

**MAINLAND HEADWEAR HOLDINGS LIMITED**

飛達帽業控股有限公司*

*(Incorporated in Bermuda with limited liability)***Mainland Headwear Transfers Retail Business to Sanrio**

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Completely Exits Retail Market**Focuses on Manufacturing and Trading Businesses**

(2 September 2019, Hong Kong) **Mainland Headwear Holdings Limited** (“Mainland Headwear” or the “Group”) (HKEX: 1100), a renowned designer, manufacturer and distributor of headwear and accessories, is pleased to announce that the Group has entered into an Equity Transfer Agreement with Sanrio Co., Ltd (“Sanrio”) regarding the disposal of Shanghai CYF Company Limited (the “Target Company”), pursuant to which the Group will transfer the whole retail operation in the PRC to Sanrio and completely exits the retail market.

The Target Company is principally engaged in operating specialty shops under the names Vivitix and Giftgate in the PRC, under license agreement with Sanrio. The license agreement expired on 30 March 2019. Due to changes in the Chinese market, the losses of the Target Company have grown in recent years.

To cope with Sanrio’s new global marketing direction and also following the Group’s strategic decision to reduce resources or investments in the non-profit making business segment, the Group, following amicable discussion with Sanrio, has decided to transfer the whole business operation in the PRC to Sanrio by way of selling the entire equity of the Target Company at its net book value as at the expiry date of the license agreement. The Transfer Price of RMB575,589 shall be settled by way of cash.

Mrs. Pauline Ngan Po Ling, BBS, JP, Deputy Chairman and Managing Director of Mainland Headwear, said, “After this disposal, we can put more attention and allocate more resources towards our profitable and expanding Manufacturing and Trading segments in the best interest of the Group and its shareholders. Looking ahead, we will continue to strengthen our production presence in Bangladesh. The new factory is expected to start production by the end of this year, which will support the expanding Manufacturing Business with further enlarged production capacity. Also, we have broadened our product offerings through the acquisition, facilitating the growth of our Trading Business, which in turn will create greater value for our shareholders.”

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About Mainland Headwear Holdings Limited (HKEX: 1100)

Mainland Headwear Holdings Limited was established in 1986 and listed on the Main Board of The Stock Exchange of Hong Kong in 2000. The Group is principally engaged in the design, manufacture and distribution of quality headwear and accessories. Headquartered in Hong Kong, with factories in Shenzhen, PRC and Bangladesh, the Group manufactures an exclusive wide range of licensed casual headwear products and accessories, which are principally sold in overseas countries with the US as the main market, followed by the European market. The Group has established a long-term business partnership with New Era Cap Co., Inc. by entering into a manufacturing agreement.

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