



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



INTERIM REPORT 2024



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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. Lin Wang-Chyan

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 2024 with comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
REVENUE	4	130,719	115,339
Cost of sales		(98,333)	(92,323)
Gross profit		32,386	23,016
Other income and gains, net	5	2,739	2,147
Selling and distribution expenses		(6,142)	(5,476)
Administrative expenses		(8,764)	(8,693)
Other expenses, net		(333)	(1,160)
Finance costs	6	(103)	(151)
PROFIT BEFORE TAX	7	19,783	9,683
Income tax credit/(expense)	8	(925)	184
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		18,858	9,867





CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2024

		Six months ended 30 June	
	Notes	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		(436)	(1,483)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		18,422	8,384
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (US cent)	10	1.68	0.88

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	13,603	14,800
Investment properties		9,317	9,389
Right-of-use assets		13,898	13,997
Intangible assets		180	122
Equity investment at fair value through other comprehensive income		1,457	1,457
Prepayments, deposits and other receivables		2,641	1,927
Financial assets at fair value through profit or loss		135	186
Deferred tax assets		295	258
Total non-current assets		41,526	42,136
CURRENT ASSETS			
Inventories	12	26,955	38,177
Trade receivables		60,782	49,233
Prepayments, deposits and other receivables		5,033	7,571
Financial assets at fair value through profit or loss		420	420
Income tax recoverable		–	62
Time deposits		10,105	15,824
Cash and bank equivalents		58,672	42,269
Total current assets		161,967	153,556





CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
CURRENT LIABILITIES			
Trade and bills payables	13	13,838	21,342
Other payables and accruals		18,419	13,792
Lease liabilities		1,581	1,353
Income tax payables		6,072	6,671
Total current liabilities		39,910	43,158
NET CURRENT ASSETS		122,057	110,398
TOTAL ASSETS LESS CURRENT LIABILITIES		163,583	152,534
NON-CURRENT LIABILITIES			
Other payables and accruals		174	129
Defined benefit obligations		124	195
Lease liabilities		1,697	1,869
Deferred tax liabilities		1,386	1,390
Total non-current liabilities		3,381	3,583
Net assets		160,202	148,951
EQUITY			
Issued capital		1,436	1,436
Reserves		158,766	147,515
Total equity		160,202	148,951

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Six months ended 30 June 2023

	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	Retained profits (Unaudited) US\$'000	Total equity (Unaudited) US\$'000
At 1 January 2023	1,436	28,633	19,052	331	582	422	3,910	87,252	141,618
Profit for the period	-	-	-	-	-	-	-	9,867	9,867
Other comprehensive loss for the period:									
– Exchange differences on translation of foreign operations	-	-	-	-	-	(1,483)	-	-	(1,483)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(1,483)	-	9,867	8,384
Final 2022 dividend (note 9)	-	-	-	-	-	-	-	(6,002)	(6,002)
At 30 June 2023	1,436	28,633	19,052	331	582	(1,061)	3,910	91,117	144,000

* These reserve accounts comprise the consolidated reserves of US\$158,766,000 (31 December 2023: US\$147,515,000) in the condensed consolidated statement of financial position as at 30 June 2024.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	11,954	7,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(798)	(777)
Proceeds from disposal of items of property, plant and equipment	94	9
Additions to intangible assets	–	(38)
Decrease in time deposits with maturity of more than three months when acquired	5,719	1,597
Decrease in financial assets at fair value through profit or loss	51	3,309
Interest received	1,027	579
Net cash flows from investing activities	6,093	4,679
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(103)	(151)
Principal portion of lease payments	(756)	(743)
Net cash flows used in financing activities	(859)	(894)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,188	11,204
Cash and cash equivalents at beginning of period	42,269	36,730
Effect of foreign exchange rate changes, net	(785)	(1,185)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	58,672	46,749

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	68,777	52,464
Less: Time deposits with maturity of more than three months when acquired	(10,105)	(5,715)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	58,672	46,749





NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 2024, 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 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

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 2024

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 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the " 2020 Amendments ")
Amendment to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the " 2022 Amendments ")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of these revised HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements 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.





NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4. REVENUE

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

Disaggregation of revenue

	Six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
By geographical markets		
The USA	40,828	48,909
Belgium	19,632	13,988
Chinese Mainland	13,590	6,997
Netherlands	8,542	6,169
Italy	8,504	8,213
Japan	6,924	7,182
United Kingdom	5,280	2,074
Others	27,419	21,807
Total revenue from contracts with customers	130,719	115,339
By product category		
Outdoor and sporting bags	106,897	84,428
Functional bags	5,617	5,258
Fashion and casual bags	17,810	24,424
Others	395	1,229
Total revenue from contracts with customers	130,719	115,339

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Other income		
Bank interest income	1,017	445
Other interest income from financial assets at fair value through profit or loss	10	134
Government grants	–	11
Charges levied on customers	245	219
Rental income	392	410
Others	203	281
Subtotal	1,867	1,500
Gains, net		
Foreign exchange difference, net	871	421
Gain on redemption of financial assets at fair value through profit or loss	–	224
Gain on sales of scrap materials	1	2
Subtotal	872	647
Other income and gains, net	2,739	2,147





NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

6. FINANCE COSTS

	Six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Factoring charges on certain designated trade receivables	–	6
Interest on lease liabilities	103	145
	103	151

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Cost of inventories sold	96,483	90,542
Depreciation of property, plant and equipment	1,824	1,599
Less: Amount included in cost of inventories sold	(1,093)	(1,023)
	731	576
Depreciation of right-of-use assets	1,056	1,050
Less: Amount included in cost of inventories sold	(757)	(758)
	299	292
Loss on disposal of items of property, plant and equipment	32	11
Amortisation of intangible assets	87	83
Research and development costs	1,142	1,129
Change in fair value of financial assets at fair value through profit or loss*	46	510

* 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 2024

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Current:		
Charge for the period	3,272	1,403
Overprovision in prior years	(2,313)	(1,575)
Deferred tax	(34)	(12)
Total tax expense/(credit) for the period	925	(184)

9. DIVIDEND

	Six months ended 30 June	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Final dividend declared		
– HK5.0 cents (equivalent to approximately US0.64 cent) (2023: HK4.2 cents) per ordinary share	7,171	6,002

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share for the period is based on the unaudited profit for the period attributable to shareholders of the Company of US\$18,858,000 (six months ended 30 June 2023: US\$9,867,000), and the number of ordinary shares in issue of 1,120,000,000 (six months ended 30 June 2023: 1,120,000,000) during the period.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2024 and 2023 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\$798,000 (six months ended 30 June 2023: US\$777,000), disposed of property, plant and equipment with net carrying amount of approximately US\$126,000 (six months ended 30 June 2023: US\$20,000).

12. TRADE RECEIVABLES

	30 June 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Trade receivables	60,982	49,433
Less: Impairment	(200)	(200)
	60,782	49,233

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Within 1 month	22,272	13,464
1 to 2 months	20,461	19,762
2 to 3 months	16,636	14,522
Over 3 months	1,413	1,485
Total	60,782	49,233



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 2024 (Unaudited) US\$'000	31 December 2023 (Audited) US\$'000
Within 1 month	9,266	12,071
1 to 2 months	2,717	8,243
2 to 3 months	1,841	421
Over 3 months	14	607
Total	13,838	21,342





NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

14. RELATED PARTY DISCLOSURES

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

		Six months ended 30 June	
	Notes	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
A company beneficially owned by certain directors of the Company			
Lease payment*	(i)	123	124
Subsidiaries of a company with significant influence over the Company			
Public facility maintenance expenses	(iii)	91	79
Utility expenses and other charges	(iii)	238	236
Building management expenses	(ii)	204	150

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\$635,000 (31 December 2023: US\$58,000) and a lease liability of US\$638,000 (31 December 2023: US\$61,000) as at 30 June 2024. During the period, depreciation of a right-of-use asset of US\$116,000 (period ended 30 June 2023: US\$116,000) and finance cost of a lease liability of US\$7,300 (period ended 30 June 2023: US\$4,200) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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	
	2024 (Unaudited) US\$'000	2023 (Unaudited) US\$'000
Short term employee benefits	703	707
Discretionary bonus	–	281
Defined contribution scheme contributions	9	13
Total compensation paid/payable to key management personnel	712	1,001

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 finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance controller reports directly to the audit committee. 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.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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			Total (Unaudited) US\$'000
	Quoted	Significant	Significant	
	prices in	observable	unobservable	
	active markets (Level 1) (Unaudited) US\$'000	inputs (Level 2) (Unaudited) US\$'000	inputs (Level 3) (Unaudited) US\$'000	
At 30 June 2024				
Equity investments at fair value through other comprehensive income	–	–	1,457	1,457
Financial assets at fair value through profit or loss	555	–	–	555
	555	–	1,457	2,012

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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 2023				
Equity investments at fair value through other comprehensive income	–	–	1,457	1,457
Financial assets at fair value through profit or loss	606	–	–	606
	606	–	1,457	2,063

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 for both financial assets and financial liabilities (2023: Nil).

16. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 23 August 2024.





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 2024 (the **“Period”**), the Group’s revenue was generated from sales of bags and packs manufactured for brand owner customers.

After experiencing a softer customer demand due to inventory destocking cycle in 2023, there were signs of recovery in the packs and bags market during the Period. In particular, the Group experienced a decent rebound in customers’ orders from the market in the People’s Republic of China (the **“PRC”**), with sales shipped to the PRC market for the Period bounced back from a low point in 2023 and almost doubled in this Period. Hence the Group experienced higher utilisation rates across its multi-regional manufacturing platform, especially in its production base in the PRC which mainly caters China-to-China market. As a result, the Group recorded total revenue of approximately US\$130.7 million for the Period, bounced back from approximately US\$115.3 million for the six months ended 30 June 2023 (the **“Corresponding Period”**). In terms of the production allocation, despite the improved utilisation rate of the PRC production base, the Group’s Vietnam and Cambodia production bases still accounted for around 90% of the Group’s total production capacity for the Period.

OUTLOOK AND PROSPECTS

Looking ahead, the Group remained cautiously optimistic about the long-term growth in its manufacturing business. We will continue to focus on making the best use of the existing capacity and streamlining the production procedures with the aim to achieve optimal efficiency. The Group is dedicated to pursuing growth opportunities that create lasting value for our shareholders. With the aim of value maximisation, the Group’s project for potential further development of its land parcel in Panyu, Guangdong, the PRC has been making progress in recent months.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has a land-use-right for a parcel of land situated at south of Xingye Road, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC with a total site area of 137,077.31 square metres (the “**Land**”), by Guangzhou Glorieux Traveling Articles Co., Ltd.* (廣州澤榮旅行用品有限公司, the “**Guangzhou Glorieux**”), an indirect wholly owned subsidiary of the Company. The Land, was acquired by the Group in 2007, designated for industrial use, is currently used as a production base which has also been partially leasing out. After the Group’s strategic reallocation of productivity and production capacity from the PRC gradually to Vietnam and Cambodia, the Group has been liaising with relevant professional parties and government authorities in exploring opportunities for further optimizing the development of Land over the years.

After several rounds of successful negotiations, the Land with maximum gross floor area of approximately 393,338.92 square metres and maximum plot ratio of 4.0 has been contracted to be granted by Guangzhou Municipal Planning and Natural Resources Bureau Panyu District Branch* (廣州市規劃和自然資源局番禺區分局) on 25 April 2024 to Guangzhou Glorieux for Category 1 Industrial (M1) use at no additional consideration or land premium. The maximum plot ratio of 4.0 of the Land represents a significant increase from the previous maximum plot ratio of 2.0.

The Land located in the prime area in Panyu, Guangzhou. Also, the current selling price and/or rental price of buildings under Category 1 Industrial (M1) in Panyu City is lower as compared with that of other prime areas in Guangzhou and Shenzhen, which is appealing to the local entrepreneurs. The Group has identified three external consultants to be engaged for advising on the development and project management, schematic design, and construction drawing design, respectively, for the potential further development of the Land in July 2024. Benefiting from effective communication with relevant government authorities and favorable terms in the abovementioned supplemental land use right transfer contract, together with its proximity to major scientific and research innovative highlands, the Group considers that the further development of the Land will significantly enhance the value of the Group’s assets and the potential for profits. The Group is committed to initiating such potential further development project with meticulous planning, stringent quality standards, and adherence to all relevant regulations and environmental considerations.

The Group intends to finance the potential further development by a combination of external and internal resources. The Group does not anticipate the existing operations on the Land 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 identification purpose only





MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total revenue of the Group for the Period was approximately US\$130.7 million, representing an increase of approximately US\$15.4 million or 13.3% from approximately US\$115.3 million as recorded in the Corresponding Period. Sales quantity also increased from approximately 10.9 million pieces for the Corresponding Period to approximately 12.6 million pieces for the Period, representing an increase of approximately 1.7 million pieces or 15.4%. Revenue from sales to outdoor and sporting category recorded a robust double-digit growth during the Period as there were strong demand from certain sports brand owners. As a result, for the sales mix of different product categories, sales concentrated more towards outdoor and sporting category which contributed more than 81% of the total revenue. The average selling price per piece slightly decreased from US\$10.6 to US\$10.4 due to the changes in sales mix. The breakdown of the revenue, sales quantity and average selling price by product category are set out below:

Product category	Six months ended 30 June 2024				Six months ended 30 June 2023			
	Revenue	Sales quantity %	Pc'000	Average selling price US\$/pc	Revenue	Sales quantity %	Pc'000	Average selling price US\$/pc
	US\$'000				US\$'000			
Outdoor & sporting	106,897	81.8	9,948	10.7	84,428	73.2	7,394	11.4
Functional	5,617	4.3	344	16.3	5,258	4.6	323	16.3
Fashion & casual	17,810	13.6	2,226	8.0	24,424	21.2	3,076	7.9
Others	395	0.3	53	7.4	1,229	1.0	110	11.2
Total	130,719	100.0	12,571	10.4	115,339	100.0	10,903	10.6

The Group's cost of sales for the Period amounted to approximately US\$98.3 million, representing an increase of approximately US\$6.0 million or 6.5% from approximately US\$92.3 million for the Corresponding Period. The increase is primarily due to the increase in sales quantity. Gross profit for the Period amounted to approximately US\$32.4 million, increased from approximately US\$23.0 million for the Corresponding period, while the gross profit margin for the Period improved notably from 20.0% to 24.8% because of the better utilisation of capacity and improved production efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses for the Period amounted to approximately US\$8.8 million, which was maintained at similar level as compared to the Corresponding Period.

Selling and distribution expenses for the Period amounted to approximately US\$6.1 million, representing an increase of approximately US\$0.7 million or 12.2% from approximately US\$5.5 million for the Corresponding Period. The increase is primarily due to the increase in quantity shipped.

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

Profit attributable to shareholders of the Company increased by approximately US\$9.0 million or 91.1% to approximately US\$18.9 million for the Period, compared with approximately US\$9.9 million for the Corresponding Period. Earnings per share for the Period increased by US0.80 cent to US1.68 cents as compared to US0.88 cent for the Corresponding Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

The Group's financial position remained solid. As at 30 June 2024, the Group had time deposits, cash and cash equivalents of approximately US\$68.8 million. The Group has no external borrowings as at 30 June 2024. As a result, the gearing ratio of the Group was zero (31 December 2023: zero), calculated as total debt, excluding lease liabilities, divided by total equity.

During the Period, the Group incurred capital expenditure of US\$0.8 million (2023: US\$0.8 million), mainly for acquisition of property, plant and equipment and intangible assets.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

CAPITAL COMMITMENT

As at 30 June 2024, the Group did not have any significant capital commitments (31 December 2023: Nil).





MANAGEMENT DISCUSSION AND ANALYSIS

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 2024, the Group had approximately 8,300 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

As at 30 June 2024, there were no 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 2024.

CHARGE ON THE GROUP'S ASSETS

As at 30 June 2024, the Group did not have any charges on its assets (31 December 2023: Nil).

FOREIGN CURRENCY EXPOSURE

The Group's purchases and operating costs are mainly denominated in Renminbi, Vietnamese Dong while most of the Group's sales proceeds are received in US\$. As such, the Group is exposed to foreign currency risk. Any appreciation of Renminbi and Vietnamese Dong against US\$ may adversely affect the profitability. The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arise.

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**”). 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.

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. Lin Wang-Chyan, a non-executive Director of the Company, was appointed as a director of San Fang Chemical Industry Co., Ltd, a company listed on Taiwan Stock Exchange (stock code: 1307 TSE) with effect from 24 June 2024.
2. Ms. Sze Tak On, an independent non-executive Director of the Company, was appointed as an independent non-executive director of China Starch Holdings Limited, a company listed on the Stock Exchange (stock code: 3838), with effect from 15 August 2024.





OTHER INFORMATION

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.

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 are both 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 2024, 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 2024, the total number of issued shares of Prosperous BVI was 100.

Save as disclosed above, as at 30 June 2024, 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 2024, 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⁾⁽²⁾	Interest in a controlled corporation	588,000,000	52.5
Great Pacific Investments Limited ("Great Pacific") ⁽³⁾	Beneficial Owner	252,000,000	22.5
Pou Hing Industrial Co. Limited ("Pou Hing") ⁽³⁾	Interest in a controlled corporation	252,000,000	22.5
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen") ⁽³⁾	Interest in a controlled corporation	252,000,000	22.5
Wealthplus Holdings Limited ⁽⁴⁾	Interest in a controlled corporation	252,000,000	22.5
Pou Chen Corporation ⁽⁴⁾	Interest in a controlled corporation	252,000,000	22.5

OTHER INFORMATION

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) Mrs. Yeung Wor Foon Stella deceased on 20 July 2023. Mr. Yeung Ming Sum Richard was appointed as the executor of the estate of Mrs. Yeung Wor Foon Stella. Mr. Yeung will acquire all interest of Mrs. Yeung in Prosperous Holdings (Overseas) Limited (29%) under her Will.
- (3) 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.
- (4) Pou Chen Corporation is a shareholder of Yue Yuen and, is interested as to 51.11% of Yue Yuen through its two wholly-owned subsidiaries, Wealthplus Holdings Limited (interested as to 47.95% of Yue Yuen) and Win Fortune Investments Limited (interested as to 3.16% 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 2024, 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 2024, 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 2024, 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

23 August 2024