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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW TENANCY AGREEMENTS

On 20 March 2014, MSHML and Mr. Ngan entered into the Tenancy Agreement A in respect of the renewal of the Existing Tenancy Agreement for Premises A for a term of 2 years commencing from 1 April 2014 to 31 March 2016.

On 20 March 2014, MSHML and Mr. Ngan and Madam Ngan entered into the Tenancy Agreement B in respect of the lease of Premises B for a term of 2 years commencing from 1 April 2014 to 31 March 2016.

As Mr. Ngan and Madam Ngan are connected persons of the Company, the New Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the aggregate annual rental payable under the New Tenancy Agreements exceeds HK\$1,000,000 and represents more than 0.1% of certain applicable percentage ratios but less than 5% of all the applicable percentage ratios of the Company, the New Tenancy Agreements are only subject to reporting, annual review and announcement requirements and are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* *For identification purpose only*

DETAILS OF THE NEW TENANCY AGREEMENTS

The Tenancy Agreement A

Date	:	20 March 2014
Landlord	:	Mainland Sewing Mills Co. Ltd, wholly owned by Mr. Ngan
Tenant	:	MSHML
Premises	:	Room 1001-1005, 10/F, Tower 2, Enterprise Square 1, Kowloon Bay, Hong Kong
Term	:	2 years commencing from 1 April 2014 to 31 March 2016
Total gross floor area	:	5,849 square feet
Rental	:	HK\$120,000 per month

The Tenancy Agreement B

Date	:	20 March 2014
Landlords	:	Mr. Ngan and Madam Ngan
Tenant	:	MSHML
Premises	:	Unit 813, 8/F, Wing Fat Industrial Building, 12 Wang Tai Road, Kowloon Bay, Hong Kong
Term	:	2 years commencing from 1 April 2014 to 31 March 2016
Total gross floor area	:	1,051 square feet
Rental	:	HK\$12,000 per month

ANNUAL CAPS

Based on the monthly rental of HK\$120,000 under the Tenancy Agreement A, the annual rental payable by MSHML under the Tenancy Agreement A will not exceed HK\$1,440,000.

Based on the monthly rental of HK\$12,000 under the Tenancy Agreement B, the annual rental payable by MSHML under the Tenancy Agreement B will not exceed HK\$144,000.

The aggregate annual rental payable under the New Tenancy Agreements will not exceed HK\$1,584,000.

REASONS FOR THE TRANSACTIONS

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in manufacture and sales of headwear products, and sales of licensed products.

The Group has occupied Premises A since 2000 for use as its head office and principal place of business in Hong Kong, and it has practical needs to continue the occupancy of Premises A as its office for, inter alia, continuity of business. Since the Group has operated for over 13 years in Premises A, Premises A can no longer provide adequate space for storage of historical documents and other materials, and for housing more employees when necessary. Accordingly, the Group intends to utilize Premises B, which is within close proximity of Premises A, as storage room of the Group.

GENERAL

The negotiation of the terms (including rental) of the New Tenancy Agreements were conducted by the parties on an arm's length basis and the rentals were determined with reference to the prevailing market rent of properties of comparable size, location and office grade. The Board (including the independent non-executive Directors) considers that the New Tenancy Agreements are entered into in the ordinary and usual course of business of the Group, and the terms contained therein are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Mr. Ngan and Madam Ngan, being executive Directors, have material interest in the New Tenancy Agreements and have abstained from voting on the relevant resolutions in respect of the New Tenancy Agreements at the relevant Board meeting.

IMPLICATIONS UNDER LISTING RULES

Since both Mr. Ngan and Madam Ngan are executive Directors and controlling shareholders of the Company, they are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the New Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the aggregate annual rental payable under the New Tenancy Agreements exceeds HK\$1,000,000 and represents more than 0.1% of certain applicable percentage ratios but less than 5% of all the applicable percentage ratios of the Company, the New Tenancy Agreements are only subject to reporting, annual review and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Company”	Mainland Headwear Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company (including independent non-executive director(s))
“Existing Tenancy Agreement”	existing tenancy agreement entered into between MSHML and a company which is wholly owned by Mr. Ngan in respect of the lease of Premises A

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Ngan”	Madam Ngan Po Ling, Pauline, an executive Director and the spouse of Mr. Ngan
“Mr. Ngan”	Mr. Ngan Hei Keung, an executive Director and the spouse of Madam Ngan
“MSHML”	Mainland Sewing Headwear Manufacturing Limited, a wholly owned subsidiary of the Company
“New Tenancy Agreements”	Tenancy Agreement A and Tenancy Agreement B
“Premises A”	Room 1001-1005, 10/F, Tower 2, Enterprise Square 1, Kowloon Bay, Hong Kong
“Premises B”	Unit 813, 8/F, Wing Fat Industrial Building, 12 Wang Tai Road, Kowloon Bay, Hong Kong
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement A”	tenancy agreement dated 20 March 2014 entered into between MSHML and a company which is wholly owned by Mr. Ngan in respect of the renewal of the Existing Tenancy Agreement

“Tenancy Agreement B” tenancy agreement dated 20 March 2014 entered into between MSHML and Mr. Ngan and Madam Ngan in respect of the lease of Premises B

“%” per cent.

By Order of the Board
Ngan Hei Keung
Chairman

Hong Kong, 20 March 2014

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 is a non-executive Director, 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.