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 2021

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 2021 with comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the six months ended 30 June	
	Notes	**2021**	2020
		(Unaudited)	(Unaudited)
		US$'000	*US$'000*
REVENUE	*3*	**81,432**	98,493
Cost of sales		**(62,371)**	(77,949)
Gross profit		**19,061**	20,544
Other income and gains, net	*4*	**1,041**	1,129
Selling and distribution expenses		**(5,518)**	(5,559)
Administrative expenses		**(8,745)**	(9,866)
Other expenses, net		**(402)**	(216)
Finance costs		**(240)**	(290)
PROFIT BEFORE TAX	*5*	**5,197**	5,742
Income tax	*6*	**(918)**	(712)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
		US$'000	*US$'000*
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**4,279**	5,030
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**228**	(747)
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		**228**	3,163
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**4,507**	8,193
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*8*		
Basic and diluted (US cent)		**0.38**	0.45

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021 (Unaudited)** ***US$'000***	As at 31 December 2020 (Audited) *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**19,094**	20,613
Investment properties		**10,124**	10,069
Right-of-use assets		**18,877**	19,395
Intangible assets		**347**	108
Equity investment at fair value through other comprehensive income		**2**	2
Prepayments, deposits and other receivables		**1,737**	2,247
Deferred tax assets		**694**	742
Total non-current assets		**50,875**	53,176
CURRENT ASSETS			
Inventories		**17,643**	23,253
Trade and bills receivables	*9*	**38,455**	26,405
Prepayments, deposits and other receivables		**7,767**	7,182
Income tax recoverable		**71**	71
Cash and bank balances		**64,938**	82,523
Total current assets		**128,874**	139,434
CURRENT LIABILITIES			
Trade and bills payables	*10*	**8,340**	14,249
Other payables and accruals		**10,965**	12,257
Lease liabilities		**2,181**	1,916
Income tax payables		**11,711**	11,529
Total current liabilities		**33,197**	39,951
NET CURRENT ASSETS		**95,677**	99,483
TOTAL ASSETS LESS CURRENT LIABILITIES		**146,552**	152,659

	Notes	As at 30 June 2021 (Unaudited) US$'000	As at 31 December 2020 (Audited) US$'000
NON-CURRENT LIABILITIES			
Defined benefit obligations		**620**	606
Lease liabilities		**5,443**	5,987
Deferred tax liabilities		**1,275**	1,261
Total non-current liabilities		**7,338**	7,854
Net assets		**139,214**	144,805
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Issued capital		**1,436**	1,436
Reserves		**137,778**	143,369
Total equity		**139,214**	144,805

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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 2021, the Company and its subsidiaries (collectively, the "**Group**") were principally involved in the manufacturing and sale of sports bags, handbags and luggage bags.

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 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 2020.

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 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*

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

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any material impact on the financial position and performance of the Group.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment and the amendment did not have any material impact on the financial position and performance of the Group.

3. REVENUE

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

Disaggregation of revenue

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
By geographical markets		
The USA	**29,000**	35,405
Mainland China	**13,396**	14,396
Belgium	**9,662**	12,135
Netherlands	**6,326**	8,886
Japan	**5,439**	6,865
Hong Kong	**597**	1,910
Others	**17,012**	18,896
Total revenue from contracts with customers	**81,432**	98,493
By product category		
Outdoor and sporting bags	**61,033**	71,445
Functional bags	**5,956**	10,154
Fashion and casual bags	**14,096**	15,079
Others	**347**	1,815
Total revenue from contracts with customers	**81,432**	98,493

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	
	2021	2020
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Other income		
Bank interest income	**256**	192
Government grants*	**48**	119
Charges levied on customers	**–**	202
Rental income	**395**	64
Others	**329**	292
	1,028	869
Gains, net		
Foreign exchange difference, net	**–**	243
Gain on sales of scrap materials	**13**	17
	13	260
Other income and gains, net	**1,041**	1,129

* 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	
	2021	2020
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Cost of inventories sold	**60,394**	75,674
Depreciation of property, plant and equipment	**1,976**	2,340
Less: Amount included in cost of inventories sold	**(1,088)**	(1,386)
	888	954
Depreciation of right-of-use assets	**1,284**	1,309
Less: Amount included in cost of inventories sold	**(889)**	(889)
	395	420
Loss/(gain) on disposal of property plant and equipment	**71**	(44)
Amortisation of intangible assets	**58**	191
Research and development costs	**1,373**	1,300
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	
	2021	2020
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current:		
Charge for the period	**852**	899
Deferred tax	**66**	(187)
Total tax expense for the period	**918**	712

7. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Final dividend declared and paid – HK1 cent (equivalent to approximately US0.13 cent) (2020: Nil) per ordinary share	**1,443**	–
Special dividend declared and paid – HK6 cents (equivalent to approximately US0.77 cent) (2020: Nil) per ordinary share	**8,655**	–
	10,098	–

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: 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$4,279,000 (six months ended 30 June 2020: US$5,030,000), and the weighted average number of ordinary shares in issue of 1,120,000,000 (six months ended 30 June 2020: 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 2021 and 2020 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 2021	As at 31 December 2020
	(Unaudited)	(Audited)
	US$'000	*US$'000*
Trade receivables	**39,527**	27,477
Less: Impairment	**(1,072)**	(1,072)
	38,455	26,405

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 2021 (Unaudited) ***US$'000***	As at 31 December 2020 (Audited) *US$'000*
Within 1 month	**38,437**	19,072
1 to 2 months	**17**	6,304
2 to 3 months	**1**	949
Over 3 months	**–**	80
	38,455	26,405

10. TRADE AND BILLS PAYABLES

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

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 2021 (Unaudited) ***US$'000***	As at 31 December 2020 (Audited) *US$'000*
Within 1 month	**7,605**	12,552
1 to 2 months	**672**	1,422
2 to 3 months	**46**	143
Over 3 months	**17**	132
	8,340	14,249

MANAGEMENT DISCUSSION AND ANALYSIS

General overview and business 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 2021 (the "**Period**"), the Group's revenue was generated from sales of bags and packs manufactured for brand owner customers.

During the Period, despite the impact of COVID-19 pandemic seemed to moderate and the economic activities across the globe showed signs of recovery, alongside with mass vaccination campaigns and the resumption of major sports events, the Group's sales were slow to pick up. Customers remained cautious in placing their orders as the COVID-19 pandemic is still prevalent in various countries. As a result, the Group's revenue for the Period decreased compared to the same period last year. Meanwhile, the Group continued to focus on making the best use of the existing capacity and streamlining the production procedures with the aim to achieve optimal efficiency, and hence improving the profitability. The gross profit margin for the Period improved to 23.4%, up from 20.9% from the same period last year.

Outlook and prospects

The uncertainties surrounding the COVID-19 pandemic will continue to cast shadow on the global economic recovery. In July 2021, the recent development of the COVID-19 pandemic in Vietnam has caused interruption in our production and supply chain. The Group's production base in Vietnam had been temporarily closed for a period from July to August 2021 due to the anti-epidemic control measures as implemented by the local government. Up to the date of this announcement, the operations of our Vietnam production base, as well as our business partners in the region, have not been fully resumed. Inevitably, such delayed resumption of operation will impact our production efficiency and cause supply chain disruptions. The Group will continue to monitor the situation and work closely with its suppliers and customers, such as delaying the production schedule and reallocating some production orders to the Group's other production bases in the PRC and Cambodia, to mitigate the adverse impact arising therefrom.

While the production efficiency of our Vietnam production base is being affected by the COVID-19 pandemic in Vietnam, it is encouraging to see the production efficiency in our Cambodia production base has improved noticeably during the Period. The Group will continue to leverage through its multi-regional manufacturing platform to achieve a sustainable business growth.

Financial review

Total revenue of the Group for the Period was approximately US$81.4 million, representing a decrease of approximately US$17.1 million or 17.3% from approximately US$98.5 million as recorded in the six months ended 30 June 2020 (the "Corresponding Period"). Sales quantity decreased from approximately 11.1 million pieces for the Corresponding Period to approximately 9.6 million pieces for the Period, representing a decrease of approximately 1.5 million pieces or 13.7%. In order to better utilise the production capacity of the Group's multi-regional manufacturing platform, the sales mix of different product category has been shifting away from functional category and has concentrated more towards outdoor & sporting category since last year. The breakdown of the revenue, sales quantity and average selling price by product category are set out below:

	Six months ended 30 June 2021				Six months ended 30 June 2020			
	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	**61,033**	**75.0**	**6,723**	**9.1**	71,445	72.6	7,530	9.5
Functional	**5,956**	**7.3**	**379**	**15.7**	10,154	10.3	1,686	6.0
Fashion & casual	**14,096**	**17.3**	**2,447**	**5.8**	15,079	15.3	1,707	8.8
Others	**347**	**0.4**	**21**	**16.5**	1,815	1.8	167	10.9
Total	**81,432**	**100**	**9,570**	**8.5**	98,493	100	11,090	8.9

The Group's cost of sales for the Period amounted to approximately US$62.4 million, representing a decrease of approximately US$15.5 million or 20.0% from approximately US$77.9 million for the Corresponding Period. The decrease was primarily due to the decrease in sales quantity for the Period. The Group's gross profit margin for the period improved to 23.4% from 20.9% in the Corresponding Period as a result of improved production efficiency in the Group's production bases, in particular, the Cambodia production base.

The Group's administrative expenses for the Period amounted to approximately US$8.7 million, decreased by approximately US$1.2 million or 11.4% from approximately US$9.9 million for the Corresponding Period as a result of the more stringent cost control measures and the closure of its retail business since the outbreak of the COVID-19 pandemic.

Selling and distribution expenses for the Period amounted to approximately US$5.5 million, which was similar to that of the Corresponding Period despite the decrease in the quantity shipped. This is mainly due to the continuing surge of global shipping cost since the outbreak of the pandemic.

Profit attributable to shareholders of the Company is reduced by approximately US$0.7 million or 14.9% to approximately US$4.3 million for the Period, compared with approximately US$5.0 million for the Corresponding Period. Basic earnings per share for the Period decreased by 0.07 US cents to 0.38 US cents as compared to 0.45 US cents for the Corresponding Period.

Liquidity, financial resources and capital expenditure

The Group's financial position remained solid. As at 30 June 2021, the Group had cash and cash equivalents of approximately US$64.9 million. The Group had no external borrowings as at 30 June 2021. As a result, the gearing ratio of the Group was zero (31 December 2020: zero), calculated as total debt, excluding lease liabilities, divided by total equity.

During the six months ended 30 June 2021, the Group incurred capital expenditure of US$0.7 million, mainly for acquisition of property, plant and equipment and intangible asset.

Contingent liabilities

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

Capital commitment

As at 30 June 2021, the Group did not have any significant capital commitments (31 December 2020: Nil).

Segmental Information

No operating segmental information of the Group was presented for the six months ended 30 June 2021 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 2021, the Group had approximately 7,100 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 2021, no share options were granted to employees of the Group.

Significant investments held

As at 30 June 2021, there were no material investments held by the Group.

Charge on the Group's assets

As at 30 June 2021, the Group did not have any charges on its assets (31 December 2020: 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$. As such, the Group is exposed to foreign currency risk. Any appreciation of Renminbi and Vietnamese Dong against US$ 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.

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 2021, the amount of the net proceeds which remained unutilised amounted to approximately HK$11.1 million. The remaining unutilised net proceeds are expected to be utilised within 2 years up to 2023.

Set out below are details of the use of proceeds up to 30 June 2021:

	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 2021** *HK$ million*	**Unutilised amount up to 30 June 2021** *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	5.0	3.7
Reallocation of production capacity	–	31.0	31.0	23.6	7.4
General working capital	–	–	65.0	65.0	–
Total	202.2	202.2	202.2	191.1	11.1

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 2021, 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 2021.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the period ended 30 June 2021 (six months ended 30 June 2020: 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 2021, 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 2021

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 2021 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, 27 August 2021

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.