2025
Interim Report

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

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Yeung Shu Kin *(Chairman)*
Mr. Yeung Shu Kai
Mr. Yeung Wang Tony

NON-EXECUTIVE DIRECTORS

Mr. Chau Chi Ming
Mr. Shih Chih-Hung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chiu Che Chung Alan
Ms. Sze Tak On
Mr. Wong Kwun Ho

AUDIT COMMITTEE

Ms. Sze Tak On *(Committee Chairman)*
Mr. Chiu Che Chung Alan
Mr. Wong Kwun Ho

NOMINATION COMMITTEE

Mr. Wong Kwun Ho *(Committee Chairman)*
Mr. Chiu Che Chung Alan
Mr. Yeung Shu Kin

REMUNERATION COMMITTEE

Mr. Chiu Che Chung Alan *(Committee Chairman)*
Ms. Sze Tak On
Mr. Yeung Shu Kin

CHIEF EXECUTIVE OFFICER

Mr. Yeung Shu Hung

COMPANY SECRETARY

Ms. Zhang Xiao

AUTHORISED REPRESENTATIVES

Mr. Yeung Wang Tony
Ms. Zhang Xiao

AUDITOR

Ernst & Young
Certified Public Accountants and Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1–2, 1/F, Join-In Hang Sing Centre
71–75 Container Port Road
Kwai Chung, New Territories
Hong Kong

COMPANY'S WEBSITE

www.pihl.hk

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

PRINCIPAL BANKER

Shanghai Commercial Bank Limited

STOCK CODE

1731

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	4	**126,983**	130,719
Cost of sales		**(96,141)**	(98,333)
Gross profit		**30,842**	32,386
Other income and gains, net	5	**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	6	**(66)**	(103)
PROFIT BEFORE TAX	7	**16,912**	19,783
Income tax expense	8	**(2,804)**	(925)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**14,108**	18,858

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2025

		Six months ended 30 June	
	Notes	**2025 (Unaudited) US$'000**	2024 (Unaudited) US$'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		**779**	(436)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**14,887**	18,422
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted (US cent)		**1.26**	1.68

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	11	**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	12	**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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 (Unaudited) US$'000	31 December 2024 (Audited) US$'000
CURRENT LIABILITIES			
Trade and bills payables	13	**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
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
Total non-current liabilities		**2,376**	2,703
Net assets		**175,807**	170,908
EQUITY			
Share capital		**1,436**	1,436
Reserves		**174,371**	169,472
Total equity		**175,807**	170,908

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2025

	Issued capital (Unaudited) US$'000	Share premium (Unaudited) US$'000	Capital reserve (Unaudited) US$'000	Statutory reserves (Unaudited) US$'000	Defined benefit plan reserve (Unaudited) US$'000	Exchange fluctuation reserve (Unaudited) US$'000	Asset revaluation reserve (Unaudited) US$'000	Fair value reserve – financial asset (Unaudited) US$'000	Retained profits (Unaudited) US$'000	Total equity (Unaudited) US$'000
At 1 January 2025	1,436	28,633*	19,052*	458*	617*	(1,341)*	3,910*	(530)*	118,673*	170,908
Profit for the period	–	–	–	–	–	–	–	–	14,108	14,108
Other comprehensive income for the period:										
– Exchange differences on translation of foreign operations	–	–	–	–	–	779	–	–	–	779
Total comprehensive income for the period	–	–	–	–	–	779	–	–	14,108	14,887
Final 2024 dividend (note 9)	–	–	–	–	–	–	–	–	(9,988)	(9,988)
At 30 June 2025	1,436	28,633*	19,052*	458*	617*	(562)*	3,910*	(530)*	122,793*	175,807

Six months ended 30 June 2024

	Issued capital (Unaudited) US$'000	Share premium (Unaudited) US$'000	Capital reserve (Unaudited) US$'000	Statutory reserves (Unaudited) US$'000	Defined benefit plan reserve (Unaudited) US$'000	Exchange fluctuation reserve (Unaudited) US$'000	Asset revaluation reserve (Unaudited) US$'000	Fair value reserve – financial asset (Unaudited) US$'000	Retained profits (Unaudited) US$'000	Total equity (Unaudited) US$'000
At 1 January 2024	1,436	28,633	19,052	383	578	(473)	3,910	(645)	96,077	148,951
Profit for the period	–	–	–	–	–	–	–	–	18,858	18,858
Other comprehensive loss for the period:										
– Exchange differences on translation of foreign operations	–	–	–	–	–	(436)	–	–	–	(436)
Total comprehensive income/(loss) for the period	–	–	–	–	–	(436)	–	–	18,858	18,422
Final 2023 dividend (note 9)	–	–	–	–	–	–	–	–	(7,171)	(7,171)
At 30 June 2024	1,436	28,633	19,052	383	578	(909)	3,910	(645)	107,764	160,202

* These reserve accounts comprise the consolidated reserves of US$174,371,000 (31 December 2024: US$169,472,000) in the condensed consolidated statement of financial position as at 30 June 2025.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	**10,767**	11,954
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(1,072)**	(798)
Proceeds from disposal of items of property, plant and equipment	**–**	94
Placement of time deposits with maturity of more than three months when acquired	**(39,050)**	(11,273)
Withdrawal of time deposits with maturity of more than three months when acquired	**26,032**	16,992
Decrease in financial assets at fair value through profit or loss	**–**	51
Interest received	**1,217**	1,027
Net cash flows from/(used in) investing activities	**(12,873)**	6,093
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	**(66)**	(103)
Principal portion of lease payments	**(867)**	(756)
Net cash flows used in financing activities	**(933)**	(859)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,039)**	17,188
Cash and cash equivalents at beginning of period	**70,918**	42,269
Effect of foreign exchange rate changes, net	**758**	(785)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**68,637**	58,672

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US$'000	US$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and condensed consolidated statement of cash flows	**68,637**	58,672

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

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. OPERATING SEGMENT INFORMATION

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

4. 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
Total revenue from contracts with customers	**126,983**	130,719
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
Total revenue from contracts with customers	**126,983**	130,719

5. 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
Subtotal	**2,073**	1,867
Gains, net		
Foreign exchange difference, net	**342**	871
Gain on sales of scrap materials	**–**	1
Subtotal	**342**	872
Other income and gains, net	**2,415**	2,739

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

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Interest on lease liabilities	**66**	103

7. 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)
	485	731
Depreciation of right-of-use assets	**1,002**	1,056
Less: Amount included in cost of inventories sold	**(737)**	(757)
	265	299
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

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

8. 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)
Total tax expense for the period	**2,804**	925

9. 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).

10. 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.

11. 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).

12. TRADE RECEIVABLES

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

12. TRADE RECEIVABLES *(continued)*

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 2025 (Unaudited) US$'000	31 December 2024 (Audited) US$'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

13. 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
Total	**10,728**	23,710

14. RELATED PARTY DISCLOSURES

(a) The Group entered into the following material transactions with related parties during the period:

	Notes	Six months ended 30 June 2025 (Unaudited) US$'000	2024 (Unaudited) US$'000
A company beneficially owned by certain directors of the Company			
Lease payment*	(i)	**122**	123
Subsidiaries of a company with significant influence over the Company			
Public facility maintenance expenses	(iii)	**78**	91
Utility expenses and other charges	(iii)	**228**	238
Building management expenses	(ii)	**177**	204

Notes:

(i) These transactions were determined with reference to prevailing market rates.

(ii) These transactions were carried out at mutually-agreed prices.

(iii) The public facility maintenance expenses and utilities expenses were reimbursed to the related parties on an actual cost basis.

* Upon adoption of HKFRS 16, the lease of the office premises from the related company was recognised as a right-of-use asset of US$402,000 (31 December 2024: US$522,000) and a lease liability of US$413,000 (31 December 2024: US$531,000) as at 30 June 2025. During the period, depreciation of a right-of-use asset of US$116,000 (period ended 30 June 2024: US$116,000) and finance cost of a lease liability of US$10,000 (period ended 30 June 2024: US$7,300) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

14. RELATED PARTY DISCLOSURES *(continued)*

(b) The compensation of the key management personnel of the Group is summarised as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	US$'000	US$'000
Short term employee benefits	**709**	703
Defined contribution scheme contributions	**8**	9
Total compensation paid/payable to key management personnel	**717**	712

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption was used to estimate the fair values:

The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. The fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a comparable valuation technique, namely comparable transactions approach. The valuation requires the directors to determine market information of recent transactions (e.g. recent fund raising transactions undertake by the investees, open offer proposed by investees, etc.). The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments that are carried at fair value in the condensed consolidated statement of financial position:

	Fair value measured using			
	Quoted prices in active markets (Level 1) (Unaudited) US$'000	Significant observable inputs (Level 2) (Unaudited) US$'000	Significant unobservable inputs (Level 3) (Unaudited) US$'000	Total (Unaudited) US$'000
At 30 June 2025				
Equity investments at fair value through other comprehensive income	–	–	1,572	1,572
Financial assets at fair value through profit or loss	560	–	–	560
	560	–	1,572	2,132

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

	Fair value measured using			
	Quoted prices in active markets (Level 1) (Audited) US$'000	Significant observable inputs (Level 2) (Audited) US$'000	Significant unobservable inputs (Level 3) (Audited) US$'000	Total (Audited) US$'000
At 31 December 2024				
Equity investments at fair value through other comprehensive income	–	–	1,572	1,572
Financial assets at fair value through profit or loss	703	–	–	703
	703	–	1,572	2,275

During the period, there were no movement of equity investments at fair value through other comprehensive income.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

16. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 22 August 2025.

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 US$'000	**%**	**Sales quantity Pc'000**	**Average selling price US$/pc**	Revenue US$'000	%	Sales quantity Pc'000	Average selling price US$/pc
Product category								
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	**126,983**	**100.0**	**12,447**	**10.2**	130,719	100.0	12,571	10.4

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 report, 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.

OTHER INFORMATION

CHANGES TO DIRECTORS AND CHIEF EXECUTIVE'S INFORMATION

Save as disclosed below, the Company is not aware of any changes in the Directors and chief executive's information which are required to be disclosed pursuant to Rules 13.51B(1) of the Listing Rules:

1. Mr. Shih Chih-Hung, a non-executive Director, resigned as an executive director and chief financial officer of Yue Yuen Industrial (Holdings) Limited ("**Yue Yuen**"), a company listed on the Stock Exchange (stock code: 551), with effect from 11 August 2025.

2. Mr. Chau Chi Ming, a non-executive Director, was appointed as an executive director and chief financial officer of Yue Yuen, a company listed on the Stock Exchange (stock code: 551), with effect from 11 August 2025.

3. Mr. Chiu Che Chung Alan, an independent non-executive Director, resigned as a business development manager of City Joiner Limited and serves as the managing director of Chrommerce HK Limited now.

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 report, 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.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (the "**Scheme**") on 19 June 2018 which is valid and effective for a period of 10 years from 13 July 2018. The purpose of the Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. The principal terms of the Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix IV to the prospectus of the Company dated 29 June 2018.

No share option was granted, exercised, lapsed or cancelled under the Scheme up to the date of this report and there was no outstanding share option as at the date of this report.

The number of options available for grant under the Scheme mandate at the beginning and the end of the Reporting Period and at 1 January 2024 and 31 December 2024 are all 112,000,000. The number of shares that may be issued in respect of share options granted under all schemes of the Company (i.e. the Share Option Scheme) during the Reporting Period divided by the weighted average number of shares in issue (excluding treasury shares) is nil.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in the shares and underlying shares of associated corporation of the Company

Name of Director and Chief Executive	Name of associated corporation of the Company	Nature of interest	Number of ordinary shares held	Approximate % of total issued shares[(1)]
Mr. Yeung Shu Kin	Prosperous Holdings (Overseas) Limited ("**Prosperous BVI**")	Personal interest	12	12%
Mr. Yeung Shu Kai	Prosperous BVI	Personal interest	6	6%
Mr. Yeung Shu Hung	Prosperous BVI	Personal interest	6	6%

Note:

(1) As at 30 June 2025, the total number of issued shares of Prosperous BVI was 100.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the registered of interests required to be kept under Section 352 of the SFO or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors or chief executive of the Company, as at 30 June 2025, the following corporates and persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in Shares

Name	Capacity/Nature of interest	Number of shares	Percentage of shareholding in the Company
Prosperous BVI	Beneficial Owner	588,000,000	52.5
Mr. Yeung Ming Sum Richard ("**Mr. Yeung**")[(1)]	Interest in a controlled corporation	588,000,000	52.5
Great Pacific Investments Limited ("**Great Pacific**")[(2)]	Beneficial Owner	252,000,000	22.5
Pou Hing Industrial Co. Limited ("**Pou Hing**")[(2)]	Interest in a controlled corporation	252,000,000	22.5
Yue Yuen[(2)]	Interest in a controlled corporation	252,000,000	22.5
Wealthplus Holdings Limited[(3)]	Interest in a controlled corporation	252,000,000	22.5
Pou Chen Corporation[(3)]	Interest in a controlled corporation	252,000,000	22.5

Notes:

(1) Prosperous BVI is owned as to 58% by Mr. Yeung, 12% by Mr. Yeung Shu Kin, 12% by Mr. Yeung Theodore Tat, 6% by Mr. Yeung Shu Hung, 6% by Mr. Yeung Shu Kai and 6% by Mr. Yeung Chak Fung. Prosperous BVI is the beneficial owner of 588,000,000 shares of the Company.

(2) Great Pacific is a wholly-owned subsidiary of Yue Yuen and the beneficial owner of 252,000,000 shares of the Company. By virtue of the SFO, Yue Yuen is deemed to be interested in all of the shares of the Company held by Great Pacific as Great Pacific is a wholly-owned subsidiary of Pou Hing and Pou Hing is a wholly-owned subsidiary of Yue Yuen. Yue Yuen is a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange.

(3) Pou Chen Corporation is a shareholder of Yue Yuen and, is interested as to 51.36% of Yue Yuen through its two wholly-owned subsidiaries, Wealthplus Holdings Limited (interested as to 48.18% of Yue Yuen) and Win Fortune Investments Limited (interested as to 3.18% of Yue Yuen). By virtue of the SFO and with reference to note (2), Pou Chen Corporation is deemed to be interested in the shares of the Company held by Great Pacific. Pou Chen Corporation is incorporated in Taiwan and is listed on the Taiwan Stock Exchange of the Taiwan Stock Exchange Corporation (stock code: 9904 TSE).

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares of the Company or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than the Scheme and as disclosed under the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the Period and up to the date of this report, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

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.

On behalf of the Board
Prosperous Industrial (Holdings) Limited
Yeung Shu Kin
Chairman

Hong Kong
22 August 2025