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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 2025 with comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		US\$'000	US\$'000
REVENUE	3	126,983	130,719
Cost of sales		(96,141)	(98,333)
Gross profit		30,842	32,386
Other income and gains, net	4	2,415	2,739
Selling and distribution expenses		(6,854)	(6,142)
Administrative expenses		(8,868)	(8,764)
Other expenses, net		(557)	(333)
Finance costs		(66)	(103)
PROFIT BEFORE TAX	5	16,912	19,783
Income tax expense	6	(2,804)	(925)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		14,108	18,858

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		US\$'000	US\$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		<u>779</u>	<u>(436)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
		<u>14,887</u>	<u>18,422</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (<i>US cent</i>)	8	<u>1.26</u>	<u>1.68</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 (Unaudited) US\$'000	31 December 2024 (Audited) US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,140	12,239
Investment properties		8,563	8,615
Right-of-use assets		11,604	12,678
Intangible assets		123	149
Equity investments at fair value through other comprehensive income		1,572	1,572
Prepayments, deposits and other receivables		3,151	4,581
Financial assets at fair value through profit or loss		181	195
Deferred tax assets		186	379
Total non-current assets		37,520	40,408
CURRENT ASSETS			
Inventories		24,150	41,600
Trade receivables	10	63,451	55,828
Prepayments, deposits and other receivables		7,095	5,501
Financial assets at fair value through profit or loss		379	508
Income tax recoverable		–	97
Time deposits		18,714	5,696
Cash and cash equivalents		68,637	70,918
Total current assets		182,426	180,148
CURRENT LIABILITIES			
Trade and bills payables	11	10,728	23,710
Other payables and accruals		23,494	15,577
Lease liabilities		586	1,117
Income tax payables		6,955	6,541
Total current liabilities		41,763	46,945
NET CURRENT ASSETS		140,663	133,203
TOTAL ASSETS LESS CURRENT LIABILITIES		178,183	173,611

	<i>Notes</i>	30 June 2025 (Unaudited) US\$'000	31 December 2024 (Audited) US\$'000
NON-CURRENT LIABILITIES			
Other payables and accruals		–	28
Defined benefit obligations		44	50
Lease liabilities		1,112	1,383
Deferred tax liabilities		1,220	1,242
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Total non-current liabilities		2,376	2,703
		<hr/>	<hr/>
Net assets		175,807	170,908
		<hr/>	<hr/>
EQUITY			
Share capital		1,436	1,436
Reserves		174,371	169,472
		<hr/>	<hr/>
Total equity		175,807	170,908
		<hr/>	<hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 2025, 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 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* and the applicable disclosure requirements of Appendix D2 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 2024.

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 consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period’s financial information.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of this amended HKFRS Accounting Standard has had no significant financial effect on the unaudited condensed interim financial information of the Group.

3. REVENUE

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

Disaggregation of revenue

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
By geographical markets		
The USA	37,035	40,828
Mainland China	17,675	13,590
Belgium	16,193	19,632
Netherlands	10,441	8,542
Japan	8,984	6,924
Italy	6,107	8,504
Canada	4,455	3,620
Others	26,093	29,079
	<hr/>	<hr/>
Total revenue from contracts with customers	126,983	130,719
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By product category		
Sales of outdoor and sporting bags	105,144	106,897
Sales of functional bags	6,550	5,617
Sales of fashion and casual bags	15,261	17,810
Sales of other products	28	395
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Total revenue from contracts with customers	126,983	130,719
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4. OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Other income		
Bank interest income	1,217	1,017
Rental income	272	392
Charges levied on customers	229	245
Other interest income from financial assets at fair value through profit or loss	15	10
Government grants*	10	–
Others	330	203
	<hr/>	<hr/>
Subtotal	2,073	1,867
	<hr/>	<hr/>
Gains, net		
Foreign exchange difference, net	342	871
Gain on sales of scrap materials	–	1
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Subtotal	342	872
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Other income and gains, net	2,415	2,739
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* There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Cost of inventories sold	94,366	96,483
Depreciation of property, plant and equipment	1,523	1,824
Less: Amount included in cost of inventories sold	(1,038)	(1,093)
	<u>485</u>	<u>731</u>
Depreciation of right-of-use assets	1,002	1,056
Less: Amount included in cost of inventories sold	(737)	(757)
	<u>265</u>	<u>299</u>
Loss on disposal of items of property, plant and equipment	37	32
Amortisation of intangible assets	69	87
Research and development costs	1,337	1,142
Change in fair value of financial assets at fair value through profit or loss*	143	46
	<u><u>143</u></u>	<u><u>46</u></u>

* 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

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Current:		
Charge for the period	3,430	3,272
Overprovision in prior years	(576)	(2,313)
Deferred tax	(50)	(34)
	<u>(50)</u>	<u>(34)</u>
Total tax expense for the period	<u><u>2,804</u></u>	<u><u>925</u></u>

7. DIVIDEND

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Final dividend declared		
– HK7.0 cents (equivalent to approximately US0.90 cents)		
(2024: HK5.0 cents (equivalent to approximately US0.64 cents))		
per ordinary share	9,988	7,171

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount for the period is based on the unaudited profit for the period attributable to shareholders of the Company of US\$14,108,000 (six months ended 30 June 2024: US\$18,858,000), and the number of ordinary shares outstanding of 1,120,000,000 (six months ended 30 June 2024: 1,120,000,000) during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during each of these periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately US\$1,072,000 (six months ended 30 June 2024: US\$798,000), disposed of property, plant and equipment with net carrying amount of approximately US\$37,000 (six months ended 30 June 2024: US\$126,000).

10. TRADE RECEIVABLES

	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Trade receivables	63,691	56,068
Less: Impairment	(240)	(240)
	63,451	55,828

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:

	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
	US\$'000	US\$'000
Within 1 month	19,683	22,948
1 to 2 months	17,228	20,311
2 to 3 months	26,147	11,661
Over 3 months	393	908
Total	63,451	55,828

11. 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:

	30 June 2025 (Unaudited) US\$'000	31 December 2024 (Audited) US\$'000
Within 1 month	9,690	17,255
1 to 2 months	957	4,781
2 to 3 months	81	174
Over 3 months	–	1,500
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Total	10,728	23,710
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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 2025 (the “**Period**”), the Group’s revenue was generated from sales of bags and packs manufactured for brand owner customers.

The first half of 2025 was marked by heightened geopolitical tensions and renewed trade friction between major economies. The escalation of tariff measures in certain jurisdictions posed challenges to the Group’s multi-regional operations and supply chain management. Despite these headwinds, the Group maintained stable performance, supported by its diversified manufacturing bases and long-standing customer relationships. The Group operates manufacturing facilities across the People’s Republic of China (“**PRC**”), Vietnam and Cambodia. These geographically diversified bases have proven instrumental in mitigating exposure to regional disruptions and enhancing supply chain agility. Our PRC production base, which primarily serves the China-to-China market, continued to show signs of improvement, with deliveries in the PRC market during the Period recording a steady double-digit increase as compared to the six months ended 30 June 2024 (the “**Corresponding Period**”). In terms of production allocation, despite the continued resurgence in the PRC market and improved utilisation rate of the PRC production base, the Group’s Vietnam and Cambodia production bases remained the primary manufacturing hubs for overseas orders, accounting for more than 85% of the Group’s total production capacity during the Period.

OUTLOOK AND PROSPECTS

Looking ahead, the Group expects the operating environment to remain uncertain in the second half of 2025, with challenges arising from tariff related issues, persistent geopolitical tensions and inflationary pressure across major markets. The Group will remain focused on enhancing cost efficiency through process optimization, strengthening partnerships with global brand owners to improve order visibility, and diversifying sourcing to improve supply chain resilience. The Group’s multi-regional manufacturing platform will continue to serve as a strategic advantage in navigating regional disruptions and maintaining operational flexibility. The management remains committed to prudent financial stewardship and long-term value creation for our shareholders, while adapting to evolving market dynamics.

As part of the Group's commitment to creating continuing value for the shareholders, the Group is in the process of formulating plans for potential further development of its land parcel in Panyu, Guangdong, the PRC. Plans for this project will be carried out with meticulous planning, stringent quality standards, and adherence to all regulatory and environmental considerations. The Group intends to finance the potential further development by a combination of internal and external resources. The Group does not anticipate the existing operations on the land parcel to be materially impacted by its potential further development. Nevertheless, the Group will continue to take prudent and responsible measures to preserve a healthy financial position to sustain the Group's operations. For more details, please refer to the announcement of the Company dated 22 July 2024.

FINANCIAL REVIEW

For the six months ended 30 June 2025, the Group's revenue remained broadly in line with the Corresponding Period. Total revenue of the Group for the Period was approximately US\$127.0 million, representing a slight decrease of approximately US\$3.7 million or 2.9% from approximately US\$130.7 million as recorded in the Corresponding Period. Sales quantity also declined marginally from approximately 12.6 million pieces for the Corresponding Period to approximately 12.4 million pieces for the Period, representing a decrease of approximately 0.1 million pieces or 1.0%. The sales mix of different product categories remained largely stable, with outdoor and sporting bags category continued to contribute more than 80% of the total revenue. The average selling price per piece slightly decreased from US\$10.4 to US\$10.2, primarily due to certain changes in sales mix across the fashion and casual bags category and functional bags category. The breakdown of the revenue, sales quantity and average selling price by product category are set out below:

	Six months ended 30 June 2025				Six months ended 30 June 2024			
	Revenue		Sales	Average	Revenue		Sales	Average
	US\$'000	%	quantity	selling	US\$'000	%	quantity	selling
Product category			Pc'000	price			Pc'000	price
				US\$/pc				US\$/pc
Outdoor & sporting bags	105,144	82.8	9,802	10.7	106,897	81.8	9,948	10.7
Functional bags	6,550	5.2	353	18.6	5,617	4.3	344	16.3
Fashion & casual bags	15,261	12.0	2,287	6.7	17,810	13.6	2,226	8.0
Others	28	0.0	5	5.6	395	0.3	53	7.4
Total	<u>126,983</u>	<u>100.0</u>	<u>12,447</u>	<u>10.2</u>	<u>130,719</u>	<u>100.0</u>	<u>12,571</u>	<u>10.4</u>

The Group's cost of sales for the Period amounted to approximately US\$96.1 million, representing a decrease of approximately US\$2.2 million or 2.2% from approximately US\$98.3 million for the Corresponding Period. The decrease was generally in line with the decrease in sales. Gross profit for the Period amounted to approximately US\$30.8 million, decreased from approximately US\$32.4 million for the Corresponding Period, while the gross profit margin for the Period decreased from 24.8% to 24.3%.

Administrative expenses for the Period amounted to approximately US\$8.9 million, which was maintained at similar level as compared to the Corresponding Period. Selling and distribution expenses for the Period increased to approximately US\$6.9 million, by US\$0.7 million or 11.6% from US\$6.1 million, mainly due to increased staff costs in this category.

Profit attributable to shareholders of the Company decreased by approximately US\$4.8 million or 25.2% to approximately US\$14.1 million for the Period, compared with approximately US\$18.8 million for the Corresponding Period. Earnings per share for the Period decreased by US0.42 cents to US1.26 cents as compared to US1.68 cents for the Corresponding Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

The Group's financial position remained solid. As at 30 June 2025, the Group had time deposits, cash and cash equivalents of approximately US\$87.4 million. The Group had no external borrowings as at 30 June 2025. As a result, the gearing ratio of the Group was zero (31 December 2024: zero), calculated as total debt, excluding lease liabilities, divided by total equity.

During the Period, the Group incurred capital expenditure of US\$1.1 million (2024: US\$0.8 million), mainly for acquisition of property, plant and equipment and intangible assets.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

CAPITAL COMMITMENT

As at 30 June 2025, the Group did not have any significant capital commitments (31 December 2024: Nil).

SEGMENTAL INFORMATION

No operating segmental information of the Group was presented for the Period 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 2025, the Group had approximately 7,900 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 Period, no share options were granted by the Group to employees of the Group.

SIGNIFICANT INVESTMENTS HELD/FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, as at 30 June 2025, there were no other material investments held by the Group or future plans for significant investments or capital assets, and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at 30 June 2025.

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2025, the Group did not have any charges on its assets (31 December 2024: Nil).

FOREIGN CURRENCY EXPOSURE

The Group's purchases and operating costs are mainly denominated in Renminbi and 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.

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 Part 2 of Appendix C1 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 Period, 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**”) set out in Appendix C3 to the Listing Rules. 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 Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Period (the Corresponding Period: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this announcement, the Company maintained the prescribed public float of no less than 25% as required under the Listing Rules.

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 (including sale of treasury shares) during the Period. As at 30 June 2025, the Company did not hold any treasury shares.

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 Ms. Sze Tak On, Mr. Chiu Che Chung Alan and Mr. Wong Kwun Ho. The Audit Committee is chaired by Ms. Sze Tak On 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 2025, 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 2025

In accordance with the requirements under the Listing Rules, this result announcement has been published on the websites of the Hong Kong Exchanges and Clearing Limited (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 2025 containing information about the Company will be dispatched to the shareholders of the Company requiring a printed copy and published on the same websites in due course.

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

Hong Kong, 22 August 2025

As at the date of this announcement, the Board of Directors comprises Mr. Yeung Shu Kin, Mr. Yeung Shu Kai and Mr. Yeung Wang Tony as executive Directors; Mr. Chau Chi Ming and Mr. Shih Chih-Hung as non-executive Directors; and Mr. Chiu Che Chung Alan, Ms. Sze Tak On and Mr. Wong Kwun Ho as independent non-executive Directors.