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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)

DISCLOSEABLE TRANSACTION – CONSTRUCTION CONTRACT FOR DEVELOPMENT OF LAND IN PANYU CITY

INTRODUCTION

Reference is made to the Company's voluntary announcement dated 22 July 2024 in relation to the business updates regarding potential further development of the Land in Panyu. After meticulous planning, the Land, together with the Group's existing industrial facilities on it, will be further developed into an industrial park (the "**Glorieux Intelligent Manufacturing Industrial Park (澤榮智造產業園) Project**"). The development of the Glorieux Intelligent Manufacturing Industrial Park (澤榮智造產業園) Project will be carried out in phases, and the first phase construction will cover a site area of 21,128 square meters, with 3 main buildings (including a dormitory) of a total gross floor area of 91,901.93 square meters. The Board is pleased to announce that, on 17 September 2025 (after trading hours), Guangzhou Glorieux, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor in relation to the construction of Phase I of Glorieux Intelligent Manufacturing Industrial Park (澤榮智造產業園) Project at a contract price of RMB152.36 million (inclusive of tax).

THE CONSTRUCTION CONTRACT

Date: 17 September 2025

Parties:

- (i) Guangzhou Glorieux, an indirect wholly-owned subsidiary of the Company, as the principal; and
- (ii) China Railway Beijing Engineering Group Co., Ltd (中國鐵路北京工程局集團有限公司), as the Contractor

Project:	The Contractor will conduct, as detailed in the Construction Contract, all construction works within the scope of the general construction of the Phase I of Glorieux Intelligent Manufacturing Industrial Park (澤榮智造產業園) Project located 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 Phase I development covers a site area of 21,128 square meters, with three main buildings of a total gross floor area of 91,901.93 square meters.
Contract Price:	RMB152.36 million (inclusive of tax with a value-added tax rate of 9%), subject to adjustments based on the actual construction changes agreed upon between the parties, fluctuation of prices of construction materials and other facilities and changes in relevant PRC laws and regulations.
Payment Arrangement:	Incurred contract amount will be paid by Guangzhou Glorieux to the Contractor by instalments based on the construction progress: (i) an advance payment representing 5% of the contract sum shall be paid within 30 business days after the signing of the Construction Contract; (ii) progress payment(s) representing 75% of the assessed value of the construction works completed shall be paid on a monthly basis within 20 business days after receiving the statement of progress and verifying the accuracy of the reported assessed value and corresponding payment documentation; (iii) a payment representing the difference between 85% (taking into account the payments in (i) and (ii) above) of the construction cost and the amount already paid shall be paid within 30 business days upon the completion, formal inspection and acceptance (工程竣工驗收合格) of the construction works according to the terms of the Construction Contract;

- (iv) a payment representing the difference between 90% (taking into account the payments in (i), (ii) and (iii) above) of the construction cost and the amount already paid shall be paid within 30 business days upon obtaining the certificate of completion filing and completing the handover of as-built documentation to the relevant government authorities;
- (v) a payment representing the difference between 97% (taking into account the payments in (i), (ii), (iii) and (iv) above) of the contract final settlement sum and the amount already paid shall be paid within 60 business days upon completion of the works and the final review and approval of the settlement; and
- (vi) 3% of the completion settlement sum will be retained as quality warranty retention which shall be released to the Contractor subject to satisfactory of quality maintenance. Please also refer to below for the details of quality maintenance.

Construction Period:

The construction period is approximately 470 calendar days in aggregate. Subject to the actual commencement date, the construction works are expected to be completed by the end of 2026.

Quality Maintenance:

The quality maintenance period for the works shall take effect from the date of satisfactory completion and acceptance of the works. The specific maintenance periods for various sections of the works are agreed as follows: reasonable service life as specified in the design documents for foundation works and main structural works; 5 years for roof waterproofing system and waterproofing works for bathrooms, rooms and external walls; 2 years for decoration works; 2 years for installations works of electrical conduits, plumbing and drainage systems and mechanical equipment; 2 full operational cycles (heating and cooling seasons) for heating ventilation and air conditioning systems.

BASIS FOR DETERMINATION OF THE CONSIDERATION

Guangzhou Glorieux conducted tendering procedures, which involved assessment of factors such as (i) the scope of the project; (ii) the construction period, complexity and quality requirements; (iii) the construction companies' technical qualifications, experience, performance capability and market position in construction works; (iv) the anticipated material and labour costs; (v) the market conditions; and (vi) the construction budget prepared by an independent third-party cost consulting institution for the construction of Phase I of Glorieux Intelligent Manufacturing Industrial Park (澤榮智造產業園) Project. Accordingly, Guangzhou Glorieux awarded the contract to the bid winner (i.e. the Contractor) after considering the bidders' bidding price, experience and performance, technical capacities and reputation comprehensively in comparison with other tenderers. Therefore, the Board considered that the Construction Contract entered into are on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and its shareholders as a whole.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As disclosed previously in the Company's voluntary announcement dated 22 July 2024, the Land located in the prime area in Panyu, Guangzhou, which is inside the Guangzhou's sci-tech group ancillary zone, a cluster area undertaking the scientific research achievements transformation of Guangzhou Higher Education Mega Center and in close proximity to Guangzhou South Station and approximately 20 kilometres (about 30 minutes' drive) and convenient transportation networks. 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 from the sci-tech group ancillary zone, the south bank of Guangzhou Higher Education Mega Center and in the close neighborhood of the Guangzhou International Campus of South China University of Technology.

Benefiting from effective communication with relevant government authorities and favorable terms in the supplemental land use right transfer contract entered into between Guangzhou Glorieux and 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) dated 25 April 2024, together with its proximity to major scientific and research innovative highlands, the Directors consider that the further development of the Land will significantly enhance the value of the Group's assets and the potential for future business development opportunities.

In addition, the feasibility study report by an independent third-party consulting institution of the project has been prepared, having taken into account the internal rate of return, the Company expects that the project will bring favorable financial income to the Group, and it will also strengthen the business advantages of the Group.

The contract price of the Construction Contract will be funded by a combination of external and internal resources. Given its strong cash position and sound financial standing, the Group is well positioned to support the project. The Directors believe the Construction Contract aligns

with the Group's near and long-term strategic goals and will enhance its core competitiveness. The Contractor, selected through a tender process, is a reputable and qualified construction company, and the Board is confided in its ability to meet the Group's requirements. Based on the foregoing, the Board considers that the Construction Contract and the terms therein are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group and Guangzhou Glorieux

The Group is principally involved in the manufacturing and sale of sport bags, handbags and luggage bags. Guangzhou Glorieux is an indirect wholly-owned subsidiary of the Company and is principally involved in bag product development and design and property investment. Guangzhou Glorieux is the owner to the land use right of the Land, and the existing properties on the Land which are currently used as a production base and partly leasing out.

The Contractor

The Contractor is an enterprise established in the PRC and a wholly-owned subsidiary of China Railway Group Limited, the A shares and H shares issued by which are listed on the Shanghai Stock Exchange (stock code: 601390) and the main board of the Stock Exchange (stock code: 390) respectively. The Contractor is an integrated construction group in offering construction-related services, including but not limited to construction works, related engineering design, technical research, development, supervision and investment.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its core connected person (as defined in the Listing Rules).

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 5% but are below 25%, the Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Prosperous Industrial (Holdings) Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Construction Contract”	the contract entered into between Guangzhou Glorieux and the Contractor on 17 September 2025 in relation to the construction of the Glorieux Intelligent Manufacturing Industrial Park (澤榮智造產業園) Project Phase I
“Contractor”	China Railway Beijing Engineering Group Co., Ltd (中鐵北京工程局集團有限公司), and an Independent Third Party
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Glorieux”	Guangzhou Glorieux Traveling Articles Co., Ltd.* (廣州澤榮旅行用品有限公司), a company established in the PRC as a wholly-foreign owned enterprise and an indirect wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules
“Land”	parcels of land situated at south of Xingye Road, Nancun Town, Panyu District, Guangzhou, Guangdong Province, with a total site area of 137,077.31 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 17 September 2025

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

* *For identification purpose only*