

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2021

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 2021 (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 2021

		Six months ended 31 October	
		2021	2020
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	40,057	37,384
Cost of sales		<u>(18,262)</u>	<u>(19,607)</u>
Gross profit		21,795	17,777
Other gains and losses	4	1,012	4,678
Selling and distribution costs		(15,827)	(12,298)
Administrative expenses		(8,567)	(8,707)
Finance costs		<u>(364)</u>	<u>(749)</u>

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

For the six months ended 31 October 2021

		Six months ended	
		31 October	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(Loss)/profit before tax	5	(1,951)	701
Income tax expense	6	<u>(1,225)</u>	<u>(1,394)</u>
Loss for the period attributable to owners of the Company		(3,176)	(693)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences arising from translation of foreign operations		<u>531</u>	<u>1,265</u>
Total comprehensive (expense)/income for the period attributable to the owners of the Company		<u><u>(2,645)</u></u>	<u><u>572</u></u>
Loss per share — basic and diluted (HK cents per share)			
	8	<u><u>(0.40)</u></u>	<u><u>(0.09)</u></u>
Dividend	7	<u><u>—</u></u>	<u><u>—</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2021

		31 October 2021 HK\$'000 (Unaudited)	30 April 2021 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		6,513	7,932
Right-of-use assets		6	599
Rental deposits	9	270	1,024
Deferred tax assets		281	379
Financial asset at fair value through profit or loss		4,020	3,997
Club membership		4,000	4,000
		15,090	17,931
Current assets			
Inventories		11,246	11,819
Trade receivables, other receivables and prepayments	9	146,789	142,639
Cash and cash equivalents		6,073	13,413
		164,108	167,871
Total assets		179,198	185,802
Capital and reserves			
Share capital	10	8,000	8,000
Reserves		18,079	20,724
Total equity		26,079	28,724

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 October 2021*

		31 October	30 April
		2021	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Provision for other liabilities and charges	<i>11</i>	74	74
Lease liabilities		<u>810</u>	<u>1,896</u>
		<u>884</u>	<u>1,970</u>
Current liabilities			
Trade and other payables	<i>11</i>	107,591	110,836
Lease liabilities		2,918	6,036
Amount due to ultimate holding company	<i>12</i>	31,090	27,090
Bank loans	<i>13</i>	10,293	10,194
Tax liabilities		<u>343</u>	<u>952</u>
		<u>152,235</u>	<u>155,108</u>
Total liabilities		<u>153,119</u>	<u>157,078</u>
Total equity and liabilities		<u>179,198</u>	<u>185,802</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 October 2021

	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 2020 (Audited)	8,000	118,368	24,094	1,706	(927)	(124,213)	27,028
Total comprehensive income							
Loss for the period	—	—	—	—	—	(693)	(693)
Exchange differences arising on translation of foreign operations	—	—	—	—	1,265	—	1,265
Balance at 31 October 2020 (Unaudited)	<u>8,000</u>	<u>118,368</u>	<u>24,094</u>	<u>1,706</u>	<u>338</u>	<u>(124,906)</u>	<u>27,600</u>
Balance at 1 May 2021 (Audited)	8,000	118,368	24,094	2,767	1,538	(126,043)	28,724
Total comprehensive expense							
Loss for the period	—	—	—	—	—	(3,176)	(3,176)
Exchange differences arising on translation of foreign operations	—	—	—	—	531	—	531
Balance at 31 October 2021 (Unaudited)	<u>8,000</u>	<u>118,368</u>	<u>24,094</u>	<u>2,767</u>	<u>2,069</u>	<u>(129,219)</u>	<u>26,079</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 June 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the retail and wholesale of watches in Hong Kong, and acting as an agent (for financial reporting purpose) 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 ordinary shares of the Company in issue have been listed on the Main Board of the Stock Exchange since 12 May 2015.

In the opinion of the Directors, the ultimate holding company of the Company is Prosper One Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and the ultimate controlling shareholder of the Company is Mr. Meng Guangyin ("**Mr. Meng**"), who is also an executive Director, the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company.

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 30 December 2021.

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 except for certain financial instruments that are measured at fair values 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 2021, except as described below.

The Group has adopted the following revised HKFRSs for the first time in the presentation of these Interim Financial Statements.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendments to HKFRS 16

Interest Rate Benchmark Reform — Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above revised HKFRSs has had no significant financial effect on these Interim Financial Statements.

3. SEGMENT INFORMATION

The Group is principally engaged in the retail and wholesale of watches in Hong Kong, and acting as an agent in the Trading of fertilisers and other related products in the People’s Republic of China (the “**PRC**”).

Information reported to the Company’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, is 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 in 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 2021

	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	25,432	904	—	—	26,336
External service income	65	—	—	—	65
External commission income	—	—	13,656	—	13,656
Inter-segment sales	<u>—</u>	<u>142</u>	<u>—</u>	<u>(142)</u>	<u>—</u>
	<u>25,497</u>	<u>1,046</u>	<u>13,656</u>	<u>(142)</u>	<u>40,057</u>
Segment (loss)/profit	<u>(4,558)</u>	<u>136</u>	<u>6,797</u>	<u>—</u>	2,375
Finance costs					(364)
Unallocated Group expenses					<u>(3,962)</u>
Loss before tax					<u>(1,951)</u>

For the six months ended 31 October 2020

	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	22,521	3,161	—	—	25,682
External service income	113	—	—	—	113
External commission income	—	—	11,589	—	11,589
Inter-segment sales	<u>1,428</u>	<u>385</u>	<u>—</u>	<u>(1,813)</u>	<u>—</u>
	<u>24,062</u>	<u>3,546</u>	<u>11,589</u>	<u>(1,813)</u>	<u>37,384</u>
Segment (loss)/profit	<u>(2,574)</u>	<u>1,730</u>	<u>6,541</u>	<u>—</u>	5,697
Finance costs					(749)
Unallocated Group expenses					<u>(4,247)</u>
Profit before tax					<u>701</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 CODM of the Group 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.

During the Review Period, the Group's operation was 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 or services is detailed below:

	Six months ended 31 October	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
PRC	13,656	11,589
Hong Kong	26,401	25,795
Total	40,057	37,384

The Group's revenue is mainly derived from customers in the PRC and Hong Kong. As at 31 October 2021, 98.7% (30 April 2021: 98.9%) and 1.3% (30 April 2021: 1.1%) of the non-current assets of the Group were located in Hong Kong and the PRC, respectively.

Other profit and loss disclosures

	Six months ended 31 October								
	2021				2020				
	Retail	Wholesale	Trading	Unallocated Group expenses	Total	Retail	Wholesale	Trading	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,400	—	10	11	1,421	1,860	—	9	1,869
Depreciation of right-of-use assets	593	—	—	—	593	553	—	—	553
Allowance/(reversal) for write-down of inventories recognised	1,346	190	—	—	1,536	(2,182)	(1,412)	—	(3,594)
Gain on disposal of property, plant and equipment	—	—	—	—	—	740	—	—	740

4. OTHER GAINS AND LOSSES

	Six months ended 31 October	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rent concessions	135	1,297
Foreign exchange gain/(loss)	14	(29)
Net gain on disposal of property, plant and equipment	—	738
Interest income	17	19
Sundry income	1	47
Government grants	822	2,570
Fair value gain on financial asset at fair value through profit or loss	23	36
	<u>1,012</u>	<u>4,678</u>

5. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 31 October	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Carrying amount of inventories sold recognised as expense	16,726	23,201
Allowance/(reversal) for write-down of inventories recognised	<u>1,536</u>	<u>(3,594)</u>
	18,262	19,607
Employee benefit expense	10,799	11,162
Depreciation of property, plant and equipment	1,421	1,869
Depreciation of right-of-use assets	593	553
Auditors' remuneration	<u>450</u>	<u>450</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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax	—	—
PRC enterprise income tax	<u>1,127</u>	<u>1,294</u>
	<u>1,127</u>	<u>1,294</u>
Deferred taxation	<u>98</u>	<u>100</u>
	<u>1,225</u>	<u>1,394</u>

No provision for Hong Kong profits tax had been made as there were no assessable profits arising in Hong Kong for the Review Period.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Review Period.

7. DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 31 October 2021 (2020: Nil).

8. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Review Period.

	Six months ended 31 October	
	2021	2020
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (HK\$'000)	(3,176)	(693)
Weighted average number of ordinary shares in issue (thousands)	<u>800,000</u>	<u>800,000</u>
Basic loss per share (HK cents per share)	<u>(0.40)</u>	<u>(0.09)</u>

(b) Diluted

For the six months ended 31 October 2021 and 2020, diluted loss per share equals basic loss per share as there was no dilutive potential share.

9. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	31 October 2021 HK\$'000 (Unaudited)	30 April 2021 HK\$'000 (Audited)
Trade receivables (<i>Note a</i>)	2,287	1,830
Rental and utilities deposits	5,101	7,420
Prepayments	109,329	113,396
Bills receivables	29,299	20,214
Other receivables	<u>1,043</u>	<u>803</u>
	147,059	143,663
Less: non-current portion — rental deposits	<u>(270)</u>	<u>(1,024)</u>
Current portion	<u>146,789</u>	<u>142,639</u>

Note:

(a) Trade receivables

The trade receivables mainly comprise receivables from credit card companies and department stores for retail sales and from trading customers. 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. As at 31 October 2021 and 30 April 2021, the ageing analysis of the trade receivables based on the invoice date is as follows:

	31 October 2021 HK\$'000 (Unaudited)	30 April 2021 HK\$'000 (Audited)
Within 30 days	670	1,190
31 to 60 days	329	159
61 to 90 days	339	133
over 90 days	<u>949</u>	<u>348</u>
	<u>2,287</u>	<u>1,830</u>

As at 31 October 2021, none of the trade receivables was past due but not impaired (30 April 2021: HK\$348,000).

10. SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
Authorised — ordinary shares of HK\$0.01 each At 30 April 2021 (Audited) and at 31 October 2021 (Unaudited)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid — ordinary shares of HK\$0.01 each At 30 April 2021 (Audited) and at 31 October 2021 (Unaudited)	<u>800,000,000</u>	<u>8,000</u>

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

	31 October 2021 <i>HK\$'000</i> (Unaudited)	30 April 2021 <i>HK\$'000</i> (Audited)
Trade payables (<i>Note a</i>)	20,456	14,698
Accrued employee benefit expense	1,041	1,190
Provision for reinstatement costs (<i>Note b</i>)	624	758
Other accruals and payables		
— endorsement of bills	29,299	15,496
— others	658	2,355
Contract liabilities	<u>55,587</u>	<u>76,413</u>
	107,665	110,910
Less: non-current portion	<u>(74)</u>	<u>(74)</u>
Current portion	<u>107,591</u>	<u>110,836</u>

As at 31 October 2021 and 30 April 2021, the carrying amounts of trade and other payables approximated to their fair values and were mainly denominated in HK\$ and Renminbi.

Notes:

(a) Trade payables

As at 31 October 2021 and 30 April 2021, the aging analysis of the trade payables based on the invoice dates is as follows:

	31 October 2021 HK\$'000 (Unaudited)	30 April 2021 HK\$'000 (Audited)
Within 30 days	2,245	4,139
31 to 60 days	477	786
Over 60 days	<u>17,734</u>	<u>9,773</u>
	<u>20,456</u>	<u>14,698</u>

(b) Provision for reinstatement costs

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

	31 October 2021 HK\$'000 (Unaudited)	30 April 2021 HK\$'000 (Audited)
At beginning of the period/year	758	1,136
Settlements/reversals during the period/year	<u>(134)</u>	<u>(378)</u>
At end of the period/year	<u>624</u>	<u>758</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 LOANS

	31 October 2021 HK\$'000 (Unaudited)	30 April 2021 HK\$'000 (Audited)
Revolving term loan		
— Unsecured, with effective interest rate of 2.91% (30 April 2021: 2.92%) per annum	4,000	4,000
— Secured, with effective interest rate of 2.71% (30 April 2021: 2.72%) per annum	<u>2,000</u>	<u>2,000</u>
	6,000	6,000
Account payable financing loan, secured, with effective interest rate of 2.19% (30 April 2021: 2.20%) per annum	<u>4,293</u>	<u>4,194</u>
	<u>10,293</u>	<u>10,194</u>

The carrying amounts of the Group's bank loans, which were denominated in HK\$ 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 plus 2.13% to 2.85% per annum as at 31 October 2021.

As at 31 October 2021, the Group had aggregate banking facilities of HK\$23,520,000 (30 April 2021: HK\$23,520,000) for overdrafts and loans. Unused facilities as at the same date were HK\$13,227,000 (30 April 2021: HK\$13,326,000). 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 subsidiaries of the Company and a director of a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Review Period, the Hong Kong government continued to impose the stringent border control measures to contain the spread of the pandemic, which brought the inbound tourism to a standstill. Considering a sharp decline in the number of inbound visitors, the Group took measures to attract local consumption. With the boosting effect of the Consumption Voucher Scheme launched by the Hong Kong government and steady economic recovery, local consumption sentiment enhanced and revenue from watches retail business slightly increased despite the decrease in the number of retail shops during the Review Period. After reviewing the retail network, we determinedly closed more underperforming shops upon expiry of rental agreements. Given the gradual stabilization of the pandemic and improved labour market conditions, we expect that the worst time of retail trade has already passed.

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, affected by rising prices of raw materials and expanding market demand, the overall fertiliser prices maintained an upward trend. The fertiliser industry revived with the support of rising prices. More importantly, since the Group actively expanded its operation into new markets, the Group's trading business as a whole still maintained a momentum of growth during the Review Period.

Facing with the difficult business environment, the Group has adopted a series of cost-saving measures, including a job cut, the closure of underperforming shops and implementation of stringent cost control measures. To overcome the challenges brought by pandemic, the Group strived to build a lean and efficient operating cost structure by streamlining its administrative layer. Moreover, the Group has proactively negotiated with landlords for more favorable and flexible lease renewal terms. As a result of the foregoing, the turnover for the Review Period increased by approximately 7.2% to approximately HK\$40.1 million (six months ended 31 October 2020: approximately HK\$37.4 million). Gross profit for the Review Period was approximately HK\$21.8 million (six months ended 31 October 2020: approximately HK\$17.8 million). After eliminating the effect of trading business, the gross profit of watches business for the Review Period was approximately HK\$8.1 million (six months ended 31 October 2020: approximately HK\$6.2 million) and there was an increase of approximately 6.7% in gross profit margin compared with the corresponding period in 2020. Loss attributable to owners of the Company was approximately HK\$3.2 million for the Review Period, representing an increase of approximately HK\$2.5 million as compared to a net loss of approximately HK\$0.7 million for the six months ended 31 October 2020.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$2.7 million or 7.2% from approximately HK\$37.4 million for the six months ended 31 October 2020 to approximately HK\$40.1 million for the Review Period. Revenue derived from trading business increased by approximately HK\$2.1 million or 18.1% from approximately HK\$11.6 million for the six months ended 31 October 2020 to approximately HK\$13.7 million for the Review Period. Revenue derived from watches business increased by approximately HK\$0.6 million or 2.3% from approximately HK\$25.8 million for the six months ended 31 October 2020 to approximately HK\$26.4 million for the Review Period.

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\$1.3 million or 6.6% from approximately HK\$19.6 million for the six months ended 31 October 2020 to approximately HK\$18.3 million for the Review Period.

Gross profit and gross profit margin

The overall gross profit increased by approximately HK\$4.0 million or 22.5% from approximately HK\$17.8 million for the six months ended 31 October 2020 to approximately HK\$21.8 million for the Review Period. Our gross profit of the watches business increased by approximately HK\$1.9 million or 30.6% from approximately HK\$6.2 million for the six months ended 31 October 2020 to approximately HK\$8.1 million for the Review Period. Our gross profit margin of the watches business increased from approximately 24.0% for the six months ended 31 October 2020 to approximately 30.7% for the Review Period. Due to the enhancement in local consumption sentiment, the gross profit margin of the watches business returned to a more normal level.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately HK\$3.5 million or 28.5% from approximately HK\$12.3 million for the six months ended 31 October 2020 to approximately HK\$15.8 million for the Review Period. The increase was primarily attributable to the increase of lease expenses of retail shops (including rental expenses and depreciation of right-of-use assets). Upon expiry of leases, the Group renewed certain rental agreements with more flexible lease terms, which led to a significant increase in rental expenses relating to short-term leases. In addition, the freight rose significantly as a result of the pandemic.

Administrative expenses

Our administrative expenses decreased by approximately HK\$0.1 million or 1.1% from approximately HK\$8.7 million for the six months ended 31 October 2020 to approximately HK\$8.6 million for the Review Period.

Finance costs

Our finance costs decreased by approximately HK\$0.39 million or 52.0% from approximately HK\$0.75 million for the six months ended 31 October 2020 to approximately HK\$0.36 million for the Review Period. The decrease was primarily attributable to the decrease in related finance costs on lease liabilities.

(Loss)/profit before tax and loss attributable to owners of the Company

As a result of the foregoing, the Group recorded a loss before tax of approximately HK\$2.0 million for the Review Period, whereas profit before tax of approximately HK\$0.7 million was recorded for the six months ended 31 October 2020. The change was partly due to no subsidies from Hong Kong government under Retail Sector Subsidy Scheme and the Employment Support Scheme (2020: approximately HK\$2.6 million).

Loss attributable to owners of the Company increased by approximately HK\$2.5 million from approximately HK\$0.7 million for the six months ended 31 October 2020 to that of approximately HK\$3.2 million for the Review Period.

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 31 October 2021, the Group's total cash and cash equivalents were approximately HK\$6.1 million (As at 30 April 2021: approximately HK\$13.4 million), most of which were denominated in HK\$ and Renminbi. The current ratio (calculated by dividing current assets by current liabilities) of the Group maintained at approximately 1.1 time as at 31 October 2021 and 30 April 2021. The gearing ratio (calculated by dividing net debt by total equity) was 135.4% as at 31 October 2021 (As at 30 April 2021: 83.1%). Net debt was calculated as bank loans and amount due to ultimate holding company less cash and cash equivalents.

DEBTS AND CHARGE ON ASSETS

The Group had total bank borrowings of approximately HK\$10.3 million as at 31 October 2021 (As at 30 April 2021: approximately HK\$10.2 million).

As at 31 October 2021, the carrying amounts of the Group's bank borrowings were denominated in HK\$ and secured and approximated to their fair values.

As at 31 October 2021, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

As at 31 October 2021, the Group had aggregate banking facilities of approximately HK\$23.5 million (As at 30 April 2021: approximately HK\$23.5 million) for overdrafts and loans. Unused facilities as at the same date amounted to approximately HK\$13.2 million (As at 30 April 2021: HK\$13.3 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.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plans for material investments and capital assets.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company as at 31 October 2021.

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 2021 (As at 30 April 2021: Nil).

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 October 2021 (As at 30 April 2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2021, the Group had a total of 73 (As at 31 October 2020: 90) employees. The total remuneration costs incurred by the Group for the Review Period were approximately HK\$10.8 million (six months ended 31 October 2020: approximately HK\$11.2 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 personnel 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 2020: Nil).

PROSPECTS

Looking ahead, the overall situation of the fertiliser industry still remains steady. With the introduction of carbon neutrality policies, Chinese government will enforce more stringent environmental protection policies and fertiliser industry integration and reshuffle will be accelerated. Under the influence of expanding market demand and the elimination of backward capacity, the tight supply and demand of fertiliser will continue to remain. As usual, 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 customer base and enhance customers’ loyalty. Moreover, the Group will further expand its operations into huge market, strengthening marketing efforts to diversify its customer base.

As regards the watches retail business, due to the virtually frozen inbound tourism, the business environment of the retail trade is still difficult. However, the stable local epidemic and the economic recovery should continue to provide certain support to the retail trade in the short term. Since the recovery of the retail trade depends on when cross-boundary travel between Hong Kong and the Mainland can be fully resumed, it is therefore important for the community to actively cooperate with the set of anti-epidemic measures to create favorable conditions for the gradual and orderly resumption of quarantine-free travel with the Mainland. In view of the weak and volatile sales momentum, the Group will continue to carry out stringent measures to control operating costs and take inventory and cost control measures as the top priority to preserve the Group’s working capital. Through these initiatives, we hope that the Group will overcome difficulties and maintain its strategic operations.

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 of A.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 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 of the board should attend the annual general meetings (the “**AGMs**”). Mr. Meng, the Chairman, did not attend the Company’s AGM held on 22 October 2021 (the “**2021 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 2021 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 2021 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 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 in the current unfavorable environment. 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 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 (<http://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, 30 December 2021

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. Lee Chun Keung Mr. Wang Luping