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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)

CLARIFICATION ANNOUNCEMENT IN RESPECT OF DISCLOSEABLE TRANSACTION

Reference is made to the announcement of Mainland Headwear Holdings Limited (the “**Company**”) dated 31 August 2019 in relation to the discloseable transaction of the disposal of the Target Company (the “**Announcement**”). Unless otherwise stated, terms used in this clarification announcement shall have the same meanings as those defined in the Announcement.

The Board would like to clarify that certain condition precedents (b), (c), (i), (j), (k) and (l) of the Equity Transfer Agreement under the paragraph headed “Conditions precedent” in the Announcement should be read as follows:

- “(b) the Equity Transfer having been duly filed with the online system of local counterpart of MOFCOM, so as to obtain a Foreign Investment Enterprise Filing Notice issued to the Target Company evidencing that the Buyer is the sole shareholder of the Target Company, without any alterations or conditions to be imposed by MOFCOM on the Equity Transfer;
- (c) the Equity Transfer having been duly filed with the SAFE and the Company having present evidence document reflecting the Buyer as the sole shareholder of the Target Company in the record system of SAFE, without any alterations or conditions to be imposed by SAFE on the Equity Transfer;
- (i) the key employees of the Target Company having entered into non-compete agreements;

* *For identification purposes only*

- (j) the Target Company having presented an interim operation plan to the satisfaction of the Buyer;
- (k) the Target Company having ceased using the individual accounts in the Target Company's operation and the Target Company having rectified the accounting system which shall be compliant with applicable laws, regulations and accounting rules;
- (l) the Target Company having rectified the contribution of social insurance, housing reserve funds and withholding payment of individual income tax which shall be compliant with applicable laws and regulations;"

The financial information under the paragraph headed "INFORMATION ABOUT THE TARGET COMPANY" is prepared under PRC GAAP.

Save as disclosed above, the contents of the Announcement remain unchanged.

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

Hong Kong, 10 September 2019

As at the date hereof, the Board of Directors of the Company comprises eight directors, of which five are Executive Directors, namely Mr. Ngan Hei Keung, Madam Ngan Po Ling, Pauline, BBS, JP, Mr. James S. Patterson, Ms. Maggie Gu and Mr. Ngan Siu Hon, Alexander; and three are Independent Non-executive Directors, namely Mr. Leung Shu Yin, William, Mr. Liu Tieh Ching, Brandon, JP and Mr. Gordon Ng.