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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)**

### **INSIDE INFORMATION LETTER OF INTENT IN RESPECT OF PROPOSED ACQUISITION**

This announcement is made by Mainland Headwear Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) and Part XIVA of the SFO.

The Company is pleased to announce that on 10 December 2018 (after trading hours) (Hong Kong time), the Company, as a potential purchaser, entered into a non-legally binding Letter of Intent with the Potential Vendor and the Target Company, Independent Third Parties, in relation to the Proposed Acquisition by the Company of the Target Company, a company incorporated in the USA, subject to the negotiation and execution of a formal sale and purchase agreement which will set out the terms and conditions of the Proposed Acquisition.

**The Letter of Intent does not constitute a legally binding agreement. The Proposed Acquisition is subject to the negotiation and execution of the definitive Formal Agreement. Therefore, the Proposed Acquisition may or may not be consummated. Shareholders and potential investors of the Company shall exercise caution when dealing with the shares of the Company.**

\* *For identification purpose only*

This announcement is made by the Company pursuant to Rules 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

## **MAJOR TERMS**

Date: 10 December 2018

Parties: the Company, the Potential Vendor and the Target Company

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Potential Vendor and the Target Company (including its ultimate beneficial owner) is an Independent Third Party of the Company.

### **Proposed Acquisition**

The Letter of Intent contemplates the prospective purchase by the Company and prospective sale by the Potential Vendor of the entire issued share capital of the Target Company.

### **Terms and conditions**

The Company and the Potential Vendor will use their best endeavours to negotiate the terms and conditions of the Proposed Acquisition.

### **Exclusivity Period**

The Potential Vendor and the Target Company will not, and will procure that their respective directors, officers, employees, representatives and agents will not, directly or indirectly, during the period from the date of the Letter of Intent to 30 April 2019 (or any other such date as agreed by the parties thereto, or upon termination of the Letter of Intent, whichever is earlier) (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Company with respect to the sale or other disposition of all the shares of the Target Company or the sale, subscription, or allotment of any part thereof or any other shares of the Target Company, or sale of all or any material portion of the assets or any merger or consolidation of the Target Company with or into any other entity.

### **Binding effect**

The Letter of Intent contains certain legally binding provisions such as confidentiality, exclusivity, costs and governing law. However, the Letter of Intent is not legally binding in respect of the Proposed Acquisition and its terms.

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

The Group is principally engaged in the design, manufacturing and retail of quality casual headwear worldwide. The Board is looking for new business opportunities in the accessories business and suitable businesses which have significant growth potential for the Group.

The Target Company was incorporated in 1969 and is headquartered in St. Louis, Missouri, the USA. The Target Company is engaged in designing, manufacturing and marketing accessories for men, women and children in the USA. The Target Company sells licensed, private label and custom headwear, small leather goods, bags, and accessories to many retailers in the USA.

The Directors are of the view that it is beneficial for the Group to seek suitable investment opportunities and the new business, through the Proposed Acquisition, will diversify the income stream of the Company and broaden its revenue base and expand its business in the USA.

### **GENERAL**

The Letter of Intent is not intended to be legally binding (save for certain provisions such as confidentiality, exclusivity, costs and governing law). If Proposed Acquisition proceeds, the Company and Potential Vender will enter into the Formal Agreement.

**The Board wishes to emphasise that the Proposed Acquisition may or may not proceed and that the Company has not entered into any binding agreement in relation to the Proposed Acquisition as at the date of this announcement. If the Proposed Acquisition materialises, it may constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.**

## DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Director(s)”	the director(s) of the Company
“Formal Agreement”	a formal sale and purchase agreement to be entered into amongst the Company or its designated party(ies) and the Potential Vendor in respect of the Proposed Acquisition
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Letter of Intent”	the letter of intent dated 10 December 2018 and entered into among the Company the Potential Vendor and the Target Company in relation to the Proposed Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential Vendor”	an individual, an Independent Third Party who holds the entire issued share capital of the Target Company
“Proposed Acquisition”	the proposed acquisition by the Company of the entire issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company” a company incorporated in the USA with limited liability, further particulars of the Target Company please refer to the section “Reasons for and benefits of the Proposed Acquisition” of this announcement

“USA” the United States of America.

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

Hong Kong, 10 December 2018

*As at the date hereof, the Board of Directors of the Company comprises eight directors, of which five are Executive Directors, namely Mr. Ngan Hei Keung, Madam Ngan Po Ling, Pauline, BBS, JP, Mr. James S. Patterson, Ms. Maggie Gu and Mr. Ngan Siu Hon, Alexander; and three are Independent Non-executive Directors, namely Mr. Leung Shu Yin, William, Mr. Liu Tieh Ching, Brandon, JP and Mr. Gordon Ng.*