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PROSPEROUS INDUSTRIAL (HOLDINGS) LIMITED

其利工業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1731)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Prosperous Industrial (Holdings) Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
REVENUE	4	243,612	208,138
Cost of sales		(182,858)	(164,386)
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Gross profit		60,754	43,752
Other income and gains, net	5	5,635	3,764
Selling and distribution expenses		(13,173)	(10,953)
Administrative expenses		(18,310)	(17,635)
Impairment losses under expected credit loss model		(40)	(330)
Other expenses, net		(1,494)	(2,434)
Finance costs	6	(247)	(264)
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PROFIT BEFORE TAX	7	33,125	15,900
Income tax expense	8	(3,283)	(1,021)
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PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		29,842	14,879
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OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
– Exchange differences on translation of foreign operations		(868)	(895)
<hr/>			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Defined benefit plan			
– Actuarial gain/(loss)		49	(4)
– Income tax effect		(10)	–
Change in fair value of equity investment at fair value through other comprehensive income		115	(645)
<hr/>			
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		154	(649)
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OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		(714)	(1,544)
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TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		29,128	13,335
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EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted (<i>US cent</i>)		2.66	1.33
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		12,239	14,800
Investment properties		8,615	9,389
Right-of-use assets		12,678	13,997
Intangible assets		149	122
Equity investments at fair value through other comprehensive income		1,572	1,457
Prepayments, deposits and other receivables		4,581	1,927
Financial assets at fair value through profit or loss		195	186
Deferred tax assets		379	258
		<hr/>	<hr/>
Total non-current assets		40,408	42,136
CURRENT ASSETS			
Inventories		41,600	38,177
Trade receivables	11	55,828	49,233
Prepayments, deposits and other receivables		5,501	7,571
Financial assets at fair value through profit or loss		508	420
Income tax recoverable		97	62
Time deposits		5,696	15,824
Cash and cash equivalents		70,918	42,269
		<hr/>	<hr/>
Total current assets		180,148	153,556
CURRENT LIABILITIES			
Trade and bills payables	12	23,710	21,342
Other payables and accruals		15,577	13,792
Lease liabilities		1,117	1,353
Income tax payables		6,541	6,671
		<hr/>	<hr/>
Total current liabilities		46,945	43,158
		<hr/>	<hr/>
NET CURRENT ASSETS		133,203	110,398
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		173,611	152,534
		<hr/>	<hr/>

	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
NON-CURRENT LIABILITIES		
Other payables and accruals	28	129
Defined benefit obligations	50	195
Lease liabilities	1,383	1,869
Deferred tax liabilities	1,242	1,390
	<hr/>	<hr/>
Total non-current liabilities	2,703	3,583
	<hr/>	<hr/>
Net assets	170,908	148,951
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	1,436	1,436
Reserves	169,472	147,515
	<hr/>	<hr/>
Total equity	170,908	148,951
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NOTES

1. CORPORATE AND GROUP INFORMATION

Prosperous Industrial (Holdings) Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business of the Company is located at Unit 1–2, 1/F, Join-In Hang Sing Centre, 71–75 Container Port Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively, the “**Group**”) were principally involved in the manufacturing and sale of sport bags, handbags and luggage bags.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Prosperous Holdings (Overseas) Limited, which was incorporated in the British Virgin Islands.

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

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

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

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”)
Amendments 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 nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification.

The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Operating segment information

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

Geographical information

(a) Revenue from external customers

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
The United States of America (the "USA")	65,103	73,359
Belgium	34,381	28,192
Mainland China	30,977	16,076
Netherlands	18,358	12,670
Italy	16,336	12,560
Japan	16,225	16,682
Others	62,232	48,599
	<hr/>	<hr/>
Total revenue	243,612	208,138

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

(b) *Non-current assets*

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Mainland China	16,401	17,328
Vietnam	11,176	10,043
Cambodia	4,146	6,949
Taiwan	4,703	4,212
Others	365	631
	<hr/>	<hr/>
Total non-current assets	36,791	39,163
	<hr/> <hr/>	<hr/> <hr/>

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

Information about major customers

During the year, the Group had transactions with three (2023: three) external customers, the sales to which individually contributed over 10% of the Group's total revenue. The revenue generated from sales to each of these customers is set out below:

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Customer A	91,162	81,646
Customer B	62,808	31,654
Customer C	58,415	52,954
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4. REVENUE

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

(a) Disaggregation of revenue

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
By geographical markets		
The USA	65,103	73,359
Belgium	34,381	28,192
Mainland China	30,977	16,076
Netherlands	18,358	12,670
Italy	16,336	12,560
Japan	16,225	16,682
Others*	62,232	48,599
	<u>243,612</u>	<u>208,138</u>
Total revenue from contracts with customers	<u>243,612</u>	<u>208,138</u>

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

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
By product category or services		
Sales of outdoor and sporting bags	206,846	159,849
Sales of functional bags	11,203	10,779
Sales of fashion and casual bags	24,692	35,549
Sales of other products	871	1,961
	<u>243,612</u>	<u>208,138</u>
Total revenue from contracts with customers	<u>243,612</u>	<u>208,138</u>
By timing of revenue recognition		
Goods transferred at a point of time	<u>243,612</u>	<u>208,138</u>

The revenue recognised during the year ended 31 December 2024 that was included in contract liabilities as at 1 January 2024 amounted to US\$130,000 (2023: US\$27,000). No revenue recognised during the years ended 31 December 2024 and 2023 related to performance obligations satisfied or partially satisfied in previous years.

(b) Performance obligation

Sale of sport bags, handbags and luggage bags

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

5. OTHER INCOME AND GAINS, NET

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

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Other income		
Bank interest income	2,557	1,638
Government grants*	7	25
Charges levied on customers	463	438
Gross rental income from investment property operating leases, fixed payment	951	816
Others	354	493
	<u>4,332</u>	<u>3,410</u>
Gains, net		
Foreign exchange gains, net	1,029	231
Gain of disposal of financial assets at fair value through profit or loss	187	–
Gain on sale of scrap materials	87	123
	<u>1,303</u>	<u>354</u>
Total other income and gains, net	<u><u>5,635</u></u>	<u><u>3,764</u></u>

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

6. FINANCE COSTS

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Factoring fee on certain designated trade receivables	–	5
Interest on lease liabilities	247	259
	<u>247</u>	<u>264</u>

7. PROFIT BEFORE TAX

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

	2024 US\$'000	2023 US\$'000
Cost of inventories sold	179,637	160,856
Depreciation of property, plant and equipment	3,457	2,785
Less: Amount included in cost of sales	<u>(1,957)</u>	<u>(1,832)</u>
	<u>1,500</u>	<u>953</u>
Depreciation of right-of-use of assets	2,182	2,078
Less: Amount included in cost of sales	<u>(1,521)</u>	<u>(1,475)</u>
	<u>661</u>	<u>603</u>
Amortisation of intangible assets*	158	137
Less: Amount included in cost of sales	<u>(1)</u>	<u>(2)</u>
	<u>157</u>	<u>135</u>
Lease payments not included in the measurement of lease liabilities	435	450
Gain on termination of leases	–	(180)
Auditor's remuneration	324	299
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	60,387	52,857
Defined contribution scheme contributions [#]	1,991	1,913
Net benefit expense of a defined benefit plan	<u>2</u>	<u>3</u>
	<u>62,380</u>	<u>54,773</u>
Less: Amount included in cost of sales	<u>(46,290)</u>	<u>(39,402)</u>
Total	<u>16,090</u>	<u>15,371</u>
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	69	65
Changes in fair value of investment properties	98	99
Research and development costs	2,429	2,311
Impairment/(write-back of impairment) of obsolete inventories***	(258)	221
Loss on disposal/write-off of items of property, plant and equipment, net**	444	21
Write-off of investment properties**	544	–
Changes in fair value of financial assets at fair value through profit or loss**	<u>(97)</u>	<u>486</u>

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

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Cost of sales	1	2
Selling and distribution expenses	6	5
Administrative expenses	<u>151</u>	<u>130</u>
Total	<u><u>158</u></u>	<u><u>137</u></u>

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

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

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

8. INCOME TAX

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

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Current:		
Charge for the year	6,032	2,741
Overprovision in prior years	<u>(2,442)</u>	<u>(1,677)</u>
	3,590	1,064
Deferred tax	<u>(307)</u>	<u>(43)</u>
Total tax expense for the year	<u><u>3,283</u></u>	<u><u>1,021</u></u>

9. DIVIDENDS

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Dividends paid during the year:		
Final dividend for 2023 – HK5.0 cents (equivalent to approximately US0.64 cents) (2022: HK4.2 cent (equivalent to approximately US0.54 cents)) per ordinary share	<u>7,171</u>	<u>6,002</u>
Proposed final dividend – HK7.0 cents (equivalent to approximately US0.90 cents) (2023: HK5.0 cents (equivalent to approximately US0.64 cents)) per ordinary share	<u><u>10,100</u></u>	<u><u>7,165</u></u>

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to shareholders of the Company of US\$29,842,000 (2023: US\$14,879,000), and the number of ordinary shares in issue of 1,120,000,000 (2023: 1,120,000,000) during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these years.

11. TRADE RECEIVABLES

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Trade receivables	56,068	49,433
Impairment	(240)	(200)
	<u>55,828</u>	<u>49,233</u>
Net carrying amount	<u>55,828</u>	<u>49,233</u>

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

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Within 1 month	22,948	13,464
1 to 2 months	20,311	19,762
2 to 3 months	11,661	14,522
Over 3 months	908	1,485
	<u>55,828</u>	<u>49,233</u>
Total	<u>55,828</u>	<u>49,233</u>

12. TRADE AND BILLS PAYABLES

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

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

	2024 <i>US\$'000</i>	2023 <i>US\$'000</i>
Within 1 month	17,255	12,071
1 to 2 months	4,781	8,243
2 to 3 months	174	421
Over 3 months	1,500	607
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Total	23,710	21,342
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MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW AND BUSINESS REVIEW

The Group is a leading global manufacturer, designing, developing, and producing high-quality recreational bags and packs, primarily backpacks. We also provide premium supply chain management services to renowned multinational sports and lifestyle brands. Our established multi-regional manufacturing platform spans production facilities in the People's Republic of China (the "PRC"), Vietnam, and Cambodia. This strategic setup enables the Group to benefit from preferential import tariffs and international trade policy advantages, while offering customers flexible and efficient shipping solutions.

Following a period of subdued customer demand attributed to an inventory destocking cycle in 2023, the packs and bags market exhibited signs of recovery during the year ended 31 December 2024 (the "Year"). The Group experienced a notable rebound in customer orders from the PRC and Europe. As a result, utilisation rates across our multi-regional manufacturing platform improved, particularly within our production facilities in the PRC, which primarily serve the China-to-China market. Sales shipped to the PRC market for the Year almost doubled as compared to that of 2023. Shipments to Europe also had a notable double-digit growth as compared to the previous year. Consequently, the Group reported total revenue of approximately US\$243.6 million for the Year, an increase from approximately US\$208.1 million in 2023. In terms of the production allocation, despite the resurgence in the PRC market which led to improved utilisation rate of the PRC production base, the Group's Vietnam and Cambodia production bases remained highly sought-after manufacturing locations for catering overseas orders and accounted for more than 85% of the Group's total production capacity for the Year.

OUTLOOK AND PROSPECTS

The Group remains steadfast in its dedication to pursuing growth opportunities that deliver long-term value and drive sustainable development. While being cautiously optimistic about the long-term growth prospects of the manufacturing business, we will continue to focus on leveraging existing capacity and streamlining production procedures to achieve optimal efficiency. As part of our commitment to creating lasting value for our shareholders, we have made progress on the potential further development of our land parcel in Panyu, Guangdong, PRC.

During the Year, the Group entered into a supplemental land use right transfer agreement with the 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) and secured favorable terms regarding the Group's land use right to a parcel of land in Panyu. These include increasing the maximum plot ratio to 4.0 from the previous maximum plot ratio of 2.0, enabling a maximum gross floor area of approximately 393,338.92 square metres for Category 1 Industrial (M1) use with no additional consideration. The Group has engaged several external consultants for advising on the development and project management, schematic design and construction drawing design for the potential further development of the land parcel.

The Group is still in the process of formulating plans for potential further development of the land parcel. Plans for this project will be carried out with meticulous planning, stringent quality standards, and adherence to all regulatory and environmental considerations. The Group intends to finance the potential further development by a combination of internal and external resources. The Group does not anticipate the existing operations on the Land 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*

FINANCIAL REVIEW

During the Year, the Group's revenue was generated from sales of bags and packs manufactured for brand owner customers. Total revenue for the Year amounted to approximately US\$243.6 million, representing a leap of approximately US\$35.5 million or 17.0% from approximately US\$208.1 million for 2023. Total sales quantity also increased from approximately 19.4 million pieces for 2023 to approximately 23.5 million pieces for the Year, representing an increase of approximately 4.1 million pieces or 21.4%. Revenue from sales to outdoor and sporting category recorded a robust double-digit growth during the Year as there were strong demand from certain sports brand owners. As a result, in terms of the sales mix of different categories, sales concentrated more towards outdoor and sporting category which contributed more than 84% (2023: 76%) of the total revenue. The average selling price per piece slightly decreased from US\$10.7 to US\$10.4 due to the change in sales mix. The breakdown of the revenue, sales quantity and average selling price by product category are set out below:

	2024				2023			
	Revenue <i>US\$'000</i>	%	Sales quantity <i>Pc'000</i>	Average selling price <i>US\$/pc</i>	Revenue <i>US\$'000</i>	%	Sales quantity <i>Pc'000</i>	Average selling price <i>US\$/pc</i>
Product category or services								
Outdoor & sporting	206,846	84.9	19,388	10.7	159,849	76.8	14,094	11.3
Functional	11,203	4.6	643	17.4	10,779	5.2	658	16.4
Fashion & casual	24,692	10.1	3,354	7.4	35,549	17.1	4,406	8.1
Others	871	0.4	134	6.5	1,961	0.9	208	9.4
Total	<u>243,612</u>	<u>100</u>	<u>23,519</u>	<u>10.4</u>	<u>208,138</u>	<u>100</u>	<u>19,366</u>	<u>10.7</u>

The Group's cost of sales for the Year amounted to approximately US\$182.9 million, representing an increase of approximately US\$18.5 million or 11.2% from approximately US\$164.4 million for 2023. The increase in cost of sales was primarily due to the increase in sales quantity for the Year. Gross profit for the Year amounted to approximately US\$60.8 million, up from approximately US\$43.8 million for 2023, with the gross profit margin for the Year improved notably from 21.0% to 24.9% as a result of the better utilisation of capacity and improved production efficiency on a year-on-year basis.

The Group's administrative expenses for the Year amounted to approximately US\$18.3 million, increased slightly from approximately US\$17.6 million in 2023, and equivalent to approximately 7.5% (2023: 8.5%) of the Group's total revenue.

Selling and distribution expenses for the Year amounted to approximately US\$13.2 million, increased by approximately US\$2.2 million or 20.3%. The increase was in line with the increase in the level of sales activity.

Profit attributable to shareholders of the Company for the Year reached a record high of approximately US\$29.8 million, up by approximately US\$15.0 million or 100.6% from approximately US\$14.9 million for 2023. Earnings per share also increased by 1.33 US cents to 2.66 US cents as compared to 1.33 US cents for 2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

The Group's financial position remained solid throughout the Year. As at 31 December 2024 the Group had time deposits, cash and cash equivalents of approximately US\$76.6 million and no external borrowings. As a result, the gearing ratio of the Group was zero (31 December 2023: zero) as at 31 December 2024, calculated as total debt, excluding lease liabilities, divided by total equity. The Group will monitor its funding requirement and will consider external borrowing with reasonable pricing terms when appropriate. During the Year, the Group incurred capital expenditure of US\$1.9 million, mainly attributable to the acquisition of property, plant and equipment and intangible assets.

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisition or disposals of subsidiaries or associates during the year ended 31 December 2024.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2024, the Group had approximately 8,400 employees (2023: approximately 8,500 employees). Salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis. Remuneration is reviewed annually. Staff benefits include contribution to mandatory contribution fund, discretionary bonus and share options. During the Year, no share options were granted to employees of the Group.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, there were no significant investments held by the Group (31 December 2023: Nil).

CHARGE ON THE GROUP’S ASSETS

As at 31 December 2024, the Group did not have 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 and US\$, while most of the Group’s sales proceeds are received in US\$. As such, the Group is exposed to foreign currency risk. Any appreciation of Renminbi or Vietnamese Dong against US\$ may adversely affect the profitability. The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arises.

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK7 cents per share (the “**Final Dividend**”) to the Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Wednesday, 25 June 2025.

The proposed Final Dividend is subject to the approval by the Shareholders at the annual general meeting to be held on Monday, 16 June 2025 (the “**2025 AGM**”). It is expected that the Final Dividend would be paid to the Shareholders on Friday, 18 July 2025.

CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility of the Shareholders to attend the 2025 AGM, the Register of Members will be closed from Wednesday, 11 June 2025 to Monday, 16 June 2025, both days inclusive, during which no transfer of shares will be effected. In order to be entitled to attend and vote at the 2025 AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 10 June 2025.

For the purpose of ascertaining Shareholder’s entitlement for the Final Dividend, the Register of Members will be closed from Monday, 23 June 2025 to Wednesday, 25 June 2025, both days inclusive. To qualify for the Final Dividend, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company’s Hong Kong branch share register, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 20 June 2025.

SHARE CAPITAL

As of 31 December 2024, the total amount of the issued share capital of the Company was HK\$11,200,000, divided into 1,120,000,000 shares of HK\$0.01 per share. There were no movements in the Company's share capital during the Year.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 31 December 2024, the Company did not hold any treasury shares.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix C1 to the Listing Rules for the year ended 31 December 2024. The Board and the management of the Group consider that maintaining a well-established corporate governance practices and procedures is the key to success, and firmly believe that the principles of transparency, accountability and independence are essential for upholding the interests of the stakeholders and maximizing Shareholders' value.

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

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' transactions in securities of the Company. After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

AUDIT COMMITTEE

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

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures set out in the preliminary announcement in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the Year have been agreed by the Company's auditor, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2024. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This annual results announcement is published on the website of HKEXnews at www.hkexnews.hk and on the website of the Company at www.pihl.hk, respectively. The 2024 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders requiring a printed copy and published on the same websites in due course.

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

Hong Kong, 21 March 2025

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