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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

INTERIM RESULTS

The board of directors of Prosper One International Holdings Company Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 October 2023 (the “**Review Period**”) together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 October 2023

		Six months ended	
		31 October	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	22,357	26,670
Cost of sales		<u>(1,659)</u>	<u>(3,825)</u>
Gross profit		20,698	22,845
Other gains and losses	4	830	693
Selling and distribution costs		(10,830)	(7,707)
Administrative expenses		(12,086)	(8,745)
Finance costs		<u>(20)</u>	<u>(85)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 31 October 2023

		Six months ended	
		31 October	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(Loss)/profit before tax	5	(1,408)	7,001
Income tax expense	6	<u>(1,266)</u>	<u>(3,360)</u>
(Loss)/profit for the period attributable to owners of the Company		(2,674)	3,641
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss — Exchange differences arising from translation of foreign operations		<u>(2,322)</u>	<u>(4,019)</u>
Total comprehensive expense for the period attributable to the owners of the Company		<u>(4,996)</u>	<u>(378)</u>
(Loss)/earnings per share — basic and diluted (HK cents per share)	8	<u>(0.33)</u>	<u>0.46</u>
Dividend	7	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2023

		31 October 2023	30 April 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		629	99
Right-of-use assets		1,967	—
Deferred tax assets		200	237
		<u>2,796</u>	<u>336</u>
Current assets			
Inventories	9	5,883	1,586
Trade receivables, other receivables and prepayments	10	118,354	73,485
Cash and cash equivalents		169,963	126,190
		<u>294,200</u>	<u>201,261</u>
Total assets		<u><u>296,996</u></u>	<u><u>201,597</u></u>
Capital and reserves			
Share capital	11	8,000	8,000
Reserves		3,857	8,853
Total equity		<u>11,857</u>	<u>16,853</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 October 2023*

		31 October 2023	30 April 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Lease liabilities		<u>938</u>	<u>—</u>
		<u>938</u>	<u>—</u>
Current liabilities			
Trade and other payables	<i>12</i>	237,245	137,736
Lease liabilities		1,068	135
Amount due to ultimate holding company	<i>13</i>	45,595	46,060
Tax liabilities		<u>293</u>	<u>813</u>
		<u>284,201</u>	<u>184,744</u>
Total liabilities		<u>285,139</u>	<u>184,744</u>
Total equity and liabilities		<u>296,996</u>	<u>201,597</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2023

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
Balance at 1 May 2022 (Audited)	8,000	118,368	24,094	3,961	832	(133,683)	21,572
Total comprehensive expense							
Profit for the period	—	—	—	—	—	3,641	3,641
Exchange differences arising on translation of foreign operations	—	—	—	—	(4,019)	—	(4,019)
Balance at 31 October 2022 (Unaudited)	<u>8,000</u>	<u>118,368</u>	<u>24,094</u>	<u>3,961</u>	<u>(3,187)</u>	<u>(130,042)</u>	<u>21,194</u>
Balance at 1 May 2023 (Audited)	8,000	118,368	24,094	5,736	(1,230)	(138,115)	16,853
Total comprehensive expense							
Loss for the period	—	—	—	—	—	(2,674)	(2,674)
Exchange differences arising on translation of foreign operations	—	—	—	—	(2,322)	—	(2,322)
Balance at 31 October 2023 (Unaudited)	<u>8,000</u>	<u>118,368</u>	<u>24,094</u>	<u>5,736</u>	<u>(3,552)</u>	<u>(140,789)</u>	<u>11,857</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 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, manufacture and sales of compound fertilisers and acting as agent (for financial reporting purposes) in the sales and trading of fertilisers raw materials, fertilisers and other related products (collectively referred to as “**Trading of fertilisers and other related products**”). The address of the principal place of business of the Company is Room 4801, 48/F., Hopewell Centre, No. 183 Queen’s Road East, Wanchai, Hong Kong.

These condensed consolidated interim financial statements of the Group for the Review Period (the “**Interim Financial Statements**”) are presented in Hong Kong dollars (“**HK\$**”) unless otherwise stated.

The Interim Financial Statements were approved by the Board for issue on 29 December 2023.

The Interim Financial Statements have not been audited.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the Interim Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Interim Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements have been prepared on the historical cost basis and should be read in conjunction with the annual financial statements. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 30 April 2023, except as described below.

The Group has adopted the following new and amendments to HKFRSs for the first time in the presentation of these Interim Financial Statements.

HKFRS 17	<i>Insurance Contracts (including the October 2020 and February 2022 Amendments to HKFRS 17)</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The adoption of the above new and amendments to HKFRSs has had no material impact on these Interim Financial Statements.

3. SEGMENT INFORMATION

The Group is principally engaged in the retail and wholesale of watches in Hong Kong, manufacture and sales of compound fertilisers and acting as an agent in the Trading of fertilisers and other related products.

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 four (2022: 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
- Manufacture and sales of compound fertilisers ("Sales") — manufacture and sales of compound fertilisers in the People's Republic of China (the "PRC")

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 periods.

For the six months ended 31 October 2023

	Retail <i>HK\$'000</i> (Unaudited)	Wholesale <i>HK\$'000</i> (Unaudited)	Trading <i>HK\$'000</i> (Unaudited)	Sales <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue					
External sales	—	922	—	714	1,636
External service income	—	9	—	—	9
External commission income	—	—	20,712	—	20,712
	<u>—</u>	<u>931</u>	<u>20,712</u>	<u>714</u>	<u>22,357</u>
Segment (loss)/profit	<u>—</u>	<u>(2,933)</u>	<u>9,564</u>	<u>52</u>	<u>6,683</u>
Finance costs					(20)
Unallocated Group expenses					<u>(8,071)</u>
Loss before tax					<u>(1,408)</u>

For the six months ended 31 October 2022

	Retail <i>HK\$'000</i> (Unaudited)	Wholesale <i>HK\$'000</i> (Unaudited)	Trading <i>HK\$'000</i> (Unaudited)	Elimination <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue					
External sales	5,920	188	—	—	6,108
External service income	6	—	—	—	6
External commission income	—	—	20,556	—	20,556
Inter-segment sales	—	217	—	(217)	—
	<u>5,926</u>	<u>405</u>	<u>20,556</u>	<u>(217)</u>	<u>26,670</u>
Segment (loss)/profit	<u>(1,781)</u>	<u>214</u>	<u>13,605</u>	<u>—</u>	12,038
Finance costs					(85)
Unallocated Group expenses					<u>(4,952)</u>
Profit before tax					<u>7,001</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 condensed 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 Review Period, the Group's operation is mainly located in the PRC and Hong Kong. The Group's revenue by geographical location of customers, based on location of delivery of the watches, compound fertilisers or services, is detailed below:

	Six months ended 31 October	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC	21,426	20,556
Hong Kong	931	6,114
	<u>22,357</u>	<u>26,670</u>

Other disclosures

For the six months ended 31 October 2023

	Retail	Wholesale	Trading	Sales	Unallocated Group expenses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Additions to property, plant and equipment	—	—	551	—	—	551
Depreciation of property, plant and equipment	—	—	17	—	—	17
Depreciation of right-of-use assets	—	—	—	86	—	86
Government grants	—	—	63	—	—	63
Allowance for write-down of inventories recognised	—	581	—	—	—	581

For the six months ended 31 October 2022

	Retail	Wholesale	Trading	Unallocated Group expenses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	—	—	9	—	9
Government grants	272	—	48	159	479
Allowance for write-down of inventories recognised	1,022	79	—	—	1,101

4. OTHER GAINS AND LOSSES

	Six months ended 31 October	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain	586	46
Interest income	172	161
Sundry income	9	7
Government grants	63	479
	<u>830</u>	<u>693</u>

5. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging:

	Six months ended 31 October	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	17	9
Auditor's remuneration	450	450
Freight costs	6,967	3,125
Employee benefit expense (including directors' remuneration):		
— Salaries, wages and other employee benefits	11,581	8,905
— Retirement benefit scheme contribution	452	413
	<u>12,033</u>	<u>9,318</u>
Total staff costs		
	<u>12,033</u>	<u>9,318</u>
Allowance for write-down of inventories recognised in cost of sales	581	1,101
Carrying amount of inventories sold recognised as expense	1,078	2,724
	<u>1,078</u>	<u>2,724</u>

6. INCOME TAX EXPENSE

The amount of income tax charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 31 October	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax (the “EIT”)	<u>1,182</u>	<u>3,395</u>
	1,182	3,395
Under/(over) provision for prior years		
PRC EIT	55	(50)
Deferred taxation	<u>29</u>	<u>15</u>
	<u><u>1,266</u></u>	<u><u>3,360</u></u>

No provision for taxation in Hong Kong was made as the subsidiaries in Hong Kong incurred tax loss during both periods.

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 periods. Qualified small and thin-profit enterprises with annual taxable income up to Renminbi 3 million is subject to an effective EIT rate of 5%, and one of the subsidiaries is entitled to the effective EIT rate of 5% for the Review Period.

7. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Review Period (six months ended 31 October 2022: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 31 October	
	2023 (Unaudited)	2022 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company (HK\$'000)	(2,674)	3,641
Weighted average number of ordinary shares in issue (thousands)	<u>800,000</u>	<u>800,000</u>
Basic and diluted (loss)/earnings per share (HK cents per share)	<u>(0.33)</u>	<u>0.46</u>

No adjustments have been made in calculating diluted (loss)/earnings per share for the six months ended 31 October 2023 and 2022 as there were no potential ordinary shares in issue for both periods.

9. INVENTORIES

	31 October	30 April
	2023 HK\$'000 (Unaudited)	2023 HK\$'000 (Audited)
Merchandise for resale (<i>Note</i>)	634	1,586
Raw Materials	3,463	—
Finished goods	<u>1,786</u>	<u>—</u>
	<u>5,883</u>	<u>1,586</u>

Note: As at 31 October 2023, the gross carrying amount of merchandise for resale was HK\$10,640,000 (30 April 2023: HK\$11,837,000) and allowance for write-down of inventories was HK\$10,006,000 (30 April 2023: HK\$10,251,000).

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	31 October 2023 <i>HK\$'000</i> (Unaudited)	30 April 2023 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Note a</i>)	441	—
Rental and utilities deposits	374	374
Other receivables	176	131
Prepayments	<u>117,363</u>	<u>72,980</u>
	<u><u>118,354</u></u>	<u><u>73,485</u></u>

Note:

(a) Trade receivables

The trade receivables mainly comprised receivables from trading customers in wholesale segment. The Group's credit terms granted to trading customers generally ranged from 30 to 90 days from the invoice date. As at 31 October 2023 and 30 April 2023, the aging analysis of the trade receivables based on the invoice date is as follows:

	31 October 2023 <i>HK\$'000</i> (Unaudited)	30 April 2023 <i>HK\$'000</i> (Audited)
Within 30 days	192	—
31 to 60 days	33	—
61 to 90 days	68	—
over 90 days	<u>148</u>	<u>—</u>
	<u><u>441</u></u>	<u><u>—</u></u>

As at 31 October 2023, trade receivables that were past due but not impaired amounted to HK\$148,000 (30 April 2023: Nil).

11. SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
Authorised — ordinary shares of par value HK\$0.01 each At 30 April 2023 (Audited) and at 31 October 2023 (Unaudited)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid — ordinary shares of par value HK\$0.01 each At 30 April 2023 (Audited) and at 31 October 2023 (Unaudited)	<u>800,000,000</u>	<u>8,000</u>

12. TRADE AND OTHER PAYABLES

	31 October 2023 HK\$'000 (Unaudited)	30 April 2023 HK\$'000 (Audited)
Trade payables (<i>Note a</i>)	119,829	32,272
Other accruals and payables	3,795	4,825
Contract liabilities	113,621	100,639
	<u>237,245</u>	<u>137,736</u>

Note:

(a) Trade payables

As at 31 October 2023 and 30 April 2023, the aging analysis of the trade payables based on the invoice dates is as follows:

	31 October 2023 HK\$'000 (Unaudited)	30 April 2023 HK\$'000 (Audited)
Within 30 days	25,497	14,679
31 to 60 days	19,177	4,912
Over 60 days	75,155	12,681
	<u>119,829</u>	<u>32,272</u>

13. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Although inbound tourism has continued to recover since the lifting of travel restrictions in the first quarter of 2023, the performance of the retail trade was not as good as expected due to global economic uncertainties. The road to recovery for the retail trade was fraught with difficulties and challenges. Considering the uncertain retail environment, the Group focused on developing its wholesale business during the Review Period, but the performance of the wholesale business was still poor.

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. During the Review Period, as raw material prices returned to a reasonable range, fertiliser prices also showed a downward trend. Coupled with lower than expected market demand and falling international fertiliser prices, the overall domestic fertiliser market was slightly weak. However, due to the sales team's continuous efforts to diversify its customer base, the Group achieved stable growth in trading volume of fertiliser during the Review Period and its trading business recorded a slight increase in revenue.

Leveraging on the success in trading of compound fertiliser and urea, the Group has gained extensive market knowledge and established strong relationships with its customers. In September 2023, the Group entered into a lease agreement with a third party to lease a production line of compound fertiliser with an annual production capacity of 30,000 tonnes for an initial lease term of two years commencing on 5 October 2023. Since then, the Group has successfully expanded its business to the manufacture and sales of compound fertilisers. The new business was conducted smoothly and recorded profits, thereby bringing growth opportunities to the Group.

As a result of the foregoing, the turnover for the Review Period decreased by approximately 16.1% to approximately HK\$22.4 million (six months ended 31 October 2022: approximately HK\$26.7 million). Gross profit for the Review Period was approximately HK\$20.7 million (six months ended 31 October 2022: approximately HK\$22.8 million). Loss attributable to owners of the Company was approximately HK\$2.7 million for the Review Period (six months ended 31 October 2022: profit of approximately HK\$3.6 million).

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK\$4.3 million or 16.1% from approximately HK\$26.7 million for the six months ended 31 October 2022 to approximately HK\$22.4 million for the Review Period. Revenue derived from trading business increased by approximately HK\$0.1 million or 0.5% from approximately HK\$20.6 million for the six months ended 31 October 2022 to approximately HK\$20.7 million for the Review Period. Revenue derived from watches business decreased by approximately HK\$5.2 million or 85.2% from approximately HK\$6.1 million for the six months ended

31 October 2022 to approximately HK\$0.9 million for the Review Period. Revenue derived from manufacture and sales of compound fertilisers was approximately HK\$0.7 million for the Review Period. The decrease in revenue derived from watches business was mainly due to the closure of all retail shops since November 2022.

Cost of sales

Our cost of sales primarily consists of carrying amount of inventories sold and provision for slow-moving inventories. Our cost of sales decreased by approximately HK\$2.1 million or 55.3% from approximately HK\$3.8 million for the six months ended 31 October 2022 to approximately HK\$1.7 million for the Review Period. The decrease was mainly due to the decline in sales of watches.

Gross profit

The overall gross profit decreased by approximately HK\$2.1 million or 9.2% from approximately HK\$22.8 million for the six months ended 31 October 2022 to approximately HK\$20.7 million for the Review Period. 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 since November 2022.

Selling and distribution costs

Our selling and distribution costs increased by approximately HK\$3.1 million or 40.3% from approximately HK\$7.7 million for the six months ended 31 October 2022 to approximately HK\$10.8 million for the Review Period. The increase was primarily attributable to the increase of freight costs. This increase was partially offset by the decrease in sales staff's salaries and allowances and short-term lease expenses. The freight costs rose significantly as a result of decent growth in trading volume of the export business.

Administrative expenses

Our administrative expenses increased by approximately HK\$3.4 million or 39.1% from approximately HK\$8.7 million for the six months ended 31 October 2022 to approximately HK\$12.1 million for the Review Period. The increase was primarily attributable to the increase in directors' remuneration and administrative staff's salaries and allowances.

(Loss)/profit before tax

As a result of the foregoing, the Group recorded a loss before tax of approximately HK\$1.4 million for the Review Period (six months ended 31 October 2022: profit before tax of approximately HK\$7.0 million). The change was mainly due to the increase in freight costs of the Group's export business and the increase in total staff costs. In addition, despite the decent growth in trading volume of the export business, the revenue from the export business only recorded a slight increase due to falling international fertiliser prices.

FINANCIAL POSITION

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

As at 31 October 2023, the Group's total cash and cash equivalents were approximately HK\$170.0 million (as at 30 April 2023: approximately HK\$126.2 million), most of which were denominated in HK\$, United States dollars and Renminbi. The current ratio (calculated by dividing current assets by current liabilities) of the Group decreased from approximately 1.1 time as at 30 April 2023 to approximately 1.0 time as at 31 October 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 31 October 2023 and 30 April 2023. Net debt was calculated as amount due to ultimate holding company and lease liabilities less cash and cash equivalents.

DEBTS AND CHARGE ON ASSETS

The Group had no bank borrowings as at 31 October 2023 and 30 April 2023.

As at 31 October 2023, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

As at 31 October 2023 and 30 April 2023, the Group had no banking facilities for overdrafts and loans.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Review Period, there was no acquisition or disposal of subsidiaries, associated companies or joint ventures by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 October 2023, the Group did not have any plans for material investments and capital assets.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Company did not hold any significant investment in equity interest in any other company as at 31 October 2023.

FOREIGN EXCHANGE EXPOSURES

The Group does not have a significant foreign exchange exposure and has currently not implemented any foreign currency hedging policy. The management will consider hedging against significant foreign exchange exposure should the need arise.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 October 2023 (as at 30 April 2023: Nil).

CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 31 October 2023 (as at 30 April 2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2023, the Group had a total of 62 (as at 31 October 2022: 51) employees. The total remuneration costs incurred by the Group for the Review Period were approximately HK\$12.0 million (six months ended 31 October 2022: approximately HK\$9.3 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, 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.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of any interim dividend for the Review Period (six months ended 31 October 2022: Nil).

PROSPECTS

As the peak season for domestic agricultural demand approaches, rising demand will provide strong support for fertiliser prices. Fertiliser prices are expected to remain high during the periods of concentrated demand. Thereafter, factors such as raw material prices and changes in international market demand may cause price fluctuations. In terms of export business, it is expected that export volume of urea will show a downward trend in the short term, and the export business will inevitably be affected. On the road to development, we will inevitably go through ups and downs, but it is no doubt that we will continue to unswervingly uphold the corporate development philosophy to overcome the difficulties and proactively expand our operations by leveraging on our core competitiveness. As usual, the Group will make every effort to provide more high-efficiency and high-quality fertiliser products to meet the needs of customers.

As regards the manufacture and sales of compound fertilisers, the current operating performance of the new business is in line with expectations. If the leased production line turns out to be successful, the Group may consider to purchase the production line or establish its own production line in the future. The Group believes that vertical integration will bring significant growth opportunities to the Group and will also enhance shareholder value in the long run.

MATERIAL EVENTS AFTER REVIEW PERIOD

No material events have occurred after the Review Period and up to the date of this announcement.

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 to the Listing Rules (the “**CG Code**”). The Company complied with all the code provisions of the CG Code, except for the following code provisions during the Review Period and up to the date of this announcement.

Chairman and Chief Executive

Code provision C.2.1 of the CG Code provides that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. During the Review Period and up to the date of this announcement, Mr. Meng has acted 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 C.2.1 of the CG Code as and when necessary.

Communication with Shareholders

Code provision F.2.2 of the CG Code provides that, among others, the chairman of the board should attend the annual general meetings (the “**AGMs**”). Mr. Meng, the Chairman, did not attend the Company’s AGM held on 20 October 2023 (the “**2023 AGM**”) due to other essential business engagements. In order to ensure an effective communication with the shareholders of the Company (the “**Shareholders**”), the Directors attending the 2023 AGM elected Mr. Liu Jiaqiang, an executive Director, 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 2023 AGM to answer relevant questions from the Shareholders thereat. To mitigate the above, future AGMs of the Company will be scheduled earlier to avoid the timetable clashes.

COMPLIANCE WITH RULES 3.10(1), 3.21 AND 3.27A OF THE LISTING RULES

Immediately following the resignation of Mr. Lee Chun Keung as an independent non-executive Director (“**INED**”) on 16 November 2023, the Company had only two INEDs, hence failing to meet the requirements of having (i) at least three INEDs on the Board under Rule 3.10(1) of the Listing Rules; (ii) the minimum number of non-executive Directors for the formation of the Audit Committee under Rule 3.21 of the Listing Rules; and (iii) a majority of INEDs for the nomination committee of the Board under Rule 3.27A of the Listing Rules. The Company will use its best endeavours to ensure that a suitable candidate is appointed as soon as practicable and in any event within three months as stipulated under Rules 3.11 and 3.23 of the Listing Rules.

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 Review Period.

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

During the Review Period, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities.

AUDIT COMMITTEE REVIEW

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Group’s unaudited condensed consolidated interim results for the Review Period have been reviewed by the Audit Committee before submission to the Board for approval.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our management and employees for their hard work and dedication that enable the Group to face the challenges and uncertainties during the Review Period. 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 INTERIM REPORT

The Company's interim report for the Review Period containing all applicable information required by the Listing Rules will be despatched to the Shareholders and published on the Stock Exchange's website (*www.hkexnews.hk*) and on the Company's website (*www.prosperoneintl.com*) in due course in the manner required by the Listing Rules.

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

Hong Kong, 29 December 2023

As at the date of this announcement, the Board comprises:

<i>Executive Directors:</i>	Mr. Meng Guangyin (<i>Chairman and Chief Executive Officer</i>)
	Mr. Liu Guoqing (<i>Chief Financial Officer</i>)
	Mr. Liu Jiaqiang
	Mr. Li Dongpo
<i>Independent Non-executive Directors:</i>	Mr. Tian Zhiyuan
	Mr. Wang Luping