
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)**

- (1) PROPOSALS FOR RE-ELECTION OF DIRECTORS,
(2) GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES,
(3) TERMINATION OF EXISTING SHARE OPTION SCHEME,
(4) ADOPTION OF NEW SHARE OPTION SCHEME
AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

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 24 May 2024 (Friday) at 11:00 a.m. is set out on pages 46 to 51 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon not less than 48 hours (i.e. 11:00 a.m. on Wednesday, 22 May 2024) 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. 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.

DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by ordinary resolution to be passed by the Shareholders at the AGM
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Strategic Financial Relations Limited, 24/F, Admiralty Centre 1, 18 Harcourt Road, Hong Kong on 24 May 2024, Friday at 11:00 a.m. for the purpose of considering and, if thought fit, approving the resolutions proposed in the AGM Notice
“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors (including independent non-executive Directors)
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Close Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Mainland Headwear Holdings Limited, a limited liability company incorporated in Bermuda with its issued shares listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning given to it in the Listing Rules
“Control”	has the meaning ascribed to it in the Takeovers Code
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules
“Core Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Date of Grant”	the date of which an offer is made to a Selected Participant
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	person(s) who is eligible to receive an Option under the New Share Option Scheme as more particularly described under paragraph 2 of Appendix III
“Employee”	any employee (including without limitation any of the executive directors and officers) of the Company or of any Subsidiary

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“Employee Participant”	a category of the Eligible Participant as more particularly described under paragraph 2 of Appendix III
“Exercise Price”	the price per Share at which a grantee may subscribe for a Share on the exercise of an Option pursuant to the New Share Option Scheme, as more particularly described under paragraph 5 of Appendix III
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted by the Company on 26 May 2022
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuance Mandate”	the general and unconditional mandate proposed to be granted to the Board to (i) allot and issue Shares up to an aggregate nominal amount not exceeding 20% of the aggregate nominal value of the issued share capital of the Company as at the date of the passing of the relevant resolution at the AGM; and (ii) extend the mandate in (i) above by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate
“Latest Practicable Date”	12 April 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“New Share Option Scheme”	the new share option scheme of the Company to the proposed for adoption by the Company at the AGM, a summary of which is set out in Appendix III to this circular
“Option(s)”	a right to subscribe for Shares granted pursuant to the Existing Share Option Scheme, and/or the New Share Option Scheme (as the case may be), and all other share option scheme(s) of the Company (if any)
“PRC”	the People’s Republic of China, and for the purposes of this circular, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

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“Refreshed Scheme Mandate Limit”	the limit on the total of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme as refreshed, more particularly described under paragraph 6 of Appendix III
“Refreshed Service Provider Sublimit”	the limit on the total of Shares which may be allotted and issued upon exercise of all Options to be granted to Service Provider under the New Share Option Scheme as refreshed, more particularly described under paragraph 6 of Appendix III
“Related Entity Participant”	a category of an Eligible Participant as more particularly described under paragraph 2 of Appendix III
“Repurchase Mandate”	a general mandate to the Directors to repurchase Shares not exceeding 10% of the total number of issued Shares of the Company as at the date of approval of the mandate
“Scheme Mandate Limit”	the limit on the total of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme as more particularly described under paragraph 6 of Appendix III
“Selected Person(s)”	the Eligible Participant(s) selected by the Board pursuant to the rules of the New Share Option Scheme pursuant to the rules of the New Share Option Scheme for participation in the New Share Option Scheme
“Service Provider”	a category of the Eligible Participant as more particularly described under paragraph 2 of Appendix III
“Service Provider Sublimit”	the limit on the total of Shares which may be allotted and issued upon exercise of all Options to be granted to Service Provider under the New Share Option Scheme as more particularly described under paragraph 6 of Appendix III
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“Subsidiary/Subsidiaries”	any entity which has the meaning of the term “Subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong, as amended from time to time
“%”	per cent

LETTER FROM THE BOARD



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 (Chief Strategic Officer)

Lai Man Sing (Chief Financial Officer)

Andrew Ngan

Independent Non-executive Directors:

Gordon Ng

Cheung Tei Sing, Jamie

Li Yinquan

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

19 April 2024

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSALS FOR RE-ELECTION OF DIRECTORS,
(2) GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES,
(3) TERMINATION OF EXISTING SHARE OPTION SCHEME,
(4) ADOPTION OF NEW SHARE OPTION SCHEME
AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you notice of the forthcoming annual general meeting (the “**Annual General Meeting**” or “**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 on 24 May 2024 at 11:00 a.m., and information on the matters to be dealt with at the AGM. They are: (i) re-election of directors; (ii) general mandates to issue shares and repurchase shares; (iii) the termination of the Existing Share Option Scheme; and (iv) the adoption of the New Share Option Scheme.

* For identification purpose only

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

The board (the “**Board**”) of the directors of the Company (the “**Directors**”) currently consists of nine 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, the Chief Strategic Officer, Mr. Lai Man Sing, the Chief Financial Officer, Mr. Andrew Ngan, Mr. Gordon Ng, Mr. Cheung Tei Sing, Jamie and Mr. Li Yinquan.

Pursuant to the bye-law (“**Bye-Law**”) No. 84, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Pursuant to Bye-Law No. 83(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, subject to authorisation by the Company’s shareholders in general meetings, as an addition to the Board. Any Director so appointed by the Board shall hold office until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

Pursuant to Bye-Law No. 84, Mr. Ngan Hei Keung and Mr James S. Patterson shall retire at the AGM. In addition, Mr. Andrew Ngan, Mr. Cheung Tei Sing, Jamie and Mr. Li Yinquan, being Directors appointed by the Board after the Company’s annual general meeting held on 25 May 2023, will hold office until the AGM pursuant to Bye Law No. 83(2). All the retiring Directors are eligible for re-election at the AGM. Accordingly, Mr. Ngan Hei Keung, Mr. James S. Patterson, Mr. Andrew Ngan, Mr. Cheung Tei Sing, Jamie and Mr. Li Yinquan will retire by rotation as Directors at the AGM and offer themselves for re-election at the AGM. After reviewing the composition of the Board, the board diversity policy of the Company (the “**Board Diversity Policy**”) and the eligibility of the relevant Directors for nomination and re-election at the AGM, the Nomination Committee of the Company made recommendations to the Board on the re-election of the above Directors by the shareholders of the Company at the AGM.

According to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

LETTER FROM THE BOARD

The recommendations on re-election were made in accordance with the policy on selection and nomination of Directors as incorporated into the Board Diversity Policy. In selecting and recommending candidates for directorship, the Nomination Committee of the Company took into account a wide variety of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that it may consider relevant and applicable from time to time. In relation to the re-election of independent non-executive Directors, the Nomination Committee also took into consideration the perspectives, skills and experience that Mr. Cheung Tei Sing, Jamie and Mr. Li Yinquan could bring to the Board as independent non-executive Director, including without limitation, Mr. Cheung's and Mr. Li's experience in the business and finance fields. The Nomination Committee was satisfied with the independence of Mr. Cheung and Mr. Li on the basis of, among others, the independence guideline set out in Rule 3.13 of the Listing Rules, and considered them to be suitable candidates for the position of independent non-executive Director and should be re-elected.

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

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

By ordinary resolutions passed at the annual general meeting of the Company on 25 May 2023, 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 24 May 2024, 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 (the “**Issuance Mandate**”);
- (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 (the “**Repurchase Mandate**”); and
- (c) to increase the number of Shares to be issued and allotted under the Issuance Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

LETTER FROM THE BOARD

As at 12 April 2024, being the latest practicable date prior to the printing of this circular (the “**Latest Practicable Date**”), the issued share capital of the Company comprised 429,164,448 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 85,832,889 Shares under the Issuance Mandate and to repurchase a maximum of 42,916,444 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.

TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The share option scheme adopted pursuant to a resolution passed by the shareholders on 29 December 2011 (the “**2011 Share Option Scheme**”) had expired on 28 December 2021. In light of the expiry of the 2011 Share Option Scheme and in order to enable the Board to continue providing incentives and rewards to the eligible persons, a new share option scheme was adopted by the shareholders at the extraordinary general meeting of the Company held on 26 May 2022 (the “**2022 Share Option Scheme**” also known as the “**Existing Share Option Scheme**”).

The Existing Share Option Scheme is due to expire on 25 May 2032. Apart from the 2011 Share Option Scheme and the 2022 Share Option Scheme, the Company has no other share option scheme as at the Latest Practicable Date.

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, the Board proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme. The outstanding Options under the 2011 Share Option Scheme and the 2022 Share Option Scheme will remain valid and exercisable after the termination of the Existing Share Option Scheme.

As at the Latest Practicable Date, 28,345,000 shares, representing approximately 6.6% of the shares of the Company had been granted under the 2011 Share Option Scheme, and will continue to be valid and exercisable notwithstanding the proposed termination of the Existing Share Option Scheme, and no share had been granted under the 2022 Share Option Scheme. Further details of the outstanding or unexercised Options under the 2011 Share Option Scheme and the 2022 Share Option Scheme as at the Latest Practicable Date are set out in the following table:

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	Date of grant	Period during which options exercisable	Exercise price HK\$	Outstanding Options at Latest Practicable Date
Director	15.07.2015	15.07-2016–14.07-2025	1.066	1,050,000
	13.04.2017	13.04.2018–12.04.2027	1.460	8,400,000
				9,450,000
Employees	15.07.2015	15.07.2016–14.07.2025	1.066	7,954,000
	13.04.2017	13.04.2018–12.04.2027	1.460	10,940,500
				18,895,000
Total				28,345,000

It is proposed that subject to the fulfillment of the conditions of the New Share Option Scheme set out in the section headed “Adoption of the New Share Option Scheme – Conditions of the adoption of the New Share Option Scheme” below, the operation of the Existing Share Option Scheme will be terminated and the New Share Option Scheme will take effect.

ADOPTION OF THE NEW SHARE OPTION SCHEME

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, the Board is of the view that the adoption of the New Share Option Scheme will provide the Company with more flexibility in long term planning of granting of the Options to the Eligible Participants and also provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

Eligible Participants

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the remuneration committee considers, in their sole discretion, to have contributed or may bring benefits to the Group.

In assessing whether Options are to be granted to any Selected Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions or potential contributions provided by such Selected Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing or future development of the Group, the value which such Selected Participant has brought to the Group’s business and development and whether granting Options to such Selected Participant is an appropriate incentive to motivate such Selected Participant to contribute towards the success of the Group’s operations.

LETTER FROM THE BOARD

Employee Participants

By offering Options to the Employee Participants, their interests will be aligned with the long-term development of the Group as they may also enjoy any potential upside from increasing the value of the Group. The New Share Option Scheme motivates employees and directors to stay in the Group and strive for the benefit of the Group as well as themselves. It aims to foster a long-term relationship with directors and employees by granting them an equity interest to share in any future growth of the Group.

Related Entity Participants

In respect of Related Entity Participants, which include associated companies of the Group, it is important to ensure that these associated companies shall thrive and provide satisfactory contributions to the Group. In respect of holding companies and fellow subsidiaries, these companies will often provide financial support or other business cooperations which will contribute to the continued success of the Group. The Directors consider that the Company should have the flexibility to grant Options to Related Entity Participants in future as incentives or rewards for their contributions to the Group which will help motivate such Participants to optimise their performance and efficiency and to attract and retain or otherwise maintain a long-term relationship with the Related Entity Participants. When making any grant to Related Entity Participants in future, the Board will consider the responsibility, contribution, materiality and nature of the business relations of the related entities to the Group, to ensure that such grants shall align with the purpose of the New Share Option Scheme.

Having taken into account of the fact that (i) the Related Entity Participants are in line with the Group's business needs and the market practice; (ii) recognizing the contribution of the Related Entity Participants may enhance their performance and further contribution to the Group; and (iii) the contributions from the Related Entity Participants are essential to the sustainable and successful development of the Group, the Board (including the independent non-executive Directors) is of the view that the inclusion of Related Entity Participants is fair and reasonable, and is in line with the Company's business needs and industry norm, and aligns with the purpose of the New Share Option Scheme and the long term interests of the Company and its Shareholders.

LETTER FROM THE BOARD

Service Providers

Under the New Share Option Scheme, in the case of Service Providers, such category of participants may include advisers, consultants, contractors, suppliers, agents, entities providing business, development or other support to the Group, and other contractual parties, which may be entities in the marketing and consultancy industry that collaborate with the Group, directly contribute to the long-term growth of the Group's business by providing services that are on a continuing and recurring basis in its ordinary and usual course of the Group's business. Set out below are the detailed description of each type of Service Providers and the specific criteria for determining the eligibility of each type of Service Providers under the New Share Option Scheme:

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme	Alignment with the purpose of the New Share Option Scheme
Contractors, suppliers and agents and entities providing business, development or other support	Service Providers under this category include independent contractors, suppliers, agents, and entities who/which provide (a) factory operational and inventory management services; (b) warehouse construction and maintenance services; (c) equipment installation and maintenance services; (d) research and development of product designs services; (e) procurement services; (f) provision of raw materials for the manufacture and sale of headwear products; (g) sales and marketing services in respect of the Group's businesses; (h) technical support and information technology services; (i) human resources management services; and (j) client referral services, that are on a continuing and recurring nature in the ordinary and usual course of the Group's business. These Service Providers are closely connected to and crucial to the Group's day-to-day operations which spans across procurement, sales, manufacturing, marketing and research and development, and their contribution directly impacts the results of operations of the Group.	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such contractors, suppliers and agents and entities providing business, development or other support, including but not limited to:</p> <ul style="list-style-type: none"> (i) the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him/her/it; (ii) the ability of the Service Provider to maintain the quality of services; (iii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; 	<p>Aligning with the purpose of the New Share Option Scheme, remunerating the contractors, suppliers, agents and entities providing business, development or other support of the Group with equity incentives can recognize their contributions on the business development of the Group.</p> <p>The Board (including the independent non-executive Directors) considers that granting Options to the contractors, suppliers, agents and entities providing business, development or other support of the Group will align their long-term interests with those of the Group and the Shareholders, while maintaining the necessary flexibility for the Board to exercise its discretion in determining which individuals or entities have provided or will provide significant value to, or have or will have an important role in the Group's long-term growth. The inclusion of contractors, suppliers, agents and entities providing business, development or other support of the Group as Eligible Participants under the New Share Option Scheme is as such fair and reasonable.</p>

LETTER FROM THE BOARD

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme	Alignment with the purpose of the New Share Option Scheme
		<p>(iv) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the financial return attributable to the Service Provider's collaboration with the Group;</p> <p>(v) the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and</p> <p>(vi) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.</p>	

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Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme	Alignment with the purpose of the New Share Option Scheme
Advisers and consultants	<p>Service Providers also include advisers and consultants with relevant expertise in fields related to the industry which have unique knowledge of market trends and product roadmap during the short to long term, technical consultants which may advise on and assist the Company in its business and product development and improve (a) its production operations and management capabilities, (b) its sales and marketing capabilities, and (c) its product operations and business development capabilities. Such Service Providers contribute to the long-term growth of the Group by advising or consulting on a set of specialised skills and knowledge in the business activities of the Group. As these Service Providers possess industry-specific knowledge or expertise and often have extensive experience and understanding of the market, they are able to provide insight on areas such as market development, technological trends and innovations, technical specifications and licensing requirements for products, production management, as well as marketing. The strategic advice and guidance provided by engaging these Service Providers benefit the Group in its ordinary and usual course of business and often allows it to more effectively plan its future business strategies for long-term growth.</p>	<p>The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such advisers and consultants, including but not limited to:</p> <ul style="list-style-type: none"> (i) the expertise, professional qualifications and industry experience of the Service Provider; (ii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (iii) the prevailing market fees chargeable by other services providers; (iv) the Group's length of engagement of or collaboration with the Service Provider; and (v) the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in revenue or profit. 	<p>Aligning with the purpose of the New Share Option Scheme, independent advisers and consultants of the Group with equity incentives can recognize their contributions on the business development of the Group.</p> <p>The Board (including the independent non-executive Directors) considers that granting Options to the independent advisers and consultants of the Group will align their long-term interests with those of the Group and the Shareholders, while maintaining the necessary flexibility for the Board to exercise its discretion in determining which individuals or entities have provided or will provide significant value to, or have or will have an important role in the Group's long-term growth. The inclusion of the independent advisers and consultants of the Group as Eligible Participants under the New Share Option Scheme is as such fair and reasonable.</p>

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In respect of Service Providers, the Board will consider the following, including but without limitation, the actual degree of involvement in and/or cooperation with the Group, length of collaborative relationship the Service Provider has established with the Group, the materiality and nature of the business relationship with the Group, and the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Provider.

Remunerating the Service Providers with equity incentives can serve as a recognition of their know-how and expertise that have contributed and/or will contribute to the development of the Group, which may in turn strengthen their collaboration and ties with the Group. Thus, such remuneration aligns with the purpose of the New Share Option Scheme of attracting, retaining and maintaining on-going business relationships. The Directors (including all of the independent non-executive Directors) are of the view that granting Options to the Service Providers will align their long-term interests with those of the Group and the Shareholders, while maintaining the necessary flexibility for the Board to exercise their discretion in determining which individuals or entities have provided or will provide significant value to, or have or will have an important role in the Group's long-term growth.

Scheme Mandate Limit and Service Provider Sublimit

In accordance with Rule 17.03B(1) of the Listing Rules and the New Share Option Scheme, the Scheme Mandate Limit, being the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under the New Share Option Scheme and any other share scheme(s) existing at such time, must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of this limit by the Shareholders at the AGM. Further, pursuant to Rule 17.03B(2) of the Listing Rules and the New Share Option Scheme (and other share scheme(s), where applicable), within the Scheme Mandate Limit, the Service Provider Sublimit, being the total number of Shares which may be allotted and issued in respect of all options and awards to be granted to the Service Providers under the New Share Option Scheme and any other share scheme(s) existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of separate approval of this sublimit by the Shareholders at a general meeting.

As at the Latest Practicable Date, the Company had a total of 429,164,448 Shares in issue. Assuming that there is no change in the total number of Shares in issue between the period from the Latest Practicable Date up to the Adoption Date, (i) the Scheme Mandate Limit will be 42,916,444 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date; and (ii) the Service Provider Sublimit will be 4,291,644 Shares, representing 1% of the total number of Shares in issue as at the Adoption Date.

LETTER FROM THE BOARD

The basis for determining the Service Provider Sublimit includes (i) the potential dilution effect arising from grants to the Service Providers, (ii) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers, (iii) the actual or expected reduction in costs of the Group or increase in the Group's revenue or profits which is attributable to the Service Providers, and the nature of the Service Providers' contribution to the long-term growth of the Group's business and future capital need of the Group, (iv) the extent of use of Service Provider in the Group's business, (v) the current payment and/or settlement arrangement with the Service Providers, and (vi) the fact that the Company expects that a majority of Options and Awards will be granted to the Employee Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants. Given the above, the Directors have made reference to the 1% Individual Limit and considered that a Service Provider Sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings. The Group engages the Service Providers to provide services to the Group, including advisory and consultancy services to the Group for the purpose of maintaining the Group's competitiveness in the long run. The Service Providers possess industry-specific knowledge or valuable experience or deep understanding or insight in the business, innovation of technology or commercial areas of the Group. The Group is of the view that the Service Providers' continuing and recurring engagement and cooperation with the Group would benefit the Group on a frequent and successive basis in its ordinary and usual course of business. The Board believes that the Service Provider Sublimit would provide the Group with flexibility to provide equity incentives to reward and collaborate with Service Providers which are not employees of the Group but who may have exceptional expertise and knowledge and who may be able to contribute to the Group in a way substantively comparable to contributions of highly-skilled or executive employees of the Group.

Considering that there are no other share schemes involving grant of options over new Shares, the Group's hiring practice and organisational structures and that the Service Providers have contributed to the long-term growth of the Company's businesses, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable as it provides flexibility to grant Options to the Service Providers to achieve the purpose of the New Share Option Scheme and the relatively low threshold of 1% of the total number of Shares in issue as at the Adoption Date for the Service Provider Sublimit can provide adequate safeguard against excessive dilution. The Directors have also made reference to the 1% Individual Limit and considered that the Service Provider Sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings. The Service Provider Sublimit is subject to separate approval by the Shareholders at the Annual General Meeting.

Vesting Period

The vesting period of Options granted under the New Share Option Scheme shall not be less than 12 months. Notwithstanding the foregoing, Options granted to Employee Participants may be subject to a shorter vesting period under any one of the following circumstances and as deemed appropriate at the sole discretion of the Board or the remuneration committee:

- (a) grants of "make-whole" Options to new joiners to replace the share options or shares they forfeited when leaving their previous employers;

LETTER FROM THE BOARD

- (b) grants of Options to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Options which are subject to the fulfilment of performance targets as conditions of the Options;
- (d) grants of Options that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted;
- (e) grants of Options with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of twelve (12) months; or
- (f) grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria.

To ensure the practicability in fully attaining the purpose of the New Share Option Scheme, the Board and the Remuneration Committee are of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the Option holder, such as those set out in this paragraph and in paragraph 9 of the Appendix III to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

These circumstances are also considered by the Stock Exchange to be justifiable reasons for having a shorter vesting period. The Directors are of the view such circumstances are in line with the requirements under the Listing Rules and market practice. As such, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in this paragraph and in paragraph 9 of the Appendix III to this circular is in line with the market practice and is appropriate and aligns with the purpose of the New Share Option Scheme.

LETTER FROM THE BOARD

Performance Targets and Clawback Mechanism

Performance Targets (as defined hereinafter) may be set out in the offer letter, and if so, the Selected Participants shall be required to fulfil such Performance Targets before any Options can be exercised.

Such performance targets may include, without limitation, one or more of the following (the “**Performance Targets**”):

- (a) any measurable performance benchmark, including financial and management targets, which the Board considers relevant to the grantee, such as key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs, individual position, annual appraisal result and performance of the grantee determined under the Company’s employee performance evaluation system;
- (b) the grantee’s fulfilment of milestones with respect to, including but not limited to, business development of the Group;
- (c) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and/or
- (d) any other performance targets as the Board determines as appropriate.

Under the New Share Option Scheme, the Board may (but are not obliged to) by notice in writing to the Selected Participant concerned clawback or extend the vesting period if any of the following events shall occur:

- (a) any material misstatements or omissions in the Company’s financial statements by a grantee;
- (b) any violation by a grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such grantee of the Group’s trade secrets, intellectual property or proprietary information;
- (c) any termination of employment contracts by a grantee without notice or payment in lieu of notice;
- (d) any conviction of any criminal offence by a grantee involving integrity or honesty; or
- (e) any conduct of a grantee that has material adverse effect to the reputation or interests of the Group,

LETTER FROM THE BOARD

the Options may be subject to clawback as considered, determined and approved by the Board where appropriate. The clawback of Options granted to the Directors and senior management of the Group, and any grants of Options to the Directors and senior management of the Group without clawback, shall be further subject to the satisfaction of any other requirements under the Listing Rules. The Options that are clawed back pursuant to this paragraph shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be).

The Directors consider that the flexibility given to the Board or the remuneration committee in relation to the Performance Targets and clawback mechanism will place the Group in a better position to have post-grant assessment on the contribution of a particular Selected Participant relative to the business performance of the Group on a continuing basis.

Exercise Price

The Exercise Price in respect of any Option shall be such price determined by the Board at its absolute discretion and notified to the Selected Participant at the time of the Offer and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a Business Day;
- (b) the average closing price of the Share as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Date of Grant (provided that the new issue price for the listing of the Shares shall be used as the closing price for any Business Day falling within the period before listing of the Shares if the Shares have been listed for less than five (5) Business Days before the Date of Grant); and
- (c) the nominal value of a Share on the Date of Grant.

Conditions of the adoption of the New Share Option Scheme

The New Share Option Scheme shall take effect on the Adoption Date and is conditional upon:

- (a) the passing of an ordinary resolution in the AGM to approve and adopt the New Share Option Scheme and to authorise the Directors to grant Options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares (representing the Scheme Mandate Limit) to be allotted and issued pursuant to the exercise of any Option in accordance with the terms and conditions of the Scheme.

The New Share Option Scheme will constitute a share option scheme under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

The Company has no plan or intention to grant Option to any Eligible Participant(s) under the New Share Option Scheme in the next 12-month period after obtaining the Shareholder's approval in the AGM.

A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix III to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same.

ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 46 to 51 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. 11:00 a.m. on Wednesday, 22 May 2024) 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.

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Under the Listing Rules, all the resolutions at the AGM will be decided by poll.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

RECOMMENDATIONS

The Directors consider that the proposed re-election of Directors, the proposed granting of the Repurchase Mandate and of the Issuance Mandate 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.

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 2023, 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.

LETTER FROM THE BOARD

The Directors believe that the terms of the New Share Option Scheme are fair and reasonable and that the adoption of such scheme is in the best interests of the Company and the Shareholders as a whole.

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.

DOCUMENTS ON DISPLAY

A copy of the rules of the New Share Option Scheme will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.mainland.com.hk) for display for a period of not less than 14 days before the date of the AGM and will be made available for inspection at the AGM.

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

Mr. Ngan Hei Keung*Executive Director and Chairman*

Mr. Ngan, aged 68, is the Chairman of the Company and co-founder of the Group. Mr. Ngan is responsible for the production activities of the Group. Mr. Ngan obtained a bachelor degree from 福建農業學院 (Fujian Agricultural College) (now known as 福建農林大學 (Fujian Agricultural University, the “**FA University**”)) in 1982 and currently is a guest professor of the FA University. Mr. Ngan has about 30 years of experience in the headwear industry. Mr. Ngan was a director of Yan Oi Tong in 2007.

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 spouse of Madam Ngan Po Ling, Pauline, *BBS, JP* who is executive director and the controlling shareholder of the Company. Mr. Ngan is also the father of Mr. Ngan Siu Hon, Alexander and Mr. Andrew Ngan, who are executive directors 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 months notice in writing served by either party. According to the service contract, Mr. Ngan is entitled to a basic remuneration of HK\$2,600,000 per annum and a discretionary year-end bonus, which is determined by reference to his duties, responsibilities and performance. Mr. Ngan received HK\$3,000,000 discretionary bonus for the year ended 31 December 2023. In addition, the Company signed a lease agreement with Mr. Ngan and Madam Ngan Po Ling, Pauline, *BBS, JP* at monthly rent of HK\$16,800 from 1 April 2022 to 31 March 2025.

Mr. Ngan has the following interests in the securities of the Company within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”):

	Number of shares			Total	Percentage of interest
	Personal interest	Other direct interest	Underlying shares		
Mr. Ngan Hei Keung	—	232,583,400 <i>(notes 1, 2)</i>	47,040,000 <i>(notes 3, 4)</i>	279,623,400	65.16%

Notes:

- (1) 192,885,000 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 *BBS, JP* as to 40% and 60% respective.
- (2) The 39,698,400 shares are beneficially owned by Madam Ngan Po Ling Pauline *BBS, JP*, the spouse of Mr. Ngan.

- (3) Pursuant to the contingent purchase deed dated 22 November 2019 between Mr. Ngan, Madam Ngan and New Era Cap Hong Kong LLC (“**NEHK**”), NEHK is entitled to require Mr. Ngan and Madam Ngan to purchase up to 39,800,000 shares on the terms and conditions of the said deed. The number underlying shares has been adjusted to 41,790,000 after adjustment for bonus shares issued in June 2022.
- (4) Mr. Ngan and Madam Ngan are entitled to subscribe for 2,100,000 shares and 3,150,000 shares respectively pursuant to the outstanding options granted under the Company’s share option 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. James S. Patterson

Executive Director

Mr. Patterson, aged 53, was appointed as Executive Director of the Company in April 2009. Mr. Patterson graduated from the State University of New York at Buffalo, Buffalo, NY, USA and completed a Bachelor Degree in Economics. Mr. Patterson has been employed for more than 20 years with New Era Cap LLC (“**New Era**”) a US based company engaged in the global marketing, sale, and manufacturing of headwear and apparel. Mr. Patterson is the President of Global Operations of New Era.

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

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

Mr. Patterson has entered into a service contract with the Company for an initial term of 3 years, which may be terminated by three months notice in writing served by either party. According to the service contract, Mr. Patterson is entitled to a basic remuneration of HK\$10,000 per month and a discretionary year-end bonus, which is determined by reference to his duties, responsibilities and performance. Mr. Patterson received HK\$311,200 discretionary bonus for the year ended 31 December 2023.

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

Underlying shares (number of shares)	1,050,000
Percentage of interest	0.24%

Mr. Patterson is entitled to subscribe for 1,050,000 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. Patterson, which is required to be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Andrew Ngan*Executive Director*

Mr. Andrew Ngan, aged 36, was the non-executive director of the Company from July 2011 to June 2017. He was appointed as Executive Director of the Company in January 2024. Mr. Ngan graduated from the Carnegie Mellon University, Pittsburgh, USA. He completed a Bachelor of Science Degree in Information Systems in 2010. He is a Director of Po Leung Kuk since 2018. He is now the Committee Member of the Chinese People's Political Consultative Conference of Hunan Province, member of Hunan Youth Federation and director of the Hong Kong Youth Association of Fujian Overseas Friendship Association.

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

Mr. Andrew Ngan is the son of Mr. Ngan Hei Keung and Madam Ngan Po Ling, Pauline who are the Executive Directors and the controlling shareholders of the Company, and the brother of Mr. Ngan Siu Hon Alexander who is the Executive Director of the Company. Save as disclosed above, Mr. Andrew Ngan does not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Mr. Andrew Ngan has entered into an agreement with the Company for an initial term of three years, which may be terminated by six months notice in writing by either party. Mr. Andrew Ngan is entitled to a basic remuneration of HK\$900,000 per annum and a discretionary year-end bonus, which is determined by reference to his duties, responsibilities and performance. Mr. Andrew Ngan received no discretionary bonus for the year ended 31 December 2023.

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. Andrew Ngan, which is required to be disclosed under Rules 13.51(2)(h) to 13.51(2) (v) of the Listing Rules.

Mr. Cheung Tei Sing Jamie*Independent Non-executive Director*

Mr. Cheung, aged 53, was appointed as Independent Non-executive Director of the Company in September 2023. He is also an executive director and the Vice Chairman of Somerley Capital Holdings Limited (HKEx: 8439) (“SCHL”). Mr. Cheung has over 20 years’ experience in corporate finance.

Mr. Cheung obtained a Bachelor of Commerce degree from The University of New South Wales and obtained from the Australian Graduate School of Management the degree of Master of Business Administration. Mr. Cheung is a member of CPA Australia. Prior to joining SCHL, Mr. Cheung worked in the audit department of Deloitte Touche Tohmatsu as an accountant.

Save as disclosed above, Mr. Cheung has not held directorships in any other listed companies in the past three years, does not hold any other positions with the Company or other group members of the Company, does not have any relationships with other directors, senior management or substantial shareholders or controlling shareholders of the Company, and he is not interested in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Cheung has entered into an appointment letter with the Company for an initial term of one year, which may be terminated by three months notice in writing by either party. Mr. Cheung’s directorship will be subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the bye-laws of the Company. According to the appointment letter, Mr. Cheung is entitled to a remuneration of HK\$180,000 per annum, which is determined by reference to his duties, responsibilities and performance.

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. Cheung, which is required to be disclosed under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Li Yinquan*Independent Non-executive Director*

Mr. Li, aged 69, was appointed as Independent Non-executive Director of the Company in September 2023. He has been serving as independent non-executive director of Genertec Universal Medical Group Company Limited (HKEx: 2666) since June 2015, Million Cities Holdings Limited (HKEx: 2892) since June 2018, Hong Kong Shanghai Alliance Holdings Limited (HKEx: 1001) since July 2018 and China Everbright Bank Company Limited (HKEx: 6818; SSE: 601818) since June 2020 and, China Agri-Products Exchange Limited (HKEx: 0149) since April 2024.

Mr. Li served respectively as the General Manager of Financial Department, Chief Financial Officer, Vice President of China Merchants Group, CEO of China Merchants Capital Investment Co., Ltd, a director of China Merchants Holdings (International) Company Limited, a director of China Merchants Bank Co., Ltd., a director of China Merchants China Direct Investments Limited from 2000 to 2017. Mr. Li also served as an independent non-executive director of Lizhi Inc. (NASDAQ: LIZI) from January 2020 to June 2021, and Kimou Environmental Holdings Limited (HKEx: 6805) from July 2019 to December 2022.

Mr. Li received his bachelor's degree in economics from Shaanxi Institute of Finance and Economics, master's degree in economics from Graduate School of the People's Bank of China and master's degree in banking and finance for development from Finafrica Institute in Milan, Italy.

Save as disclosed above, Mr. Li has not held directorships in any other listed companies in the past three years, does not hold any other positions with the Company or other group members of the Company, does not have any relationships with other directors, senior management or substantial shareholders or controlling shareholders of the Company, and he is not interested in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Li has entered into an appointment letter with the Company for an initial term of one year, which may be terminated by three months notice in writing by either party. Mr. Li's directorship will be subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the bye-laws of the Company. According to the appointment letter, Mr. Li is entitled to a remuneration of HK\$180,000 per annum, which is determined by reference to his duties, responsibilities and performance.

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. Li, 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 429,164,448 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 42,916,444 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 2023, 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:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2023		
April	2.25	1.89
May	2.02	1.90
June	1.99	1.83
July	1.94	1.83
August	1.93	1.77
September	1.90	1.75
October	1.89	1.78
November	1.84	1.71
December	1.80	1.69
2024		
January	1.80	1.56
February	1.68	1.48
March	1.59	1.50
April (up to the Latest Practicable Date)	1.52	1.35

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.

The Company confirms that the explanatory statement set out in this Appendix contains the information required under Rule 10.06(1)(b) of the Listing Rules and that neither the explanatory statement nor the proposed Repurchase Mandate has unusual features.

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	39,698,400		
	Interest of a controlled corporation	192,885,000 <i>(Note 1)</i>		
		232,583,400	54.19%	60.22%
Successful Years International Co., Ltd.	Beneficial Owner	192,885,000 <i>(Note 1)</i>	44.94%	49.94%
New Era Cap Hong Kong LLC	Beneficial Owner	83,581,050 <i>(Note 2)</i>	19.48%	21.64%
Mr. Christopher Koch	Interest of a controlled corporation	83,581,050 <i>(Note 2)</i>	19.48%	21.64%

Notes:

1. 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.
2. 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 83,581,050 shares.

Assuming that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, 429,164,448 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.

Set out below is a summary of the principal terms of the New Share Option Scheme to provide sufficient information to Shareholders for their consideration of the New Share Option Scheme proposed to be adopted at the AGM.

1. PURPOSE

The purpose of the New Option Scheme is to provide Eligible Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, as well as to motivate Eligible Participants to contribute to the success of the Group's operations. The New Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.

2. ELIGIBILITY OF THE PARTICIPANTS

The Board may, at its absolute discretion, invite any person belonging to any of the following classes of persons of any member of the Group, to be an Eligible Participant of the New Share Option Scheme and to take up an Option to subscribe for Shares:

- (a) **Employee Participants** – any Director or employee of the Company or any of its Subsidiaries (including any person who is granted Option(s) under the New Share Option Scheme as an inducement to enter into employment contract with these companies), and shall not include independent non-executive Directors of the Company;
- (b) **Related Entity Participants** – any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (c) **Service Providers** – person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work(s) for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing business, development or other support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

For the avoidance of doubt, the grant of any Options by the Company for the subscription of Shares or any other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under the New Share Option Scheme.

In determining the eligibility of an Employee Participant, the Board may consider all relevant factors as appropriate, including, among other things:

- (a) the individual's skills, knowledge, experience, expertise relevant to the operations of the Group and in enhancing the value of the Company and its Shares;
- (b) the individual's performance, length of services, responsibilities or employment terms and the prevailing market practice and industry standard;
- (c) the individual's contribution made or expected to be made towards the success of the Group's operations or enhancing the value of the Company and its Shares; and
- (d) the individual's educational and professional qualifications, and knowledge in the industry in which the Group is currently having operations or the industry in which the Group is going to develop.

In assessing the eligibility of a Related Entity Participant, the Board may consider all relevant factors as appropriate, including, among other things:

- (a) the responsibility taken up or to be taken up by the Related Entity Participant towards the success of the Group's operations or enhancing the value of the Company and its Shares;
- (b) the positive impacts brought by, or expected to be brought by, the Related Entity Participant on the Group's business development in terms of financial performance or financial position;
- (c) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships;
- (d) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (e) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the principal businesses of the Group through a collaborative relationship.

In assessing the eligibility of a Service Provider, the Board may consider all relevant factors as appropriate, including, among other things:

- (a) in respect of contractors, suppliers and agents and entities providing business, development or other support:
 - (i) the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him/her/it;

- (ii) the ability of the Service Provider to maintain the quality of services;
 - (iii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - (iv) the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the financial return attributable to the Service Provider's collaboration with the Group;
 - (v) the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and
 - (vi) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.
- (b) in respect of advisers and consultants:
- (i) the expertise, professional qualifications and industry experience of the Service Provider;
 - (ii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services;
 - (iii) the prevailing market fees chargeable by other services providers;
 - (iv) the Group's length of engagement of or collaboration with the Service Provider; and
 - (v) the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in revenue or profit.

3. DURATION AND ADMINISTRATION OF THE SHARE OPTION SCHEME

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date and shall expire at the close of business on the day which falls 10 years thereof, after which no further Options may be issued or granted but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto otherwise as may be required in accordance with the provisions of the New Share Option Scheme. The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

4. GRANT AND ACCEPTANCE OF OPTIONS

Subject to the terms of the New Share Option Scheme, all applicable Listing Rules and statutory requirements, the Board may at any time and from time to time within the duration of the New Share Option Scheme, in their absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from, and inclusive of, the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the Adoption Date or the termination of the same. In respect of any Options to be granted, the date of offer shall be taken as the date of grant for the purpose of calculating the exercise price for Shares.

An offer shall be deemed to have been accepted by the Eligible Participant concerned when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 28 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

5. EXERCISE PRICE OF SHARES

The Exercise Price in respect of any Option shall be such price determined by the Board at its absolute discretion and notified to the Selected Participant at the time of the Offer and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a Business Day;
- (b) the average closing price of the Share as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Date of Grant (provided that the new issue price for the listing of the Shares shall be used as the closing price for any Business Day falling within the period before listing of the Shares if the Shares have been listed for less than five (5) Business Days before the Date of Grant); and
- (c) the nominal value of a Share on the Date of Grant.

6. SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

- (i) The total of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under the New Share Option Scheme and any other share option schemes must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of this limit by the Shareholders at the AGM (the “**Scheme Mandate Limit**”) unless the Company obtains a fresh approval from the Shareholders pursuant to (iii) below. On the basis of a total of 429,164,448 Shares in issue as at the Adoption Date, the relevant limit will be 42,916,444 Shares which represent 10% of the issued Shares as at the Adoption Date. Options and Awards lapsed will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.
- (ii) Subject to (i) above, within the Scheme Mandate Limit, the total number of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under the New Share Option Scheme and any other share schemes to the Service Providers must not in aggregate exceed 1% of the issued share capital of the Company at the Adoption Date (the “**Service Provider Sublimit**”) unless the Company obtains a fresh approval from the Shareholders pursuant to (iii) below.
- (iii) The Company may refresh the Scheme Mandate Limit (and the Service Provider Sublimit) at any time by obtaining approval of the Shareholders in general meeting after three (3) years from the Adoption Date or the date of the Shareholders’ approval for the last refreshment, provided that:
 - i. the total number of Shares which may be issued in respect of all share options and share awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Mandate Limit as refreshed (the “**Refreshed Scheme Mandate Limit**”) shall not exceed 10% (and the Service Provider Sublimit as refreshed (the “**Refreshed Service Provider Sublimit**”) shall not exceed 1%) of the Shares in issue at the date of the Shareholders’ approval of such Refreshed Scheme Mandate Limit and Refreshed Service Provider Sublimit. Options or share options or share awards previously granted under the Scheme or any other share option scheme(s) or share award scheme(s) of the Company lapsed in accordance with the terms of the scheme will not be regarded as utilised for the purpose of calculating the Refreshed Scheme Mandate Limit (and the Refreshed Service Provider Sublimit, if any). The Company must send a circular to its Shareholders containing the number of Options, share options and share awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment;

- ii. any refreshment to the Scheme Mandate Limit (and the Service Provider Sublimit) within any three (3) year period must be approved by the Shareholders, subject to: (i) any Controlling Shareholders and their Associates (or if there is no Controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective Associates) must abstain from voting in favour of the relevant resolution at the general meeting; and (ii) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules; and
 - iii. the requirements under paragraph ii. do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- (iv) The Company may also seek separate Shareholders' approval in general meeting or granting Options, share options and share awards under this Scheme or other share option scheme(s) or share award scheme(s) of the Company beyond the Scheme Mandate Limit, provided the share options or share awards in excess of the Scheme Mandate Limit are granted only to Selected Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Selected Participant who may be granted such share options or share awards, the number and terms of the share options or share awards to be granted to each Selected Participant, and the purpose of granting share options or share awards to the specified Selected Participants with an explanation as to how the terms of the share options or share awards serve such purpose. The number and terms of share options or share awards to be granted to such Selected Participant must be fixed before Shareholders' approval. In respect of any share options or share awards to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Exercise Price.

7. LIMIT ON GRANTING AWARDS TO INDIVIDUAL ELIGIBLE PARTICIPANTS

Where any grant of Options of Shares to an Eligible Participant would result in the Shares issued and to be issued in respect of all Options granted to such person (excluding any Options lapsed) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (the "**1% Individual Limit**"), such grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his Close Associates (or his Associates if the Eligible Participant is a Connected Person) abstaining from voting. The Company shall send a circular to its Shareholders and such circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant), and such other information as may be required under the Listing Rules.

8. GRANTING OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR RESPECTIVE ASSOCIATES

Any grant of Options to a Director, chief executive or Substantial Shareholder, or any of their respective Associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the Option (if any)). Where any grant of Options to an independent non-executive Director or Substantial Shareholder of the Company, or any of their respective Associates, would result in the Shares issued and to be issued in respect of all Options of Shares granted (excluding any Options lapsed) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options must be approved by our Shareholders in general meeting. The Company shall send a circular to its Shareholders containing all information as required under the Listing Rules in this regard. The grantee, his Associates and all core Connected Persons of the Company must abstain from voting at such general meeting.

Any change in the terms of Options granted to an Eligible Participant who is a Director, chief executive or Substantial Shareholder of the Company, or any of their respective Associates, must be approved by the Shareholders in the manner set out in the Listing Rules if the initial grant of the Option(s) requires such approval (except where the changes take effect automatically under the existing terms of the New Share Option Scheme).

9. EXERCISE OF OPTIONS

Performance Targets (as defined hereinafter) may be set out in the offer letter, and if so, the Selected Participants shall be required to fulfil such Performance Targets before any Options can be exercised.

Such performance targets may include, without limitation, one or more of the following (the “**Performance Targets**”):

- (a) any measurable performance benchmark, including financial and management targets, which the Board considers relevant to the grantee, such as key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs, individual position, annual appraisal result and performance of the grantee determined under the Company’s employee performance evaluation system;
- (b) the grantee’s fulfilment of milestones with respect to, including but not limited to, business development of the Group;
- (c) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and/or
- (d) any other performance targets as the Board determines as appropriate.

Subject as hereinafter provided and to the restrictions which may be imposed (including the satisfaction of the Vesting Period and other exercise conditions), an Options may be exercised at any time during the option period which must not be more than 10 years from the date of grant of the Options.

The Vesting Period of Options granted under the New Share Option Scheme shall not be less than 12 months. Notwithstanding the foregoing, Options granted to Employee Participants may be subject to a shorter Vesting Period under any one of the following circumstances and as deemed appropriate at the sole discretion of the Board or the remuneration committee:

- (a) grants of “make-whole” Options to new joiners to replace the share options or shares they forfeited when leaving their previous employers;
- (b) grants of Options to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Options which are subject to the fulfilment of performance targets as conditions of the Options;
- (d) grants of Options that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted;
- (e) grants of Options with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; or
- (f) grants of Options with performance-based vesting conditions in lieu of time-based vesting criteria.

Subject to terms of the New Share Option Scheme, an Option shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 30 days after receipt of the notice and, where appropriate, receipt of the auditors’ or the independent financial adviser’s certificate, the Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

The exercise of any Option shall be subject to the Shareholders of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, our Directors shall make available sufficient authorised but unissued share capital of the Company to allot the Shares for the exercise of any Option.

10. TRANSFERABILITY OF THE OPTIONS

An Option granted under the New Share Option Scheme shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option held by him or any Offer made to him or attempt to do so, except where applicable under the Listing Rules, when the Stock Exchange has granted a waiver to the grantee to transfer his/her Options to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the New Share Option Scheme and comply with other requirements under the Listing Rules or for the transmission of an Option on the death of the grantee to his personal representative(s) on terms of the New Share Option Scheme. Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding Option or part thereof granted to such grantee without incurring any liability on the part of the Company.

11. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

No Options shall be granted by the Board where dealings in the Shares are prohibited under any code or requirement of the Listing Rules (including but not limited to Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Listing Rules), the SFO, all applicable laws and any internal code of conduct in securities dealing adopted by the Company from time to time. Without limiting the generality of the foregoing, no such Options shall be granted:

- (a) after inside information has come to the knowledge of the Company until (and including) the trading day after such inside information has been announced in accordance with the relevant requirements of the Listing Rules or such inside information has otherwise ceased to exist;
- (b) during the period of sixty (60) days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (c) during the period of thirty (30) days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results;
- (d) during the period commencing one (1) month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

- (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements;

- (e) during any period of delay in publishing a results announcement of the Company; and
- (f) in any circumstance where such option is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

12. RIGHTS ARE PERSONAL TO GRANTEEES

An Option granted under the New Share Option Scheme shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option held by him or any Offer made to him or attempt to do so. Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding Option or part thereof granted to such grantee without incurring any liability on the part of the Company.

13. RIGHTS OF CEASING RELATIONSHIP

Where an offer is made to a grantee and he subsequently ceases to be an Eligible Participant:

- (a) in the event the grantee (being an Employee Participant) ceases to be an Employee Participant for any reason other than (i) his death or (ii) on one or more of the grounds of termination of employment that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment summarily, the Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines (such as by reason of disability, ill-health or retirement in accordance with the relevant contract of employment) in which event the Option shall be exercisable to the extent and within a period of twelve (12) months following the date of cessation of employment (or such longer period as the Board may determine). The date of cessation of employment of a grantee (being an employee and who may or may not be a director of any member of the Group) shall be the last actual working day on which the grantee was physically at work with the Company or the relevant Subsidiary of the Company, whether salary is paid in lieu of notice or not;

- (b) in the event the Grantee ceases to be an Employee Participant for reason of his death before exercising the Option in full and none of the events for termination of employment under paragraph (a) then exists with respect to such grantee, the personal representative(s) of the grantee shall be entitled within a period of twelve (12) months (or such longer period as the Board may determine) from the date of death to exercise the Option up to the entitlement of such grantee as at the date of death.

14. RIGHTS OF DEATH

In the event of the grantee ceasing to be an Employee Participant by reason of his death before exercising the Options in full provided that none of the events which would be a ground for termination under paragraph 23(f) below then exists with respect to such grantee, the personal representative(s) of the grantee shall be entitled within a period of twelve (12) months (or such longer period as our Board may determine) from the date of death to exercise the Option up to the entitlement of such grantee as at the date of death.

15. CANCELLATION OF OPTIONS

Subject to paragraph 12 above, any cancellation of Options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph 12.

Where the Company cancels Options and offers new Options to the same Eligible Participant, the offer of such new Options may only be made under the New Share Option Scheme with available unissued Options within the Scheme Mandate Limit or (in case of the Eligible Participant being a Service Provider) the Service Provider Sublimit.

16. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of an alteration in the capital structure of the Company whilst any Option granted under the New Share Option Scheme but remains exercisable whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company (other than an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares comprised in each Option so far as unvested;
- (ii) the number or nominal amount of Shares comprised in each Option so far as vested but unexercised; and/or
- (iii) the Exercise Price;

as the auditors or an independent financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that grantee was previously entitled, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). The capacity of the auditors or independent financial advisor (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the grantees. The costs of the auditors or independent financial advisor (as the case may be) in relation to the preparation of any certificate or the provision of any other services in relation to this Scheme shall be borne by the Company. The auditors or independent financial advisor (as the case may be) must confirm to the Board in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

17. RIGHTS ON A GENERAL OFFER OR SCHEME OF ARRANGEMENT

If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, which are only applicable to vested Options under the New Share Option Scheme with a vesting period not shorter than 12 months, the Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company at any time within such period as shall be notified by the Company.

If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option, which are only applicable to vested Options under the New Share Option Scheme with a vesting period not shorter than 12 months, to its full extent or the Company may in its discretion at the same time as giving the notice provided, also give notice to a grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company.

18. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option, which are only applicable to vested Options under the New Share Option Scheme with a vesting period not shorter than 12 months, to its full extent or, if the Company shall give the relevant notification, the Company may in its discretion at the same time as giving the notice provided, also give notice to a grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company, and the Company shall as soon as possible and in any event no later than two (2) Business Days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

19. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 17, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a compromise or arrangement and the grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option, which are only applicable to vested Options under the New Share Option Scheme with a vesting period not shorter than 12 months, to its full extent or, if the Company shall give the relevant notification, the Company may in its discretion at the same time as giving the notice provided, also give notice to a grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company; and the Company shall as soon as possible and in any event no later than two (2) Business Days prior to the date of the proposed meeting, allot, issue and register in the name of the grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

20. RANKING OF SHARES

The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the articles of association of the Company for the time being in force and shall rank *pari passu* with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of the Company, or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members of the Company (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. Prior to the grantee being registered on the register of members of the Company, the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of the Shares to be issued upon the exercise of the Option.

21. ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME

The Board may amend any of the provisions of the New Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of the New Share Option Scheme, which are not restricted under Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants must be approved by Shareholders in general meeting.

Any change to the terms of Options granted to a Selected Participant must be approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be), unless the alterations take effect automatically under the existing terms of this Scheme.

Any change to the authority of the Directors or the administrators of the New Share Option Scheme to alter the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

22. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall take effect on the Adoption Date and is conditional upon:

- (a) the passing of an ordinary resolution in the annual general meeting to approve and adopt the New Share Option Scheme and to authorise the Directors to grant Options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares (representing the Scheme Mandate Limit) to be allotted and issued pursuant to the exercise of any Option in accordance with the terms and conditions of the Scheme.

23. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the option period;
- (b) the expiry of the periods for exercising the Option as referred to in paragraphs 13, 17, 18 and 19;
- (c) subject to the scheme of arrangement (referred to in paragraph 17) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 17;
- (d) subject to the voluntary winding-up of the Company (referred to in paragraph 18), the expiry of the period for exercising the Option as referred to in paragraph 18;
- (e) the date on which the grantee commits a breach of paragraph 12;

- (f) the date on which the grantee (being an Employee Participant) ceases to be an Employee Participant by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, or on any other ground on which an employer would be entitled to terminate his employment summarily;
- (g) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (h) where the grantee is a Related Entity Participant or a Service Provider, the date on which the Board shall at its absolute discretion determine that: (a) the grantee has committed any breach of any contract entered into between the grantee, his/her/its associate and/or the relevant related entity and/or the service provider on the one part and any member of the Group on the other part; (b) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with its creditors generally; or (c) the grantee and/or the relevant Related Entity Participant or the Service Provider which the grantee served could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever;
- (i) where the grantee is an Employee Participant, a Related Entity Participant or a Service Provider of a member of the Group (other than the Company), the date on which such member ceases to be a Subsidiary of the Company; and
- (j) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph 13, the date the grantee ceases to be a Selected Participant (as determined by a Board resolution) for any reason.

Transfer of employment of a grantee who is a Selected Participant from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered as a cessation of employment if a grantee who is a Selected Participant is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the grantee.

24. CLAWBACK MECHANISM

Under the New Share Option Scheme, the Directors may (but are not obliged to) by notice in writing to the Selected Participant concerned clawback or extend the vesting period if any of the following events shall occur:

- (a) any material misstatements or omissions in the Company's financial statements by a grantee;
- (b) any violation by a grantee of confidentiality or non-competition obligations owed to the Group, or any leakage by such grantee of the Group's trade secrets, intellectual property or proprietary information;
- (c) any termination of employment contracts by a grantee without notice or payment in lieu of notice;
- (d) any conviction of any criminal offence by a grantee involving integrity or honesty; or
- (e) any conduct of a grantee that has material adverse effect to the reputation or interests of the Group,

the Options may be subject to clawback as considered, determined and approved by the Board where appropriate. The clawback of Options granted to the Directors and senior management of the Group, and any grants of Options to the Directors and senior management of the Group without clawback, shall be further subject to the satisfaction of any other requirements under the Listing Rules. The Options that are clawed back pursuant to this paragraph shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be).

25. TERMINATION

The Company may by ordinary resolution in general meeting terminate the operation of the New Share Option Scheme and in such event no further Options shall be offered or granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect. Options which are not exercised and outstanding immediately prior to the termination of the operation of the New Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



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 24 May 2024 at 11:00 a.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 2023.
2. To declare a final dividend of 6 HK cents per share for the year ended 31 December 2023.
3.
 - 3.1 To re-elect Mr. Ngan Hei Keung, as an executive Director of the Company.
 - 3.2 To re-elect Mr. James S. Patterson, as an executive Director of the Company.
 - 3.3 To re-elect Mr. Andrew Ngan, as an executive Director of the Company.
 - 3.4 To re-elect Mr. Cheung Tei Sing, Jamie as an independent non-executive Director of the Company.
 - 3.5 To re-elect Mr. Li Yinquan as an independent non-executive Director of the Company.
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 purpose only

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE OF ANNUAL GENERAL MEETING

(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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such Resolution.”

- 9. “**THAT:**
 - (a) subject to and conditional upon the Listing Committee of the Stock Exchange (as defined in the circular of the Company dated on the same day as the Notice (the “**Circular**”)) granting approval for the listing of and permission to deal in the shares of the Company to be issued pursuant to the exercise of any Options (as defined in the Circular) to be granted pursuant to the New Share Option Scheme (as defined in the Circular), as defined and summarised in Appendix III to the Circular (the rules of which are contained in the document marked “A” and produced to the meeting and for the purposes of identification initialled by the chairman of the meeting), the New Share Option Scheme be and is hereby approved and adopted and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the New Share Option Scheme, including but without limitation:
 - i. to administer the New Share Option Scheme in accordance with its terms;
 - ii. to grant the Options to the Eligible Participants (as defined in the Circular) under the New Share Option Scheme and allotting and issuing from time to time such number of new Shares (as defined in the Circular) as may be required to be issued pursuant to the exercise of the Options that may be granted under the New Share Option Scheme;

NOTICE OF ANNUAL GENERAL MEETING

- iii. to modify and/or amend the rules of the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the rules of the New Share Option Scheme relating to the modification and/or amendment and is in compliance with Chapter 17 of the Listing Rules (as defined in the Circular);
 - iv. to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any new Shares that may be allotted and issued pursuant to the exercise of the Options granted or to be granted under the New Share Option Scheme; and
 - v. to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme; and
- (b) subject to and conditional upon the New Share Option Scheme becoming unconditional, the Existing Share Option Scheme (as defined in the Circular) be and is hereby terminated except that the provisions of the Existing Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to its termination, or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme.”
10. “**THAT** subject to and conditional upon the passing of ordinary resolution 9 above, the Service Provider Sublimit (as defined in the rules of the New Share Option Scheme) on the total number of new Shares that may be issued in respect of all share options and share awards to be granted to Service Providers (as defined in the rules of the New Share Option Scheme) under the New Share Option Scheme and all other share option schemes and share award schemes of the Company (i.e. 1% of the shares of the Company in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

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

Hong Kong, 19 April 2024

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.

NOTICE OF ANNUAL GENERAL MEETING

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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours (i.e. 11:00 a.m. on Wednesday, 22 May 2024) 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 Hei Keung, Mr. Patterson, Mr. Andrew Ngan, Mr. Cheung and Mr. Li 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.
7. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix III of this circular.
8. To determine the identity of members who are entitled to attend and vote at the forthcoming Annual General Meeting which will be held on 24 May 2024, the register of members of the Company will be closed from 21 May 2024 to 24 May 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 20 May 2024.
9. To determine the identity of members who are entitled to the final dividend of the Company for the year ended 31 December 2023, the register of members of the Company will be closed from 31 May 2024 to 5 June 2024 (both dates inclusive). In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 30 May 2024.
10. 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 8:00 a.m. on Friday, 24 May 2024, 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.