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**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 ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Prosperous Industrial (Holdings) Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 US\$'000	2022 US\$'000
REVENUE	4	208,138	218,188
Cost of sales		<u>(164,386)</u>	<u>(177,596)</u>
Gross profit		43,752	40,592
Other income and gains, net	5	3,764	3,831
Selling and distribution expenses		(10,953)	(12,240)
Administrative expenses		(17,635)	(16,530)
Other expenses, net		(2,764)	(3,321)
Finance costs	6	<u>(264)</u>	<u>(464)</u>
PROFIT BEFORE TAX	7	15,900	11,868
Income tax expense	8	<u>(1,021)</u>	<u>(1,523)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		<u>14,879</u>	<u>10,345</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		<u>(895)</u>	<u>(3,356)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Defined benefit plan			
– Actuarial gain/(loss)		(4)	99
– Income tax effect		–	(17)
Change in fair value of equity investment at fair value through other comprehensive income		<u>(645)</u>	<u>–</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<u>(649)</u>	<u>82</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		<u>(1,544)</u>	<u>(3,274)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		<u>13,335</u>	<u>7,071</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted ( <i>US cent</i> )		<u>1.33</u>	<u>0.92</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>14,800</b>	16,478
Investment properties		<b>9,389</b>	9,649
Right-of-use assets		<b>13,997</b>	16,400
Intangible assets		<b>122</b>	178
Equity investments at fair value through other comprehensive income		<b>1,457</b>	2,102
Prepayments, deposits and other receivables		<b>1,927</b>	1,649
Financial assets at fair value through profit or loss		<b>186</b>	–
Deferred tax assets		<b>258</b>	202
		<hr/>	<hr/>
Total non-current assets		<b>42,136</b>	46,658
<b>CURRENT ASSETS</b>			
Inventories		<b>38,177</b>	43,744
Trade receivables	11	<b>49,233</b>	41,883
Prepayments, deposits and other receivables		<b>7,571</b>	8,880
Financial assets at fair value through profit or loss		<b>420</b>	4,592
Income tax recoverable		<b>62</b>	32
Time deposits		<b>15,824</b>	7,312
Cash and bank balances		<b>42,269</b>	36,730
		<hr/>	<hr/>
Total current assets		<b>153,556</b>	143,173
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	<b>21,342</b>	20,502
Other payables and accruals		<b>13,792</b>	12,399
Lease liabilities		<b>1,353</b>	1,514
Income tax payables		<b>6,671</b>	8,425
		<hr/>	<hr/>
Total current liabilities		<b>43,158</b>	42,840
		<hr/>	<hr/>
NET CURRENT ASSETS		<b>110,398</b>	100,333
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>152,534</b>	146,991
		<hr/>	<hr/>

	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals	<b>129</b>	132
Defined benefit obligations	<b>195</b>	248
Lease liabilities	<b>1,869</b>	3,615
Deferred tax liabilities	<b>1,390</b>	1,378
	<hr/>	<hr/>
Total non-current liabilities	<b>3,583</b>	5,373
	<hr/>	<hr/>
Net assets	<b>148,951</b>	141,618
	<hr/>	<hr/>
<b>EQUITY</b>		
Share capital	<b>1,436</b>	1,436
Reserves	<b>147,515</b>	140,182
	<hr/>	<hr/>
Total equity	<b>148,951</b>	141,618
	<hr/>	<hr/>

## NOTES

### 1. CORPORATE AND GROUP INFORMATION

Prosperous Industrial (Holdings) Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. 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 year, the Company and its subsidiaries (collectively, the “**Group**”) were principally involved in the manufacturing and sale of sport 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 was incorporated in the British Virgin Islands (the “**BVI**”).

### 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) equity investments at fair value through other comprehensive income; (ii) defined benefit obligations; (iii) investment properties; and (iv) financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in United States dollar (“**US\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group’s financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. OPERATING SEGMENT INFORMATION

#### Operating segment information

No operating segment information is presented as the Group only operates in one single operating segment, i.e., the manufacturing and sale of sport bags, handbags and luggage bags.

#### Geographical information

##### (a) Revenue from external customers

	2023 US\$'000	2022 US\$'000
The United States of America (the "USA")	73,359	92,566
Belgium	28,192	21,777
Japan	16,682	18,415
Chinese Mainland	16,076	22,667
Netherlands	12,670	12,702
Italy	12,560	3,641
Hong Kong	1,284	1,582
Others	47,315	44,838
	<u>208,138</u>	<u>218,188</u>

The revenue information above is based on the destination of goods delivered, irrespective of the origin of the goods.

**(b) Non-current assets**

	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
Chinese Mainland	<b>17,328</b>	19,658
Vietnam	<b>10,043</b>	10,320
Cambodia	<b>6,949</b>	8,617
Taiwan	<b>4,212</b>	3,803
Others	<b>631</b>	727
	<b>39,163</b>	43,125

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets, certain other receivables and deposits.

**Information about major customers**

During the year, the Group had transactions with three (2022: three) external customers, the sales to which individually contributed over 10% of the Group's total revenue. The revenue generated from sales to each of these customers is set out below:

	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
Customer A	<b>81,646</b>	76,507
Customer B	<b>52,954</b>	50,725
Customer C	<b>31,654</b>	30,886

#### 4. REVENUE

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

##### (a) Disaggregation of revenue

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
<b>By geographical markets</b>		
The USA	73,359	92,566
Belgium	28,192	21,777
Japan	16,682	18,415
Chinese Mainland	16,076	22,667
Netherlands	12,670	12,702
Italy	12,560	3,641
Hong Kong	1,284	1,582
Others*	47,315	44,838
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>208,138</b>	218,188
	<hr/> <hr/>	<hr/> <hr/>

\* Including countries with sales less than 5% of total balance for the year, e.g. Germany, United Kingdom, Canada, etc.

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
<b>By product category or services</b>		
Sales of outdoor and sporting bags	159,849	157,176
Sales of functional bags	10,779	14,017
Sales of fashion and casual bags	35,549	41,215
Sales of other products	1,961	5,780
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>208,138</b>	218,188
	<hr/> <hr/>	<hr/> <hr/>
<b>By timing of revenue recognition</b>		
Goods transferred at a point of time	<b>208,138</b>	218,188
	<hr/> <hr/>	<hr/> <hr/>

The revenue recognised during the year ended 31 December 2023 that was included in contract liabilities as at 1 January 2023 amounted to US\$27,000 (2022: US\$168,000). No revenue recognised during the years ended 31 December 2023 and 2022 related to performance obligations satisfied or partially satisfied in previous years.

##### (b) Performance obligation

###### *Sale of sport bags, handbags and luggage bags*

The performance obligation is satisfied upon delivery of the sport bags, handbags and luggage bags and payment is generally due within 15 to 105 days from delivery.



## 5. OTHER INCOME AND GAINS, NET

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
<b>Other income</b>		
Bank interest income	1,638	418
Government grants*	25	133
Charges levied on customers	438	877
Gross rental income from investment property operating leases, fixed payment	816	807
Others	493	397
	<u>3,410</u>	<u>2,632</u>
<b>Gains, net</b>		
Foreign exchange gains, net	231	696
Gain on sale of scrap materials	123	503
	<u>354</u>	<u>1,199</u>
Total other income and gains, net	<u><u>3,764</u></u>	<u><u>3,831</u></u>

\* There are no unfulfilled conditions or contingencies relating to these grants.

## 6. FINANCE COSTS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Factoring fee on certain designated trade receivables	5	86
Interest on lease liabilities	259	378
	<u>264</u>	<u>464</u>

## 7. PROFIT BEFORE TAX

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Cost of inventories sold	160,856	172,796
Depreciation of property, plant and equipment	2,785	3,072
Less: Amount included in cost of sales	<u>(1,832)</u>	<u>(1,951)</u>
	<u>953</u>	<u>1,121</u>
Depreciation of right-of-use of assets	2,078	2,641
Less: Amount included in cost of sales	<u>(1,475)</u>	<u>(1,913)</u>
	<u>603</u>	<u>728</u>
Amortisation of intangible assets*	137	151
Less: Amount included in cost of sales	<u>(2)</u>	<u>(4)</u>
	<u>135</u>	<u>147</u>
Lease payments not included in the measurement of lease liabilities	450	129
Gain on termination of leases	(180)	(115)
Auditor's remuneration	299	293
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	52,857	50,288
Defined contribution scheme contributions <sup>#</sup>	1,913	2,032
Net benefit expense of a defined benefit plan	<u>3</u>	<u>3</u>
	<u>54,773</u>	<u>52,323</u>
Less: Amount included in cost of sales	<u>(39,402)</u>	<u>(38,297)</u>
Total	<u>15,371</u>	<u>14,026</u>
Changes in fair value of investment properties	99	(129)
Research and development costs	2,311	2,357
Impairment of obsolete inventories***	221	932
Impairment of trade receivables**	330	144
Loss on disposal/write-off of items of property, plant and equipment, net**	21	14
Changes in fair value of financial assets at fair value through profit or loss**	<u>486</u>	<u>2,570</u>

\* The amortisation of intangible assets are included in the following line items on the face of the consolidated statement of profit or loss and other comprehensive income:

	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
Cost of sales	2	4
Selling and distribution expenses	5	4
Administrative expenses	<u>130</u>	<u>143</u>
 Total	 <u><u>137</u></u>	 <u><u>151</u></u>

\*\* These amounts are included in “Other expenses, net” on the face of the consolidated statement of profit or loss and other comprehensive income.

\*\*\* This amount is included in “Cost of sales” on the face of the consolidated statement of profit or loss and other comprehensive income.

# There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 8. INCOME TAX

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

	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
Current:		
Charge for the year	2,741	2,559
Overprovision in prior years	<u>(1,677)</u>	<u>(1,400)</u>
 Deferred tax	 <u>1,064</u> <u>(43)</u>	 <u>1,159</u> <u>364</u>
 Total tax expense for the year	 <u><u>1,021</u></u>	 <u><u>1,523</u></u>

## 9. DIVIDENDS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Dividends paid during the year:		
Final dividend for 2022 – HK4.2 cents (equivalent to approximately US0.54 cents) (2021: HK1 cent (equivalent to approximately US0.13 cents)) per ordinary share	6,002	1,428
Special dividend for 2022 – Nil (2021: HK2.5 cents (equivalent to approximately US0.32 cents)) per ordinary share	–	3,569
	<u>6,002</u>	<u>4,997</u>
Proposed final dividend – HK5.0 cents (equivalent to approximately US0.64 cents) (2022: HK4.2 cents (equivalent to approximately US0.54 cents)) per ordinary share	7,165	6,070
	<u>7,165</u>	<u>6,070</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to shareholders of the Company of US\$14,879,000 (2022: US\$10,345,000), and the number of ordinary shares in issue of 1,120,000,000 (2022: 1,120,000,000) during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these years.

## 11. TRADE RECEIVABLES

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade receivables	49,433	42,239
Impairment	(200)	(356)
	<u>49,233</u>	<u>41,883</u>

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

	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
Within 1 month	<b>13,464</b>	16,714
1 to 2 months	<b>19,762</b>	15,983
2 to 3 months	<b>14,522</b>	8,171
Over 3 months	<b>1,485</b>	1,015
	<hr/> <b>49,233</b> <hr/>	<hr/> 41,883 <hr/>

## 12. TRADE AND BILLS PAYABLES

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

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

	<b>2023</b> <i>US\$'000</i>	2022 <i>US\$'000</i>
Within 1 month	<b>12,071</b>	13,487
1 to 2 months	<b>8,243</b>	6,932
2 to 3 months	<b>421</b>	33
Over 3 months	<b>607</b>	50
	<hr/> <b>21,342</b> <hr/>	<hr/> 20,502 <hr/>

## **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. The Group has established a multi-regional manufacturing platform which consists three production facilities located in the PRC, Vietnam and Cambodia. The multi-regional manufacturing platform has enabled the Group to navigate through preferential import tariffs and international trading policy benefits, and provide its customers with more comprehensive shipping options.

After a strong rebound in customer orders in 2022, 2023 was the year of destocking for our customers. High retailer inventory level in our end-consumer markets has softened our customer demand in 2023. In addition, persistent geopolitical conflicts, high inflation and interest rates have led to weak consumer confidence that also impacted our end consumer markets. Despite facing these complex market challenges, the Group persevered its flexibility and achieved satisfactory financial results with notable improvement in gross profit margin from 18.6% to 21.0%. This was made possible by leveraging the competitive advantages of the Group's multi-regional manufacturing platform and making immense efforts to enhance operational efficiency. After spending much of 2022 ramping up production capacity, the focus of 2023 was streamlining production processes and cost structures, with the aim to improve production efficiency.

Meanwhile, the Group continued to reallocate its production capacity from the PRC to Vietnam and Cambodia for catering the customer orders from overseas, as customers orders from the PRC markets continued to shrink during the Year. Sales shipped to the PRC markets hit a new low in recent years and accounted for less than 10% of the total sales quantities for the Year. The Group's Vietnam and Cambodia production bases, which are mainly for catering customer orders from overseas, have taken up more than 90% of the Group's total production capacity for the Year.

### **OUTLOOK AND PROSPECTS**

The Group remained cautiously optimistic about the long-term growth in its business amidst the uncertainties in the macroeconomic environment, such as the persistent inflationary pressure and high interest rates. It is expected the customers will continue to be conservative in placing orders in the short term. The Group will keep monitoring the development in the macroeconomic environment, streamlining its production processes to improve efficiency, and continue to prioritize sustainability and corporate social responsibility as core pillars of our business philosophy.

## FINANCIAL REVIEW

During the year ended 31 December 2023 (“Year”), the Group’s revenue was generated from sales of bags and packs manufactured for brand owner customers. Total revenue for the Year amounted to approximately US\$208.1 million, representing a decrease of approximately US\$10.1 million or 4.6% from approximately US\$218.2 million for 2022. Total sales quantity decreased from approximately 20.8 million pieces for 2022 to approximately 19.4 million pieces for the Year, representing a decrease of approximately 1.4 million pieces or 6.9%, due to softer customer demand amidst the inventory destocking cycle in the end-consumer markets. The decline in sales quantities was partially offset by the slight improvement in average selling price by US\$0.2 per piece to US\$10.7 from US\$10.5. For the sales mix of the different product categories, outdoor and sporting category remained our core category which contributed more than 76% of the total revenue. The breakdown of the revenue, sales quantity and average selling price by product category are set out below:

Product category or services	2023				2022			
	Revenue US\$'000	%	Sales quantity Pc'000	Average selling price US\$/pc	Revenue US\$'000	%	Sales quantity Pc'000	Average selling price US\$/pc
Outdoor & sporting	159,849	76.8	14,094	11.3	157,176	72.0	14,719	10.7
Functional	10,779	5.2	658	16.4	14,017	6.4	828	16.9
Fashion & casual	35,549	17.1	4,406	8.1	41,215	18.9	4,772	8.6
Others	1,961	0.9	208	9.4	5,780	2.7	479	12.1
Total	<u>208,138</u>	<u>100</u>	<u>19,366</u>	<u>10.7</u>	<u>218,188</u>	<u>100</u>	<u>20,798</u>	<u>10.5</u>

The Group’s cost of sales for the Year amounted to approximately US\$164.4 million, representing a decrease of approximately US\$13.2 million or 7.4% from approximately US\$177.6 million for 2022. The decrease in cost of sales was primarily due to the decrease in sales quantity for the Year. Gross profit for the Year amounted to approximately US\$43.8 million, up from approximately US\$40.6 million for 2022, with the gross profit margin for the Year bounced back from 18.6% in the preceding year to 21.0% as a result of improved production efficiency on a year-on-year basis.

The Group’s administrative expenses for the Year amounted to approximately US\$17.6 million (2022: approximately US\$16.5 million), equivalent to approximately 8.5% (2022: 7.6%) of the Group’s total revenue. The increase in administrative expenses was mainly attributable to increase in staff cost.

Selling and distribution expenses for the Year amounted to approximately US\$11.0 million, decreased by approximately US\$1.3 million or 10.5%. The decrease was primarily due to the decrease in quantity of shipments as well as the general decrease in freight costs across the globe during the Year.

Other expenses for the Year decreased significantly as compared to the 2022, largely due to the reduction in fair value loss of certain of the Group's investment in corporate bonds which are carried at fair value through profit or loss.

Profit attributable to shareholders of the Company increased by approximately US\$4.5 million or 43.8% to US\$14.9 million for the Year, compared with approximately US\$10.3 million for 2022. Earnings per share also increased by 0.41 US cents to 1.33 US cents as compared to 0.92 cents for 2022.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE**

The Group's financial position remained solid throughout the Year. As at 31 December 2023 the Group had time deposits, cash and cash equivalents of approximately US\$58.1 million and no external borrowings. As a result, the gearing ratio of the Group was zero (31 December 2022: zero) as at 31 December 2023, calculated as total debt, excluding lease liabilities, divided by total equity. During the year ended 31 December 2023, the Group incurred capital expenditure of US\$1.9 million, mainly attributable to the acquisition of property, plant and equipment.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group had no material acquisition or disposals of subsidiaries or associates during the year ended 31 December 2023.

## **EMPLOYEE INFORMATION AND REMUNERATION POLICY**

As at 31 December 2023, the Group had approximately 8,500 employees (2022: approximately 7,500 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 year ended 31 December 2023, no share options were granted to employees of the Group.

## **SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2023, there were no significant investments held by the Group (31 December 2022: Nil).

## **CHARGE ON THE GROUP'S ASSETS**

As at 31 December 2023, the Group did not have charges on its assets (31 December 2022: Nil).



## **FOREIGN CURRENCY EXPOSURE**

The Group's purchases and operating costs are mainly denominated in Renminbi, Vietnamese Dong and US\$, 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 or 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 arises.

## **DIVIDENDS**

The directors have resolved to recommend the payment of a final dividend of HK5.0 cents per share (the **"Final Dividend"**) to the Shareholders whose names appear on the register of members of the Company (the **"Register of Members"**) on Friday, 28 June 2024.

The proposed Final Dividend is subject to the approval by the Shareholders at the annual general meeting to be held on Wednesday, 19 June 2024 (the **"2024 AGM"**). It is expected that the Final Dividend would be paid to the Shareholders on Friday, 19 July 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

To determine the eligibility of the Shareholders to attend the 2024 AGM, the Register of Members will be closed from Friday, 14 June 2024 to Wednesday, 19 June 2024, both days inclusive, during which no transfer of shares will be effected. In order to be entitled to attend and vote at the 2024 AGM, all completed transfer forms accompanied with 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 Thursday, 13 June 2024.

For the purpose of ascertaining Shareholder's entitlement for the Final Dividend, the Register of Members will be closed from Wednesday, 26 June 2024 to Friday, 28 June 2024, both days inclusive. To qualify for the Final Dividend, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's Hong Kong branch share register, 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 Tuesday, 25 June 2024.

## **SHARE CAPITAL**

As of 31 December 2023, the total amount of the issued share capital of the Company was HK\$11,200,000, divided into 1,120,000,000 shares of HK\$0.01 per share. There were no movements in the Company's share capital during the Year.

## **PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY**

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix C1 to the Listing Rules for the year ended 31 December 2023. The Board and the management of the Group consider that maintaining a well-established corporate governance practices and procedures is the key to success, and firmly believe that the principles of transparency, accountability and independence are essential for upholding the interests of the stakeholders and maximizing Shareholders' value.

The Board is committed to excellence in corporate governance. It is responsible for developing and reviewing the Company's policies and practices on corporate governance as well as compliance with legal and regulatory requirements.

## **MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' transactions in securities of the Company. 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 throughout the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The Audit Committee has discussed with the management and the external auditor of the Group and reviewed the annual results of the Group for the Year, including the accounting principles and practices adopted by the Group, and financial related matters.

## **SCOPE OF WORK OF THE COMPANY'S AUDITOR**

The figures set out in the preliminary announcement in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the Year have been agreed by the Company's auditor, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

**PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2023 ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the website of HKEXnews at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.pihl.hk](http://www.pihl.hk), respectively. The 2023 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the HKEXnews and the Company in due course.

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

Hong Kong, 28 March 2024

*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. Liao Yuang-Whang as non-executive Directors and Mr. Chiu Che Chung Alan, Ms. Sze Tak On and Mr. Yip Kwok Cheung as independent non-executive Directors.*