PROSPEROUS INDUSTRIAL (HOLDINGS) LIMITED
其利工業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1731)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Prosperous Industrial (Holdings) Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2020 with comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		For the six months ended 30 June	
	Notes	**2020**	2019
		(Unaudited)	(Unaudited)
		US$'000	*US$'000*
REVENUE	*3*	**98,493**	123,413
Cost of sales		**(77,949)**	(97,387)
Gross profit		**20,544**	26,026
Other income and gains, net	*4*	**1,129**	1,425
Selling and distribution expenses		**(5,559)**	(8,061)
Administrative expenses		**(9,866)**	(12,856)
Other expenses, net		**(216)**	(487)
Finance costs		**(290)**	(300)
PROFIT BEFORE TAX	*5*	**5,742**	5,747
Income tax	*6*	**(712)**	(1,680)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**5,030**	4,067

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2020

	Notes	For the six months ended 30 June 2020 (Unaudited) US$'000	2019 (Unaudited) US$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(747)**	98
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Revaluation surplus		**5,214**	–
Deferred tax debited to asset revaluation reserve		**(1,304)**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**3,910**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**3,163**	98
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**8,193**	4,165
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*8*		
Basic and diluted (US cent)		**0.45**	0.36

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	**As at 30 June 2020 (Unaudited) *US$'000***	As at 31 December 2019 (Audited) *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**22,372**	28,306
Investment property		**9,436**	–
Right-of-use assets		**20,141**	21,878
Intangible assets		**478**	502
Equity investment at fair value through other comprehensive income		**2**	2
Prepayments, deposits and other receivables		**1,671**	1,931
Deferred tax assets		**435**	209
Total non-current assets		**54,535**	52,828
CURRENT ASSETS			
Inventories		**19,204**	33,339
Trade and bills receivables	*9*	**46,394**	42,252
Prepayments, deposits and other receivables		**8,400**	9,012
Income tax recoverable		**71**	71
Cash and bank balances		**56,770**	51,060
Total current assets		**130,839**	135,734
CURRENT LIABILITIES			
Trade and bills payables	*10*	**9,155**	17,620
Other payables and accruals		**12,342**	15,968
Lease liabilities		**1,892**	1,893
Income tax payables		**10,584**	10,223
Total current liabilities		**33,973**	45,704
NET CURRENT ASSETS		**96,866**	90,030
TOTAL ASSETS LESS CURRENT LIABILITIES		**151,401**	142,858
NON-CURRENT LIABILITIES			
Defined benefit obligations		**752**	749
Lease liabilities		**6,673**	7,664
Deferred tax liabilities		**1,338**	–
Total non-current liabilities		**8,763**	8,413
Net assets		**142,638**	134,445
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Issued capital		**1,436**	1,436
Reserves		**141,202**	133,009
Total equity		**142,638**	134,445

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. CORPORATE INFORMATION

Prosperous Industrial (Holdings) Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business of the Company is located at Unit 1-2, 1/F, Join-In Hang Sing Centre, 71-75 Container Port Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. During the six months ended 30 June 2020, the Company and its subsidiaries (collectively, the "**Group**") were principally involved in the manufacturing and sale of sports bags, handbags and luggage bags.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Prosperous Holdings (Overseas) Limited, which is incorporated in the British Virgin Islands (the "**BVI**").

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 Interim Financial Reporting and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

This interim condensed consolidated financial information is presented in the United States Dollar ("**US$**") and all values are rounded to the nearest thousand ("**US$'000**") except when otherwise indicated.

This interim condensed consolidated financial information has not been audited, but has been reviewed by the Company's audit committee.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidation financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of accounting policy of investment properties and the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

Accounting policy of investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the accounting policy under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with as movements in the asset revaluation reserve.

3. REVENUE

Revenue represents sales of sports bags, handbags and luggage bags.

Disaggregation of revenue

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
By geographical markets		
The USA	**35,405**	51,671
Mainland China	**14,396**	21,708
Belgium	**12,135**	9,220
Netherlands	**8,886**	6,825
Japan	**6,865**	8,729
Hong Kong	**1,910**	2,174
Others	**18,896**	23,086
Total revenue from contracts with customers	**98,493**	123,413
By product category		
Outdoor and sporting bags	**71,445**	80,933
Functional bags	**10,154**	17,811
Fashion and casual bags	**15,079**	21,307
Others	**1,815**	3,362
Total revenue from contracts with customers	**98,493**	123,413

4. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Other income		
Bank interest income	**192**	240
Government grants*	**119**	165
Charges levied on customers	**202**	–
Rental income	**64**	–
Others	**292**	645
	869	1,050
Gains, net		
Foreign exchange difference, net	**243**	63
Gain on sales of samples and mold	**–**	271
Gain on sales of scrap materials	**17**	41
	260	375
Other income and gains, net	**1,129**	1,425

* Subsidies are received by a subsidiary from various government authorities in Mainland China for the development of its business. The subsidies are interest-free and are recognised as "Other income" in profit or loss when they have become unconditional.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Cost of inventories sold	**75,674**	95,428
Depreciation of property, plant and equipment	**2,340**	2,463
Less: Amount included in cost of inventories sold	**(1,386)**	(1,911)
	954	552
Depreciation of right-of-use assets	**1,309**	1,217
Less: Amount included in cost of inventories sold	**(889)**	(539)
	420	678
Amortisation of intangible assets	**191**	245
Research and development costs	**1,300**	1,787
Reversal of impairment of trade receivables*	**(17)**	–

* The amount is included in "Other expenses, net" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

An analysis of the Group's income tax is as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current:		
Charge for the period	**899**	1,359
Underprovision in prior years	**–**	2
	899	1,361
Deferred tax	**(187)**	319
Total tax expense for the period	**712**	1,680

7. DIVIDENDS

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Final dividend declared and paid – Nil (2019: HK1.5 cents (equivalent to approximately US0.19 cent), per ordinary share	**–**	2,140
Special dividend declared and paid – Nil (2019: HK3.5 cents (equivalent to approximately US0.45 cent), per ordinary share	**–**	4,994
	–	7,134

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share for the period is based on the unaudited profit for the period attributable to shareholders of the Company of US$5,030,000 (six months ended 30 June 2019: US$4,067,000), and the weighted average number of ordinary shares in issue of 1,120,000,000 (six months ended 30 June 2019: 1,120,000,000) during the period.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of these periods.

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2020	As at 31 December 2019
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Trade receivables	**47,513**	43,395
Bill receivable	**13**	6
Less: Impairment	**(1,132)**	(1,149)
	46,394	42,252

An ageing analysis of the trade and bills receivables as at end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2020 (Unaudited) *US$'000*	As at 31 December 2019 (Audited) *US$'000*
Within 1 month	**18,228**	26,738
1 to 2 months	**21,936**	9,677
2 to 3 months	**4,230**	4,834
Over 3 months	**2,000**	1,003
	46,394	42,252

10. TRADE AND BILLS PAYABLES

Trade and bills payables of the Group are unsecured, interest-free, and are normally settled on 45 to 60 days terms.

An ageing analysis of the trade and bills payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2020 (Unaudited) *US$'000*	As at 31 December 2019 (Audited) *US$'000*
Within 1 month	**3,597**	13,432
1 to 2 months	**2,342**	3,622
2 to 3 months	**2,810**	528
Over 3 months	**406**	38
	9,155	17,620

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

The Group is a leading manufacturer that designs, develops and manufactures recreational bags and packs, mainly backpacks, it also provides quality supply chain management services for renowned multinational sports and lifestyle brands. During the six months ended 30 June 2020 (the "**Period**"), over 99% of the Group's revenue was generated from sales of bags and packs manufactured for brand owner customers.

During the Period, the manufacturing and retail industry faced challenges arose from the outbreak of COVID-19, in addition to the persisting USA-China trade tension. Lockdowns, travel restrictions, social distancing and other public health measures as implemented by local governments around the world have hampered the consumer spending globally. Entering the second quarter of 2020, some shipments to the USA and Europe have been deferred at the request of the Group's customers. Furthermore, while it remains uncertain as to the time of recovery of the retail industry from the COVID-19 pandemic, some of the Group's customers have cut back on their order estimates.

Facing this challenging business environment, the Group reacted by adjusting its production capacity downward, temporarily suspending its production base in Cambodia which mainly caters for orders from the USA. The Group also took a more prudent approach towards its capital expenditure, including suspending its expansion of production facilities in Cambodia, to mitigate the impact of the COVID-19 pandemic on the Group's cash flows.

Total revenue of the Group for the Period was approximately US$98.5 million, representing a decrease of approximately US$24.9 million or 20.2% from approximately US$123.4 million as recorded in the six months ended 30 June 2019 (the "**Corresponding Period**"). The decrease was mainly due to the cut back in sales order as a result of the weakened consumer spending due to the outbreak of COVID-19. Sales quantity decreased from approximately 13.3 million pieces for the Corresponding Period to approximately 11.1 million pieces for the Period, representing a decrease of approximately 2.2 million pieces or 16.5%. The average selling price per piece declined and the sales mix of different product category concentrated more towards outdoor & sporting bags and packs while shifting away from functional bags and packs in order to better utilise production capacity of the Group's multi-regional manufacturing platform. The breakdown of the revenue, sales quantity and average selling price by product category are set out below:

	Six months ended 30 June 2020				Six months ended 30 June 2019			
	Revenue		**Sales quantity**	**Average selling price**	Revenue		Sales quantity	Average selling price
	US$'000	*%*	***Pc'000***	***US$/pc***	*US$'000*	*%*	*Pc'000*	*US$/pc*
Product category								
Outdoor & sporting	**71,445**	**73**	**7,530**	**9.5**	80,933	66	8,567	9.4
Functional	**10,154**	**10**	**1,686**	**6.0**	17,811	14	2,089	8.5
Fashion & casual	**15,079**	**15**	**1,707**	**8.8**	21,307	17	2,402	8.9
Others	**1,815**	**2**	**167**	**10.9**	3,362	3	250	13.4
Total	**98,493**	**100**	**11,090**	**8.9**	123,413	100	13,308	9.3

The Group's cost of sales for the Period amounted to approximately US$77.9 million, representing a decrease of approximately US$19.5 million or 20.0% from approximately US$97.4 million for the Corresponding Period. The decrease was in line with the decrease of sales and the Group's gross profit margin remained stable at 20.9% as compared 21.1% for the Corresponding Period.

The Group's administrative expenses for the Period amounted to approximately US$9.9 million, decreased by approximately US$3.0 million or 23.3% from approximately US$12.9 million for Corresponding Period as there was one-off costs for the cessation of operation of production plants in Dongkeng, Dongguan and Xinfeng, Jiangxi amounting to approximately US$2.9 million in the Corresponding Period.

Selling and distribution expenses for the Period amounted to approximately US$5.6 million, decreased by approximately US$2.5 million or 30.9% from approximately US$8.1 million for the Corresponding Period. The decrease was mainly due to the drop in sales quantity and decreased use of airfreight for shipping products to customers during the Period.

Profit attributable to shareholders of the Company increased by approximately US$0.9 million or 22.0% to approximately US$5.0 million for the Period, compared with approximately US$4.1 million for the Corresponding Period. Basic earnings per share for the Period increased by 0.09 US cent to 0.45 US cent as compared to 0.36 US cent for the Corresponding Period.

Liquidity, financial resources and capital expenditure

The Group's financial position remained solid. As at 30 June 2020, the Group had cash and cash equivalents of approximately US$56.8 million. The Group had no external borrowings as at 30 June 2020. As a result, the gearing ratio of the Group was zero (31 December 2019: zero), calculated as total debt, excluding lease liabilities, divided by total equity.

During the six months ended 30 June 2020, the Group incurred capital expenditure of US$0.6 million, mainly attributable to acquisition of property, plant and equipment.

Memorandum of understanding on cooperative development

On 25 June 2019, Guangzhou Glorieux Traveling Articles Co., Ltd.*（廣州澤榮旅行用品有限公司）("**Guangzhou Glorieux**"), a wholly owned subsidiary of the Company, entered into a memorandum of understanding (the "**MOU**") with Guangzhou Poly Urban Redevelopment Investment Company Limited*（廣州保利城改投資有限公司）("**Poly Urban Redevelopment**"), an independent third party, in relation to the cooperative development of a parcel of land (the "**Land**") owned by Guangzhou Glorieux. Pursuant to the MOU, Guangzhou Glorieux and Poly Urban Redevelopment will cooperate to formulate a plan to redevelop the Land (the "**Redevelopment Project**"). The Land is located at the south side of Nancun Road, Xingye Road, Nancun Town, Panyu District, Guangzhou City, the PRC and is currently used as a factory site. The Redevelopment Project shall be subject to separate legally binding agreements on terms and conditions to be mutually agreed by the signing parties of the MOU.

As no separate legally binding agreements were entered into between the parties and the MOU has lapsed on 24 June 2020.

* *For identification purpose only*

Contingent liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

Capital commitment

As at 30 June 2020, the Group did not have any significant capital commitments (31 December 2019: Nil).

Segmental Information

No operating segmental information of the Group was presented for the six months ended 30 June 2020 as the Group only operates in one single operating segment, i.e. manufacturing and sale of sports bags, handbags and luggage bags.

Employee information

As at 30 June 2020, the Group had approximately 8,500 employees. Salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis. Remuneration is reviewed annually. Staff benefits include contribution to mandatory contribution fund, discretionary bonus and share options. During the six months ended 30 June 2020, no share options were granted to employees of the Group.

Significant investments held

As at 30 June 2020, there were no material investments held by the Group.

Charge on the Group's assets

As at 30 June 2020, the Group did not have any charges on its assets (31 December 2019: Nil).

Foreign currency exposure

The Group's purchases and operating costs are mainly denominated in Renminbi, Vietnamese Dong while most of the Group's sales proceeds are received in US$. As such, the Group is exposed to foreign currency risk. Any appreciation of Renminbi, Vietnamese Dong against US$ may adversely affect the profitability. The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arise.

Outlook and prospects

Looking ahead, the uncertainties surrounding the COVID-19 pandemic will continue to affect the global economic activities, and will inevitably have negative impact on the Group's performance for the months to come. Nevertheless, the Group is positioned to participate in the eventual recovery of customer demand. The operation of its Cambodia production base is expected to resume gradually in mid-September 2020, subject to the availability of the workers and orders from customers. And the Group will reconsider to resume the remaining Phase 2 expansion should the business environment improves. Meanwhile, the Group will continue to monitor the situation and work closely with its partners to mitigate the adverse impact arising from the COVID-19 pandemic.

Use of proceeds from listing

The Company raised approximately HK$202.2 million from the listing in July 2018. On 20 December 2019, the Directors resolved to change the use and allocation of the net proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus dated 29 June 2018 (the "**Prospectus**") (the "**First Revised Use of Net Proceeds**") in order to reallocate the Group's production capacity by scaling down the operation in the PRC production bases and expanding its Vietnam and Cambodia production bases. On 22 May 2020, the Directors further resolved to change the use and allocation of the net proceeds (the "**Second Revised Use of Net Proceeds**") in order to strengthen its working capital position and liquidity by deferring its further expansion plan in Cambodia and retail business in MAISON PROMAX and instead apply the unutilised amount to general working capital. The Directors considered the aforementioned changes were in the best interest of the Company and the Shareholders as a whole. The Change would allow the Company to deploy its financial resources more effectively. For details, please refer to the announcements of the Company dated 20 December 2019 and 22 May 2020, respectively.

As at 30 June 2020, the amount of the net proceeds which remained unutilised amounted to approximately HK$55.5 million. The remaining unutilised net proceeds are expected to be utilised within 3 years up to 2023.

Set out below are details of the use of proceeds up to 30 June 2020:

	Original allocation of net proceeds *HK$ million*	**First Revised Use of Net Proceeds** *HK$ million*	**Second Revised Use of Net Proceeds** *HK$ million*	**Utilised amount up to 30 June 2020** *HK$ million*	**Unutilised amount up to 30 June 2020** *HK$ million*
Further enhancement of manufacturing capacity and flexibility by expanding manufacturing platforms in Cambodia	135.5	135.5	77.2	77.2	–
Enhancement of production efficiency and capabilities and enhancement of quality control by replacing and upgrading existing production machinery and acquisition of additional machinery, and setting up a research and development centre and additional testing laboratories	30.8	14.5	14.5	14.5	–
Enhancing brand recognition for MAISON PROMAX and expansion of retail business	12.5	12.5	5.8	5.8	–
Enhancing IT infrastructure	23.4	8.7	8.7	1.9	6.8
Reallocation of production capacity	–	31.0	31.0	21.4	9.6
General working capital	–	–	65.0	25.9	39.1
Total	202.2	202.2	202.2	146.7	55.5

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company places high value on the corporate governance practice and is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the shareholders of the Company as a whole.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practice, and the CG Code has been applicable to the Company. During the six months ended 30 June 2020, the Company has complied with the CG Code. The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' transactions in securities of the Company (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code during the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the period ended 30 June 2020 (six months ended 30 June 2019: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, there was no material acquisition or disposal of subsidiaries, associates or joint ventures by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL RESULTS

Pursuant to Rule 3.21 of the Listing Rules, the Company established an audit committee (the "**Audit Committee**") with written terms of reference aligned with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ko Siu Tak, Mr. Chiu Che Chung Alan and Mr. Yip Kwok Cheung. The Audit Committee is chaired by Mr. Ko Siu Tak and is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties and responsibilities as assigned by the Board.

The Audit Committee has discussed with the management of the Group and reviewed the unaudited interim financial results of the Group for the six months ended 30 June 2020, including the accounting principles and practices adopted by the Group, and discussed financial related matters. The Audit Committee is of the view that such statements have complied with the applicable accounting standards and that adequate disclosures have been made.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2020

In accordance with the requirements under the Listing Rules, this result announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pihl.hk), respectively. In accordance with the requirements under the Listing Rules, the interim report for the six months ended 30 June 2020 containing information about the Company will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company, respectively, in due course.

By Order of the Board
Prosperous Industrial (Holdings) Limited
Yeung Shu Kin
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises Mr. Yeung Shu Kin, Mr. Yeung Shu Kai and Mr. Yeung Wang Tony as executive Directors, Mr. Chau Chi Ming and Mr. Tsai Nai-Yung as non-executive Directors and Mr. Chiu Che Chung Alan, Mr. Ko Siu Tak and Mr. Yip Kwok Cheung as independent non-executive Directors.