



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



2026
INTERIM
REPORT



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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
Mr. Ho King Fung Eric
Ms. Sze Tak On

AUDIT COMMITTEE

Ms. Sze Tak On (*Committee Chairman*)
Mr. Chiu Che Chung Alan
Mr. Ho King Fung Eric

NOMINATION COMMITTEE

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

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
under Accounting and Financial Reporting
Council Ordinance*

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 2026 with comparative figures for the corresponding period in 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2026

		Six months ended 30 June	
	Notes	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
REVENUE	4	131,937	126,983
Cost of sales		(101,183)	(96,141)
Gross profit		30,754	30,842
Other income and gains, net	5	617	2,415
Selling and distribution expenses		(7,233)	(6,854)
Administrative expenses		(8,959)	(8,868)
Other expenses, net		(568)	(557)
Finance costs	6	(213)	(66)
PROFIT BEFORE TAX	7	14,398	16,912
Income tax expense	8	(2,649)	(2,804)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		11,749	14,108



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2026

		Six months ended 30 June	
	Note	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations			
		2,270	779
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
		14,019	14,887
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (US cent)	10	1.05	1.26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026



	Notes	30 June 2026 (Unaudited) US\$'000	31 December 2025 (Audited) US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	9,905	10,739
Investment properties	12	29,042	20,230
Right-of-use assets		15,085	16,143
Intangible assets		72	96
Equity investments at fair value through other comprehensive income		1,572	1,572
Prepayments, deposits and other receivables		3,569	3,271
Financial assets at fair value through profit or loss		90	219
Deferred tax assets		539	509
Total non-current assets		59,874	52,779
CURRENT ASSETS			
Inventories		27,749	37,897
Trade receivables	13	68,512	61,518
Prepayments, deposits and other receivables		6,425	5,382
Financial assets at fair value through profit or loss		270	327
Income tax recoverable		–	42
Time deposits		29,600	8,557
Cash and cash equivalents		55,538	77,187
Total current assets		188,094	190,910



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Note	30 June 2026 (Unaudited) US\$'000	31 December 2025 (Audited) US\$'000
CURRENT LIABILITIES			
Trade payables	14	12,517	21,803
Other payables and accruals		26,205	16,609
Lease liabilities		1,755	1,735
Income tax payables		5,480	5,480
Total current liabilities		45,957	45,627
NET CURRENT ASSETS		142,137	145,283
TOTAL ASSETS LESS CURRENT LIABILITIES		202,011	198,062
NON-CURRENT LIABILITIES			
Other payables and accruals		–	73
Defined benefit obligations		32	33
Lease liabilities		4,659	5,481
Deferred tax liabilities		2,387	2,472
Bank borrowings		3,064	–
Total non-current liabilities		10,142	8,059
Net assets		191,869	190,003
EQUITY			
Share capital		1,436	1,436
Reserves		190,433	188,567
Total equity		191,869	190,003

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2026



	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 2026	1,436	28,633*	19,052*	1,061*	620*	(221)*	7,325*	(530)*	132,627*	190,003
Profit for the period	-	-	-	-	-	-	-	-	11,749	11,749
Other comprehensive income for the period:										
– Exchange differences on translation of foreign operations	-	-	-	-	-	2,270	-	-	-	2,270
Total comprehensive income for the period	-	-	-	-	-	2,270	-	-	11,749	14,019
Final 2025 dividend (note 9)	-	-	-	-	-	-	-	-	(12,153)	(12,153)
At 30 June 2026	1,436	28,633	19,052	1,061	620	2,049	7,325	(530)	132,223	191,869

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

* These reserve accounts comprise the consolidated reserves of US\$190,433,000 (31 December 2025: US\$188,567,000) in the condensed consolidated statement of financial position as at 30 June 2026.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2026

	Six months ended 30 June	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	3,766	10,767
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(604)	(1,072)
Placement of time deposits with maturity of more than three months when acquired	(91,094)	(39,050)
Withdrawal of time deposits with maturity of more than three months when acquired	70,051	26,032
Interest received	1,257	1,217
Additions to investment properties	(8,457)	–
Net cash used in investing activities	(28,847)	(12,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	3,064	–
Finance costs paid	(213)	(66)
Principal portion of lease payments	(1,072)	(867)
Net cash flows from/(used in) financing activities	1,779	(933)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,302)	(3,039)
Cash and cash equivalents at beginning of period	77,187	70,918
Effect of foreign exchange rate changes, net	1,653	758
CASH AND CASH EQUIVALENTS AT END OF PERIOD	55,538	68,637



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2026

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

Six months ended 30 June	
2026	2025
(Unaudited)	(Unaudited)
US\$'000	US\$'000
55,538	68,637



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

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 2026, the Company and its subsidiaries (collectively, the “**Group**”) were principally involved in the manufacture 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 2026 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 2025.

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.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

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 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The adoption of these amended HKFRS Accounting Standards 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., manufacture and sale of sports bags, handbags and luggage bags.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

4. REVENUE

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

Disaggregation of revenue

	Six months ended 30 June	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
By geographical markets		
The United States of America	32,653	37,035
Chinese Mainland	17,992	17,675
Belgium	14,611	16,193
Japan	10,954	8,984
Netherlands	10,082	10,441
Germany	6,430	3,193
Canada	3,906	4,455
Others	35,309	29,007
Total revenue from contracts with customers	131,937	126,983
By product category		
Sales of outdoor and sporting bags	111,482	105,144
Sales of fashion and casual bags	16,490	15,261
Sales of functional bags	3,965	6,550
Sales of other products	–	28
Total revenue from contracts with customers	131,937	126,983

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

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	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
Other income		
Bank interest income	1,257	1,217
Gross rental income from investment property operating leases, fixed payment	141	272
Charges levied on customers	64	229
Others	367	355
Total other income	1,829	2,073
Gains/(losses), net		
Foreign exchange difference, net	(1,212)	342
Total other income and gains, net	617	2,415

6. FINANCE COSTS

	Six months ended 30 June	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
Interest on lease liabilities	213	66



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
Cost of inventories sold	99,928	94,366
Depreciation of property, plant and equipment	1,540	1,523
Less: Amount included in cost of inventories sold	(507)	(1,038)
	1,033	485
Depreciation of right-of-use assets	1,071	1,002
Less: Amount included in cost of inventories sold	(751)	(737)
	320	265
Loss on disposal of items of property, plant and equipment	3	37
Amortisation of intangible assets	57	69
Research and development costs	1,211	1,337
Change in fair value of financial assets at fair value through profit or loss*	186	143

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under two-tiered profits tax rates regime. The first HK\$2,000,000 (2025: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (2025: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

	Six months ended 30 June	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
Current:		
Charge for the period	3,155	3,430
Overprovision in prior years	(383)	(576)
Deferred tax	(123)	(50)
Total tax expense for the period	2,649	2,804

9. DIVIDEND

	Six months ended 30 June	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
Final dividend declared		
– HK8.5 cents (equivalent to approximately US1.09 cents) (2025: HK7.0 cents (equivalent to approximately US0.90 cents)) per ordinary share	12,153	9,988

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

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\$11,749,000 (six months ended 30 June 2025: US\$14,108,000), and the number of ordinary shares outstanding of 1,120,000,000 (six months ended 30 June 2025: 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 2026 and 2025 in respect of a dilution as the Company 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\$604,000 (six months ended 30 June 2025: US\$1,072,000) and disposed of property, plant and equipment with net carrying amount of approximately US\$3,000 (six months ended 30 June 2025: US\$37,000).

12. INVESTMENT PROPERTIES

During the period, the Group had additions to the investment property under development of approximately of US\$ 8,457,000 (six months ended 30 June 2025: Nil).

During the six months ended 30 June 2026, a fair value loss of US\$334,000 (six months ended 30 June 2025: US\$88,000) was recognised in profit or loss.

The fair value measurements of the Group's investment properties are categorised within Level 3 of the fair value hierarchy. The fair values were determined by an independent professional valuer using the income capitalisation approach for completed investment properties and the replacement cost approach for the incomplete portions of the investment properties. There were no transfers into or out of Level 3 during the period.

13. TRADE RECEIVABLES

	30 June 2026 (Unaudited) US\$'000	31 December 2025 (Audited) US\$'000
Trade receivables	68,802	61,808
Less: Impairment	(290)	(290)
	68,512	61,518

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

13. 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 2026 (Unaudited) US\$'000	31 December 2025 (Audited) US\$'000
Within 1 month	21,066	25,020
1 to 2 months	20,463	21,462
2 to 3 months	25,121	13,905
Over 3 months	1,862	1,131
Total	68,512	61,518

14. TRADE PAYABLES

Trade 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 payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 (Unaudited) US\$'000	31 December 2025 (Audited) US\$'000
Within 1 month	9,431	14,389
1 to 2 months	2,989	7,256
2 to 3 months	78	106
Over 3 months	19	52
Total	12,517	21,803



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

15. RELATED PARTY DISCLOSURES

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

		Six months ended 30 June	
	Notes	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
A company beneficially owned by certain directors of the Company			
Lease payment*	(i)	123	122
Subsidiaries of a company with significant influence over the Company			
Public facility maintenance expenses	(iii)	79	78
Utility expenses and other charges	(iii)	240	228
Building management expenses	(ii)	183	177

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\$172,000 (31 December 2025: US\$290,000) and a lease liability of US\$181,000 (31 December 2025: US\$301,000) as at 30 June 2026. During the period, depreciation of a right-of-use asset of US\$116,000 (period ended 30 June 2025: US\$116,000) and finance cost of a lease liability of US\$5,000 (period ended 30 June 2025: US\$10,000) was recognised in the condensed consolidated statement of profit or loss.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

15. RELATED PARTY DISCLOSURES *(continued)*

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

	Six months ended 30 June	
	2026 (Unaudited) US\$'000	2025 (Unaudited) US\$'000
Short term employee benefits	698	709
Defined contribution scheme contributions	9	8
Total compensation paid/payable to key management personnel	707	717

16. 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 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 value of non-current portion of deposits and other receivables and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

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.

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			Total (Unaudited) US\$'000
	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	
At 30 June 2026				
Equity investments at fair value through other comprehensive income	-	-	1,572	1,572
Financial assets at fair value through profit or loss	360	-	-	360
	360	-	1,572	1,932

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

16. 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 2025				
Equity investments at fair value through other comprehensive income	–	–	1,572	1,572
Financial assets at fair value through profit or loss	546	–	–	546
	546	–	1,572	2,118

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 (2025: Nil).

17. CAPITAL COMMITMENT

As at 30 June 2026, the Group had capital commitment of approximately US\$20,797,000 (31 December 2025: US\$30,023,000) contracted but not provided for in respect of the construction and development of the investment property under development.

18. 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 21 August 2026.



MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW AND BUSINESS REVIEW

The Group is a leading manufacturer that designs, develops and produces high-quality recreational bags and packs, mainly backpacks, and also provides premium supply chain management services to renowned multinational sports and lifestyle brands. During the six months ended 30 June 2026 (the “**Period**”), the Group’s revenue continued to be derived from sales of bags and packs manufactured for brand-owner customers.

The operating environment remained challenging amid geopolitical tensions, evolving international trade policies, inflationary pressures and volatility in energy and transportation costs. These factors continued to affect consumer sentiment, supply chain operations and overall manufacturing costs.

Against this backdrop, the Group leveraged its diversified manufacturing platform across the People’s Republic of China (the “**PRC**”), Vietnam and Cambodia, together with its long-standing customer relationships, to maintain stable production and delivery performance. The Group’s Vietnam and Cambodia production facilities remained the principal manufacturing bases for overseas orders during the Period, accounting for approximately 85% of the Group’s total production capacity.

The Group continued to face cost pressures during the Period. Labour costs increased across its production regions, while volatility in fuel and energy prices contributed to higher transportation, logistics and manufacturing overhead expenses. In addition, geopolitical developments and periodic disruptions to regional shipping routes increased supply chain complexity and cost uncertainty.

Despite the challenging operating environment, the Group recorded revenue of approximately US\$131.9 million for the Period, representing an increase of 3.9% as compared with the corresponding period in 2025 (the “**Corresponding Period**”). The increase was primarily driven by stable demand from key customers and continued order execution across the Group’s manufacturing facilities. Nevertheless, the Group’s gross profit margin decreased as compared with the Corresponding Period, mainly attributable to higher labour costs and manufacturing overheads.



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

Looking ahead to the second half of 2026, the Group expects the operating environment to remain challenging amid geopolitical uncertainties, evolving international trade policies, inflationary pressures and volatility in energy and transportation costs. These factors may continue to affect operating costs, supply chain efficiency and customers' procurement behaviour.

The Group will continue to focus on enhancing operational efficiency, strengthening cost control measures and optimising production planning across its manufacturing network. Leveraging its diversified manufacturing footprint across the PRC, Vietnam and Cambodia, the Group remains committed to maintaining operational flexibility and reliable delivery performance to meet customers' requirements.

Committed to creating long-term and sustainable value for shareholders, the Group will continue the development of its industrial park project in Panyu, Guangdong Province, the PRC. Construction of the phase 1 of the industrial park is progressing as planned and the project is expected to strengthen the Group's asset base and support future business development opportunities.

Notwithstanding the uncertainties in the external environment, the Board remains cautiously optimistic regarding the Group's long-term prospects and believes that its established customer relationships, diversified production platform and prudent financial management will continue to support the Group's sustainable development.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total revenue of the Group for the Period amounted to approximately US\$131.9 million, representing an increase of approximately US\$5.0 million, or 3.9%, from approximately US\$127.0 million recorded in the Corresponding Period. Total sales volume increased from approximately 12.4 million pieces in the Corresponding Period to approximately 13.8 million pieces during the Period, representing an increase of approximately 10.5%. The growth in both revenue and sales volume was principally attributable to increased shipments of products within the outdoor and sporting category, which continued to account for a larger proportion of the Group's sales mix during the Period. Notwithstanding the increase in sales quantity, the average selling price per piece decreased from US\$10.2 in the Corresponding Period to US\$9.6 during the Period, primarily due to a change in product mix, with a higher proportion of lower-priced products being delivered to customers during the Period. A breakdown of the Group's revenue, sales quantity and average selling price by product category is set out below:

Product category	Six months ended 30 June 2026				Six months ended 30 June 2025			
	Revenue		Sales	Average	Revenue		Sales	Average
	US\$'000	%	quantity Pc'000	selling price US\$/pc	US\$'000	%	quantity Pc'000	selling price US\$/pc
Outdoor & sporting bags	111,482	84.5	10,744	10.4	105,144	82.8	9,802	10.7
Fashion & casual bags	16,490	12.5	2,803	5.9	15,261	12.0	2,287	6.7
Functional bags	3,965	3.0	210	18.9	6,550	5.2	353	18.6
Others	–	–	–	–	28	0.0	5	5.6
Total	131,937	100.0	13,757	9.6	126,983	100.0	12,447	10.2

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales for the Period amounted to approximately US\$101.2 million, representing an increase of approximately US\$5.0 million, or 5.2%, from approximately US\$96.1 million recorded in the Corresponding Period. The increase was broadly in line with the growth in revenue during the Period. Gross profit amounted to approximately US\$30.8 million, which was comparable to that of the Corresponding Period. However, gross profit margin decreased from 24.3% in the Corresponding Period to 23.3% during the Period, primarily attributable to rising labour costs and other manufacturing costs.

Administrative expenses for the Period amounted to approximately US\$9.0 million, remaining broadly stable as compared with the Corresponding Period. Selling and distribution expenses for the Period amounted to approximately US\$7.2 million, representing an increase of approximately US\$0.4 million, or 5.5%, from approximately US\$6.9 million in the Corresponding Period. The increase was generally in line with the growth in sales volume during the Period.

As a result of the foregoing, profit attributable to shareholders of the Company for the Period amounted to approximately US\$11.7 million, representing a decrease of approximately US\$2.4 million, or 16.7%, from approximately US\$14.1 million recorded in the Corresponding Period. Basic earnings per share for the Period were 1.05 US cents, compared with 1.26 US cents for the Corresponding Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

The Group finances its operations principally through internally generated cash flows and banking facilities. The Group adopts prudent treasury policies and maintains sufficient liquidity and banking facilities to meet its working capital requirements and capital expenditure commitments. Treasury activities are centrally managed and controlled by senior management.

The Group's financial position remained solid. As at 30 June 2026, the Group had time deposits, cash and cash equivalents of approximately US\$85.1 million and bank borrowings of approximately US\$3.1 million. The gearing ratio (total bank borrowings to total equity) was 1.6% (31 December 2025: zero). The Group's bank borrowings were denominated in Renminbi on a floating interest rate basis, and comprised long-term project financing for the development of the industrial park project.

During the Period, the Group incurred capital expenditure of approximately US\$9.1 million, mainly attributable to the acquisition of property, plant and equipment, and the construction of the industrial park project.



MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities (31 December 2025: Nil).

CAPITAL COMMITMENT

As at 30 June 2026, the Group had capital commitments of approximately US\$20.8 million, which were principally attributable to the construction of phase 1 of the industrial park project. Construction progress remained in line with the Group's development plan. The Group expects such commitments to be funded by internal resources and available financing facilities. As at 30 June 2026, the Group had unutilised banking facilities of approximately US\$25.3 million designated for financing the construction of phase 1 of the industrial park project. The Directors believe that the Group maintains a healthy financial position and has sufficient resources to satisfy its capital commitments.

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 2026, the Group had approximately 7,800 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 2026, 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 total assets of the Group as at 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2026, the Group's existing buildings on the Group's land parcel in Panyu, Guangdong, the PRC, were pledged to secure the banking facilities granted to the Group for financing the phase 1 construction of the industrial park project.

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:

Mr. Ho King Fung Eric, an independent non-executive director of the Company, was appointed as an independent non-executive director of Paradise Entertainment Limited, a company listed on the Stock Exchange (stock code: 1180), with effect from 12 June 2026.

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.



OTHER INFORMATION

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 2025 and 31 December 2025 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.

OTHER INFORMATION

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 2026, 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 2026, the total number of issued shares of Prosperous BVI was 100.

Save as disclosed above, as at 30 June 2026, 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 2026, 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 Theodore Tat ⁽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 Industrial (Holdings) Limited ("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

OTHER INFORMATION

Notes:

- (1) Prosperous BVI is owned as to 41% by Mr. Yeung Theodore Tat, 29% by Mr. Yeung Ming Sum Richard, 12% by Mr. Yeung Shu Kin, 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 2026, 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.



OTHER INFORMATION

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 2026, 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. Ho King Fung Eric. 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 2026, 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

21 August 2026