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## **MAINLAND HEADWEAR HOLDINGS LIMITED**

**飛達帽業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1100)**

### **PROPOSED ACQUISITION OF PROPERTY**

The Board is pleased to announce that on 30 September 2015 (after trading hours), the Company has completed, to its satisfaction, the due diligence on the Property (as defined with) and shall proceed with the acquisition of the Property at the consideration of USD6,686,680 (equivalent to approximately HK\$52,022,370).

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **THE PROPOSED ACQUISITION**

The Board wishes to announce that on 30 September 2015 (after trading hours), the Company has completed, to its satisfaction, due diligence on the Property (as defined with) and shall proceed with the acquisition of the Property pursuant to the Agreement signed between the Vendor and the Purchaser, a wholly-owned subsidiary of the Company, on 18 August 2015.

\* For identification purpose only

Pursuant to the Agreement, the Purchaser has 45 days due diligence period to carry out an investigation over the property upon the signing of it, and if the Purchaser is not satisfied with the result of the due diligence on the Property and does not proceed to close on the Proposed Acquisition, the initial deposit will be refunded to the Purchaser in full. As the date of this Announcement, the due diligence on the Property has been completed to the satisfaction of the Purchaser, and the Purchaser prepares to pay the second deposit on 30 September 2015 and to proceed with the Proposed Acquisition at the consideration of USD6,686,680 (equivalent to approximately HK\$52,022,370).

Principal terms of the Agreement are summarised as follows:

Date: 18 August 2015

Purchaser: San Diego Hat Company or its assignee, a company incorporated with limited liability in the USA, being a wholly-owned subsidiary of the Company

Vendor: Heitman Holdings, Inc.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent from the Company and to connected parties.

Property: The property is an approximate 47,762 square foot freestanding industrial building located in the City of Carlsbad, County of San Diego, State of California, the USA.

Consideration USD6,686,680 (equivalent to approximately HK\$52,022,370)

The above consideration, was arrived at after arm's length negotiation between the Purchaser and the Vendor and was determined by reference to the prevailing market value of local office building with warehouse in the same district. The Proposed Acquisition is priced in accordance with the location, physical condition and adequacy of access and parking of the Property

Payment: Initial deposit of US\$100,000 (equivalent to approximately HK\$778,000) has been paid to the Vendor upon signing of the Agreement.

Second deposit of US\$150,000 (equivalent to approximately HK\$1,167,000) has been paid to the Vendor on 30 September 2015.

The remaining balance of US\$6,436,680 (equivalent to approximately HK\$50,077,370) will be paid to the Vendor on or before 5 November 2015.

Completion: The Developer shall deliver the Property to the Purchaser on or before 5 November 2015

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

The Group specializes in the design, manufacture and retail of quality casual headwear worldwide. The Group is headquartered in Hong Kong, with factories in Shenzhen, PRC and Bangladesh, the Group manufactures a wide range of licensed casual headwear products, which are principally sold in overseas countries with the US as the main market, followed by European market.

The Company intends to use the Property as its office and warehouse in the US for several business units within the Group for its business expansion in the US, in particular, to increase the space the warehouse and to increase the cohesiveness among different business units. The Directors consider that the Proposed Acquisition represents a good investment opportunity and at the same time saving the cost for renting offices. The Directors believe that the terms of the Agreement are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the shareholders of the Company as a whole.

## LISTING RULES REQUIREMENTS

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

|                       |  |
|-----------------------|--|
| “Agreement”           | Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate dated 18 August 2015 entered into between the Vendor and the Purchaser for the sale and purchase of the Property |
| “Board”               | the board of Directors   |
| “Company”             | Mainland Headwear Holdings Limited (飛達帽業控股有限公司), a company incorporated under the laws of Bermuda, the shares of which are listed on the main board of the Stock Exchange                      |
| “Connected Person(s)” | has the meaning ascribed to it under the Listing Rules   |
| “Director(s)”         | the director(s) of the Company   |
| “Group”               | the Company and its subsidiaries   |
| “Hong Kong”           | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “HK\$”                | Hong Kong dollars, the lawful currency of Hong Kong  |
| “Listing Rules”       | Rules Governing the Listing of Securities on the Stock Exchange  |

|                        |  |
|------------------------|--|
| “Proposed Acquisition” | the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited  |
| “USA”                  | The United States of America   |
| “US\$”                 | The United States dollar, the lawful currency of The United States of America  |
| “Vendor”               | Heitman Holdings, Inc.   |

*Note:* For illustrative purpose of this announcement, save as otherwise stated herein, exchange rate of HK\$7.78 = US\$1 has been used for conversion.

By Order of the Board  
**Ngan Hei Keung**  
*Chairman*

Hong Kong, 30 September 2015

*As at the date of this announcement, the Board comprises eight directors, of which four are Executive Directors, namely Mr. Ngan Hei Keung, Madam Ngan Po Ling, Pauline, Mr. James S. Patterson and Ms. Maggie Gu; one Non-executive Director, Mr. Andrew Ngan; and three are Independent Non-executive Directors, namely Mr. Leung Shu Yin, William, Mr. Liu Tieh Ching, Brandon, JP and Mr. Gordon Ng.*