's delay in land acquisition as well as the downturn in the Company's core manufacturing business, the Company would scale down the capital investment in the relevant development project. As a result, the Company intends to sell the Target Assets and suspend horse racing operations, which was originally intended to be part of the relevant development project.

The Directors (including the independent non-executive Directors but excluding the interest Directors who did not vote on the Board resolutions approving the Agreement and the transaction thereunder) are of the view that the terms of the Agreement have been arrived at after arm's length negotiations between the parties and that such terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Purchaser is regarded as an Associate of Mr. Cheng Yung Pun under Chapter 14A of the Listing Rules, and he is a director of the Purchaser, executive director of the Company and who is also the controlling Shareholder of the Company, the Purchaser is regarded as a connected person of the Company within the meaning of the Listing Rules. Accordingly, the disposal of the Target Assets contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the disposal of the Target Assets contemplated under the Agreement are higher than 0.1% but below 5%, the entering into of the Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

As Mr. Cheng Yung Pun has material interests in the Disposal, he and his associate(s) have abstained from voting on the relevant Board resolution approving the Transaction. Save for Mr. Cheng Yung Pun, no other Director has a material interest in the transaction contemplated under the Agreement.

### **INFORMATION ON THE GROUP**

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.

### **INFORMATION ON THE VENDOR**

The Vendor is a company established under the laws of New South Wales, Australia with limited liability and an indirect wholly-owned subsidiary of the Company. The Vendor's principal business activities include horse training.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated under the laws of New South Wales, Australia with limited liability which is principally engaged in horses breeding and trading.

## DEFINITIONS

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

“Agreement”	the Agreement for Sale and Purchase dated 25 September 2024 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Target Assets.
“associate(s)”	have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Matrix Holdings Limited, a company incorporated in the Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1005)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Consideration”	the consideration for the Disposal
“connected persons”	having the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of a total number of 34 horses by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage Ratio(s)”	having the meaning ascribed to such term in the Listing Rules

“Purchaser”	Domeland Pty. Limited, is regarded as an Associate of Mr. Cheng Yung Pun under Chapter 14A of the Listing Rules, and he is a director of Domeland Pty. Limited, the Chairman and an executive Director of the Board and the controlling Shareholder of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	having the meaning ascribed to such term in the Listing Rules
“AUD”	Australian Dollars, the lawful currency of Australia
“Vendor”	Viribright Racing Pty. Limited, a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

Exchange rate: AUD1 = HK\$5.27

By order of the Board  
**Cheng Yung Pun**  
*Chairman*

Hong Kong, 25 September 2024

*\* For identification purpose only*

*As at the date of hereof, the Board consists of Mr. Cheng Yung Pun, Mr. Cheng King Cheung, Ms. Yip Hiu Har and Ms. Shirley Marie Price as executive directors and Dr. Loke Yu alias Lok Hoi Lam, Mr. Mak Shiu Chung, Godfrey, Mr. Heng Victor Ja Wei and Mr. Chui Ka Hing as independent non-executive directors.*