MATRIX HOLDINGS LIMITED
美力時集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 1005)

FURTHER INFORMATION IN RELATION TO THE COMPANY'S 2008 FINAL RESULTS

The Board wishes to provide further information on the circumstances leading up to, and the factors behind, the following items appeared in the consolidated audited accounts of the Company for the financial year ended 31 December 2008:

(i) the impairment of approximately HK$36,890,000 in relation to certain amounts which are due from certain former subsidiaries of the Company which were disposed by the Company on 1 July 2008; and

(ii) the impairment loss of approximately HK$62,946,000 in relation to prepayments of royalty to Global Brands pursuant to the Supply Appointment Agreement.

Reference is made to the 2008 Annual Report of the Company ("**Annual Report**") released on 3 April 2009.

IMPAIRMENT ON AMOUNTS DUE FROM THE DISPOSED SUBSIDIARIES

It was disclosed under note 35 to the consolidated audited accounts of the Company for the financial year ended 31 December 2008 in the Annual Report that an impairment ("**Impairment**") of approximately HK$36,890,000 has been made on certain amounts due from Max Smart Investment Limited, Keyhinge Holdings Limited and Keyhinge Toys Vietnam Joint Stock Company (together, the "**Disposed Subsidiaries**").

* *For identification purpose only*

The Disposed Subsidiaries were subsidiaries of the Company prior to their disposal ("**Disposal**") by the Company of the Disposed Subsidiaries to Waterfront Investments Management Limited (the "**Purchaser**") pursuant to an agreement entered into by the Company on 26 June 2008. Under the terms of the said agreement, certain amounts (the "**Payables of the Disposed Subsidiaries**") were due from the Disposed Subsidiaries to the Company and its subsidiaries ("**Group**") on or before 31 December 2009. As at the completion of the Disposal on 1 July 2008, the amounts due from the Disposed Subsidiaries was HK$59,033,000.

As mentioned in the circular of the Company dated 31 July 2008, the board (the "**Board**") of directors of the Company had assessed the recoverability of the Payables of the Disposed Subsidiaries based on the Purchaser's extensive experiences and connection in the finance and business sectors which the Board believes would be favourable to the future business development of the Disposed Subsidiaries. The Board also believed that the Payables of the Disposed Subsidiaries would be repaid by the Disposed Subsidiaries from the future cashflow to be generated from its business operation. However, since the completion of the Disposal, global economic conditions have deteriorated significantly. The ongoing credit crisis and unfavourable business conditions prevailing worldwide have had a negative impact on the Company and other operators in the toy industry, including the Disposed Subsidiaries.

After much due and careful consideration of the factors outlined above, and taking into account the economic and financial circumstances and conditions which continue to affect the general business environment, the Board determined that it would be prudent to adopt a more conservative approach in relation to the amounts which are due from the Disposed Subsidiaries and as such the Board has decided to treat such sum as an impairment in the audited accounts of the Company for the financial year ended 31 December 2008 .

IMPAIRMENT LOSS ON PREPAYMENTS OF ROYALTY

As disclosed under note 11 to the consolidated audited accounts of the Company for the financial year ended 31 December 2008 in the Annual Report, an impairment loss ("**Impairment Loss**") of approximately HK$62,946,000 in relation to prepayments of royalty to Global Brands (Football) Pte. Ltd. ("**Global Brands**") pursuant to the Supply Appointment Agreement (as defined below) was incurred.

As mentioned in the announcement of the Company dated 5 October 2007, Matrix Distribution Limited (“**Matrix Distribution**”), an indirect wholly owned subsidiary of the Company, entered into a Supply Appointment Agreement (the “**Supply Appointment Agreement**”) with Global Brands, a wholly owned subsidiary of Global Brands Group Pte. Ltd., the worldwide exclusive licensee for Federation Internationale de Football Association (“FIFA”) properties and marks. Pursuant to the Supply Appointment Agreement, Global Brands has appointed Matrix Distribution as the worldwide exclusive developer, manufacturer, supplier and distributor of FIFA official licensed products (the “**Products**”) ordered by certain third parties approved by Global Brands. The appointment is in place for an initial term from the date of the Supply Appointment Agreement to 31 August 2010.

Pursuant to the Supply Appointment Agreement, Matrix Distribution has up to the date of this announcement, paid a total of US$8,070,000 (equivalent to approximately HK$62,946,000) to Global Brands as royalty prepayment. However, the parties were unable to agree on the specifications of the Products and other terms of sale so far under the Supply Appointment Agreement. Given (i) Matrix Distribution has only generated limited sales under the Supply Appointment Agreement; (ii) the Supply Appointment Agreement will only have another 16 months to run before the initial term expires and (iii) the general retail business has been adversely affected by the onset of the global financial crisis, the Board considers that Matrix Distribution may not be able to recover the royalty prepayment under the Supply Appointment Agreement and therefore determines that it would be prudent to adopt a more conservative approach in relation to such sum and treat it as an impairment loss in the audited accounts of the Company for the financial year ended 31 December 2008. Matrix Distribution is continuing to use its best endeavour to generate sales under the Supply Appointment Agreement. The Company will keep its shareholders and potential investors informed of the progress of this matter when there is any material development.

The auditors of the Company, after discussions with the Board, agreed with the conservative approach, and accordingly, the Impairment and the Impairment Loss were made in the audited consolidated results of the Company for the financial year ended 31 December 2008.

By Order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 17 April 2009

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