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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTY**

The Board announced that on 4 January 2024 (US time), SDHC Property, LLC, a limited liability company incorporated in California, US, and a wholly-owned subsidiary of the Company as the Purchaser, entered into the Agreement with the Vendor, a company incorporated in New York, US, in relation to the acquisition of the Property for a consideration of US\$13.5 million (equivalent to approximately HK\$105 million).

As the highest of the applicable percentage ratio(s) calculated under Chapter 14 of the Listing Rules is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board announced that on 4 January 2024 (US time), SDHC Property, LLC, a limited liability company incorporated in California, US, and a wholly-owned subsidiary of the Company as the Purchaser, entered into the Agreement with the Vendor, a company incorporated in New York, US, in relation to the acquisition of the Property for a consideration of US\$13,500,000 (equivalent to approximately HK\$105 million).

### **THE AGREEMENT**

The principal terms of the Agreement are summarized below:

Date: 4 January 2024 (US time)

Vendor: Graybar Electric Company, Inc.

Purchaser:	SDHC Property, LLC
Property to be acquired:	The Property is a tract of land with an address of 8170 Lackland Road, Bel Ridge, Missouri 63114, the USA; together with all the existing warehouse buildings, fixtures and other structures and improvements thereon, which are currently owned by the Vendor.
Consideration and payment terms:	<p>The consideration is agreed to be US\$13,500,000 (equivalent to approximately HK\$105 million) which shall be payable by the Purchaser to the Vendor in the following manner:</p> <ul style="list-style-type: none"> <li>(a) an initial deposit of US\$75,000 (equivalent to approximately HK\$0.6 million) which shall be payable by the Purchaser to the Vendor within five (5) days of the date of the Agreement; and</li> <li>(b) the balance of the consideration of US\$13,425,000 (equivalent to approximately HK\$104.4 million) which shall be payable by the Purchaser to the Vendor on or before completion in the manner stipulated in the Agreement.</li> </ul> <p>The above consideration, was determined after arm's length negotiation between the Purchaser and the Vendor and was determined by reference to the prevailing market value of land and local office building with warehouse in the same district. The Acquisition is priced in accordance with the location, physical condition and adequacy of access and parking of the Property. The consideration will be funded by the Group's internal resources.</p>
Conditions precedent:	The Purchaser's obligation to complete the acquisition of the Property is conditional on the satisfactory results of the due diligence and physical inspection from the Purchaser which would take place within 60 days after the date of the Agreement.
Completion:	The completion will occur within 30 days after the termination of the due diligence period or the satisfaction of the Purchaser's contingencies.

## **INFORMATION OF THE PURCHASER AND THE VENDOR**

The Group is principally engaged in the design, manufacturing and sales of quality casual headwear worldwide. The Purchaser is a wholly-owned subsidiary of the Company and is principally engaged in property holding.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is a company incorporated in New York, US, which is principally engaged in the business of distributor of electrical, communications, data networking and industrial products. The Vendor is an employee-owned company with active and retired employees owning 100% of the shares, and all active and retired employees are entitled to subscribe for shares deposited under the voting trust agreement as beneficiaries. There are multiple holders of the shares and approximately 83% of the issued shares are held of record in the names of K. M. Mazzarella, R. H. Harvey, W. P. Mansfield and D. G. Maxwell as voting trustees, who are all US citizens and retired employees of the Vendor. They share approximately 83% of the voting power with respect to election of directors and certain other matters requiring shareholder approval or consent, which are considered as the ultimate beneficial owner(s).

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Party(ies).

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

By acquiring the Property, the Group is able to have a bigger warehouse to the Group that (i) enable the Group's subsidiary, Aquarius Ltd, which is now renting its office premises and warehouse building from a third party in St. Louis, Missouri, to move to the Group's self-owned property, saving the group's rental expenses of about US\$0.7 million annually (equivalent to approximately HK\$5.4 million), (ii) provides more spacious area to cater for the Group's future development; and (iii) ensures the continuity of its operation and warehouse to cope with the growth of its trading business.

On the basis of the above, the Directors consider that the Acquisition and the terms of the Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Group and the Company's Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the applicable percentage ratio(s) calculated under Chapter 14 of the Listing Rules is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions having the following meanings:

“Acquisition”	the proposed acquisition of the Property under the Agreement
“Agreement”	The agreement dated 4 January 2024 entered into by the Purchaser and the Vendor in respect of the Acquisition of the Property
“Board”	the board of Directors
“Company”	Mainland Headwear Holdings Limited, a company incorporated under the laws of Bermuda, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Independent Third Party(ies)”	individual(s) or company(ies) which is independent of and not connected with (within the meaning of the Listing Rules) any member of the Group, the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property is a tract of land with an address of 8170 Lackland Road, Bel Ridge, Missouri 63114, the USA, together with all the existing warehouse buildings, fixtures and other structures and improvements thereon, which are currently owned by the Vendor

“Purchaser”	SDHC Property, LLC, which is a limited liability company incorporated in California, US, and a wholly-owned subsidiary of the Company
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“US”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Graybar Electric Company, Inc., which is a company incorporated in New York, US
“%”	per cent

*For the purpose of illustration in this announcement, the US dollars are converted into Hong Kong dollars at the exchange rate of US\$1 = HK\$7.78.*

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

Hong Kong, 5 January 2024

*As at the date hereof, the Board of Directors of the Company comprises nine directors, of which six are Executive Directors, namely Mr. Ngan Hei Keung, Madam Ngan Po Ling, Pauline, BBS, JP, Mr. James S. Patterson, Mr. Ngan Siu Hon, Alexander, Mr. Lai Man Sing, Thomas and Mr. Andrew Ngan; and three are Independent Non-executive Directors, namely Mr. Gordon Ng, Mr. Cheung Tei Sing Jamie and Mr. Li Yinquan.*

\* *For identification purpose only*