Prosper One International Holdings Company Limited
富 一 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1470)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2020

ANNUAL RESULTS HIGHLIGHTS

Revenue for the year ended 30 April 2020 decreased by approximately 53.4% as compared to that of the prior financial year.

The overall gross profit margin for the year ended 30 April 2020 increased to approximately 47.1% from approximately 44.3% in the prior financial year.

The loss attributable to owners of the Company increased by approximately 119.3% as compared to that of the prior financial year.

The Board does not recommend the payment of any dividend for the year ended 30 April 2020.

RESULTS

The board of directors of Prosper One International Holdings Company Limited (the "**Company**", the "**Directors**" and the "**Board**", respectively) announces the audited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 30 April 2020 (the "**Year**") together with the comparative figures for the immediately preceding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2020

	Notes	**Year Ended 30/4/2020** ***HK$'000***	Year Ended 30/4/2019 *HK$'000*
Revenue	*3*	**94,193**	202,349
Cost of sales		**(49,816)**	(112,744)
Gross profit		**44,377**	89,605
Other gains and losses	*5*	**3,764**	1,913
Selling and distribution costs		**(74,702)**	(80,515)
Administrative expenses		**(27,292)**	(32,508)
Other expense		**—**	(1,000)
Finance costs	*6*	**(2,326)**	(128)
Loss before tax		**(56,179)**	(22,633)
Income tax expense	*7*	**(2,826)**	(4,260)
Loss for the year attributable to owners of the Company		**(59,005)**	(26,893)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences arising from translation of foreign operations		**(781)**	(153)
Total comprehensive expense for the year attributable to the owners of the Company		**(59,786)**	(27,046)
Loss per share — basic and diluted (HK cents per share)	*9*	**(7.38)**	(3.36)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2020

	Notes	**30/4/2020**	30/4/2019
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**15,281**	23,536
Right-of-use assets		**836**	—
Rental deposits	*10*	**3,824**	7,513
Deferred tax assets		**404**	142
Financial asset at fair value through profit or loss		**3,917**	3,856
Club membership		**4,000**	4,000
		28,262	39,047
Current assets			
Inventories		**22,842**	35,283
Trade receivables, other receivables and prepayments	*10*	**117,047**	137,615
Tax recoverable		**587**	587
Cash and cash equivalents		**22,170**	22,483
		162,646	195,968
Total assets		**190,908**	235,015
Capital and reserves			
Share capital		**8,000**	8,000
Reserves		**19,028**	77,788
Total equity		**27,028**	85,788

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 April 2020

	Notes	**30/4/2020**	30/4/2019
		HK$'000	*HK$'000*
Non-current liabilities			
Provision for other liabilities and charges	*11*	**465**	2,068
Lease liabilities		**6,150**	—
		6,615	2,068
Current liabilities			
Trade and other payables	*11*	**109,231**	137,808
Lease liabilities		**19,424**	—
Amount due to ultimate holding company	*12*	**19,070**	8,620
Bank loans	*13*	**8,332**	—
Tax liabilities		**1,208**	731
		157,265	147,159
Total liabilities		**163,880**	149,227
Total equity and liabilities		**190,908**	235,015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2020

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its issued shares are listed on the Stock Exchange. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

On 28 July 2017, Prosper One Enterprises Limited which is wholly owned by Mr. Meng Guangyin ("**Mr. Meng**"), entered into a sales and purchase agreement with Tic Tac Investment Holdings Company Limited, a company owned by Mr. Lam Man Wah ("**Mr. Lam**") and his spouse Ms. Chan Ka Yee, Elsa (hereinafter referred to as the "**Previous Controlling Shareholders**") for acquiring 70.625% of the equity interests of the Company. The transfer of the shares was completed on 15 August 2017. Accordingly, Mr. Meng became the new ultimate controlling shareholder of the Company and presently, he is the chairman of the Board (the "**Chairman**") and an executive director of the Company.

In the opinion of the Directors, the ultimate holding company of the Company is Prosper One Enterprises Limited and its ultimate controlling party is Mr. Meng.

The Company acts as an investment holding company and the principal activities of its subsidiaries are the retail and wholesale of watches in Hong Kong, and acting as agent (for financial reporting purposes) in the sales and trading of fertilisers raw materials, fertilisers products and public consumption products. The address of the principal place of business of the Company was Unit 4205, No. 1 Harbour Road, Convention Plaza Office Tower, Wan Chai, Hong Kong, and has been changed to Level 43, AIA Tower, 183 Electric Road, North Point, Hong Kong effective on 8 May 2020.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

a. New and amendments to HKFRSs that are mandatorily effective for the current year

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") has issued the following new and amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 16	*Leases*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Annual Improvements to HKFRSs 2015–2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*

The impact of the adoption of HKFRS 16 is discussed below. The application of the amendments to the other standards listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

Impact of HKFRS 16, Leases

HKFRS 16 supersedes former HKAS 17: *Leases* on the recognition, measurement, presentation and disclosures of lease contracts or contracts containing leases. On lessee side, HKFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases. On lessor side, HKFRS 16 substantially carries forward the accounting requirements in HKAS 17; accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Lessee accounting and transitional impact

The Group has chosen to apply the following practical expedients at the date of initial application of HKFRS 16:

1. The Group did not reassess whether a contract was, or contained, a lease; and had not applied HKFRS 16 to those contracts that were not previously identified as leases applying previous accounting standards. Instead, the Group shall only apply HKFRS 16 to contracts that were previously identified as leases applying previous accounting standards and to contracts that are entered into or changed on or after the date of initial application of that HKFRS.

2. The Group relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review.

3. The Group did not recognise right-of-use assets and lease liabilities to leases for which the lease term will end within the reporting period but account for those leases in the same way as short term leases.

4. The Group excluded initial direct costs from the measurement of the right-of-use asset and to use hindsight in determining the lease term.

5. The Group applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

6. The Group used hindsight based on facts and circumstance as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

Except for short-term leases and leases for which the underlying asset is of low value, for all other leases previously classified as operating leases applying the previous accounting standards in which the Group is the lessee, the Group applies HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 May 2019.

As at 1 May 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

A reconciliation between the operating lease commitment as at 30 April 2019 as disclosed in the consolidated financial statements for the preceding reporting period and the lease liabilities at the date of initial application is as follows.

	HK$'000
Total operating lease commitment as at 30 April 2019	43,757
Weighted average lessee's incremental borrowing rate used	6.5%
Lease liabilities discounted at relevant incremental borrowing rates	39,202
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application	(1,156)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	38,046
Lease liabilities as at 1 May 2019	38,046
Analysed as	
Current	19,287
Non-current	18,759

A reconciliation between the lease liabilities and the right-of-use assets at the date of initial application is as follows.

	HK$'000
Lease liabilities	38,046
Add: Prepaid rental expenses	1,870
Less: Impairment loss on right-of-use assets recognised	(4,385)
Right-of-use assets	35,531

The following table summarises the impact of transition to HKFRS 16 on accumulated losses at 1 May 2019.

	HK$'000
Accumulated losses	
Recognition of right-of-use assets	35,531
Recognition of lease liabilities	(38,046)
Decrease in trade receivables, other receivables and prepayments	(1,870)
Decrease in trade and other payables	5,411
Net decrease in accumulated losses at 1 May 2019	1,026

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 May 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 30 April 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 May 2019
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Right-of-use assets		—	35,531	35,531
Current assets				
Trade receivables, other receivables and prepayments	*(i)*	137,615	(1,870)	135,745
Current liabilities				
Lease liabilities		—	(19,287)	(19,287)
Trade and other payables	*(ii)*	(137,808)	4,385	(133,220)
	(iii)		203	
Non-current liabilities				
Provision for other liabilities and charges	*(iii)*	(2,068)	823	(1,245)
Lease liabilities		—	(18,759)	(18,759)
Equity				
Accumulated losses		65,204	(1,026)	64,178

Notes:

(i) The adjustment related to prepaid rental expenses as at 30 April 2019 and was adjusted to right-of-use assets at the date of initial application of HKFRS 16.

(ii) The adjustment related to provision for onerous leases for several retail outlets as at 30 April 2019 and was adjusted to right-of-use assets at transition.

(iii) The adjustment related to accrued lease liabilities of several retail outlets in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities under trade and other payables and provision for other liabilities and charges as at 30 April 2019 was adjusted to accumulated losses at transition.

(iv) For the purpose of reporting cash flows from operating activities for the Year, movements in working capital have been computed based on opening consolidated statement of financial position at 1 May 2019 as disclosed above.

b. Amended HKFRSs that have been issued and early adopted

Amendment to HKFRS 16 — COVID-19-Related Rent Concessions

Amendment to HKFRS 16 — COVID-19-Related Rent Concessions allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The Group has early adopted the amendment on 1 May 2019 and elected not to apply lease modification accounting for all rent concessions granted by the lessors, which occurred as a direct consequence of the COVID-19 pandemic during the Year. The rent concessions amounted to HK$2,422,000 has been credited to "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income for the Year.

c. New and amendments to HKFRSs in issue but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

An analysis of the Group's revenue, all of which were recognised from contracts with customers within the scope of HKFRS 15, for the year is as follows:

	Year Ended 30/4/2020 *HK$'000*	Year Ended 30/4/2019 *HK$'000*
Revenue from contracts with customers		
Sales of merchandise	**70,262**	178,321
Service income	**150**	942
Commission income	**23,781**	23,086
	94,193	202,349

Revenue from contracts with customers

Information about the Group's performance obligations is summarised below:

Sales of merchandise

The performance obligation is recognised at a point in time when control of the products is transferred to the customer, being at the point the customer purchases the goods at the store or on delivery of the merchandise for wholesale segment. Payment of the transaction price is due immediately and within 90 days at the point the customer purchases the products under the retail and wholesale segments, respectively.

Service income

The Group provides services on repairing watches to customers. The performance obligation is satisfied at a point in time when the service is completed and advance payments are normally required before rendering the services. The Group's enforceable right to the payment is subject to the completion of the whole services. The services are for periods less than one year.

Commission income

The performance obligation is completed at a point in time when the services on arranging trading of fertiliser and other related products are completed. Payment is generally in advance from the customers before the agency services are provided.

As at the end of the reporting periods, the Group did not have significant amount of unrecognised revenue related to performance obligations which were unsatisfied.

4. SEGMENT INFORMATION

Information reported to the Group's executive directors, who are the chief operating decision makers (the "**CODM**") of the Group, for the purposes of resource allocation and assessment of performance, are focused on three main operations of the Group identified in accordance with the business nature and the size of the operations.

Specifically, the reportable and operating segments of the Group under HKFRS 8 are as follows:

- Retail business of watches ("**Retail**") — retail of multi brands of watches in Hong Kong
- Wholesalers business of watches ("**Wholesale**") — wholesale of multi brands of watches in Hong Kong
- Trading of fertilisers and other related products ("**Trading**") — provision of agency services in relation to trading of fertilisers and other related products

There are no significant sales or other transactions among the segments, except as disclosed below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment for the two years:

For the year ended 30 April 2020

	Retail	**Wholesale**	**Trading**	**Elimination**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External sales	**67,897**	**2,365**	**—**	**—**	**70,262**
External service income	**149**	**1**	**—**	**—**	**150**
External commission income	**—**	**—**	**23,781**	**—**	**23,781**
Inter-segment sales	**238**	**812**	**—**	**(1,050)**	**—**
	68,284	**3,178**	**23,781**	**(1,050)**	**94,193**
Segment (loss)/profit	**(54,964)**	**(1,881)**	**12,565**	**—**	**(44,280)**
Finance costs					**(2,326)**
Unallocated Group expenses					**(9,573)**
Loss before tax					**(56,179)**

For the year ended 30 April 2019

	Retail *HK$'000*	Wholesale *HK$'000*	Trading *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue					
External sales	175,303	3,018	—	—	178,321
External service income	939	3	—	—	942
External commission income	—	—	23,086	—	23,086
Inter-segment sales	—	1,266	—	(1,266)	—
	176,242	4,287	23,086	(1,266)	202,349
Segment (loss)/profit	(16,231)	(854)	7,467	—	(9,618)
Finance costs					(128)
Unallocated Group expenses					(12,887)
Loss before tax					(22,633)

Sales between segments are carried out at terms mutually agreed between the parties involved in the transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

No segment assets and liabilities information is provided as no such information is regularly provided to the CODM of the Group for the purpose of making decision for resources allocation and performance assessment.

Geographical information

During the year, the Group's operation is mainly located in the People's Republic of China (the "**PRC**" or "**China**") and Hong Kong. The Group's revenue by geographical location of customers, based on location of delivery of the watches or services, is detailed below:

	Year Ended 30/4/2020 ***HK$'000***	Year Ended 30/4/2019 *HK$'000*
PRC	**23,781**	23,086
Hong Kong	**70,412**	179,263
Total	**94,193**	202,349

The Group's revenue was mainly derived from customers in the PRC and Hong Kong. There were no single external customers who contributed more than 10% of total revenue of the Group for both years.

The information of the Group's non-current assets excluding deferred tax assets and financial assets by geographical location is detailed below:

	30/4/2020	30/4/2019
	HK$'000	*HK$'000*
PRC	**148**	176
Hong Kong	**19,969**	27,360
Total	**20,117**	27,536

Other disclosures

For the year ended 30 April 2020

	Retail	**Wholesale**	**Trading**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Addition to non-current assets	**242**	**—**	**—**	**242**
Depreciation of property, plant and equipment	**7,707**	**279**	**34**	**8,020**
Depreciation of right-of-use assets	**23,693**	**—**	**243**	**23,936**
Loss on disposal of property, plant and equipment	**3**	**—**	**—**	**3**
Gain on rental concessions	**2,422**	**—**	**—**	**2,422**
Allowance for write-down of Inventories recognised	**4,876**	**238**	**—**	**5,114**
Impairment loss on property, plant and equipment (reversed)/recognised	**(94)**	**557**	**—**	**463**
Impairment loss on right-of-use assets	**18,343**	**—**	**40**	**18,383**

For the year ended 30 April 2019

	Retail	Wholesale	Trading	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Addition to non-current assets	32,443	836	—	33,279
Depreciation of property, plant and equipment	4,487	—	35	4,522
Loss on write-off of property, plant and equipment	382	—	—	382
Net gain on disposal of property, plant and equipment	2,099	—	—	2,099
Allowance for write-down of inventories recognised/ (reversed)	(6,475)	507	—	(5,968)
Impairment loss on property, plant and equipment recognised	4,404	—	—	4,404
Provision for onerous operating leases recognised	4,561	—	—	4,561
Write-off of prepayment and receivables	—	—	2,731	2,731

5. OTHER GAINS AND LOSSES

	Year Ended 30/4/2020 *HK$'000*	Year Ended 30/4/2019 *HK$'000*
Rent concessions *(note (a))*	**2,422**	—
Foreign exchange gain	**210**	54
(Loss)/gain on disposal of property, plant and equipment	**(3)**	2,099
Loss on write-off of property, plant and equipment	**—**	(382)
Interest income	**67**	33
Sundry income	**34**	40
Government grants *(note (b))*	**706**	—
Promotion income	**267**	—
Fair value gain on financial asset at fair value through profit or loss ("**FVPL**")	**61**	69
	3,764	1,913

Notes:

(a) Rent concessions represent the reductions in lease payment arising from COVID-19-related rent concession of approximately HK$2,422,000 in respect of rental periods that fell in the financial year ended 30 April 2020.

(b) The government grants represent financial subsidies for compensating expenses already incurred or giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies in relation to the grants and the grants were determined at the sole discretion of relevant government authorities in the PRC and Hong Kong.

6. FINANCE COSTS

	Year Ended 30/4/2020 *HK$'000*	Year Ended 30/4/2019 *HK$'000*
Interest on bank loans	**152**	52
Interest on convertible notes *(note)*	**—**	70
Finance lease charges	**—**	6
Interest on lease liabilities	**2,174**	—
Total	**2,326**	128

Note: On 31 July 2018, the Company issued 0.8% convertible notes to a financial institution in the principal amount of HK$40,000,000 for a term of one year. The convertible notes were fully early redeemed on 19 October 2018. Interest was payable at 0.8% per annum for the period from the issue date to the early redemption date. A cancellation fee of HK$1,000,000 for the early redemption was paid to the convertible noteholder and included in "Other expense". The entire convertible note contract was designated as at FVPL upon initial recognition. No fair value gain or loss was recognised during the year as the early redemption price was the same as the issue price.

7. INCOME TAX EXPENSE

	Year Ended 30/4/2020 ***HK$'000***	Year Ended 30/4/2019 *HK$'000*
Current taxation		
Hong Kong Profits Tax	**—**	10
PRC Enterprise Income Tax ("**EIT**")	**2,964**	2,882
	2,964	2,892
Under/(over) provision for prior years		
Hong Kong Profits Tax	**—**	(331)
PRC EIT	**124**	(83)
	124	(414)
Deferred taxation	**(262)**	1,782
	2,826	4,260

Under the two-tiered profits tax rates regime, the first HK$2 million taxable profits of qualifying corporations will be taxed at 8.25%, and taxable profits above HK$2 million will be taxed at 16.5%. The Directors considered the amount involved from the application of the two-tiered profits tax rates as insignificant to the consolidated financial statements.

For the Year, no provision for taxation in Hong Kong was made as a subsidiary of the Company had sufficient unused tax loss brought forward to offset against the estimated assessable profit for the Year and the other subsidiaries in Hong Kong incurred tax loss during the Year. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the year ended 30 April 2019.

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% for both years.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of taxable temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB16,255,000 (2019: RMB7,973,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 30 April 2020 and 2019, nor has any dividend been proposed since the end of the reporting year.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Year Ended 30/4/2020	Year Ended 30/4/2019
Loss for the year attributable to owners of the Company (HK$'000)	**(59,005)**	(26,893)
Weighted average number of ordinary shares in issue *(note)*	**800,000,000**	800,000,000
Basic and diluted loss per share (HK cents per share)	**(7.38)**	(3.36)

Note: The computation of diluted loss per share for the year ended 30 April 2019 did not assume the conversion of the Company's convertible notes which were issued and redeemed during that year since their assumed conversion as at the date of issuance would result in a decrease in loss per share.

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	30/4/2020 *HK$'000*	30/4/2019 *HK$'000*
Trade receivables		
— third parties	**1,999**	2,947
Rental and utilities deposits	**8,915**	10,020
Other receivables		
— third parties	**774**	613
— a related company	**—**	116
Bills receivables *(note)*	**25,835**	42,152
Prepayments	**83,348**	89,280
Total trade receivables, other receivables and prepayments	**120,871**	145,128
Less: non-current portion — rental deposits	**(3,824)**	(7,513)
	117,047	137,615

Note:

As at 30 April 2020, bills receivables amounting to HK$25,287,000 (2019: HK$42,060,000) were endorsed to suppliers as prepayments for merchandises. As the Group has not transferred the significant risks and rewards because the bills were endorsed on a full recourse basis, the Group continued to recognise these endorsed bills under bills receivables and recognise corresponding obligations arising from endorsement of bills included in other payables. These arrangements relate to the agency services activities undertaken by the Group in the Trading operating segment. No aging analysis of bills receivables is provided as the bills receivables were related mainly to advance receipts from purchasers and the fertilizers and other related products being procured by the Group on behalf of the purchasers have not yet been delivered.

The trade receivables mainly comprise receivables from credit card companies for retail sales and from wholesale customers. There was no specific credit terms granted to those credit card companies. The receivables due from credit card companies were usually settled within 7 days. The Group's credit terms granted to wholesale customers generally ranged from 30 to 90 days from the invoice date.

The following is an aging analysis of trade receivables presented based on the invoice dates.

	30/4/2020	30/4/2019
	HK$'000	*HK$'000*
Within 30 days	**1,873**	2,843
31 to 60 days	**2**	73
61 to 90 days	**63**	31
Over 90 days	**61**	—
	1,999	2,947

11. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES

	30/4/2020	30/4/2019
	HK$'000	*HK$'000*
Trade payables		
— third parties	**15,929**	17,600
Accrued employee benefit expenses	**527**	699
Provision for reinstatement costs	**1,136**	1,206
Provision for onerous operating leases	**—**	4,561
Other accruals and payables		
— endorsement of bills	**25,287**	42,060
— third parties	**2,767**	3,533
— a related company	**—**	5,554
Deferred income	**303**	—
Amount due to a director of a subsidiary	**2,134**	2,134
Contract liabilities	**61,613**	62,529
	109,696	139,876
Less: non-current portion	**(465)**	(2,068)
Current portion	**109,231**	137,808

Contract liabilities include short-term advances received from purchasers to arrange for the fertilisers and other related products to be provided by the suppliers to the purchasers (the "**Trading of fertilisers**"). The amount of advances is negotiated on a case by case basis with the purchasers. During the year ended 30 April 2020, there was a decrease in contract liabilities of HK$62,134,000 which was included in the contract liabilities as at 30 April 2019 as a result of completion of the services on arranging the Trading of fertilisers. For the contract liabilities as at 30 April 2020, the entire balances will be derecognised within twelve months from 30 April 2020 when the products are directly delivered to the purchasers by suppliers.

The following is an aging analysis of trade payables presented based on the invoice dates.

	30/4/2020	30/4/2019
	HK$'000	*HK$'000*
Within 30 days	**463**	3,506
31 to 60 days	**445**	1,212
Over 60 days	**15,021**	12,882
	15,929	17,600

12. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

Amount due to ultimate holding company is unsecured, non-interest bearing and repayable on demand.

13. BANK LOANS

	30/4/2020	30/4/2019
	HK$'000	*HK$'000*
Revolving term loan		
— Unsecured, with effective interest rate of 4.78% per annum as at 30 April 2020 *(Note 1)*	**4,000**	—
— Secured, with effective interest rate of 4.58% per annum as at 30 April 2020 *(Note 2)*	**2,000**	—
	6,000	—
Account payable financing loan, secured, with effective interest rate of 3.98% per annum as at 30 April 2020 *(Note 2)*	**1,673**	—
Bank overdraft, secured, with effective interest rate of 3.75% per annum as at 30 April 2020 *(Note 2)*	**659**	—
	8,332	—

The carrying amounts of the Group's bank loans, which were denominated in Hong Kong dollars and containing a repayable on demand clause, approximated to their fair values. The applicable interest rates of the respective bank loans ranged from Hongkong InterBank Offered Rate ("**HIBOR**") plus 2.13% to 2.85% per annum as at 30 April 2020.

As at 30 April 2020, the Group had aggregate banking facilities of HK$24,020,000 (2019: HK$24,020,000) for overdrafts and loans. Unused facilities as at the same date were HK$15,688,000 (2019: HK$24,020,000). The banking facilities were granted to the subsidiaries of the Company and were subject to an annual review.

The Group's bank borrowings were secured and guaranteed by the followings as at 30 April 2020:

Note 1:

a. Unlimited personal guarantees given by a director of a subsidiary of the Company; and

b. Unlimited cross guarantees given by the subsidiaries of Company as borrowers.

Note 2:

a. HK$15,500,000 plus interest and other charges of personal guarantees given by a director of a subsidiary of the Company; and

b. Assignment of a life insurance policy of a director of a subsidiary of the Company.

14. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to 30 April 2020, two subsidiaries of the Company and Mr. Lam entered into a sale and purchase agreement, pursuant to which the subsidiaries of the Company had agreed to dispose of and Mr. Lam had agreed to acquire two motor vehicles at an aggregate consideration of HK$4,700,000. The management estimated that there will be a gain of approximately HK$857,000 (before any tax and expenses) upon completion of the disposal of the two motor vehicles.

(b) As a result of the outbreak of COVID-19, various countries have taken numerous measures, including travel and transportation restrictions to prevent the spread of the epidemic. Such measures including the quarantine measures imposed by the Hong Kong government have had an impact on the Group's operations. As the situation remains fluid, the Directors considered that the financial effects of COVID-19 on the Group's consolidated financial statements could not be reasonably estimated as at the date of this announcement. Given the unpredictable nature and rapid development relating to COVID-19, the Group's operating environment would be increasingly challenging when the epidemic continues. The Directors will continue to assess the impact of the outbreak of the epidemic on the Group's operation and financial performance in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Year was undoubtedly the most difficult time ever for the Group's operations in Hong Kong. The social unrest since late June 2019 had taken a heavy toll on watches retail business, which led to a substantial decrease in revenue of the Group from inbound visitors. During the anti-government protests, our retail shops had to be temporarily shut down or shorten their business hours for safety concerns, further adversely affecting the performance of this segment. In addition, the trade tensions between China and the United States have brought a negative impact to the global economic environment and thus the consumption sentiment. More unfortunately, the outbreak of the novel coronavirus disease 2019 (the "**COVID-19**") since late January 2020 has brought inbound tourism to a standstill and seriously weakened the consumer sentiment because of the implementation of travel restrictions and anti-epidemic measures by various countries. Given the unprecedented challenges, the Group's financial performance was severely affected.

In this tough business environment, the Group has imposed a series of cost saving measures, including employees' no pay leave arrangements, a salary reduction scheme for management, a job cut and the minimization of operating costs. Due to the weak business demand, the Group also scaled down its retail network by closing under-performed shops in order to enhance our cost effectiveness. Meanwhile, the Group had proactively negotiated with landlords for a temporary rental reduction and most of them have agreed to grant it. On the other hand, the Group's trading of fertilizers and other products business in the PRC continued to record profits, which slightly offset the downtrend impact of the watches retail business. As a result of the foregoing, the Group's net loss for the Year increased by approximately HK$32.1 million to approximately HK$59.0 million, as compared to a net loss of approximately HK$26.9 million for the year ended 30 April 2019 (the "**Year 2019**").

FINANCIAL REVIEW

Revenue

The Group's revenue for the Year was approximately HK$94.2 million, representing a decrease of approximately HK$108.1 million or 53.4% from approximately HK$202.3 million for the Year 2019. Revenue derived from trading business increased by approximately HK$0.8 million or 3.5% from approximately HK$23.0 million for the Year 2019 to approximately HK$23.8 million for the Year. Revenue derived from watches business decreased by approximately HK$108.9 million or 60.7% from approximately HK$179.3 million for the Year 2019 to approximately HK$70.4 million for the Year. The decrease in revenue derived from watches business was partly due to a sharp decline in inbound visitors as a result of local social unrest and partly due to the standstill of inbound tourism since the outbreak of the COVID-19. In addition, the consumption sentiment was weakened by the outbreak of the COVID-19 and the trade tensions between China and the United States, which adversely affected the performance of this segment.

Cost of sales

Our cost of sales primarily consists of cost of inventories sold and provision for slow-moving inventories or reversal of provision. Our cost of sales decreased by approximately HK$62.9 million or 55.8% from approximately HK$112.7 million for the Year 2019 to approximately HK$49.8 million for the Year. During the Year, the Group recorded a provision for slow-moving inventories of approximately HK$5.1 million (2019: reversal of provision of approximately HK$6.0 million) to profit or loss. The provision for slow-moving inventories as at 30 April 2020 amounted to approximately HK$22.9 million (as at 30 April 2019: approximately HK$17.8 million).

After eliminating the effect of reversal of provision or provision for slow-moving inventories, cost of sales decreased by approximately HK$74.0 million or 62.3% from approximately HK$118.7 million for the Year 2019 to approximately HK$44.7 million for the Year. The decrease was mainly due to the decline in sales of watches and in line with the decrease in revenue of the watches retail business for the Year.

Gross profit and gross profit margin

The overall gross profit decreased by approximately HK$45.2 million or 50.4% from approximately HK$89.6 million for the Year 2019 to approximately HK$44.4 million for the Year. Our gross profit of the watches business decreased by approximately HK$46.0 million or 69.1% from approximately HK$66.6 million for the Year 2019 to approximately HK$20.6 million for the Year. Our gross profit margin of the watches business decreased from approximately 37.1% for the Year 2019 to approximately 29.3% for the Year. The decrease was mainly attributable to the provision for slow-moving inventories for the Year whereas the higher gross profit margin for the Year 2019 was owing to reversal of provision for slow-moving inventories.

After eliminating the effect of reversal of provision or provision for slow-moving inventories, the gross profit margin of the watches business increased from approximately 33.8% for the Year 2019 to approximately 36.5% for the Year.

Selling and distribution costs

Our selling and distribution costs decreased by approximately HK$5.8 million or 7.2% from approximately HK$80.5 million for the Year 2019 to approximately HK$74.7 million for the Year. The decrease was primarily attributable to the decreases of lease expenses of retail outlets (including rental expenses and depreciation of right-of-use assets), sales staff's salaries and allowances, bank charges, advertising and promotions, repairs and maintenance, provision for onerous operating leases recognised and impairment loss on property, plant and equipment recognised. This decrease was partially offset by the increases in depreciation of property, plant and equipment and impairment loss on right-of-use assets. The decrease in lease expenses of retail outlets was mainly related to lower rental rates negotiated on our lease renewals and the decrease in the number of retails outlets.

Administrative expenses

Our administrative expenses decreased by approximately HK$5.2 million or 16.0% from approximately HK$32.5 million for the Year 2019 to approximately HK$27.3 million for the Year. The decrease was primarily attributable to the decreases in consulting fee, legal and professional expenses and write-off of prepayment and receivables, which was partially offset by the increase in the lease expenses of staff quarter.

Finance costs

Our finance costs increased by approximately HK$2.2 million from approximately HK$0.1 million for the Year 2019 to approximately HK$2.3 million for the Year. The increase was primarily attributable to the interest on lease liabilities of approximately HK$2.2 million resulting from the adoption of new accounting policy HKFRS 16 *Leases*.

Loss before tax and loss attributable to owners of the Company

As a result of the foregoing, our loss before income tax increased by approximately HK$33.6 million or 148.7% from approximately HK$22.6 million for the Year 2019 to approximately HK$56.2 million for the Year. The increased loss was mainly due to the substantial decrease in revenue of the Group from its watches retail business and the impairment loss on right-of-use assets of approximately HK$18.4 million recognized because of weak sales performance.

The loss attributable to owners of the Company increased by approximately HK$32.1 million or 119.3% from approximately HK$26.9 million for the Year 2019 to approximately HK$59.0 million for the Year.

FINANCIAL POSITION

The Group's primary source of funds were cash inflows from operating activities, bank borrowings and loans from the ultimate holding company.

As at 30 April 2020, the Group's total cash and cash equivalents were approximately HK$22.2 million (as at 30 April 2019: approximately HK$22.5 million), most of which were denominated in HK$ and Renminbi ("**RMB**"). The current ratio (calculated by dividing current assets by current liabilities) of the Group decreased from approximately 1.3 times as at 30 April 2019 to approximately 1.0 time as at 30 April 2020. The gearing ratio (calculated by dividing net debt by total equity) was 19.4% as at 30 April 2020 (as at 30 April 2019: not applicable). Net debt was calculated as bank loans and amount due to ultimate holding company less cash and cash equivalents.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the listing of the Company's shares (the "**Shares**") on the Stock Exchange on 12 May 2015 (the "**Listing Date**" and the "**Net Proceeds**", respectively) (after deducting the underwriting fees and related expenses) amounted to approximately HK$107.5 million, which have been intended to be applied in the manner as disclosed in the prospectus of the Company dated 28 April 2015.

During the period from the Listing Date to 30 April 2020, the Group has applied the Net Proceeds as follows:

	Amount utilised during the Year	**Amount utilised as at 30 April 2020**	**Amount unutilised as at 30 April 2020**	**Expected timeline of full utilisation of the balance**
	HK$'000	*HK$'000*	*HK$'000*	
Expand our retail and sales network	3,124	36,764	849	Mid of 2021
Improve our same-store sales growth and profit margin	—	12,896	—	—
Improve our supplier network and enhance the knowledge of our sales	449	1,830	2,469	Mid of 2021
Increase our marketing effort	155	7,382	141	Mid of 2021
Repay a short-term bank loan with interest	—	37,613	—	—
Working capital and other general corporate purposes	—	6,940	582	Mid of 2021
Total	3,728	103,425	4,041	

The unutilised Net Proceeds are placed as deposits with licensed banks in Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES COMPANIES AND JOINT VENTURE COMPANIES

During the Year, there was no material acquisition or disposal of subsidiaries, associates and joint venture companies by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2020, the Group had a total of 96 (2019: 118) employees, including independent non-executive Directors (the "**INEDs**"). The total remuneration costs incurred by the Group for the Year were approximately HK$31.6 million (2019: approximately HK$35.4 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees. Remuneration packages are generally structured by reference to market norms as well as individual qualifications, relevant experience and performance.

The Company has adopted a share option scheme (the "**Share Option Scheme**") to enable the Board to grant share options to eligible participants with an opportunity to have a personnel stake in the Company. As at the date of this announcement, there was no outstanding share option granted under the Share Option Scheme.

DEBTS AND CHARGE ON ASSETS

The Group had total bank borrowings of approximately HK$8.3 million as at 30 April 2020 whereas the Group had no bank borrowings as at 30 April 2019.

The carrying amounts of the Group's bank borrowings were denominated in HK$ and secured and approximated to their fair values.

As at 30 April 2020, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

As at 30 April 2020, the Group had aggregate banking facilities of approximately HK$24.0 million (as at 30 April 2019: approximately HK$24.0 million) for overdrafts and loans. Unused facilities as at the same date amounted to approximately HK$15.7 million (as at 30 April 2019: approximately HK$24.0 million). The banking facilities were granted to the subsidiaries of the Company and were subject to an annual review and guaranteed by unlimited guarantees from certain of its subsidiaries and a director of a subsidiary of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plans for material investments and capital assets as at 30 April 2020.

SIGNIFICANT INVESTMENT HELD

The Company did not hold any significant investment in equity interest in any company other than its subsidiaries as at 30 April 2020.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2020 (as at 30 April 2019: Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 April 2020 and 2019.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the Year (2019: Nil).

PROSPECTS

The spread of the COVID-19 since the beginning of 2020 has resulted in a slowdown of economic activities of PRC and the freight restrictions for one and a half months or so. As the freight has been gradually returning to normal since early March 2020, the impact of the COVID-19 for our trading businesses is softened. Looking forward, as the domestic supervision on safety and environmental protection will continue to be strengthened in the PRC, the demand for fertilizers in industrial usages is likely to see a slight decline. Under the background of the elimination of backward production capacity, the integration and upgrading in the fertilizers industry in the PRC will be intensified and the over-capacity situation will be further alleviated. It is expected that supply and demand of urea will remain basically balanced and the price will slightly fluctuate. The Group will strive to maintain stringent product quality and continuously improve our services to meet the customers' needs so as to further expand our business into this huge market.

As regards the watches retail business, the hardship is expected to persist for some time. It is expected that the business environment for retail sales will remain very difficult amid the economic recession, austere labour market conditions as well as the outbreak of COVID-19. As the rental expenses still comprise a major part of the Group's operating expenses, we shall continue to negotiate with landlords for further rental relief. We have also reviewed our retail network and shall determinedly close under-performing shops. The Group will conduct more stringent cost reduction as and when required in order to get through the tough times. Meanwhile, the Group will focus on clearing slow-moving inventories so as to improve its financial conditions. Through these initiatives, we hope that the Group will overcome difficulties and maintain its strategic operations.

Although the road to recovery from our watches retail business is full of challenges, it is believed that all of our management and staff will continue working cohesively and making concerted efforts to get through the hard times together. As usual, the Group will strive to diversify our customer base by promoting product diversification and enhancing its brand awareness, aiming to improve customers' loyalty as well.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**2020 AGM**") is scheduled to be held on Friday, 16 October 2020. A notice convening the 2020 AGM will be issued and dispatched to the shareholders of the Company (the "**Shareholders**") in due course in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 13 October 2020 to Friday, 16 October 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the 2020 AGM, the non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company's Hong

Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Monday, 12 October 2020.

EVENTS AFTER THE FINANCIAL YEAR

Save as disclosed in note 14 to the consolidated financial statements of the Group for the Year set out in this announcement above, the Group did not have any other material subsequent event after the reporting year and up to the date of this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The following is the extract of the independent auditor's report from the external auditor of the Company:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN

We draw attention to note 35b to the consolidated financial statements which states that the Group incurred a net loss of HK59,005,000 for the year ended 30 April 2020 and as of that date, had accumulated losses of HK$124,213,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the Directors' transactions of the listed securities of the Company. Following a specific enquiry made by the Company with each of the Directors, all Directors confirmed that they had complied with the standards as set out in the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company did not redeem any of its securities listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such securities.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the Year and thereafter up to the date of this announcement, the Company has maintained a sufficient public float (i.e. as least 25% of the issued Shares in public hands) for the issued Shares as required under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "**CG Code**"). The Company complied with all the code provisions of the CG Code, except for the following code provision A.1.1, A.2.1 and E.1.2 of the CG Code during the Year and up to the date of this announcement.

The Board

Code provision of A.1.1 of the CG Code provides the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, two regular full Board meetings have been held and the Board has made resolutions by circulation of written resolutions for all the Directors' execution from time to time. In view of the simplicity of the Group's businesses, regular Board meetings have not been held about quarterly during the Year. The Group's audited consolidated annual results for the Year 2019 and unaudited consolidated interim results for the six months ended 31 October 2019 together with all corporate transactions made during the Year have been reviewed and discussed amongst the Directors at the full Board meetings held in the Year. Together with the circulation of written materials to keep the Board informed throughout the Year, sufficient measures had been taken to ensure that there was efficient communication among the Directors, including the INEDs.

Chairman and Chief Executive

Code provision of A.2.1 of the CG Code provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. During the Year and up to the date of this announcement, Mr. Meng acts as the Chairman and the chief executive officer of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Group to have Mr. Meng taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances. Nevertheless, the Company will look for suitable candidates and make necessary arrangement pursuant to the requirement under A.2.1 of the CG Code as and when necessary.

Communication with Shareholders

Code provision of E.1.2 of the CG Code provides that, among others, the Chairman should attend the annual general meetings (the "**AGMs**"). Mr. Meng, the Chairman, did not attend the Company's AGM held on 18 October 2019 (the "**2019 AGM**") due to other essential business engagements. In order to ensure an effective communication with the Shareholders, the Directors attending the 2019 AGM elected Mr. Liu Guoqing, an executive Director and the Company's chief financial officer, to chair the meeting on behalf of the Chairman. The respective chairmen and/or members of the Board's audit committee (the "**Audit Committee**"), remuneration committee and nomination committee and a representative of the independent auditor of the Company were present at the 2019 AGM to answer relevant questions from the Shareholders present thereat. To mitigate the above, future AGMs of the Company will be scheduled earlier to avoid the timetable clashes.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee was established on 21 April 2015 with specific written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision C.3 of the CG Code. The written terms of reference were revised on 1 January 2019 to conform with the requirements under the CG Code and the Listing Rules.

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the Year. The Audit Committee is of the view that such financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORK OF FAN, CHAN & CO. LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's independent auditor, Fan, Chan & Co. Limited ("**Fan, Chan**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Fan, Chan 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 HKICPA and consequently, no assurance has been expressed by Fan, Chan on this preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the Board members, management and employees for their dedication and wholehearted contributions that enable the Group to face the unprecedented challenges during the tough time. Last but not least, I wish to express my sincere thanks to our Shareholders, suppliers, customers and other business partners for their ongoing trust and support.

PUBLICATION OF FINANCIAL INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for the Year containing all applicable information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange *(http://www.hkexnews.hk)* and the Company *(www.prosperoneintl.com)* in the manner as required by the Listing Rules in due course.

By order of the Board of
Prosper One International Holdings Company Limited
Meng Guangyin
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 31 July 2020

As at the date of this announcement, the Board comprises Mr. Meng Guangyin (chairman and chief executive officer), Mr. Liu Guoqing (chief financial officer) and Mr. Liu Jiaqiang as the executive Directors; and Mr. Tian Zhiyuan, Mr. Lee Chun Keung and Mr. Wang Luping as the INEDs.