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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

Reference is made to the announcement (the “**Announcement**”) of Mainland Headwear Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 21 March 2019 relating to continuing connected transactions in relation to New Tenancy Agreements. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, on 21 March 2019, MSHML (as tenant) and Mr. Ngan (as landlord) entered into the Tenancy Agreement A in relation to Premises A and MSHML (as tenant) and Mr. Ngan and Madam Ngan (as landlords) entered into the Tenancy Agreement B in relation to Premises B. As Mr. Ngan and Madam Ngan are connected persons of the Company, the above transactions were disclosed as continuing connected transactions.

The Board wish to clarify that the transactions under the New Tenancy Agreements should be classified as connected transactions of the Company instead of continuing connected transactions of the Company under the application of HKFRS 16.

The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKFRSs**”) applicable to the Group include HKFRS 16 “Leases” which has come into effect on 1 January 2019. Under HKFRS 16, the Group, as the lessee, shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of the financial position of the Group. The transactions under the New Tenancy Agreements should be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. Given that the highest of the applicable percentage ratios in respect of the value of right-of-use asset under the New

* *For identification purpose only*

Tenancy Agreements is more than 0.1% but less than 5%, the New Tenancy Agreements are subject to announcement and reporting requirements but is exempt from independent Shareholders' approval under Chapter 14A of the Listing Rules.

Save for the information stated above, all the information in the Announcement remains unchanged.

By Order of the Board
Ngan Hei Keung
Chairman

Hong Kong, 28 March 2019

As at the date of this announcement, the Board 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.