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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)

CONNECTED TRANSACTION 2024 OFFICE TENANCY AGREEMENT

Reference is made to the Company’s announcement dated 30 March 2021.

RENEWAL OF OFFICE TENANCY AGREEMENT

Pursuant to the 2021 Office Tenancy Agreement, Glorieux HK has leased certain office premises and car parking spaces from China Pacific in Hong Kong. As the Office Tenancy Agreement will expire on 31 March 2024, Glorieux HK entered into the 2024 Office Tenancy Agreement with China Pacific on 28 March 2024 to lease the Premises for a term of three years from 1 April 2024 to 31 March 2027 (both days inclusive).

Major terms of the 2024 Office Tenancy Agreement are as follows:

Date:	28 March 2024
Tenant:	Glorieux HK
Landlord:	China Pacific
Premises:	Office premises at Units 1, 2 and 4, 1/F, Join-In Hang Sing Centre, 71-75 Container Port Road, Kwai Chung, New Territories, Hong Kong and car parking spaces nos. 29, 36A, 39A and 39B on 1/F of Join-In Hang Sing Centre
Term:	1 April 2024 to 31 March 2027 (both days inclusive)

Rental payment: HK\$160,000 per month inclusive of management fee & government rates

The terms of the 2024 Office Tenancy Agreement were negotiated on an arm's length basis by reference to the prevailing market rate, including the market rental of other comparable premises in the same building recently, as published/quoted by property agencies.

REASON FOR AND THE BENEFITS OF ENTERING THE 2024 OFFICE TENANCY AGREEMENT

The Group currently uses the Premises as the headquarter and principal place of business in Hong Kong. The entering into of the 2024 Office Tenancy Agreement by the Group will ensure the Group to continue its operation in Hong Kong without interruption to the business of the Group.

The Directors (including independent non-executive Directors) considered that the 2024 Office Tenancy Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and on terms that are fair and reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

China Pacific is owned as to 25%, 25%, 20%, 10%, 10% and 10% by Mr. Yeung Ming Sum Richard, Mrs. Yeung Wor Foon Stella (deceased), Mr. Yeung Shu Kin, Mr. Yeung Shu Kai, Mr. Yeung Shu Hung and Mr. Yeung Chak Fung, respectively. Each of Mr. Yeung Ming Sum Richard, Mrs. Yeung Wor Foon Stella (deceased), Mr. Yeung Shu Kin, Mr. Yeung Shu Kai, Mr. Yeung Shu Hung and Mr. Yeung Chak Fung is the Controlling Shareholder of the Company, and Mr. Yeung Shu Kin and Mr. Yeung Shu Kai are our Directors. China Pacific is therefore a connected person to the Group. As such, the transaction under the 2024 Office Tenancy Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16, the 2024 Office Tenancy Agreement will be recognized as right-of-use assets with the aggregate consideration of approximately HK\$5.4 million, and the transaction contemplated under the 2024 Office Tenancy Agreement will be recognized as the acquisition of right-of-use assets which will constitute a stand-alone connected transaction of the Group under Chapter 14A of the Listing Rules. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

Since the applicable percentage ratios in respect of the estimated value of right-of-use exceed 0.1% and more than HK\$3 million, but are less than 5%, such transaction are subject to the reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and independent shareholders' approval requirements.

As Mr. Yeung Shu Kin and Mr. Yeung Shu Kai are shareholders of China Pacific, they have a material interest in the transaction contemplated under the 2024 Office Tenancy Agreement, and therefore abstained themselves in the voting on the relevant board resolution.

GENERAL INFORMATION

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.

China Pacific, a company incorporated in Hong Kong with limited liability, is principally engaged in property investment.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“2021 Office Tenancy Agreement”	the office tenancy agreement dated 30 March 2021 between Glorieux HK and China Pacific
“2024 Office Tenancy Agreement”	the office tenancy agreement dated 28 March 2024 between Glorieux HK as tenant and China Pacific as landlord
“China Pacific”	China Pacific Trading Company, a company incorporated in Hong Kong with limited liability
“Company”	Prosperous Industrial (holdings) Limited, an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director”	the director(s) of the Company
“Glorieux HK”	Glorieux International (H.K.) Limited, a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Premises” Office premises at Units 1, 2 and 4, 1/F, Join-In Hang Sing Centre, 71-75 Container Port Road, Kwai Chung, New Territories, Hong Kong and car parking spaces nos. 29, 36A, 39A and 39B on 1/F of Join-In Hang Sing Centre

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 28 March 2024

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. Liao Yuang-Whang as non-executive Directors and Mr. Chiu Che Chung Alan, Ms. Sze Tak On and Mr. Yip Kwok Cheung as independent non-executive Directors.