MAINLAND HEADWEAR HOLDINGS LIMITED
飛達帽業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1100)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board of Directors (the "Board" or the "Directors") of Mainland Headwear Holdings Limited (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 (the "Period") together with comparative figures for the corresponding period in 2025.

Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	3	**925,859**	845,629
Cost of sales		**(647,999)**	(590,525)
Gross profit		**277,860**	255,104
Other income		**14,681**	14,680
Other gains – net		**2,636**	7,527
Selling and distribution costs		**(71,463)**	(61,491)
Administration expenses		**(121,220)**	(128,471)
Net impairment losses on financial assets		**(5,871)**	(2,620)
Profit from operations	4(a)	**96,623**	84,729

* *For identification purpose only*

	Note	Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
Finance income		**776**	1,093
Finance costs		**(5,830)**	(8,550)
Finance costs – net	4(b)	**(5,054)**	(7,457)
Profit before income tax		**91,569**	77,272
Income tax expense	5	**(24,221)**	(19,693)
Profit for the period		**67,348**	57,579
Attributable to:			
Owners of the Company		**65,930**	59,918
Non-controlling interests		**1,418**	(2,339)
		67,348	57,579
Earnings per share attributable to owners of the Company			
Basic (HK cents per share)	6(a)	**15.362**	13.962
Diluted (HK cents per share)	6(b)	**15.362**	13.856

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**67,348**	57,579
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**791**	7,911
Total comprehensive income for the period, net of tax	**68,139**	65,490
Attributable to:		
Owners of the Company	**66,929**	68,401
Non-controlling interests	**1,210**	(2,911)
Total comprehensive income for the period	**68,139**	65,490

Interim Condensed Consolidated Balance Sheet (Unaudited)

As at 30 June 2026

	Note	**30 June 2026 (Unaudited)** *HK$'000*	31 December 2025 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	8	**667,785**	655,235
Right-of-use assets	9	**41,762**	44,708
Investment properties	8	**55,181**	54,280
Goodwill		**34,725**	35,065
Other intangible assets	8	**72,086**	77,626
Deferred income tax assets		**4,092**	4,269
Financial assets at fair value through profit or loss		**50,095**	41,629
Other financial assets at amortised cost	10	**2,482**	2,553
Other non-current assets		**7,428**	8,728
		935,636	924,093
Current assets			
Inventories		**361,756**	399,095
Trade receivable	10	**481,152**	431,752
Financial assets at fair value through profit or loss		**5,751**	4,740
Other financial assets at amortised cost	10	**34,353**	38,493
Other current assets		**28,456**	22,135
Tax recoverable		**3,251**	3,251
Short-term deposits		**6,264**	5,762
Cash and cash equivalents		**220,356**	168,446
		1,141,339	1,073,674
Total assets		**2,076,975**	1,997,767

	Note	**30 June 2026 (Unaudited)** *HK$'000*	31 December 2025 (Audited) *HK$'000*
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**42,916**	42,916
Other reserves		**220,366**	219,830
Retained earnings		**991,979**	951,336
		1,255,261	1,214,082
Non-controlling interests		**70,005**	69,962
Total equity		**1,325,266**	1,284,044
LIABILITIES			
Non-current liabilities			
Other payables	11	**34,445**	38,375
Lease liabilities	9	**27,280**	31,286
Deferred income tax liabilities		**28,388**	29,901
		90,113	99,562
Current liabilities			
Trade and other payables	11	**387,932**	399,320
Borrowings		**179,330**	140,353
Lease liabilities	9	**18,172**	17,353
Current income tax liabilities		**76,162**	57,135
		661,596	614,161
Total liabilities		**751,709**	713,723
Total equity and liabilities		**2,076,975**	1,997,767
Net current assets		**479,743**	459,513
Total assets less current liabilities		**1,415,379**	1,383,606

Notes

1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards.

This interim condensed consolidated financial information is presented in Hong Kong dollars ("HK$'000") and has not been audited.

2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2025, as described in those annual consolidated financial statements, except for adoption of new and amended standards.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) New and amended standards and interpretations not yet adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. The Group plans to adopt the new standards and amendments to accounting standards and interpretation when they become effective. Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 introduces new requirements for presentation within the consolidated statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, where of the first three are new. It also requires disclosure of newly defined management – defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also consequential amendments to several other standards. HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considered that the adoption of HKFRS 18 is unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision maker. The executive directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

The executive directors assess the performance of the operating segments based on reportable segment profit/(loss).

The executive directors consider the business from a business perspective whereby management assesses the performance of business operations by segment as follows:

(i) Manufacturing Business: The Group manufactures headwear products, bags and accessories for sale to its Trading Business as well as to external customers. The principal manufacturing facilities are located in Bangladesh, Mexico and Cambodia. Customers are mainly located in the United States (the "USA") and Europe.

(ii) Trading Business: The trading and distribution business of headwear, small leather goods, bags and accessories of the Group is operating through H3 Sportgear LLC ("H3"), San Diego Hat Company ("SDHC") and Aquarius Ltd. ("AQ") which focus on the USA market, and Drew Pearson International (Europe) Ltd., ("DPI") and Difuzed B.V. ("Difuzed") which focus on the Europe market.

	Manufacturing Six months ended 30 June		**Trading Six months ended 30 June**		**Total Six months ended 30 June**	
	2026	2025	**2026**	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**604,001**	537,720	**321,858**	307,909	**925,859**	845,629
Inter-segment revenue	**38,594**	17,130	**–**	–	**38,594**	17,130
Reportable segment revenue	**642,595**	554,850	**321,858**	307,909	**964,453**	862,759
Reportable segment profit/(loss)	**135,195**	120,152	**(48,502)**	(43,834)	**86,693**	76,318
Gain on disposal of financial assets at FVPL					**156**	2,272
Fair value loss on investment properties					**–**	(2,373)
Fair value gain on financial assets at FVPL					**3,211**	854
Change in value of investment in insurance contracts					**141**	172
Unallocated corporate income					**16,482**	14,358
Unallocated corporate expenses					**(10,060)**	(6,872)
Profit from operations					**96,623**	84,729
Finance costs – net					**(5,054)**	(7,457)
Income tax expense					**(24,221)**	(19,693)
Profit for the period					**67,348**	57,579

Segment assets exclude investment properties, deferred income tax assets, financial assets at FVPL, tax recoverable, short-term deposits and cash and cash equivalents. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarters.

	Manufacturing		**Trading**		**Total**	
	30 June 2026 (Unaudited)	31 December 2025 (Audited)	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**982,791**	941,195	**749,194**	774,195	**1,731,985**	1,715,390
Investment properties					**55,181**	54,280
Deferred income tax assets					**4,092**	4,269
Financial assets at FVPL					**55,846**	46,369
Tax recoverable					**3,251**	3,251
Short-term deposits					**6,264**	5,762
Cash and cash equivalents					**220,356**	168,446
Total assets					**2,076,975**	1,997,767

Segment liabilities exclude current and deferred income tax liabilities, borrowings and other corporate liabilities which are not directly attributable to the business activities of any operating segment.

	Manufacturing		**Trading**		**Total**	
	30 June 2026 (Unaudited)	31 December 2025 (Audited)	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment liabilities	**303,293**	298,100	**159,865**	179,945	**463,158**	478,045
Deferred income tax liabilities					**28,388**	29,901
Current income tax liabilities					**76,162**	57,135
Borrowings					**179,330**	140,353
Other corporate liabilities					**4,671**	8,289
					751,709	713,723
Additions to non-current assets (excluding financial instruments and deferred income tax assets)	**46,446**	46,691	**19,775**	48,287	**66,221**	94,978

4. PROFIT BEFORE INCOME TAX

An analysis of the amounts debited/(credited) to profit before income tax in the interim condensed consolidated financial information is given below:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(a) Operating profit		
Rental income	**(12,961)**	(14,263)
Gain on disposal on financial assets at FVPL	**(156)**	(2,272)
Fair value gain on financial assets at FVPL	**(3,211)**	(854)
Fair value loss on investment properties	**–**	2,373
Change in value of investment in insurance contracts	**(141)**	(172)
Net exchange gain	**366**	(6,114)
Provision for investment accounted for using equity method	**–**	393
Depreciation of property, plant and equipment	**33,377**	31,654
Depreciation of right-of-use assets	**8,316**	8,991
Short-term lease expenses	**5,963**	5,626
Amortisation of other intangible assets	**14,811**	11,239
Net provision for inventories *(note (i))*	**2,305**	2,999
Net impairment losses on financial assets *(note (ii))*	**5,871**	2,620

Notes:

(i) Provision for obsolete inventories of HK$2,305,000 has been made during the six months ended 30 June 2026 (six months ended 30 June 2025: HK$2,999,000), after considering their physical condition, market demand and historical usage of those inventories.

(ii) Provision for the expected credit losses made during the six months ended 30 June 2026 was mainly related to a loan to third party and the trade receivables of customers in the USA and Europe after assessing the customers' business outlook and past repayment pattern. Based on the assessment of expected credit loss, the Group has made a provision of HK$5,871,000 during the period ended 30 June 2026 (six months ended 30 June 2025: HK$2,620,000).

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(b) Finance costs – net		
Interest on bank loans, overdrafts and other borrowings	**(3,639)**	(6,868)
Interest accretion on license fee payables	**(1,325)**	(1,145)
Interest on lease liabilities	**(866)**	(537)
Finance costs	**(5,830)**	(8,550)
Finance income	**776**	1,093
Finance costs – net	**(5,054)**	(7,457)

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current year		
– Hong Kong profits tax	**2,500**	507
– Overseas tax	**23,021**	20,013
	25,521	20,520
Deferred income tax	**(1,300)**	(827)
	24,221	19,693

Income tax expense in the interim periods is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2025: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

6. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**65,930**	59,918
Weighted average number of ordinary shares in issue	**429,164,448**	429,164,448
Basic earnings per share *(HK cents)*	**15.362**	13.962

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all outstanding share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming exercise of the share options.

For the six months ended 30 June 2026, as the outstanding share options would not result in an anti-dilution at earnings per share and therefore the diluted earnings per share equals the basic earnings per share.

The calculation of diluted earnings per share was based on the profit attributable to owners of the Company and the weighted average number of ordinary shares, which was calculated as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**65,930**	59,918
Weighted average number of ordinary shares in issue	**429,164,448**	429,164,448
Adjustment for share options	**–**	3,282,562
Weighted average number of ordinary shares for diluted earnings per share	**429,164,448**	432,447,010
Diluted earnings per share *(HK cents)*	**15.362**	13.856

7. DIVIDENDS

(a) Dividends attributable to the period

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend declared of 3 HK cents (2025: 3 HK cents) per share	**12,875**	12,875

The interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date, but will be reflected as an appropriation of retained earnings for the six months ended 30 June 2026. The amount of proposed interim dividend was based on 429,164,448 (30 June 2025: 429,164,448) shares in issued as at 30 June 2026.

(b) Dividends attributable to the previous financial year, approved and paid during the period

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend paid in respect of 2025 of 6 HK cents (2024: 5 HK cents) per share	**25,750**	21,458

8. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2026, the Group acquired property, plant and equipment of HK$45,967,000 (six months ended 30 June 2025: HK$26,160,000) and intangible assets of HK$Nil (six months ended 30 June 2025: HK$Nil).

Among the investment properties, no valuation was performed during the period as there was no indication of significant changes in the value since last annual reporting date (six months ended 30 June 2025: fair value loss of HK$2,373,000 for one of the properties).

As at 30 June 2026, other intangible assets represent licensing rights for the use of certain licensed trademark, brands and logos in the Group's products of HK$44,056,000 (31 December 2025: HK$43,342,000) and acquired customer and supplier relationship of HK$28,030,000 (31 December 2025: HK$34,284,000).

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The interim condensed consolidated balance sheet shows the following amounts relating to the leases in respect of properties:

	At 30 June 2026 (Unaudited) *HK$'000*	At 31 December 2025 (Audited) *HK$'000*
Right-of-use assets		
Properties	**41,762**	44,708
Lease liabilities		
Non-current	**27,280**	31,286
Current	**18,172**	17,353
	45,452	48,639

Additions to the right-of-use assets during the six months ended 30 June 2026 is HK$10,658,000 (six months ended 30 June 2025: HK$10,265,000).

10. TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS AT AMORTISED COST

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Trade receivables	**504,667**	452,898
Less: provision for impairment losses	**(23,515)**	(21,146)
Trade receivables, net	**481,152**	431,752
Other financial assets at amortised cost *(note)*	**40,553**	47,863
Less: Provision for impairment losses	**(3,718)**	(6,817)
Other financial assets at amortised cost, net	**36,835**	41,046
	517,987	472,798
Less: non-current portion of other financial assets at amortised cost	**(2,482)**	(2,553)
Current portion	**515,505**	470,245

Note: Included in other financial assets at amortised cost is a loan to a third party with principal amount of US$3,000,000 (equivalent to approximately HK$23,340,000). The loan bears interest at 6.08% per annum and matures on 6 July 2026.

The carrying amounts approximate their fair values.

The majority of the Group's sales are with credit terms of 30–180 days. The ageing analysis of trade receivables based on invoice date is as follows:

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
0–30 days	**159,431**	139,448
31–60 days	**114,063**	138,119
61–90 days	**101,247**	79,261
91–120 days	**39,354**	25,030
121–180 days	**40,972**	22,912
Over 180 days	**49,600**	48,128
	504,667	452,898

11. TRADE AND OTHER PAYABLES

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Trade payables	**175,443**	218,653
Accrued charges and other payables	**246,934**	219,042
	422,377	437,695
Less: other non-current payables	**(34,445)**	(38,375)
Current portion	**387,932**	399,320

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
0–30 days	**116,386**	147,464
31–60 days	**30,270**	31,068
61–90 days	**12,729**	10,889
Over 90 days	**16,058**	29,232
	175,443	218,653

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the “Board” or the “Directors”) of Mainland Headwear Holdings Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, “Mainland Headwear” or the “Group”) for the six months ended 30 June 2026 (the “Period”).

FINANCIAL REVIEW

In the first half of 2026, the global business environment remained complex and volatile. Geopolitical risks, weak consumer demand in major markets, rising costs and supply chain restructuring continued to intertwine, heightening operational challenges for enterprises. In response to changes in the external environment, the Group built on its strong manufacturing capabilities and global operational footprint to promote synergies across production capacity, R&D and design, brand building and sales channels. During the Period, the Group continued to strengthen its multi-location production platforms, enhance supply chain flexibility and delivery capabilities, and deepen the integration of its trading business, gradually unleashing the complementary benefits of its European and the United States market resources. Despite the challenging market environment, the Group maintained stable overall operations and continued to consolidate the foundation for its long-term development.

During the Period, the Group’s revenue increased by 9.5% year-on-year to HK$925,859,000 (2025 interim: HK$845,629,000), and gross profit rose by 8.9% to HK$277,860,000 (2025 interim: HK$255,104,000), with gross profit margin at 30.0% (2025 interim: 30.2%). Profit attributable to shareholders increased by 10.0% to HK$65,930,000 (2025 interim: HK$59,918,000).

The Board has resolved to declare an interim dividend of 3 HK cents per share (2025 interim: 3 HK cents). The Group is in a healthy financial position with stable operating cash flows. As at 30 June 2026, it held cash on hand and unutilized banking facilities, amounting to approximately HK$226,620,000 and HK$495,500,000, respectively (31 December 2025: HK$174,208,000 and HK$645,300,000, respectively).

BUSINESS REVIEW

Manufacturing Business

In the first half of 2026, supported by its distinctive global production footprint, the Group's manufacturing business maintained steady development amid changing market conditions, further consolidating the Group's competitive advantages in the international headwear manufacturing market.

The Bangladesh factory remained the core revenue and production hub of the Group's manufacturing business. Leveraging its well-established management system, mature production processes and experienced and skilled workforce, the Bangladesh factory undertook a large volume of orders during the Period and maintained a stable and smooth production pace. The Group also continued to optimize production line workflows, increase the use of automated equipment, and enhance the operational efficiency of high-value-added embroidery products.

The Mexico factory, which is located in proximity to the U.S. market, enables the Group to fully meet the needs of North American customers in terms of delivery speed and supply chain flexibility. Following initial equipment commissioning and staff training, the plant's production processes have gradually matured, and overall operational efficiency has continued to improve.

The Group's leased production facility in Cambodia commenced full-scale operation, though various operational optimization measures continued to be implemented during the Period. Establishing a presence in Cambodia represents a key strategic move by the Group, as it not only complements the production capacity of the Bangladesh factory, but also diversifies geopolitical risks associated with reliance on a single region – optimizing the Group's global production capacity footprint. However, the training period required for local employees has been longer than anticipated, and the factory's capacity utilization remains in the ramp-up phase. Consequently, the operational benefits have yet to be fully realized.

During the Period, the Shenzhen factory completed its transformation and now focuses on providing internal support for the Group, including product R&D, cross-regional operational coordination, supply chain support and related services for overseas production bases and subsidiaries. It is no longer engaged in production and manufacturing operations.

Revenue from the Group's manufacturing business increased by 12.3% during the Period to HK$604,001,000 (2025 interim: HK$537,720,000), accounting for 65.2% of the Group's total revenue. Segment operating profit increased by 12.5% year-on-year to HK$135,195,000 (2025 interim: operating profit of HK$120,152,000).

As at 30 June 2026, the Bangladesh factory had 7,500 employees (31 December 2025: approximately 7,300); the Mexico and Cambodia factories had approximately 700 and 660 employees, respectively (31 December 2025: approximately 700 and 300, respectively).

Trading Business

In the first half of 2026, the retail markets in Europe and the UK remained subdued. Against the dual pressures of geopolitical instability and persistently high energy and fuel prices, consumers generally cut back on non-essential spending, while traditional channels such as department stores adopted a more cautious approach towards procurement. The US market was comparatively less affected by external shocks; however, demand growth lacked momentum, and the external operating environment continued to present numerous challenges.

Amid weaker industry sentiment, several of the Group's licensing collaboration projects progressed more slowly than expected. Meanwhile, the ongoing integration of the Group's branch companies gave rise to short-term additional administrative and related expenses, resulting in higher overall operating costs for the trading segment. Persistently high marketing and selling expenses further weighed on the segment's profitability.

Despite near-term operational challenges, the Group's presence across the two major markets of Europe and the U.S. has gradually begun to generate synergies. The Group has effectively aligned Europe's established design capabilities with the needs of the North American retail market, allowing it to secure a number of brand licensing collaborations and cross-regional cross-selling opportunities during the Period. Through ongoing optimization of its organizational structure, the Group has steadily implemented cost control measures, and certain business units have begun to show improvements in gross profit and operating performance.

Revenue from the trading business during the Period increased by 4.5% year-on-year to HK$321,858,000 (2025 interim: HK$307,909,000), accounting for approximately 34.8% of the Group's total revenue. Segment operating loss was HK$48,502,000 (2025 interim: operating loss of HK$43,834,000).

PROSPECTS

Looking ahead, uncertainties in the external environment are expected to persist. Geopolitical risks, fluctuations in energy and logistics costs, weak consumption sentiment, and rising labor costs will continue to pose operational challenges to the industry. The Group will remain cautiously optimistic and capitalize on its global footprint to seize opportunities arising from customers' supply chain restructuring and nearshoring trends. It will also continue to strengthen risk management and enhance cost efficiency, with the aim of achieving sustainable growth amid a rapidly evolving market environment.

With respect to its manufacturing business, the Group will continue to optimize production processes and management systems at its Bangladesh factory, while promoting automation and AI-assisted management to enhance efficiency through technology and alleviate operational pressure arising from rising labor costs. The Mexico factory will focus on the North American market and seek to secure more orders of meaningful scale and with reasonable profitability levels by leveraging its competitive advantages in proximity to customers, shorter delivery cycles and enhanced supply chain flexibility. The Cambodia factory will continue to improve employee proficiency and capacity utilization, with its operating performance improving gradually. As for the plan to acquire land and build a self-owned factory in Cambodia, the Group will proceed steadily in accordance with actual circumstances to support its medium- to long-term needs for capacity expansion and product diversification.

Regarding the trading business, the Group will continue to integrate resources across Europe, the U.S. and emerging markets. By realizing synergies from its acquisitions, prior investments are expected to deliver tangible business benefits, thereby improving the trading segment's operating efficiency and profitability. The Group is advancing the planned free trade zone project in the Mexican industrial park, including the construction of warehouses and related ancillary facilities. It is also maintaining engagement with potential customers to enhance its service capabilities in the North American market. In line with plans to transform the Shenzhen factory into a cross-border e-commerce industrial park, the Group expects to further improve cross-border logistics efficiency, provide cross-border e-commerce enterprises with a better logistics platform, and create conditions for the future expansion of multi-channel sales and diversified business development.

In response to a business environment filled with uncertainties, the Group will continue to implement its core strategies of globalized deployment and product diversification, while pressing ahead with strict cost controls, closely monitoring changes in global supply chains and customer sourcing trends, and flexibly adjusting capacity allocation. It will also seek to enhance operational efficiency through process improvements, organizational optimization, and the use of digital tools. Furthermore, the Group will maintain a prudent approach to capital expenditure, striking a balance between long-term strategic investments and short-term earnings performance.

Over the past 40 years, Mainland Headwear has weathered various economic cycles and challenges in becoming a market leader in the headwear manufacturing industry. With its leading market position, global production layout, diversified product mix spanning headwear to accessories, and keen business acumen, the Group is confident in its ability to overcome various challenges and create long-term value for its customers and shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group had cash and bank balances (including short-term deposits) and a portfolio of liquid investments totaling Hong Kong dollars ("HK$") 232.4 million (31 December 2025: HK$178.9 million). About 65.7%, 10.4% and 10.1% of these liquid funds were denominated in United States dollars, Renminbi and Hong Kong dollars respectively. As at 30 June 2026, the Group had banking facilities of HK$674.8 million (31 December 2025: HK$785.6 million), of which HK$495.5 million (31 December 2025: HK$645.3 million) were not utilised.

The borrowings over total equity ratio of the Group is at 13.5% (31 December 2025: 10.9%). In view of the strong financial and liquidity position, the Group has sufficient financial resources to meet its commitments and working capital requirements.

CAPITAL EXPENDITURE

During the Period, the Group spent approximately HK$44.5 million (30 June 2025: HK$15.6 million) on additions to equipment and machineries to further upgrade and expand its manufacturing capabilities. Also the Group spent HK$1.5 million (30 June 2025: HK$10.6 million) on additions of equipment and systems of Trading Business.

The Group budgeted HK$232.0 million for capital expenditure, of which HK$189.0 million is budgeted for the construction of a warehouse and dormitory in Mexico, and construction of a factory in Cambodia. The Group also authorised a capital commitment of HK$43.0 million for the acquisition of machinery and equipment upgrades.

EXCHANGE RISK

Most assets and liabilities of the Group are denominated either in HK dollars, US dollars, Renminbi or Bangladesh Taka. The Group estimates that 1% appreciation/depreciation of Bangladesh Taka is expected to reduce/increase the gross margin of the Manufacturing Business by about 0.25%. Any 1% appreciation of other currencies is expected to have insignificant impact on the gross margin of the Manufacturing Business.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group employed a total of 210 (30 June 2025: 220) workers and employees in the PRC ("People's Republic of China") (include Hong Kong), 7,551 (30 June 2025: 7,235) workers and employees in Bangladesh, 1,368 workers and employees in Mexico and Cambodia (30 June 2025: 585), 180 (30 June 2025: 182) employees in the USA ("United States of America") and Europe. The expenditures for the employees during the Period were approximately HK$250.6 million (30 June 2025: HK$223.8 million). The Group ensures that the pay levels of its employees are competitive and employees are remunerated based on their position and performance. Key employees of the Group, including Directors, are also granted share options under the share option schemes operated by the Company.

INTERIM DIVIDEND

The Board has declared an interim dividend of 3 HK cents (2025: 3 HK cents) per share, payable on or after 12 October 2026.

CLOSURE OF REGISTER OF MEMBERS

To determine the identity of members who are entitled to the interim dividend of the Company for the period ended 30 June 2026, the register of members of the Company will be closed from 18 September 2026 to 22 September 2026 (both dates inclusive). In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 17 September 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following enquiries by the Company, that they have complied with the required standard set out in Model Code throughout the period ended 30 June 2026.

AUDIT COMMITTEE

The Company has complied with Rule 3.21 of the Listing Rules in relation to the establishment of an audit committee. The audit committee members comprise of all independent non-executive directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the interim condensed consolidated financial information for the period ended 30 June 2026.

By Order of the Board
Ngan Hei Keung
Chairman

Hong Kong, 27 August 2026

As at the date hereof, the Board of Directors of the Company comprises nine directors, of which six are Executive Directors, namely Mr. Ngan Hei Keung, Madam Ngan Po Ling, Pauline, BBS, JP, Mr. Ngan Siu Hon, Alexander, Mr. Lai Man Sing, Mr. Andrew Ngan and Mr. Kevin Robert Wilson; and three are Independent Non-executive Directors, namely Mr. Gordon Ng, Mr. Cheung Tei Sing Jamie and Mr. Li Yinquan.