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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)

CLARIFICATION ANNOUNCEMENT AND RESUMPTION OF TRADING

This announcement is made by Mainland Headwear Holdings Limited (the “**Company**”) pursuant to the Inside Information Provisions (as defined in the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors (the “**Board**”) of the Company makes this announcement in response to certain articles (the “**Articles**”) published in certain Hong Kong newspapers on 3 November 2014 which contained, among other things, the proposed expansion of the production capacity of the Bangladesh factory.

It is stated the Articles that:

1. the Company has acquired one headwear factory and one knitwear mill in Bangladesh;
2. it is expected that the production capacity of the Bangladesh factory will increase to 1.5 million pieces of headwear each month by the end of 2014, and to 1.8 million pieces of headwear each month by the end of the first quarter of 2015; and

* *For identification purpose only*

3. the budget for acquisition of production facility in 2015 is approximately HK\$25 million.

The Company wishes to clarify its position with regard to the Articles as follows:

Save for the existing Bangladesh factory, the Company has not acquired any other headwear factory or knitwear mill in Bangladesh.

As disclosed in the 2014 interim report of the Company (the “**Interim Report**”), as the labour costs in the PRC continued to rise and the added production capacity of the Bangladesh factory could not fully address the production needs of the Group, the Group’s manufacturing business has been constrained during the six months ended 30 June 2014. In light of the rising labour costs in the PRC and its insufficient overall capacity, the Group has actively expanded the scale of its factory in Bangladesh during the same period. The Group intends to allocate more orders to the Bangladesh factory for production, according to the Interim Report.

To cope with the rising labour costs in the PRC and avoid the risk of lost orders from customers due to insufficient capacity, the Company is identifying suitable acquisition targets in Bangladesh (the “**Potential Acquisitions**”) with the view of expanding the production capacity of the Group. As at the date of this announcement, no formal or legally binding agreement has been entered into by the Company regarding the Potential Acquisitions.

With the increasing number of staff, it is expected that the production capacity of the existing Bangladesh factory will increase to 1.5 million pieces of headwear each month by the end of 2014, and to 1.8 million pieces of headwear each month by the end of the first quarter of 2015. The Company’s management estimated that the budget for the capital expenditure in 2015 would be approximately HK\$25 million.

Save as stated in this announcement, the Board confirms that there is no information which must be announced to avoid a false market in the Company’s securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange had been halted with effect from 1:00 p.m. on Monday, 3 November 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company from 9:00 a.m. on Tuesday, 4 November 2014.

By order of the Board
Mainland Headwear Holdings Limited
Ngan Hei Keung
Chairman

Hong Kong, 3 November 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 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.