



MAINLAND HEADWEAR HOLDINGS LIMITED

飛達帽業控股有限公司*

(Incorporated in Bermuda with limited liability)

Mainland Headwear's Net Profit Doubles to HK\$118 Million in 2025 Final Dividend of 6 HK Cents Per Share

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Further Strengthening Manufacturing Network with Self-Built Cambodia Factory Set to Commence Operations in Mid-2027 Leveraging a Strong Portfolio of Licensed Brands to Enhance Cross-Regional Sales in Europe and the US

(26 March 2026, Hong Kong) **Mainland Headwear Holdings Limited** (“Mainland Headwear” or the “Group”) (HKEX: 1100), a renowned designer, manufacturer and distributor of headwear and accessories, today announced its annual results for the year ended 31 December 2025 (the “Year”).

During the Year, the Group's revenue and gross profit both increased by 15.4% year-on-year to HK\$1,701,046,000 and HK\$526,241,000 respectively, with a gross profit margin of 30.9%. Profit attributable to shareholders climbed by 107.6% year-on-year to HK\$118,468,000. Despite a loss in the trading segment, overall profitability grew considerably, supported by higher order volumes and enhanced operational efficiency in the manufacturing segment.

The Board has resolved to recommend a final dividend of 6 HK cents per share for the year ended 31 December 2025 (2024: final dividend of 5 HK cents). Together with an interim dividend of 3 HK cents per share (2024: interim dividend of 3 HK cents), the total dividend for the Year amounted to 9 HK cents (2024: 8 HK cents).

Mr. Ngan Hei Keung, Chairman of Mainland Headwear, said, “In 2025, global geopolitical rivalry and trade policy adjustments continued to reshape the international supply chain landscape. Amid such profound changes, the Group implemented a visionary multi-regional strategy to further consolidate its manufacturing network across Asia and North America. At the same time, it accelerated the integration of the trading business and market expansion to improve overall operational efficiency. During the year, manufacturing scale and efficiency advanced in tandem, new production bases progressed smoothly, the trading platform underwent ongoing optimization, and the operational structure became increasingly mature. Together, these developments have laid a solid foundation for sustainable long-term growth.”

Manufacturing: Higher Output and Improved Quality Across Facilities, Driving 24.9% Year-on-Year Growth in Operating Profit

The Group operates factories in Bangladesh, Mexico, Cambodia and Shenzhen, China. With their complementary strengths, these facilities form a comprehensive global production network that mitigates geopolitical and trade risks. During the Year, the manufacturing segment continued to advance lean management initiatives and enhance process efficiency across its operations, which contributed to improved overall performance. During the Year, certain key customers completed their respective mergers and acquisitions, expanding their business scale and raising requirements for supply chain stability. Building on its established partnerships and reliable delivery capabilities, the Group secured additional orders and achieved a substantial increase in revenue from the manufacturing segment.

The Bangladesh production base has shifted from a phase of scale expansion to one focused on optimizing efficiency and enhancing quality. During the Year, without additional equipment or significant increases in overtime, production output rose by approximately 20%. A robust management system and a skilled workforce have enabled sustained improvements in product quality and operational stability. The Mexico factory expanded its production capacity during the Year and achieved a single-month profit in December, signalling the gradual stabilization of its operations. The Cambodia factory entered its trial production phase in November 2025 and delivered satisfactory initial performance. The factory currently also operates a belt production line and plans to establish a backpack production line to broaden its product portfolio and contribute to future business expansion.

Revenue from the Group's manufacturing business for the Year was HK\$1,066,858,000, a year-on-year increase of 14.5%. The segment's operating profit climbed by 24.9% year-on-year to HK\$238,045,000 and revenue accounted for 62.7% (2024: 63.2%) of the Group's total revenue.

Trading: Fully Integrated Operations and Broader Market Coverage, Supporting 16.9% Year-on-Year Revenue Growth

During the Year, amid a slowdown in global economic growth, retailers maintained tight control over inventory levels and adopted a more cautious procurement approach. Competition in the industry intensified. Despite these challenges, the trading segment drew on the strength of its diversified brand portfolio and its ability to respond promptly to market changes to meet customers' demand for quick orders and achieved stable overall performance.

Meanwhile, the Group undertook a comprehensive integration of its trading business. By leveraging Difuzed, a Dutch licensed product development company, and its extensive portfolio of brand licenses, the Group broadened its product offering and expanded its market presence beyond Europe and the US into emerging markets such as Africa and the Middle East. In addition, the Group aligned internal resources of its subsidiaries, including their IT systems and logistics networks, to reinforce cross-regional collaboration and underpin the global development of its trading business.

Taking into account the sales contribution from Difuzed, revenue from the trading segment increased by 16.9% year-on-year to HK\$634,188,000, constituting 37.3% of the Group's total revenue. However, due to the increase in cost of sales and higher administrative expenses arising from the merger with Difuzed, the segment reported an operating loss of HK\$77,918,000 for the Year.

Prospects: Manufacturing to Advance Product Diversification; Trading to Tap New Customer Opportunities

Looking ahead, the global economic and trade environment remains uncertain, with evolving tariff policies expected to continue driving market volatility. Nevertheless, the Group remains cautiously optimistic about its long-term development. As its multi-regional production structure and international sales network continue to take shape, resource allocation is becoming increasingly flexible. The Group will draw on its strengths to seize market opportunities and deliver sustainable business growth.

Regarding the manufacturing business, the Group will continue expanding production capacity to meet growing customer demand, while strengthening control over material costs and accelerating the adoption of automation to enhance production efficiency. As the existing leased facility in Cambodia can no longer accommodate future needs, the Group has initiated plans to acquire land and construct its own factory in Cambodia. The new facility is expected to be completed and commence operations by mid-2027, which will increase production capacity and support product diversification, injecting new momentum into the manufacturing business.

The Mexico factory benefits from the tariff arrangements under the US-Mexico-Canada Agreement (USMCA), pursuant to which exports to the United States are eligible for duty-free treatment. This arrangement reduces costs and improves its cost competitiveness in the North American market.

For the trading business, the Group will actively explore new customer opportunities in 2026. It will fully leverage the resources of its European and US subsidiaries, which hold extensive licensed brand portfolios, to strengthen cross-regional sales and drive business in both markets. At the same time, through sales agency arrangements, the Group will introduce its own brands to the European market.

With the geographic and tariff advantages of its Mexico factory, the Group is proceeding as planned with the establishment of a free trade zone within the industrial park, including the construction of warehouses and related facilities, and is in discussion with potential customers. In conjunction with the planned transformation of the Shenzhen factory into a cross-border e-commerce industrial park, the Group expects that these initiatives will enhance cross-border logistics efficiency and optimise the operating model of its trading business.

The Group will also continue to strengthen cost control measures, promote production automation, and boost operational efficiency. Furthermore, it will keep abreast of advancements in artificial intelligence applications and explore their timely adoption in production and management, and prepare for future upgrades.

Madam Ngan Po Ling, Pauline, BBS, JP, Deputy Chairman and Managing Director of Mainland Headwear, said, "Over the past 39 years, Mainland Headwear has weathered various economic cycles and challenges in becoming a market leader in the headwear manufacturing industry. With its leading market position, global production layout, diversified product mix spanning headwear to accessories, and keen business acumen, the Group is confident in its ability to overcome various challenges and create long-term value for its customers and 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 Bangladesh, Mexico, and Cambodia, the Group manufactures an exclusive and wide range of licensed casual headwear products and accessories. The Group has established a long-term business partnership with New Era Cap, LLC. by entering into a manufacturing agreement.

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