

Exhibit A

Bidding Procedures

Set forth below are the bidding procedures (the “Bidding Procedures”)⁴ to be employed with respect to an auction (the “Auction”) in connection with the sale of the Assets (the “Sale Transaction”), as defined in the Asset Purchase Agreement (the “Purchase Agreement”), between Happy Kids Inc. (“Happy Kids”), Happy Kids Jeanswear Inc. (“Jeanswear”), Hawk Industries, Inc., and J&B 18 Corp., as sellers (collectively, the “Debtors”), and Wear Me Apparel Corp. or its designee, as buyer (the “Proposed Buyer”). After the Auction, the Debtors will seek entry of an order from the Bankruptcy Court, among other things, authorizing and approving the Sale Transaction to the Qualified Bidder (as hereinafter defined) that the Debtors determine have made the highest or best offer (the “Successful Bidder”).

These Bidding Procedures have been developed by the Debtors, in consultation with CIT Group/Commercial Services, Inc. (“CIT”), Deutsche Bank Trust Company Americas (“DB”) and the Official Committee of Unsecured Creditors (the “Committee”). The Debtors will consult with these parties regarding the application of these Bidding Procedures.

The Bidding Process

The Debtors shall (i) determine whether any person is a Qualified Bidder, (ii) coordinate the efforts of potential bidders in conducting their due diligence investigations, (iii) receive offers from potential bidders, and (iv) negotiate any offers made to purchase the Assets (collectively, the “Bidding Process”).

Any person who wishes to participate in the Bidding Process and attend the Auction must be a Qualified Bidder.

For all purposes of these Bidding Procedures, the Proposed Buyer shall be deemed a Qualified Bidder, and the Purchase Agreement shall be deemed (i) to include the Required Bid Documents meeting all of the requirements of these Bidding Procedures and (ii) to be a Qualified Bid, provided that any subsequent bids made by the Proposed Buyer at the Auction are in accordance with these Bidding Procedures. All rights of secured creditors under the Bankruptcy Code and the debtor-in-possession financing and factoring documents and orders entered in the Debtors’ Chapter 11 cases approving and ratifying such documents are preserved, and are not being modified, impaired or adversely affected by these Bidding Procedures.

Due Diligence and Qualified Bid Participation Requirements

In order to receive due diligence information from the Debtors, each potential bidder, other than the Proposed Buyer, must deliver (unless previously delivered) to the Debtors:

⁴ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement or the Bidding Procedures Order, as applicable.

- (i) An executed confidentiality agreement in form and substance satisfactory to the Debtors and their advisors in their sole discretion; and
- (ii) Current financial statements of such potential bidder or, if the potential bidder is an entity formed for the purpose of acquiring the Assets, current financial statements of the equity holder(s) of such potential bidder, or such other form of financial disclosure acceptable to the Debtors and their advisors in their sole discretion.

The Debtors shall afford any potential bidder who has submitted the documents required in paragraphs (i) and (ii) above the opportunity to conduct a reasonable due diligence review. The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline (as hereinafter defined). Neither the Debtors nor their representatives shall have any liability to any person on account of any information that is either provided or not provided to such person by or on behalf of the Debtors or their representatives. All potential bidders are advised to exercise their own discretion before relying on any information provided by anyone including the Debtors and/or their representatives.

If a potential bidder wishes to become a Qualified Bidder (and thus be able to participate in the Bidding Process and attend and participate in the Auction), such potential bidder must submit a Qualified Competing Bid (as defined below) by the Bid Deadline containing all of the Required Bid Documents (set forth below) and meet the other requirements set forth in these Bidding Procedures (a “Qualified Bidder”). The Debtors in their sole and absolute discretion may determine which potential bidders constitute Qualified Bidders and may reject any and all bids at any time prior to the entry of an order approving any sale transaction respecting the Assets.

Bid Deadline

A Qualified Bidder who desires to make a bid shall deliver its original bid with four copies and email a copy of its bid to Proskauer Rose LLP, 1585 Broadway, New York, New York 10036, Attention: Sheldon I. Hirshon, Esq. (SHirshon@Proskauer.com) and Lisa A. Chiappetta, Esq. (LChiappetta@Proskauer.com), and Marketing Management Group, 561 Seventh Avenue, New York, New York, 10018, Attention: Allan Ellinger (a.ellinger@mmgus.com); no later than 4:00 p.m. (New York City time) on November 14, 2005 (the “Bid Deadline”). The Debtors shall promptly distribute copies of the bids to counsel for the Proposed Buyer, CIT Group/Commercial Services, Inc., Deutsche Bank Trust Company Americas and the Official Committee of Unsecured Creditors. The Debtors shall announce the terms of the highest or best Qualified Bid received by the Bid Deadline at the Auction.

Bid Requirements

All bids must include the following documents (the “Required Bid Documents”):

- A. A letter stating that a potential bidder’s offer is irrevocable until the Sale Hearing; provided, however, that the Successful Bid(s) and the Second Place Bid(s) (including any Second Place Bid of the Proposed Buyer) shall remain open and shall be irrevocable until the later of (i) 30 days after the

Sale Hearing and (ii) consummation of a sale contemplated by a purchase agreement with the Successful Bidder or the Second Place Bidder, as the case may be.

- B. An executed copy of the asset purchase agreement proposed by such bidder marked to show those amendments and modifications from the Purchase Agreement. A hard copy or email version of the executed Purchase Agreement may be obtained by providing a written request to Allan J. Ellinger, Marketing Management Group, Inc., 561 Seventh Avenue, Suite 1900, New York, New York 10018; (212) 768-9660 (phone); (212) 944-5860 (fax); a.ellinger@mmgus.com.
- C. A good faith deposit (the “Good Faith Deposit”) in the form of a certified check (or other form acceptable to the Debtors in their sole discretion) payable to the order of the Debtors (or such other party as the Debtors may determine) in the amount of \$1,500,000 (the “Minimum Required Deposit”).
- D. Written evidence of a commitment for financing or other evidence of a potential bidder’s ability to consummate a sale transaction satisfactory to the Debtors and their advisors in their sole and absolute discretion.
- E. A statement by each potential bidder as to whether such potential bidder intends to assume any liabilities and, if so, a list of the liabilities to be assumed.
- F. A statement by each potential bidder identifying which unexpired leases or executory contracts (including the Assumed Contracts) of the Debtors such potential bidder intends to assume and whether such potential bidder agrees to remain liable and pay for any claims, including cure claims, arising in connection with the unexpired leases and executory contracts that it intends to assume.

A bid from a potential bidder (other than the Proposed Buyer) will be considered to be a qualified competing bid (a “Qualified Competing Bid”) only if the bid includes all of the Required Bid Documents and (i) is on terms and conditions that are substantially similar to, and not less favorable than, those contained in the Purchase Agreement, (ii) is not conditioned upon obtaining financing or upon the outcome of unperformed due diligence by the potential bidder, board approval or similar contingencies or conditions, (iii) offers consideration of a value at least \$1,500,000 (which amount is the sum of the Break-Up Fee, the Expense Reimbursement and the first bidding increment of \$300,000) in excess of the Purchase Price proposed by the Proposed Buyer in the Purchase Agreement, (iv) is not conditioned upon the Bankruptcy Court’s approval of any bid protections, such as a break-up fee, termination fee, expense reimbursement, or similar type of payment, (v) is received by the Bid Deadline (unless extended by the Debtors in their sole and absolute discretion), (vi) acknowledges and represents that the potential bidders or otherwise (X) has had an opportunity to conduct any and all due diligence regarding the assets it is seeking to purchase prior to making its bid, (Y) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the assets it is seeking to

purchase in making its bid, and (Z) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the assets it is seeking to purchase or the completeness of any information provided in connection therewith, the Auction or otherwise, and (vii) acknowledges that such potential bidder is bound by the terms and conditions of these Bidding Procedures. The Sale Transaction set forth in the Purchase Agreement is deemed to be a Qualified Bid, the Proposed Buyer is deemed to be a Qualified Bidder, and any bid by the Proposed Buyer at the Auction shall be deemed a Qualified Bid, provided that such bid is in accordance with these Bidding Procedures.

Sale Free and Clear

Except as otherwise provided in the Purchase Agreement, all of the Debtors' right, title and interest in and to the Assets shall be sold free and clear of all agreements, obligations, disabilities, claims, security interests, liens, pledges, restrictions, tenancies, mortgages and encumbrances of any nature whatsoever (other than obligations with respect to the Assumed Contracts and Assumed Liabilities) in accordance with Section 363 of the Bankruptcy Code.

Auction

After all Qualified Bids have been received, the Debtors shall conduct the Auction. At the Auction, the Debtors will announce what they believe to be the highest or best Qualified Bid received.

The Auction shall commence at 10:00 a.m. (New York City time) on November 17, 2005 at Proskauer Rose LLP, 1585 Broadway, New York, New York 10036, or such later time or other place as agreed to by the Proposed Buyer and the Debtors. The Auction may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Auction. Only a Qualified Bidder who has submitted a Qualified Competing Bid is eligible to participate at the Auction. During the Auction, bidding shall begin initially with the highest or best Qualified Competing Bid; and subsequently continue in minimum increments of at least Two Hundred Thousand Dollars (\$200,000) higher than the previous bid. The Auction shall conclude after each participating bidder has had an opportunity to submit an additional subsequent bid, after being advised of the then highest or best bid and shall run continuously until completed, as determined by the Debtors.

Any overbid (including any subsequent overbids) submitted by the Proposed Buyer during the course of the Auction shall be credited with an amount equal to the sum of the Break-Up Fee and the Expense Reimbursement.

Upon conclusion of the Auction, the Debtors shall (i) review each Qualified Bid on the basis of financial and contractual terms and any other factors the Debtors deem relevant to the sale of the Assets, including, without limitation, those factors affecting the speed and certainty of consummating the Sale Transaction and (ii) identify the highest or best bid for the Assets (the "Successful Bid").

Notwithstanding anything to the contrary, in the event no Qualified Competing Bids are received by the Bid Deadline, the Debtors shall not be required to conduct an Auction and in

such event, the Debtors shall proceed with the approval of the Purchase Agreement with the Proposed Buyer at the Sale Hearing.

Acceptance of Qualified Bids

The Debtors shall sell the Assets pursuant to the highest or best Qualified Bid received at the Auction upon the approval of such Qualified Bid by the Bankruptcy Court after the hearing with respect to, among other things, the approval of such sale and the entry of the proposed Sale Order (the “Sale Hearing”). The Debtors’ presentation of the Successful Bid to the Bankruptcy Court for approval does not constitute the Debtors’ acceptance of such bid(s). The Debtors will be deemed to have accepted the Successful Bid only when the Successful Bid has been approved by the Bankruptcy Court at the Sale Hearing.

Sale Hearing

The Sale Hearing will be held before the Honorable Stuart M. Bernstein on November 18, 2005, at 10:00 a.m. (New York City time) at the United States Bankruptcy Court for the Southern District of New York, located in New York, New York, but may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Sale Hearing or as directed by the Bankruptcy Court. At the Sale Hearing, the Debtors shall seek entry of an order, inter alia, authorizing and approving the Sale Transaction (i) if no other Qualified Competing Bid is received, to the Proposed Buyer pursuant to the terms and conditions set forth in the Purchase Agreement or (ii) if a Qualified Bidder other than the Proposed Buyer submits the Successful Bid, to the Successful Bidder.

Following the Sale Hearing, in the event that the approved sale is not consummated, the Debtors may seek to consummate a sale with respect to the next highest or best Qualified Bid (the “Second Place Bid”), including the Proposed Buyer, if it is the Second Place Bidder, with such Qualified Bidder (the “Second Place Bidder”), as disclosed at the Sale Hearing. In such event, the Second Place Bidder shall be deemed to be the Successful Bidder. The Debtors shall be authorized to consummate the sale with the Second Place Bidder without further notice or order of the Bankruptcy Court.

Return of Good Faith Deposit

The Debtors shall refund to those Qualified Bidders who are neither the Successful Bidder nor the Second Place Bidder the Good Faith Deposit received from such bidders within ten (10) days after the entry of the Sale Order. The Good Faith Deposits of the bidders who have submitted the Successful Bid and the Second Place Bid, including the Proposed Buyer, if it is the Second Place Bidder, shall be held until the later of (i) 30 days after the Sale Hearing and (ii) consummation of a sale contemplated by a purchase agreement with the Successful Bidder or the Second Place Bidder, as the case may be. The Debtors are under no obligation to earn interest on any Good Faith Deposit.

Forfeiture of Good Faith Deposit

If a Successful Bidder fails to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder, the Debtors shall have no obligation to

return the Good Faith Deposit to such Successful Bidder, and such Good Faith Deposit shall irrevocably become property of the Debtors, notwithstanding the consummation of any sale transaction with any other Qualified Bidder. In the event that the Debtors do not consummate a sale transaction with respect to which a Qualified Bid has been made, for any reason other than a Qualified Bidder's failure to consummate such sale, the Debtors' sole obligation and liability shall be to refund the Good Faith Deposit to such Qualified Bidder.

Reservation of Rights

The Debtors may (a) determine, in their business judgment, which Qualified Bid is the highest or best bid and which is the second highest or best bid and (b) after consultation with CIT, DB and the Committee, reject at any time any bid (other than the Proposed Buyer's bid) that is not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, and/or these Bidding Procedures or is contrary to the best interests of the Debtors and their estates. Subject to Court approval, the Debtors, at or before the Auction, may impose such other or additional terms and conditions and/or may modify these Bidding Procedures and any related documents or notices, as they determine to be in the best interests of the Debtors and their estates.