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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Mainland Headwear Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)****PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE SHARES,  
BONUS ISSUE OF SHARES AND  
ADOPTION OF A NEW SHARE OPTION SCHEME AND  
NOTICE OF ANNUAL GENERAL MEETING**

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The notice convening the Annual General Meeting (“AGM”) of Mainland Headwear Holdings Limited (the “Company”) to be held at Strategic Financial Relations Limited, 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong, Hong Kong on 26 May 2022 (Thursday) at 3:00 p.m. is set out on pages 31 to 37 of this circular.

A form of proxy for the AGM is enclosed with this circular. Whether you are able to attend or not, please complete the form of proxy and return the same to at the office of the Company’s Hong Kong branch share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours (i.e. 3:00 p.m. on Tuesday, 24 May 2022) before the time appointed for the meeting (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting (or any adjourned meeting) if you so wish.

Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk). Shareholders of the Company are advised to read the notice and complete and return the form of proxy for use at the AGM in accordance with the instructions printed thereon.

\* For identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Adoption Date”	26 May 2022 being the date on which the New Share Option Scheme is to be conditionally adopted by ordinary resolution of the Shareholders
“Annual General Meeting” or “AGM”	the annual general meeting of the Company for the year ended 31st December 2021 to be held on 26 May 2022
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares on the basis of one (1) Bonus Share for every twenty (20) existing Shares held by the Shareholders on the Record Date on the terms and conditions set out in this circular and such Shareholders have not been excluded from the issue of Bonus Shares due to the circumstances set out in the paragraph headed “Shareholders resident outside Hong Kong” in the Letter from the Board in this circular
“Bonus Share(s)”	new Share(s) to be allotted, issued and distributed pursuant to the Bonus Issue
“Bye-laws”	the bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Mainland Headwear Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company from time to time
“Eligible Participants”	any employee or executive or officer of the Company and/or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, customers, consultants, advisors and joint-venture partners of the Group
“Former Share Option Scheme”	the share option scheme adopted by the Company on 29 December 2011 and expired on 28 December 2021

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## DEFINITIONS

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“Group”	the Company and/or its subsidiaries, as the case may be
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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
“Issuance Mandate”	the general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of the issued share capital of the Company as at the date of passing of the relevant resolution approving the grant of such mandate
“Latest Practicable Date”	13 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company at the Annual General Meeting, further information and a summary of the principal terms are set out in Appendix III to this circular
“Option(s)”	an option/options to subscribe for Shares as granted pursuant to the Former Share Option Scheme or the New Share Option Scheme, as the context requires
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es), as shown on the register of members of the Company at the close of business on the Record Date is/are outside Hong Kong
“Record Date”	7 June 2022, being the date for determination of entitlement to the final dividend and special dividend for the year ended 31 December 2021 and the Bonus Issue
“Repurchase Mandate”	the general and unconditional mandate to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the total number of the issued share capital of the Company as at the date of passing of the relevant resolution approving the grant of such mandate

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time) and a “Share” shall be construed accordingly
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs, as amended from time to time

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## EXPECTED TIMETABLE

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The following is a summary of the events in relation to the proposed Bonus Issue and the dates upon which these events are currently expected to take place:

**2022**

Latest time for lodging transfer of Shares for registration in order to qualify for attending the AGM . . . . .	4:30 p.m. on 20 May
Closure of register of members for attending and voting at the AGM (both days inclusive) . . . . .	23 May to 26 May
Latest time for lodging form of proxy for the AGM (not less than 48 hours before time of the AGM or any adjournment thereof) . . . . .	3:00 p.m. on 24 May
Record date for attending the AGM . . . . .	26 May
Date and Time of the AGM . . . . .	3:00 p.m. on 26 May
Announcement of poll results of the AGM. . . . .	26 May

**The following events are subject to the satisfaction of the conditions of the Bonus Issue as set out in the section headed “Conditions to the Bonus Issue” in this circular**

Last day of dealings in the Shares on a cum-entitlement basis . . . . .	27 May
First day of dealings in the Shares on an ex-entitlement basis . . . . .	30 May
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue . . . . .	4:30 p.m. on 31 May
Closure of register of members for determining entitlement to the Bonus Shares (both days inclusive) . . . . .	1 June to 7 June
Record Date for determining entitlement to the Bonus Shares . . . . .	7 June
Re-open of register of members . . . . .	8 June
Despatch of share certificates for the Bonus Shares . . . . .	24 June
First day of dealings in the Bonus Shares on the Stock Exchange . . . . .	9:00 a.m. on 27 June

*Notes:*

- (a) Dates or deadlines specified in this circular are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be announced or notified to the Shareholders as and when appropriate.
- (b) All time refer to Hong Kong local time in this circular.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Ngan Hei Keung (*Chairman*)

Ngan Po Ling, Pauline, *BBS, JP*

(*Deputy Chairman and Managing Director*)

James S. Patterson

Ngan Siu Hon, Alexander

Lai Man Sing (*Chief Financial Officer*)

*Independent Non-executive Directors:*

Leung Shu Yin, William

Liu Tieh Ching, Brandon, *JP*

Gordon Ng

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal place of  
business in Hong Kong:*

Units 2301-2305, 23rd Floor

FTLife Tower

No. 18 Sheung Yuet Road

Kowloon Bay, Kowloon

Hong Kong

21 April 2022

*To the Shareholders*

Dear Sir/Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE SHARES,  
BONUS ISSUE OF SHARES AND  
ADOPTION OF A NEW SHARE OPTION SCHEME AND  
NOTICE OF ANNUAL GENERAL MEETING**

#### INTRODUCTION

The purpose of this circular is to give you notice of the Annual General Meeting of the Company convened to be held at Strategic Financial Relations Limited, 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong on 26 May 2022 at 3:00 p.m., and information on the matters to be dealt with at the AGM. They are: (i) re-election of directors; and (ii) general mandates to issue shares and repurchase shares; (iii) the Bonus Issue; and (iv) adoption of the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

The Board currently consists of eight Directors, namely Mr. Ngan Hei Keung, the Chairman, Madam Ngan Po Ling, Pauline, *BBS, JP*, the Deputy Chairman and Managing Director, Mr. James S. Patterson, Mr. Ngan Siu Hon, Alexander, Mr. Lai Man Sing, the Chief Financial Officer, Mr. Leung Shu Yin, William, Mr. Brandon Liu Tieh Ching, *JP* and Mr. Gordon Ng.

Pursuant to the Bye-law No. 87, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation, provided that every Director (including those appointed for a specific term, the chairman of the Board and managing director of the Company) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election or appointment but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Pursuant to Bye-Law No. 86(2), the Directors shall have the power from time to time and at anytime to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re- election at that meeting.

Pursuant to Bye-Law No. 87, Mr. Ngan Siu Hon, Alexander, Mr. Lai Man Sing and Mr. Leung Shu Yin, William shall retire at the AGM. All the retiring Directors are eligible for re-election at the AGM.

According to Appendix 14 to the Listing Rules, it is recommended that serving more than nine years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than nine years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by Shareholders.

Mr. Leung Shu Yin, William has been appointed as independent non-executive director for more than nine years. The Company has received from Mr. Leung confirmation of independence according to Rule 3.13 of the Listing Rules. Mr. Liu has not engaged in any executive management of the Group. Taking into consideration of his independent scope of work in the past years, the Directors consider Mr. Leung to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. The Board believes that Mr. Leung's continued tenure brings considerable stability to the Board and the Board has benefited greatly from the contribution of Mr. Leung in relation to his extensive experience in accounting and finance field.

The brief biographical details of the retiring Directors eligible for re-appointment at the AGM are set out in Appendix I.

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## LETTER FROM THE BOARD

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### GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

By ordinary resolutions passed at the annual general meeting of the Company on 26 May 2021, the Directors of the Company were granted a general mandate to allot, issue and deal with the Shares and a general mandate to repurchase the Shares on the Stock Exchange. These general mandates will lapse upon the conclusion of the forthcoming Annual General Meeting of the Company to be held on 26 May 2022, unless renewed at that meeting. These general mandates will continue in force during the period from the passing of the resolutions at the Annual General Meeting until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held ; or (iii) until these general mandates are revoked or varied by ordinary resolutions of the Shareholders in general meeting, whichever is the earlier. At the Annual General Meeting, resolutions (among others) will be proposed:

- (a) to grant an Issuance Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20 per cent. of the total number of Shares in issue as at the date of passing of such resolution ;
- (b) to grant a Repurchase Mandate to the Directors to enable them to repurchase the Shares on the Stock Exchange up to a maximum of 10 per cent. of the total number of Shares in issue as at the date of passing of such resolution; and
- (c) to increase the number of Shares to be issued and allotted under Issuance Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 405,323,284 Shares. On the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed to issue a maximum of 81,064,656 Shares under the Issuance Mandate and to repurchase a maximum of 40,532,328 Shares under the Repurchase Mandate, representing 20 per cent. and 10 per cent. of the number of Shares in issue respectively as at the date of passing of such resolutions.

Under the Listing Rules, the Company is required to give to its shareholders all information which is reasonably necessary to enable the shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules is set out in Appendix II.

The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the share option schemes of the Company or any scrip dividend scheme which may be approved by the Shareholders.



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## LETTER FROM THE BOARD

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### **BONUS ISSUE OF SHARES**

#### **Basis of the Bonus Issue**

The Bonus Issue will be made on the basis of one Bonus Share, credited as fully paid, for every twenty (20) existing Shares held by the Shareholders whose names appear on the register of members of the company on the Record Date.

#### **Status of the Bonus Shares**

The Bonus Shares will, subject to the Bye-Laws of the Company, rank pari passu in all respects with the Shares in issue on the date of issue. Holders of the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date on which the Bonus Shares are allotted.

#### **Fractions of the Bonus Shares and odd lots**

Fractional entitlements arising from the Bonus Issue (if any) will not be issued to the Shareholders, but will be aggregated and sold for the benefit of the Company. The Bonus Shares issued arising from Bonus Issue may be allotted in odd lots (of less than a board lot of 2,000 Shares). The scale of the Bonus Issue is not significant and therefore no special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the Bonus Shares issued in odd lots.

#### **Effect to the shareholding**

The existing authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Shares. As at the Latest Practicable Date, there were 405,323,284 Shares in issue in the share capital of the Company. On the basis that no further Shares are issued or repurchased on or before the Record Date, up to 20,266,164 Bonus Shares will be issued under the Bonus Issue and the amount of HK\$2,026,616.4 being part of the Company's share premium account, will be capitalized and accordingly such sum will be applied in paying up in full the 20,266,164 Bonus Shares. After completion of the Bonus Issue, there will be a total of 425,589,448 Shares in the enlarged issued share capital of the Company. The Bonus Shares represent 5% of the existing issued share capital of the Company and approximately 4.76% of the enlarged issued share capital of the Company.

#### **Share certificates**

Subject to the fulfillment of the conditions of the Bonus Issue, certificates in respect of the Bonus Shares will be sent to the persons entitled thereto at their respective addresses shown in the Register of Members or in the case of joint holders, to the address of the joint holder whose name stands first in the Register of Members in respect of the joint holding. It is expected that certificates for the Bonus Shares will be posted to those entitled thereto at their own risk on or around 24 June 2022.

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## LETTER FROM THE BOARD

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### **Conditions to the Bonus Issue**

The Bonus Issue is conditional upon (i) the passing at the Annual General Meeting of the ordinary resolution to approve the Bonus Issue; (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares to be issued under the Bonus Issue; and (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Bermuda and the Bye-laws to effect the Bonus Issue..

### **Application for listing**

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Bonus Shares to be issued pursuant to the Bonus Issue. Subject to the granting of the listing of and permission to deal in the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. No part of the share capital of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought. The Bonus Shares will not be listed or traded on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or proposed to be sought. Dealings in the Bonus Shares will be subject to payment of stamp duty in Hong Kong.

### **Closure of Register of Members**

The Register of Members will be closed from 1 June 2022 to 7 June 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the Bonus Issue, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 31 May 2022.

### **Shareholders resident outside Hong Kong**

As at the Latest Practicable Date and based on the information provided by the Company's Hong Kong branch share registrar, certain Shareholders as recorded on the Register of Members had addresses which are outside Hong Kong who were eligible to participate in the Bonus Issue.

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## LETTER FROM THE BOARD

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If as at the close of business on the Record Date, a Shareholder's address as recorded on the Register of Members is in a place outside Hong Kong, such Shareholder is considered to be an Overseas Shareholder who may not be eligible to participate in the Bonus Issue. If necessary, the Board will make enquiries as to whether the Bonus Issue to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer to such Overseas Shareholders, no issue of the Bonus Shares will be made to such Overseas Shareholders. The Bonus Shares otherwise falling to be allotted to them will be sold in the market as soon as practicable after dealings in the Bonus Shares commence and the net proceeds of sale will be paid to the Shareholders affected. Where, however, if the amount of the net proceeds payable to any particular Shareholder is less than HK\$100, the net proceeds will be retained by the Company instead for its own benefit and will not be paid to the Shareholders affected. Such Overseas Shareholders receiving a copy of this circular outside Hong Kong may not treat the same as an invitation to participate in the Bonus Issue unless such invitation could lawfully be made to him/her without having to comply with any registration or other legal requirements in the relevant territory.

The Overseas Shareholders should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive the Bonus Issue. It is the responsibility of the Shareholders who wish to receive the Bonus Shares under the Bonus Issue to comply with the laws of the relevant jurisdiction(s) to which they are subject.

### **Adjustment to exercise price in respect of and/or number of outstanding share options**

As at the Latest Practicable Date, there were outstanding 30,400,000 Options issued under the Former Share Option Scheme.

In accordance with the rules of the Former Share Option Scheme and the Listing Rules as supplemented by the supplementary guidance on the interpretation of Rule of the Listing Rules issued by the Stock Exchange on 5 September 2005, holders of outstanding Options who have not exercised their Options prior to the Record Date will be entitled to adjustment to the exercise price in respect of and/or the number of their outstanding Options. Announcement will be made by the Company regarding the adjusted exercise price in respect of and/or the number of their outstanding Options in due course.

### **Reasons and benefits for Bonus Issue**

In recognition of the continual support of the Shareholders and to encourage the Shareholders to continue to support the Company's future development, the Board decided to propose the Bonus Issue.

Although the price per Share on an ex-entitlement basis is expected to reduce proportionately, the Shareholders will receive further Shares without incurring costs. The increased number of Shares in the market presents the prospect of additional trading in the Shares. Having considered the above, the Directors are of the view that the Bonus Issue is for the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### ADOPTION OF A NEW SHARE OPTION SCHEME

#### New Share Option Scheme

The Company adopted the former share option scheme (“**Former Share Option Scheme**”) on 29 December 2011 and the Former Share Option Scheme expired on 28 December 2021. As at the Latest Practicable Date, there was 30,400,000 outstanding Options with 30,400,000 underlying Shares (representing about 7.50% of the issued share capital of the Company), which will remain valid and exercisable with their respective terms of issue. Under the Former Share Option Scheme, the Company has granted a total of 36,270,000 Shares Options with 36,270,000 underlying Shares (including 11,500,000 Share Options (with 11,500,000 underlying Shares) granted to the directors of the Group and their associates, 24,770,000 Share Options (with 24,770,000 underlying Shares) granted to employees and no Share Options granted to persons other than Eligible Participants (as defined below)) since the adoption date of the Former Share Option Scheme.

Since there is no share option scheme in force at present, an ordinary resolution will be proposed at the AGM for the approval of the adoption of the New Share Option Scheme. A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular.

The purpose of the New Share Option Scheme is to enable the Group to grant Options to selected participants as incentive or rewards for their contributions to the Group.

The term of “Eligible Participants” is defined to include any employee or executive or officer of the Group (including executive and non-executive directors of the Group and persons who are granted share options under the New Share Option Scheme as an inducement to enter into employment contracts with the Group) and any customers and joint-venture partners and any suppliers, consultants or advisers who will or have provided services to any member(s) of the Group who, in the absolute discretion of the Board, have contributed or may contribute to the Group.

The Board considers it appropriate to include those persons who are not directors or employees of any member of the Group, but who may otherwise contribute to the success of the Group, as the long-term growth and development of the Group requires the co-operation and contributions from such parties who play a vital role as advisors and business partners of the Group. The possible contributions of such Eligible Participants to the business, development and growth of the Group are set out as below:

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## LETTER FROM THE BOARD

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Customers	maintenance of long-term relationship with important customers can derive fast growing revenue for the Group
Suppliers	maintenance of long-term relationship with suppliers is vital to the stable supply of raw materials and products and provision of quality services of the Group
Joint-venture partners	cooperation with joint venture partners through various forms of business collaboration can enhance business development of the Group
Consultants or advisers	they can provide useful advice and consultancy services in product development, innovation of technology and related matters

For each category of Eligible Participants, the Board will assess the eligibility of the relevant Eligible Participants based on the following factors:

- (a) his/her potential and/or actual contribution to the business affairs of and benefits to the Group (for instance, the expected revenue, value of goods or services and profit in relation to the potential/actual transactions with such customers, suppliers, joint-venture partners or consultants or advisers) and the quality or importance of or synergy effect brought about by services or transactions with such Eligible Participants; and
- (b) whether he/she is regarded as a valuable human resource of the Group based on his/her work experience, professional qualifications, knowledge in the industry or other relevant factors (including without limitation technical know-how, external business connections, strategic value, and repute and credibility).

Under the Rules of the New Share Option Scheme, there is no sublimit set for and requirement of approval of from the remuneration committee for the grant of Options to Eligible Participants who are not employees, officers or directors of the Group. As there is proposal of setting up of such sublimit and approval requirements of the remuneration committee in the consultation document entitled “Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers” issued by the Stock Exchange in October 2021, the Company will comply with such new requirements when such new requirements take effect.

The Board believe that the New Share Option Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will motivate the Eligible Participants to optimize their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth and profitability of the Group. Furthermore, the Board believes that the authority given to the Board under the New Share Option Scheme to specify terms and conditions, including minimum holding period, performance targets and subscription price, in any Option and to select the appropriate Eligible Participants will serve to protect the value of the Company as well as to achieve these purposes of retaining and motivating the Eligible Participants to contribute to the Group. Accordingly, the Directors consider that it is in the interest of the Company to adopt the New Share Option Scheme.

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## LETTER FROM THE BOARD

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The New Share Option Scheme will be administered by the Board. The Company does not at present intend to appoint a trustee under the New Share Option Scheme. None of the Directors is and will be a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustees of the New Share Option Scheme. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

Assuming that there is no further change in the issued share capital between the period from the Latest Practicable Date to the Adoption Date, based on the issued share capital of the Company of 405,323,284 Shares as at the Latest Practicable Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 40,532,328 Shares, representing 10% of the issued share capital of the Company on the Adoption Date. Subject to the obtaining of Shareholders' approval with respect to the adoption of the Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other schemes must not in aggregate exceed 10 per cent of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to refresh the 10 per cent limit provided that, inter alia, the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any options outstanding and yet to be exercised under the New Share Option Scheme, the Former Share Option Scheme and any other schemes must not exceed 30 per cent of the issued share capital of the Company from time to time. The total number of Shares issuable under the New Share Option Scheme and upon exercise of the 30,400,000 outstanding Options under the Former Share Option Scheme will amount to 70,932,328 Shares, representing about 17.5% of the issued share capital of the Company as at the Latest Practicable Date which is within the aforesaid 30% limit.

There is no general requirement of any minimum period for which any option granted under the New Share Option Scheme must be held before it can be exercised or any performance target a grantee is not required to achieve before any Options granted under the New Share Option Scheme can be exercised although the Board will be empowered under the New Share Option Scheme to impose at its discretion any such minimum period or any performance target at the time of grant of any particular option. The Board believes that the above terms will provide the Board with more flexibility in setting the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentive to attract quality personnel that are valuable to the growth and development of the Group. As there is proposal of imposing minimum vesting period and performance target on share options at the time of granting in the consultation document entitled "Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers" issued by the Stock Exchange in October 2021, the Company will comply with such new requirements when such new requirements take effect.

### **Conditions precedent of the New Share Option Scheme**

The New Share Option Scheme shall take effect subject to:

- (a) the passing of the necessary resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Directors to grant Options and to allot, issue and deal with the Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### **Application for Listing**

Application will be made to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the New Share Option Scheme.

No Shareholder is required to abstain from voting in respect of the resolution to approve and adopt the New Share Option Scheme.

A further announcement will be made on the outcome of the AGM regarding the adoption of the New Share Option Scheme on the date of the meeting.

### **Document on Display**

A copy of the rules of the New Share Option Scheme will be published on the websites of Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.mainland.com.hk>) for not less than 14 days before the date of the Annual General Meeting and a copy of the rules of the New Share Option Scheme is available for inspection at the Annual General Meeting.

### **ANNUAL GENERAL MEETING**

The notice of the AGM is set out on pages 31 to 37 and a form of proxy for use at the AGM is enclosed.

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon not less than 48 hours (i.e. 3:00 p.m. on Tuesday, 24 May 2022) before the time appointed for holding the Annual General Meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting if you so wish.

Under the Listing Rules, all the resolutions at the AGM will be decided by poll.

### **RECOMMENDATIONS**

The Directors consider that the proposed re-election of Directors, the proposed granting of the Repurchase Mandate and of the Issuance Mandate and the adoption of the New Share Option Scheme are in the interests of the Company and its shareholders.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and its shareholders.

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## LETTER FROM THE BOARD

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An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2021, being the date of its last audited accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors believe that an exercise of the general mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Bonus Issue can increase the number of the Shares to be held by the Shareholders, which will afford them with more flexibility in managing their own investment portfolios.

The Directors are of the view that the adoption of the New Share Option Scheme will enable the Group to reward and incentivize quality personnel to contribute to the Group on a long term basis.

Accordingly, the Directors recommend shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

Yours faithfully,  
For and on behalf of the Board  
**Mainland Headwear Holdings Limited**  
**Ngan Hei Keung**  
*Chairman*



**Mr. Ngan Siu Hon, Alexander***Executive Director*

Mr. Ngan, aged 31, joined the Company in November 2014 and appointed as Executive Director of the Company in December 2015. He graduated from Purdue University, West Lafayette, Indiana, USA in 2013 with a Bachelor of Science degree in Economics. Prior to joining the Company, Mr. Ngan worked at a well-known investment bank in Hong Kong.

Mr. Ngan did not hold any directorships in other listed companies in Hong Kong and overseas in the last three years.

Mr. Ngan is the son of Mr. Ngan Hei Keung and Madam Ngan Po Ling, Pauline, BBS, JP who are executive directors and the controlling shareholders of the Company. Save as disclosed above, Mr. Ngan does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Ngan has entered into a service contract with the Company for an initial term of 3 years, which may be terminated by six month's notice in writing served by either party. Mr. Ngan is entitled to a basic remuneration of HK\$1,556,000 per annum and a discretionary year-end bonus, which is determined with reference to his experience, his duties and responsibilities with the Company and the prevailing market condition. Mr. Ngan did not receive any discretionary bonus for the year ended 31 December 2021.

Mr. Ngan has the following interests in the securities of the Company within the meaning of Part XV of the SFO:

Underlying shares (number of shares)	2,000,000
Percentage of interest	0.49%

Mr. Ngan is entitled to subscribe for 2,000,000 shares pursuant to the outstanding options granted under the Company's share options scheme.

There are no other matters that need to be brought to the attention of the shareholders of the Company in accordance with Rule 13.51(2)(w) of the Listing Rules. In addition, there is no information in respect of Mr. Ngan, which is required to be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**Mr. Lai Man Sing***Executive Director*

Mr. Lai aged 54, firstly joined the Company during July 1999 to May 2001 and rejoined the Company in March 2008. Mr. Lai was appointed as Executive Director of the Company in December 2019. He is the Chief Financial Officer of the Company and in charge of the finance department. Mr. Lai obtained his first degree from London School of Economics and Political Science, University of London, UK and earned a Master degree in Business Administration from University of Western Sydney, Australia. He is a Chartered Financial Analyst (CFA) charterholder. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Australian Society of Certified Practising Accountants. He took senior financial position for sizable listed companies and worked in international accounting field for many years.

Mr. Lai is presently an independent non-executive director of Fu Shek Financial Holdings Limited which is listed on the main board of the Stock Exchange of Hong Kong Limited.

Mr. Lai does not have any relationship with any other Director, senior management or substantial shareholder of the Company.

Mr. Lai has entered into an agreement with the Company for an initial term of 3 years, which may be terminated by six months notice in writing by either party. Mr. Lai's directorship will be subject to retirement by rotation and re-election at the general meetings of the Company pursuant to the bye-laws of the Company. According to the agreement, Mr. Lai is entitled to a basic remuneration of HK\$2,511,000 per annum and a discretionary year-end bonus, which is determined by reference to his duties, responsibilities and performance. Mr. Lai received HK\$125,000 discretionary bonus for the year ended 31 December 2021.

Mr. Lai has the following interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinances (“SFO”):

Underlying shares (number of shares)	1,000,000
Percentage of interest	0.25%

Mr. Lai has been granted share options under the Company's share option scheme to subscribe for 1,000,000 shares of the Company on 13 April 2017.

There are no other matters that need to be brought to the attention of the shareholders of the Company in accordance with Rule 13.51(2)(w) to of the Listing Rules. In addition, there is no information in respect of Mr. Lai, which is required to be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

**Mr. Leung Shu Yin, William**

*Independent Non-executive Director*

Mr. Leung, aged 72, was appointed as an Independent Non-executive Director of the Company in March 2000. Mr. Leung graduated from the Department of Accountancy of Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University). He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is also a member of the Hong Kong Securities and Investment Institute and the Society of Chinese Accountants and Auditors. Mr. Leung is currently a practising director of two certified public accountants firms in Hong Kong.

Mr. Leung is also presently an independent non-executive directors of Lai Sun Garment (International) Limited, Lai Sun Development Company Limited and Crocodile Garments Limited, which are listed in the main board of the Stock Exchange.

Mr. Leung does not have any relationship with any other Director, senior management or substantial shareholder of the Company.

Mr. Leung has entered into a service contract with the Company, which may be terminated by three months' notice in writing served by either party. According to the service contract, Mr. Leung is entitled to a fixed remuneration of HK\$120,000 per annum, which is determined by reference to his duties and responsibilities. Mr. Leung did not receive any discretionary bonus for the year ended 31 December 2021.

Mr. Leung does not have interests in the securities of the Company within the meaning of Part XV of the SFO.

There are no other matters that need to be brought to the attention of the shareholders of the Company in accordance with Rule 13.51(2)(w) of the Listing Rules. In addition, there is no information in respect of Mr. Leung, which is required to be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

*The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions.*

The following is the explanatory statement required to be sent to the shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the granting of the Repurchase Mandate to be proposed at the Annual General Meeting.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 405,323,284 Shares.

Subject to the passing of the resolution for the approval of the Repurchase Mandate (resolution numbered 7 of the Notice of the Annual General Meeting) and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 40,532,328 Shares, representing 10 per cent. of the issued share capital of the Company as at the date of passing of such resolution.

### **2. REASONS FOR REPURCHASE**

The Directors believe that a grant of the Repurchase Mandate is in the best interests of the Company and its shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per share and/or earnings per share of the Company and will only be made when the Directors believe that a repurchase will benefit the Company and its shareholders.

### **3. FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, repurchase would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available under Bermuda law for the purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2021, being the date of its last audited accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2021</b>		
April	0.95	0.87
May	0.95	0.85
June	1.30	0.90
July	1.33	1.12
August	1.38	1.11
September	1.40	1.25
October	1.44	1.26
November	1.54	1.35
December	1.65	1.45
<b>2022</b>		
January	1.94	1.46
February	1.82	1.57
March	1.95	1.65
April (up to the Latest Practicable Date)	1.89	1.79

#### 5. DISCLOSURE OF INTERESTS, THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their close associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

No core connected person of the Company has notified the Company that he has a present intention to sell any securities to the Company nor has any such connected person undertaken not to sell any of the securities held by him to the Company in the event that the Repurchase Mandate is passed.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, shareholders holding 5% or more of the Company's issued share capital include:

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Madam Ngan Po Ling, Pauline, <i>BBS, JP</i>	Beneficial Owner	37,808,000		
	Interest of a controlled corporation	183,700,000 <i>(Note 1)</i>		
		221,508,000	54.65%	60.72%
Successful Years International Co., Ltd.	Beneficial Owner	183,700,000 <i>(Note 1)</i>	45.32%	50.36%
New Era Cap Hong Kong LLC	Beneficial Owner	79,601,000 <i>(Note 2)</i>	19.64%	21.82%
Mr. Christopher Koch	Interest of a controlled corporation	79,601,000 <i>(Note 2)</i>	19.64%	21.82%

*Notes:*

- The shares are legally and beneficially owned by Successful Years International Co., Ltd., a company ultimately and beneficially owned by Mr. Ngan Hei Keung and Madam Ngan Po Ling, Pauline as to 40% and 60% respectively.
- Mr. Christopher Koch owns 75% of the issued share capital of New Era Cap Hong Kong LLC. As such, Mr. Christopher Koch is deemed to be interested in the 79,601,000 shares.

Assuming that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, 405,323,284 Shares will be in issue as at the date of the Annual General Meeting. On this basis, if the Repurchase Mandate were exercised in full, the percentage shareholding of the above shareholders would be increased to approximately the percentage shown in the last column above. Successful Years International Co., Ltd. may be obliged to make a mandatory offer under Rule 26 of the Takeovers Code as its percentage shareholding would increase by more than 2% of the voting rights of the Company. The Board currently has no intention to exercise the Repurchase Mandate to the extent which will trigger a mandatory offer under Rule 26 of the Takeovers Code.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of the Shares being held by the public as required by the Stock Exchange. The Directors have no intention to repurchase Shares to such an extent which will result in the amount of the Shares held by the public being reduced to less than 25 per cent.

**6. SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) during the six calendar months preceding the date of this circular.

**NEW SHARE OPTION SCHEME****Summary of terms**

The following is a summary of the principal terms of the New Share Option Scheme to be adopted at the Annual General Meeting.

**1. Purchase of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to enable the Group to grant options to selected participants as incentive or rewards for their contributions to the Group.

**2. Who may join and purpose**

The Directors may, at their discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (a) any employee, executive or officer (whether full time or part time) of the Company or any of its subsidiaries, including any executive director of the Company, any of such subsidiaries;
- (b) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries;
- (c) any supplier of goods or services to any member of the Group;
- (d) any customer of the Group;
- (e) any person or entity that provides research, development or other technological support to the Group; and
- (f) any partner or joint-venture partner of the Group.

For the purposes of the New Share Option Scheme, the offer may be made to any company wholly owned by one or more persons belong to any of the above classes of participants. For the avoidance of doubt, any person who falls within any of the above classes shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the New Share Option Scheme.

The basis of eligibility of any of the above class of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.



### 3. Price of Shares

The subscription price shall, subject to the adjustment as stated in the New Share Option Scheme, be a price determined by the Board and shall not be less than the higher of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of offer, which shall be a business day; and (iii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer.

### 4. Maximum number of Shares

- (a) The number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the New Share Option Scheme and any other schemes adopted by the Group shall not exceed such number of Shares as equals 30% of the issued share capital of the Company from time to time. No options may be granted under the New Share Option Scheme or any other schemes adopted by the Group if the grant of such option will result in the limit referred to in this paragraph being exceeded.
- (b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme or any other schemes of the Group to be granted under the New Share Option Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Shares in issue on the date of adoption of the New Share Option Scheme (“General Scheme Limit”) provided that:
  - (i) subject to paragraph (a) and without prejudice to paragraph (b)(ii), the Company may by the issue of a circular to and approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme or any other schemes of the Group) previously granted under the New Share Option Scheme or any other schemes of the Group will not be counted; and
  - (ii) subject to paragraph (a) and without prejudice to paragraph (b)(i), the Company may by the issue of a circular and separate Shareholders’ approval in general meeting to grant options under the New Share Option Scheme beyond the General Scheme Limit or, if applicable, the limit referred to in paragraph (b)(i) to participants specifically identified by the Company before such approval is sought.

**5. Maximum entitlement of each participant**

Subject to paragraph 4 of this Appendix, the total number of Shares issued and which may fall to be issued upon exercise of the options of the New Share Option Scheme and the options granted under any other schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a grantee under the New Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the New Share Option Scheme and any other schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting. The number and terms (including the subscription price) of options to be granted to such grantee must be fixed before the Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of offer for the purpose of calculating the subscription price.

**6. Grant of options to connected persons**

Any grant of options under the New Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee). Where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK\$5 million;

such further grant of options must be approved by Shareholders.

For the purpose of seeking approval of Shareholders under paragraphs 4, 5 and 6 of this appendix, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

**7. Time of exercise of option**

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the period (which may not expire later than 10 years from the date of offer of that option) to be determined and notified by the Directors to the grantee and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of the date on which such option lapses in accordance with the terms of the New Share Option Scheme and 10 years from the date of offer of that option. A consideration of HK\$1.00 will be payable within 28 days upon acceptance of the offer.

**8. Performance target and minimum period**

Unless the Directors otherwise determined and stated in the offer of grant of options to a grantee, a grantee is not required to achieve any performance target before any options granted under the New Share Option Scheme can be exercised or held any option granted under the New Share Option Scheme for any minimum period before it can be exercised.

**9. Restriction on time of grant of options**

Grant of options may not be made when inside information has come to the knowledge of the Company until such inside information has been announced in accordance with the relevant requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (i) the date of our Board meeting for the approval of our Company's quarterly, interim or annual results, and (ii) the deadline for our Company to publish its quarterly, interim or annual results announcement, and ending on the date of such results announcement. No option may be granted during any period of delay in publishing a results announcement.

**10. Rights are personal to grantee**

An option may not be transferred or assigned and will be personal to the grantee of the option.

**11. Rights on dismissal or cessation of business relationship**

If the grantee of an option leaves the service of the Group by reason of his voluntary resignation or the termination of his employment in accordance with the provisions of his contract of employment or because his employing company ceases to be a member of the Group, all his options will lapse (to the extent not already exercised) and determine on the date he so ceases provided that the Directors in their absolute discretion may otherwise determine.

If the grantee of an option (who is not an employee of the Group) ceases to be an Eligible Participant for any reason, all his options will lapse (to the extent not already exercised) and determine on the date of such cessation provided that the Directors in their absolute discretion may otherwise determine.

**12. Rights on ceasing employment or death**

If the grantee of an option dies, is disabled or ill-health or retires in accordance with the terms of his employment, the grantee or the personal representatives of the grantee may exercise his option in full or part within a period of six months thereafter or at the expiration of the relevant option period, whichever is earlier, failing which the option will lapse provided that the Directors in their absolute discretion may otherwise determine.

**13. Effect of alterations to capital**

In the event of any reduction, sub-division or consolidation of the share capital of the Company or capitalisation of profits or reserves, rights issue by the Company or otherwise howsoever, the number or nominal amount of Shares comprised in each option and/or the subscription price and/or the method of exercise of the option may be adjusted in such manner as the Directors (having received a statement in writing from the independent financial adviser or auditors of the Company that in their opinion the adjustments proposed satisfy the requirements as stated in the New Share Option Scheme and the Listing Rules and are fair and reasonable) may deem appropriate, provided always that a grantee shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and no increase shall be made in the aggregate subscription price relating to any option and no adjustment shall have the effect of rendering the subscription price payable upon the exercise of any option becoming less than the nominal value of the Share.

**14. Rights on a general offer**

In the event of a general offer being made to all the holders of Shares (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, any person shall have obtained control of the Company, then the Directors shall as soon as practicable thereafter notify the grantee and the grantee shall be entitled to exercise the option in full or in part (to the extent not already exercised) at any time within one month after the date on which the general offer becomes or is declared unconditional and any option shall upon expiry of such period cease and determine.

**15. Rights on winding up**

If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every option shall be exercisable in whole or in part at any time thereafter until the resolution is duly passed or defeated or the meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon cease and terminate.

**16. Rights on a compromise or arrangement**

In the event of a compromise or arrangement between the Company and its members or creditors being proposed, the Company shall give notice thereof to all grantees on the same date as it despatches notice of the meeting to its members or creditors to consider such a compromise or arrangement and any grantees (or his or her legal personal representatives) may, forthwith and until the expiry of the period commencing on such date and ending on the earlier of the date two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the relevant court be entitled to exercise his option, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the relevant court and becoming effective. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as exercised under this paragraph.

**17. Ranking of Shares**

The Shares to be allotted upon the exercise of an option will not carry voting rights until the registration of the grantee (or his nominee or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* with the fully-paid Shares in issue on the date on which the name of the grantee is registered on the register of members of the Company, save that they will not rank for any dividend to be or is proposed to be paid to holders of Shares on the register on a date prior to such registration.

**18. Period of the New Share Option Scheme**

The New Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

**19. Alteration**

The Directors may from time to time in their absolute discretion waive or amend such rules of the New Share Option Scheme as they may deem desirable save and except the following which shall be approved by the Shareholders in general meeting:

- (a) alteration to the terms and conditions of the New Share Option Scheme to the advantage of the Eligible Participants relating to the matters set out in rule 17.03 of the Listing Rules;
- (b) alteration to the terms and conditions of the New Share Option Scheme which are of a material nature (excluding the alterations take effect automatically under the existing terms of the New Share Option Scheme); and
- (c) any alteration to the terms and conditions of the options granted (excluding the alterations take effect automatically under the existing terms of the New Share Option Scheme).

The amended terms of the New Share Option Scheme must comply with Chapter 17 of the Listing Rules.

Any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

#### **20. Lapse of option**

An option will lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period;
- (b) the expiry of the period specified for the acceptance of an offer of the option;
- (c) the expiry of the period referred to in paragraphs 11, 12, 14 and 15 above of this appendix;
- (d) the date of commencement of the winding-up of the Company; and
- (e) the date on which the grantee commits a breach of paragraph 10 above of this appendix.

#### **21. Cancellation of options**

Options granted but not exercised or lapsed in accordance with the terms of the New Share Option Scheme may be cancelled by the Company with the approval of the grantee. Where the Company cancels the options and offers to issue new ones to the same grantee, the issue of such new options may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled Options) within the limits set out in paragraph 4 of this appendix.

#### **22. Termination of the New Share Option Scheme**

The Company may by resolution in general meeting or the Board may at any time terminate the New Share Option Scheme and in such event no further option shall be offered but the provisions of New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

**23. Present status of the New Share Option Scheme**

At the Latest Practicable Date, no option has been granted or agreed to be granted under the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options granted under the New Share Option Scheme.

**24. Values of all options that can be granted under the New Share Option Scheme**

The Directors consider that it is not appropriate or helpful to the Shareholders to state the value of all options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the options to be granted shall not be assignable, and no holder of the option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

NOTICE IS HEREBY GIVEN that the annual general meeting of Mainland Headwear Holdings Limited (the “**Company**”) will be held at Strategic Financial Relations Limited, 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong on 26 May 2022 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and reports of the Directors and auditors for the year ended 31 December 2021.
2.
  - 2.1 To declare a final dividend of 4 HK cents per share for the year ended 31 December 2021.
  - 2.2 To declare a special dividend of 2 HK cents per share for the year ended 31 December 2021.
3.
  - 3.1 To re-elect Mr. Ngan Siu Hon, Alexander as an executive Director of the Company;
  - 3.2 To re-elect Mr. Lai Man Sing as an executive Director of the Company; and
  - 3.3 To re-elect Mr. Leung Shu Yin, William as an independent non-executive Director who has served the Company for more than nine years as an independent non-executive Director.
4. To authorise the board of Directors to fix the Directors’ remuneration.
5. To appoint auditors of the Company and authorise the board of Directors to fix their remuneration.

\* *for identification only*



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## NOTICE OF ANNUAL GENERAL MEETING

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As special business, to consider and, if thought fit, pass, with or without amendments, the following ordinary resolutions:

### ORDINARY RESOLUTIONS

6. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors of the Company (the **“Directors”**) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved ;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period ;
- (c) the aggregate number of ordinary shares of the Company (**“Shares”**) allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined below), (ii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers, employees of the Company and/ or any of its subsidiaries or other eligible participants of shares or rights to acquire shares in the Company or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the Bye-Laws of the Company, shall not exceed the aggregate of:
  - (i) 20 per cent. of the aggregate number of Shares in issue on the date of the passing of this Resolution ;and
  - (ii) (if the Directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of Shares repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of Shares in issue on the date of passing of this Resolution) ;

and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and

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- (d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.

“**Rights Issue**” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors of the Company to holders of shares in the Company on the register on a fixed record date in proportion to their then holdings of shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

7. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Act 1981 of Bermuda and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved ;
- (b) the aggregate number of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate number of Shares as at the date of passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly ;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) for the purposes of this Resolution, “Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company ;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held ;or
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.”
  
- 8. “**THAT** subject to the passing of ordinary resolutions numbered 6 and 7 set out in the notice convening this meeting, the Directors of the Company be and they are hereby authorised to exercise the authority referred to in paragraph (a) of Resolution 6 above in respect of the aggregate number of Shares referred to in sub-paragraph (ii) of paragraph (c) of such Resolution.”
  
- 9. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting listing of, and permission to deal in, the shares of HK\$0.10 each in the capital of the Company (the “**Shares**”) to be issued pursuant to the exercise of options which may be granted under the new share option scheme of the Company (the “**New Share Option Scheme**”, the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification is signed by the chairman of the meeting), the rules of the New Share Option Scheme be and are hereby approved and adopted and that the Directors be and they are hereby authorised to:
  - (i) administer the New Share Option Scheme under which the options will be granted to eligible participants under the New Share Option Scheme to subscribe for Shares;
  - (ii) modify and/or amend the rules of the New Share Option Scheme from time to time subject to the provisions of such rules;
  - (iii) issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme; and

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- (iv) make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the Shares may for the time being be listed, for listing of, and permission to deal in, the Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme.”
10. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares (as defined in paragraph (1) of this resolution):
- (1) an amount standing to the credit of the share premium account of the Company as shall be required to be applied in paying up in full at par new shares of par value HK\$0.1 each in the capital of the Company, such shares, credited as fully paid, to be allotted, issued and distributed among members of the Company whose names appear on the register of members of the Company on Tuesday, 7 June 2022 (the “**Record Date**”) on the basis of one (1) new share (“**Bonus Share**”) for every twenty (20) existing shares of the Company then held by a Shareholder who is not a Non-Qualifying Shareholder (as defined in paragraph (2) below), be capitalised and applied in such manner and the Directors be and are hereby authorised to allot, issue and distribute such Bonus Shares;
  - (2) in the case where the address of any holder of shares in the Company as shown on the register of members of the Company on the Record Date is outside Hong Kong (the “**Overseas Shareholders**”) and upon making relevant enquiries, the Directors consider the exclusion of such Overseas Shareholders is necessary or expedient on account of local legal or regulatory reasons, the Bonus Shares shall not be issued to such Overseas Shareholders (the “**Non-Qualifying Shareholders**”) but shall be aggregated and sold in the market as soon as practicable after dealings in the Bonus Shares commence, on the basis that any net proceeds of sale, after deduction of the related expenses, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders, if any, pro-rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100.00, in which case it will be retained for the benefit of the Company;
  - (3) the Bonus Shares to be allotted, issued and distributed pursuant to paragraph (1) of this resolution shall be subject to the bye-laws of the Company and laws of Bermuda and shall rank pari passu in all respects with the existing issued shares on the Record Date, except that they will not entitle their holders to receive the Bonus Shares mentioned in this resolution, or the final dividend and the special dividend for the year ended 31 December 2021;

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- (4) no fractional Bonus Shares shall be allotted and issued as aforesaid, but the fractional entitlements (if any) will be aggregated and disposed of for the benefit of the Company; and
- (5) the Directors be and are hereby authorised, at their absolute discretion, to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including, but not limited to, determining the amount to be capitalised out of the share premium account of the Company and the number of Bonus Shares to be allotted, issued and distributed in the manner referred to in paragraph (1) of this resolution.”

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

Hong Kong, 21 April 2022

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*Notes:*

1. A member of the Company entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-Laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the annual general meeting is enclosed. In order to be valid, the form of proxy should be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, at the office of the Company's Hong Kong branch share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours (i.e. 3:00 p.m. on Tuesday, 24 May 2022) before the time for holding the annual general meeting or adjourned meeting. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish.
3. Brief biographical details of Mr. Ngan, Mr. Lai and Mr. Leung are set out in Appendix I of this circular.
4. In relation to proposed resolutions nos. 6 and 8 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorize the allotment and issue of shares under the Listing Rules. The Directors of the Company have no immediate plan to issue any new shares of the Company other than shares which may fall to be issued under the share option schemes of the Company or any scrip dividend scheme which may be approved by shareholders of the Company.
5. In relation to proposed resolution no. 7 above, the Directors of the Company wish to state that they will exercise the powers conferred thereby to purchase shares of the Company in circumstances which they deem appropriate for the benefit of the shareholders.
6. An explanatory statement giving the details of the grant of a mandate to repurchase shares of the Company as required by the Listing Rules is set out in Appendix II of this circular.

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## NOTICE OF ANNUAL GENERAL MEETING

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7. To determine the identity of members who are entitled to attend and vote at the forthcoming Annual General Meeting which will be held on Thursday, 26 May 2022, the register of members of the Company will be closed from 23 May 2022 to 26 May 2022 (both dates inclusive). In order to qualify to attend the Annual General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 20 May 2022.
8. To determine the identity of members who are entitled to the final dividend and special dividend of the Company for the year ended 31 December 2021 and the Bonus Shares (as mentioned in the proposed resolution no.10), the register of members of the Company will be closed from 1 June 2022 to 7 June 2022 (both dates inclusive). In order to qualify for the proposed final dividend, the proposed special dividend and the Bonus Shares, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4: 30 p.m. on 31 May 2022.
9. If tropical cyclone warning signal no. 8 or above, "extreme conditions" caused by super typhoons or a black rainstorm warning signal is in force at 12:00 noon on Thursday, 26 May 2022, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.