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## **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 2023**

#### **ANNUAL RESULTS HIGHLIGHTS**

Revenue for the year ended 30 April 2023 decreased by approximately 44.9% as compared to that of the prior financial year.

Loss for the year ended 30 April 2023 was approximately HK\$2.7 million, compared to a loss of approximately HK\$6.4 million for the prior financial year.

The Board does not recommend the payment of any dividend for the year ended 30 April 2023.

## 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 2023 (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 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	<b>41,510</b>	75,269
Cost of sales		<u><b>(5,005)</b></u>	<u>(34,647)</u>
Gross profit		<b>36,505</b>	40,622
Other gains and losses	5	<b>856</b>	5,413
Selling and distribution costs		<b>(13,880)</b>	(29,006)
Administrative expenses		<b>(20,889)</b>	(18,801)
Finance costs	6	<u><b>(96)</b></u>	<u>(525)</u>
Profit/(loss) before tax		<b>2,496</b>	(2,297)
Income tax expense	7	<u><b>(5,153)</b></u>	<u>(4,149)</u>
Loss for the year attributable to owners of the Company		<b>(2,657)</b>	(6,446)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences arising from translation of foreign operations		<u><b>(2,062)</b></u>	<u>(706)</u>
Total comprehensive expense for the year attributable to the owners of the Company		<u><b>(4,719)</b></u>	<u>(7,152)</u>
Loss per share — basic and diluted (HK cents per share)	9	<u><b>(0.33)</b></u>	<u>(0.81)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>99</b>	126
Right-of-use assets		—	—
Rental deposits	<i>10</i>	—	47
Deferred tax assets		<u><b>237</b></u>	<u>237</u>
		<u><b>336</b></u>	<u>410</u>
<b>Current assets</b>			
Inventories		<b>1,586</b>	5,350
Financial asset at fair value through profit or loss		—	3,684
Trade receivables, other receivables and prepayments	<i>10</i>	<b>73,485</b>	71,957
Cash and cash equivalents		<u><b>126,190</b></u>	<u>82,459</u>
		<u><b>201,261</b></u>	<u>163,450</u>
<b>Total assets</b>		<u><b>201,597</b></u>	<u>163,860</u>
<b>Capital and reserves</b>			
Share capital		<b>8,000</b>	8,000
Reserves		<u><b>8,853</b></u>	<u>13,572</u>
<b>Total equity</b>		<u><b>16,853</b></u>	<u>21,572</u>
<b>Non-current liabilities</b>			
Provision for other liabilities and charges	<i>11</i>	—	74
Lease liabilities		<u>—</u>	<u>135</u>
		<u>—</u>	<u>209</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>137,736</b>	100,005
Lease liabilities		<b>135</b>	860
Amount due to ultimate holding company	<i>12</i>	<b>46,060</b>	35,690
Bank loan	<i>13</i>	—	4,000
Tax liabilities		<u><b>813</b></u>	<u>1,524</u>
		<u><b>184,744</b></u>	<u>142,079</u>
<b>Total liabilities</b>		<u><b>184,744</b></u>	<u>142,288</u>
<b>Total equity and liabilities</b>		<u><b>201,597</b></u>	<u>163,860</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2023

## 1. GENERAL INFORMATION

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.

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Prosper One Enterprises Limited and its ultimate controlling party is Mr. Meng Guangyin (“**Mr. Meng**”), who is also the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company.

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 and other related products. The address of the principal place of business of the Company was Room 1403, 14/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

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. Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 May 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 17, <i>Insurance Contracts</i> (including the October 2020 and February 2022 Amendments to HKFRS17)	1 January 2023
Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<i>To be determined</i>
Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i>	1 January 2024
Amendments to HKAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 is as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Revenue from contracts with customers		
Sales of merchandise	<b>7,152</b>	43,233
Service income	<b>9</b>	474
Commission income	<b>34,349</b>	31,562
	<b>41,510</b>	75,269

## 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.

All the contracts in relation to trading of fertilisers are for original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the performance obligations of the Group that were unsatisfied or partially unsatisfied as at the end of the reporting periods in relation to these unsatisfied contracts is not disclosed.

## 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
- Wholesale 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 2023*

	Retail <i>HK\$'000</i>	Wholesale <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>					
External sales	5,942	1,210	—	—	7,152
External service income	5	4	—	—	9
External commission income	—	—	34,349	—	34,349
Inter-segment sales	—	256	—	(256)	—
	<u>5,947</u>	<u>1,470</u>	<u>34,349</u>	<u>(256)</u>	<u>41,510</u>
Segment (loss)/profit	(5,777)	316	20,587	—	15,126
Finance costs					(96)
Unallocated group expenses					<u>(12,534)</u>
Profit before tax					<u>2,496</u>

### *For the year ended 30 April 2022*

	Retail <i>HK\$'000</i>	Wholesale <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>					
External sales	41,580	1,653	—	—	43,233
External service income	474	—	—	—	474
External commission income	—	—	31,562	—	31,562
Inter-segment sales	71	206	—	(277)	—
	<u>42,125</u>	<u>1,859</u>	<u>31,562</u>	<u>(277)</u>	<u>75,269</u>
Segment (loss)/profit	(13,302)	807	15,832	—	3,337
Finance costs					(525)
Unallocated gain on disposal of a subsidiary					3,743
Unallocated group expenses					<u>(8,852)</u>
Loss before tax					<u>(2,297)</u>

Sales between segments are carried out on 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.

Inter-segment sales are charged at prevailing market rates.

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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PRC	<b>34,349</b>	31,562
Hong Kong	<u>7,161</u>	<u>43,707</u>
Total	<u><b>41,510</b></u>	<u>75,269</u>

The Group's revenue is mainly derived from customers in the PRC and Hong Kong. There are 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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PRC	<b>99</b>	122
Hong Kong	<u>—</u>	<u>4</u>
Total	<u><b>99</b></u>	<u>126</u>



## Other disclosures

For the year ended 30 April 2023

	Retail HK\$'000	Wholesale HK\$'000	Trading HK\$'000	Unallocated Group expenses HK\$'000	Total HK\$'000
Addition to non-current assets	—	508	—	—	508
Depreciation of property, plant and equipment	—	45	18	—	63
Gain on disposal of property, plant and equipment	107	—	—	—	107
Government grants	272	—	71	159	502
Allowance for write-down of inventories recognised	289	86	—	—	375
Impairment loss on property, plant and equipment	—	466	—	—	466

For the year ended 30 April 2022

	Retail HK\$'000	Wholesale HK\$'000	Trading HK\$'000	Unallocated Group expenses HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	1,130	—	19	—	1,149
Depreciation of right-of-use assets	388	—	—	—	388
Loss on disposal of property, plant and equipment	(5)	—	—	—	(5)
Rent concessions	199	—	—	—	199
Government grants	—	—	861	—	861
Allowance for write-down of inventories recognised	3,220	152	—	—	3,372
Impairment loss on right-of-use assets	308	—	—	—	308

## 5. OTHER GAINS AND LOSSES

	2023 HK\$'000	2022 HK\$'000
Rent concessions (note (a))	—	199
Net foreign exchange (loss)/gain	(66)	30
Net gain/(loss) on disposal of property, plant and equipment	107	(5)
Interest income	305	49
Sundry income	8	2
Gain on early termination of leases	—	847
Government grants (note (b))	502	861
Fair value loss on financial asset at fair value through profit or loss	—	(313)
Gain on disposal of a subsidiary	—	3,743
	<b>856</b>	<b>5,413</b>

Notes:

- (a) No rent concession was received by the Group (2022: HK\$199,000) in respect of rental periods that fell in the financial year ended 30 April 2023.
- (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.

Government grant income recognised in the current year includes an amount of HK\$431,000 (2022: HK\$nil) in respect of COVID-19-related subsidies, which relate to Employment Support Scheme provided by the Hong Kong government.

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loan	31	302
Interest on lease liabilities	<u>65</u>	<u>223</u>
Total	<u><u>96</u></u>	<u><u>525</u></u>

## 7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current taxation		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax (the “EIT”)	<u>5,184</u>	<u>3,895</u>
	<u><u>5,184</u></u>	<u><u>3,895</u></u>
(Over)/under provision for prior years		
Hong Kong Profits Tax	(88)	—
PRC EIT	<u>57</u>	<u>112</u>
	<u><u>(31)</u></u>	<u><u>112</u></u>
Deferred taxation	<u>—</u>	<u>142</u>
	<u><u>5,153</u></u>	<u><u>4,149</u></u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million taxable profit of the qualifying corporation of the Group is taxed at 8.25%, and taxable profits above HK\$2 million are 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. Other subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5%.

For the years ended 30 April 2023 and 2022, no provision for taxation in Hong Kong was made as the subsidiaries in Hong Kong incurred tax loss during the years.

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 RMB45,855,000 (2022: RMB33,888,000) 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, declared or proposed for ordinary shareholders of the Company during the years ended 30 April 2023 and 2022, 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:

	2023	2022
Loss for the year attributable to owners of the Company (HK\$'000)	(2,657)	(6,446)
Weighted average number of ordinary shares in issue	<u>800,000,000</u>	<u>800,000,000</u>
Basic and diluted loss per share (HK cents per share)	<u>(0.33)</u>	<u>(0.81)</u>

No adjustments have been made in calculating diluted loss per share for both years as there were no potential ordinary shares in issue for both years.

## 10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	—	1,593
Rental and utilities deposits	374	3,608
Other receivables	131	1,355
Prepayments ( <i>note (a)</i> )	72,980	65,285
Amount due from a director of a subsidiary ( <i>note (b)</i> )	<u>—</u>	<u>163</u>
	73,485	72,004
Less: non-current portion — rental deposits	<u>—</u>	<u>(47)</u>
Current portion	<u><u>73,485</u></u>	<u><u>71,957</u></u>

### Notes:

- (a) Prepayments as at 30 April 2023 mainly include prepayments to suppliers for procurement of fertilisers raw materials, fertilisers and other related products in China. The amounts prepaid to suppliers will be derecognised when the products are directly delivered to customers by the suppliers. 91% (2022: 81%) of the amounts prepaid to suppliers were paid to the related parties of the Group. The management considered that the credit risk in respect of the prepayments as at 30 April 2023 is low based on the records of product deliveries from the suppliers to customers and the deliveries made subsequent to 30 April 2023.
- (b) As at 30 April 2022, amount due from the director of a subsidiary of the Company, Mr. Lam Man Wah (“**Mr. Lam**”), was unsecured, non-interest bearing and repayable on demand.

As at 30 April 2022, the trade receivables mainly comprised receivables from credit card companies and department stores for retail sales and from trading customers in wholesale segment. There were no specific credit terms granted to credit card companies and department stores. The receivables due from credit card companies and department stores were usually settled from 7 to 120 days. The Group’s credit terms granted to trading customers generally ranged from 30 to 60 days from the invoice date.

Trade and other receivables that are denominated in currencies other than the functional currencies of the relevant Group entities are set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
United States Dollars	<u><u>—</u></u>	<u><u>260</u></u>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	—	616
31 to 60 days	—	300
61 to 90 days	—	375
Over 90 days	—	302
	<u>—</u>	<u>1,593</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at 30 April 2023, trade receivables that were past due but not impaired amounted to HK\$nil (2022: HK\$302,000).

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables ( <i>note (a)</i> )	<b>32,272</b>	24,034
Accrued employee benefit expenses	—	385
Provision for reinstatement costs ( <i>note (b)</i> )	—	758
Other accruals and payables	<b>4,825</b>	3,073
Contract liabilities	<u><b>100,639</b></u>	<u>71,829</u>
	<b>137,736</b>	100,079
Less: non-current portion	<u>—</u>	<u>(74)</u>
Current portion	<u><b>137,736</b></u>	<u>100,005</u>

Contract liabilities include short-term advances received from customers to arrange for the fertilisers and other related products to be provided by the suppliers to the customers (the “**Trading of fertilisers**”) amounting to HK\$100,639,000 as at 30 April 2023 (2022: HK\$71,829,000). The amount of advances is negotiated on a case by case basis with the customers. During the year ended 30 April 2023, there was a decrease in contract liabilities of HK\$67,189,000 (2022: HK\$75,076,000) which was included in the contract liabilities as at 30 April 2022 as a result of completion of the services on arranging the Trading of fertilisers. For the contract liabilities as at 30 April 2023, the entire balances will be derecognised within twelve months from 30 April 2023 when the products are directly delivered to the customers by suppliers.

Notes:

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	14,679	13,993
31 to 60 days	4,912	6
Over 60 days	<u>12,681</u>	<u>10,035</u>
	<u><u>32,272</u></u>	<u><u>24,034</u></u>

(b) Movements in the Group's provision for reinstatement costs are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	758	758
Reversals during the year	<u>(758)</u>	<u>—</u>
At end of the year	<u><u>—</u></u>	<u><u>758</u></u>

## 12. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

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

## 13. BANK LOAN

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revolving term loan		
— Unsecured, with effective interest rate of 4.94% per annum as at 30 April 2022 ( <i>Note 1</i> )	<u><u>—</u></u>	<u><u>4,000</u></u>

The carrying amount of the Group's bank loan, which was 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 loan ranged from Hongkong InterBank Offered Rate (“**HIBOR**”) plus 2.85% per annum as at 30 April 2022.

As at 30 April 2023, the Group had no banking facilities. As at 30 April 2022, the Group had aggregate banking facilities of HK\$4,120,000 for overdrafts and loans. Unused facilities as at the same date were HK\$120,000. The banking facilities were granted to the subsidiaries of the Company and were subject to an annual review.

The Group's bank borrowing was guaranteed by the followings as at 30 April 2022:

*Note 1:*

- a. Unlimited personal guarantees given by a director of a subsidiary of the Company, Mr. Lam; and
- b. Unlimited cross guarantees given by the subsidiaries of the Company as borrowers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Since the outbreak of the COVID-19 pandemic in early 2020, it has brought unprecedented challenges to the Group's watches retail business. Coupled with the rapid rise of smart watches in the market, the popularity of mid-priced branded watches has waned. Although the Group had implemented various marketing strategies to boost sales, our retail shops still recorded continuous losses. In order to navigate through this challenging business environment, we are actively restructuring our retail business model. We determinedly closed three underperforming shops upon expiry of the rental agreements during the Year. The Group temporarily closed all retail shops in November 2022 as the business performance of watches retail business was severely affected.

In the second half of the financial year, the COVID-19 pandemic ended, and the borders have reopened. In order to accommodate the return of mainland and international customers coming back into the city, the Group is closely monitoring the retail situation in Hong Kong and actively seeking out the best retail shop locations available to attract the customers.

As for the trading business, the major products sold by the Group include urea, compound fertiliser, coal, crude glycerine and glucose and the application of urea can be broadly divided into agricultural, industrial and vehicle uses. In 2022, rising raw material prices and increasing environmental protection costs led to an increase in the production cost of fertilisers, thereby driving up the fertiliser prices. In addition, under the impact of the Russia-Ukraine war, the global energy supply was tight, which further pushed up the international fertiliser prices. The Group's sales team grasped the opportunity of rising international fertiliser prices and demand to realize considerable profits in its export business by virtue of its extensive business network. However, the situation changed since early 2023. Affected by the weak international urea market, both the export volume and price of urea dropped, and the urea export business fell short of expectations. As the trading revenue recorded a decent growth in the first half of the financial year, the Group's trading business still maintained a momentum of growth during the Year.

Facing with the difficult business environment, the Group showed strong adaptability and adopted a series of measures to control its operating cost to tide over the difficulties. The Group also focused on clearing slow-moving inventories through sales promotion activities to accelerate stock clearance. As a result of the foregoing, the Group's net loss for the Year decreased by approximately HK\$3.7 million to approximately HK\$2.7 million, as compared to a net loss of approximately HK\$6.4 million for the year ended 30 April 2022 (the "Year 2022").



## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the Year was approximately HK\$41.5 million, representing a decrease of approximately HK\$33.8 million or 44.9% from approximately HK\$75.3 million for the Year 2022. Revenue derived from trading business increased by approximately HK\$2.7 million or 8.5% from approximately HK\$31.6 million for the Year 2022 to approximately HK\$34.3 million for the Year. Revenue derived from watches business decreased by approximately HK\$36.5 million or 83.5% from approximately HK\$43.7 million for the Year 2022 to approximately HK\$7.2 million for the Year. The decrease in revenue derived from watches business was mainly due to the closure of all retail shops during the Year.

### **Cost of sales**

Our cost of sales primarily consists of cost of inventories sold and provision for slow-moving inventories. Our cost of sales decreased by approximately HK\$29.6 million or 85.5% from approximately HK\$34.6 million for the Year 2022 to approximately HK\$5.0 million for the Year. The decrease was mainly due to the decline in sales of watches.

### **Gross profit**

The overall gross profit decreased by approximately HK\$4.1 million or 10.1% from approximately HK\$40.6 million for the Year 2022 to approximately HK\$36.5 million for the Year. Our gross profit of the watches business decreased by approximately HK\$6.9 million or 75.8% from approximately HK\$9.1 million for the Year 2022 to approximately HK\$2.2 million for the Year. The decrease in gross profit was mainly due to the substantial decrease in revenue from the watches business as a result of the closure of all retail shops.

### **Selling and distribution costs**

Our selling and distribution costs decreased by approximately HK\$15.1 million or 52.1% from approximately HK\$29.0 million for the Year 2022 to approximately HK\$13.9 million for the Year. The decrease was primarily attributable to the decrease of lease expenses of retail shops (including short-term lease expenses and depreciation of right-of-use assets), depreciation of property, plant and equipment, freight costs, repairs and maintenance, building management charges, bank charges and sales staff's salaries and allowances. Over the past year, the Group closed all retail shops. As a result, the core operating expenses relating to the Group's watches retail business reduced significantly.

## **Administrative expenses**

Our administrative expenses increased by approximately HK\$2.1 million or 11.2% from approximately HK\$18.8 million for the Year 2022 to approximately HK\$20.9 million for the Year. The increase was primarily attributable to the increase in directors' remuneration and impairment loss on property, plant and equipment, which was partially offset by the decrease in administrative staff's salaries and allowances, impairment loss on right-of-use assets recognised and financial advisory fee.

## **Finance costs**

Our finance costs decreased by approximately HK\$0.4 million from approximately HK\$0.5 million for the Year 2022 to approximately HK\$0.1 million for the Year. The decrease was due to the decrease in finance costs on lease liabilities and bank loan interest.

## **Profit/(loss) before tax and loss attributable to owners of the Company**

As a result of the foregoing, the Group recorded a profit before tax of approximately HK\$2.5 million for the Year (2022: loss before tax of approximately HK\$2.3 million). The change was mainly due to the substantial decrease in selling and distribution costs relating to the Group's watches retail business in Hong Kong and the increase in gross profit of the Group's trading business.

The loss attributable to owners of the Company decreased by approximately HK\$3.7 million from approximately HK\$6.4 million for the Year 2022 to approximately HK\$2.7 million for the Year.

## **FINANCIAL POSITION**

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

As at 30 April 2023, the Group's total cash and cash equivalents were approximately HK\$126.2 million (as at 30 April 2022: approximately HK\$82.5 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 1.2 time as at 30 April 2022 to approximately 1.1 time as at 30 April 2023. The gearing ratio (calculated by dividing net debt by total equity) was not applicable as the Group maintained at a net cash position as at 30 April 2023 and 30 April 2022. Net debt was calculated as bank loan and amount due to ultimate holding company and lease liabilities less cash and cash equivalents.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 April 2023, the Group had a total of 55 (2022: 57) employees, including independent non-executive Directors (the “INEDs”). The total remuneration costs incurred by the Group for the Year were approximately HK\$20.4 million (2022: approximately HK\$23.1 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 personal 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 no bank borrowings as at 30 April 2023 (as at 30 April 2022: HK\$4.0 million).

As at 30 April 2022, the carrying amount of the Group’s bank borrowing was denominated in HK\$ and unsecured and approximated to its fair value.

As at 30 April 2023, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

As at 30 April 2023, the Group had no banking facilities (as at 30 April 2022: approximately HK\$4.1 million) for overdrafts and loans.

## **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 2023.

## **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 2023.

## **CAPITAL COMMITMENTS**

The Group did not have any material capital commitments as at 30 April 2023 (as at 30 April 2022: Nil).

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 April 2023 (as at 30 April 2022: Nil).

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of any final dividend for the Year (2022: Nil).

## **PROSPECTS**

As the COVID-19 pandemic recedes and economic activities return to normal from the pandemic, the domestic fertiliser market still has some support. Fertiliser prices are expected to show a relatively steady trend with the support of rising demand, but factors such as slack and busy seasons and raw material prices may cause price fluctuations. As regards the export business, due to the weak demand in the international urea market, it is expected that the export price of urea will remain comparatively low in the short term. On the road to development, we will inevitably experience some ups and downs, but it is no doubt that we will continue to unswervingly uphold the corporate development philosophy by strengthening the relationship with customers and actively diversifying the customer base. Meanwhile, the Group will make every effort to provide more high-efficiency and high-quality fertiliser products to meet the needs of customers. In addition, the Group will continue to closely monitor market changes and actively seek new development opportunities to create better returns for the shareholders of the Company (the “**Shareholders**”) in the long run.

With the success in the trading of compound fertiliser and urea, the Group has gained abundant knowledge in the market and established strong relationships with the end-users. The Group is exploring the possibility of vertically integrating into the manufacture of these products, which will increase the profit margin and enable a better quality control of the products. The Group is conducting a feasibility study and intends to take a cautious approach initially by leasing a production line from a third party for production. If the results are favourable, the Group may further consider to establish its own production lines in the future.

By expanding its offerings and streamlining the supply chain, the Group can better cater to existing clients and capture a larger share of the compound fertiliser and urea market. The Group believes the vertical integration will present significant growth opportunities for the Group and enhance the value for the Shareholders.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “**2023 AGM**”) is scheduled to be held on Friday, 20 October 2023. A notice convening the 2023 AGM will be issued and despatched to 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 2023 AGM, the register of members of the Company will be closed from Tuesday, 17 October 2023 to Friday, 20 October 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 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, 16 October 2023.

## **EVENTS AFTER THE FINANCIAL YEAR**

The Group did not have any material subsequent event after the reporting year and up to the date of this announcement.

## **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 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 share capital of the Company 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 adopted and adhered to the principles as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the “**CG Code**”) and has complied with all applicable code provisions as set out in the CG Code throughout the Year and up to the date of this announcement, save for code provisions C.5.1, C.2.1, C.2.7 and F.2.2 of the CG Code.

## **The Board**

Code provision C.5.1 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 2022 and unaudited consolidated interim results for the six months ended 31 October 2022 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 C.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 C.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 code provision C.2.1 of the CG Code as and when necessary.

## **Meeting between Chairman and Independent Non-executive Directors**

Code provision C.2.7 of the CG code provides that the chairman should at least annually hold meetings with the INEDs without the presence of other directors.

During the Year, no meeting was held between Mr. Meng, the Chairman, and the INEDs without the presence of other directors due to business engagements. The INEDs have communicated and discussed with the Chairman directly from time to time to share their view on the Company's affairs. Therefore, the Company considers that there were sufficient channels and communication for discussion of the Company's affairs between the Chairman and the INEDs.

## **Communication with Shareholders**

Code provision F.2.2 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 21 October 2022 (the “2022 AGM”) due to other essential business engagements. In order to ensure an effective communication with the Shareholders, the Directors attending the 2022 AGM elected Mr. Liu Guoqing, an executive Director, to chair the meeting on behalf of the Chairman. The respective chairmen and/or members of the Board’s Audit Committee, Remuneration Committee and Nomination Committee and a representative of the independent auditor of the Company were present at the 2022 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 D.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 hard work and dedication that enable the Group to face the challenges and uncertainties during the Year. 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 ANNUAL REPORT**

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 (*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 2023

*As at the date of this announcement, the Board comprises Mr. Meng Guangyin (Chairman and Chief Executive Officer), Mr. Liu Guoqing (Chief Financial Officer), Mr. Liu Jiaqiang and Mr. Li Dongpo as the executive Directors; and Mr. Tian Zhiyuan, Mr. Lee Chun Keung and Mr. Wang Luping as the INEDs.*