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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)

COMPLETION OF ACQUISITION OF H3 SPORTGEAR

The Board is pleased to announcement that on 19 August 2011, the Purchaser (a wholly owned subsidiary of the Company) has completed the Acquisition.

Reference is made to the announcement of the Company dated 3 August 2011 (the “Announcement”) in respect of, among other things, the acquisition of the entire issued share capital of a company holding equity interest in H3 Sportgear. Terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise herein.

COMPLETION OF ACQUISITION

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FURTHER INFORMATION ABOUT THE ANNOUNCEMENT

The Company takes this opportunity to provide further information about the Announcement :

- (1) Although the recent financial position of the H3 Sportgear is not strong, the Company is of the view that the consideration payable under the Acquisition Agreement is determined based on the following factors which are disclosed in the Announcement : (i) the business operations and prospects of H3 Sportgear, in particular the established client base, distribution channels and industry trends of the distribution and marketing operations of H3 Sportgear; and (ii) H3 Sportgear will serve as the distribution and trading arm of the Group in the USA.

- (2) Save as disclosed in the Announcement, the intermediate holding companies through which the Target Company holds H3 Sportgear do not have any significant assets and business activities. As such, both the financial position and operation results of the Target Group have been substantially reflected in the results and net liabilities of H3 Sportgear which have been disclosed in the paragraphs headed “Information on the Target Group – Financial Information” in the Announcement.
- (3) The Vendor is responsible for payment of the consideration for the Subscription.
- (4) The expression “MSHL” used in the Announcement means Mainland Sewing Manufacturing Limited which is a company incorporated in Hong Kong and a wholly owned subsidiary of the Company.

By Order of the Board
Ngan Hei Keung
Chairman

Hong Kong, 22 August 2011

As at the date of this announcement, the Board comprises eight directors, of which three are Executive Directors, namely Mr. Ngan Hei Keung, Madam Ngan Po Ling, Pauline and Mr. James S. Patterson; two Non-executive Directors, Mr. Tse Kam Fow and Mr. Andrew Ngan; and three are Independent Non-executive Directors, namely Mr. Leung Shu Yin, William, Mr. Lo Hang Fong and Mr. Liu Tieh Ching, Brandon, JP.

* *For identification purpose only*