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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 2022

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 2022 (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 2022

		Six months ended	
		31 October	
		2022	2021
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	26,670	40,057
Cost of sales		<u>(3,825)</u>	<u>(18,262)</u>
Gross profit		22,845	21,795
Other gains and losses	4	693	1,012
Selling and distribution costs		(7,707)	(15,827)
Administrative expenses		(8,745)	(8,567)
Finance costs		<u>(85)</u>	<u>(364)</u>

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

For the six months ended 31 October 2022

		Six months ended	
		31 October	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit/(loss) before tax	5	7,001	(1,951)
Income tax expense	6	<u>(3,360)</u>	<u>(1,225)</u>
Profit/(loss) for the period attributable to owners of the Company		3,641	(3,176)
Other comprehensive (expense)/income			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences arising from translation of foreign operations		<u>(4,019)</u>	<u>531</u>
Total comprehensive expense for the period attributable to the owners of the Company		<u>(378)</u>	<u>(2,645)</u>
Earnings/(loss) per share — basic and diluted			
(HK cents per share)	8	<u>0.46</u>	<u>(0.40)</u>
Dividend	7	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

		31 October 2022	30 April 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		108	126
Right-of-use assets		—	—
Rental deposits	9	47	47
Deferred tax assets		<u>205</u>	<u>237</u>
		<u>360</u>	<u>410</u>
Current assets			
Inventories		2,775	5,350
Financial asset at fair value through profit or loss		—	3,684
Trade receivables, other receivables and prepayments	9	61,436	71,957
Cash and cash equivalents		<u>132,308</u>	<u>82,459</u>
		<u>196,519</u>	<u>163,450</u>
Total assets		<u><u>196,879</u></u>	<u><u>163,860</u></u>
Capital and reserves			
Share capital	10	8,000	8,000
Reserves		<u>13,194</u>	<u>13,572</u>
Total equity		<u><u>21,194</u></u>	<u><u>21,572</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 October 2022*

		31 October	30 April
		2022	2022
	<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
Lease liabilities		<u>35</u>	<u>135</u>
		<u>35</u>	<u>209</u>
Current liabilities			
Trade and other payables	<i>11</i>	134,138	100,005
Lease liabilities		194	860
Amount due to ultimate holding company	<i>12</i>	40,740	35,690
Bank loan	<i>13</i>	—	4,000
Tax liabilities		<u>578</u>	<u>1,524</u>
		<u>175,650</u>	<u>142,079</u>
Total liabilities		<u>175,685</u>	<u>142,288</u>
Total equity and liabilities		<u>196,879</u>	<u>163,860</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 31 October 2022

	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 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>
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>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2022

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 (collectively referred to as “**Trading of fertilisers and other related products**”). The address of the principal place of business of the Company is Room 1403, 14/F., Capital Centre, 151 Gloucester Road, 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 30 December 2022.

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 2022, except as described below.

The Group has adopted the following amendments to HKFRSs for the first time in the presentation of these Interim 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 adoption of the above amendments to 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 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 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 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	<u>—</u>	<u>217</u>	<u>—</u>	<u>(217)</u>	<u>—</u>
	<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>

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>

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.

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 or services, is detailed below:

	Six months ended 31 October	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC	20,556	13,656
Hong Kong	6,114	26,401
Total	<u>26,670</u>	<u>40,057</u>

Other disclosures

	Six months ended 31 October									
	2022					2021				
	Retail	Wholesale	Trading	Unallocated Group expenses	Total	Retail	Wholesale	Trading	Unallocated Group expenses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	—	—	9	—	9	1,400	—	10	11	1,421
Depreciation of right-of- use assets	—	—	—	—	—	593	—	—	—	593
Government grants	272	—	48	159	479	—	—	822	—	822
Allowance for write- down of inventories recognised	1,022	79	—	—	1,101	1,346	190	—	—	1,536

4. OTHER GAINS AND LOSSES

	Six months ended 31 October	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rent concessions	—	135
Net foreign exchange gain	46	14
Interest income	161	17
Sundry income	7	1
Government grants	479	822
Fair value gain on financial asset at fair value through profit or loss	—	23
Total	<u>693</u>	<u>1,012</u>

5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	Six months ended 31 October	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	9	1,421
Depreciation of right-of-use assets	—	593
Auditors' remuneration	450	450
Freight	3,125	3,295
Employee benefit expense (including directors' remuneration):		
— Salaries, wages and other employee benefits	8,905	10,698
— Retirement benefit scheme contribution	413	551
	<u>9,318</u>	<u>11,249</u>
Total staff costs		
	<u>9,318</u>	<u>11,249</u>
Allowance for write-down of inventories recognised in cost of sales	1,101	1,536
Carrying amount of inventories sold recognised as expense	<u>2,724</u>	<u>16,726</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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	<u>3,395</u>	<u>1,127</u>
	3,395	1,127
Over provision for prior years		
PRC Enterprise Income Tax	(50)	—
Deferred taxation	<u>15</u>	<u>98</u>
	<u>3,360</u>	<u>1,225</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 2022 (2021: Nil).

8. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(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	
	2022 (Unaudited)	2021 (Unaudited)
Profit/(loss) attributable to owners of the Company (HK\$'000)	3,641	(3,176)
Weighted average number of ordinary shares in issue (thousands)	<u>800,000</u>	<u>800,000</u>
Basic earnings/(loss) per share (HK cents per share)	<u><u>0.46</u></u>	<u><u>(0.40)</u></u>

(b) Diluted

For the six months ended 31 October 2022 and 2021, diluted earnings/(loss) per share equals basic earnings/(loss) per share as there was no dilutive potential share.

9. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	31 October 2022 HK\$'000 (Unaudited)	30 April 2022 HK\$'000 (Audited)
	Trade receivables (Note a)	432
Rental and utilities deposits	767	3,608
Other receivables	1,010	1,355
Prepayments	59,111	65,285
Amount due from a director of a subsidiary	<u>163</u>	<u>163</u>
	61,483	72,004
Less: non-current portion — rental deposits	<u>(47)</u>	<u>(47)</u>
Current portion	<u><u>61,436</u></u>	<u><u>71,957</u></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 2022 and 30 April 2022, the aging analysis of the trade receivables based on the invoice date is as follows:

	31 October 2022 HK\$'000 (Unaudited)	30 April 2022 HK\$'000 (Audited)
Within 30 days	15	616
31 to 60 days	95	300
61 to 90 days	142	375
over 90 days	<u>180</u>	<u>302</u>
	<u>432</u>	<u>1,593</u>

As at 31 October 2022, trade receivables that were past due but not impaired amounted to HK\$180,000 (30 April 2022: HK\$302,000).

10. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised — ordinary shares of par value HK\$0.01 each At 30 April 2022 (Audited) and at 31 October 2022 (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 2022 (Audited) and at 31 October 2022 (Unaudited)	<u>800,000,000</u>	<u>8,000</u>

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

	31 October 2022 HK\$'000 (Unaudited)	30 April 2022 HK\$'000 (Audited)
Trade payables (<i>Note a</i>)	81,888	24,034
Accrued employee benefit expense	285	385
Provision for reinstatement costs (<i>Note b</i>)	679	758
Other accruals and payables	2,210	3,073
Contract liabilities	49,076	71,829
	134,138	100,079
Less: non-current portion	<u>—</u>	<u>(74)</u>
Current portion	134,138	100,005

As at 31 October 2022 and 30 April 2022, 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 2022 and 30 April 2022, the aging analysis of the trade payables based on the invoice dates is as follows:

	31 October 2022 HK\$'000 (Unaudited)	30 April 2022 HK\$'000 (Audited)
Within 30 days	15,149	13,993
31 to 60 days	—	6
Over 60 days	66,739	10,035
	81,888	24,034

(b) Provision for reinstatement costs

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

	31 October 2022 HK\$'000 (Unaudited)	30 April 2022 HK\$'000 (Audited)
At beginning of the period/year	758	758
Settlements/reversals during the period/year	<u>(79)</u>	<u>—</u>
At end of the period/year	<u>679</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 LOAN

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

The carrying amount of the Group's bank loan, which was denominated in HK\$ and containing a repayable on demand clause, approximated to its fair value. The bank loan bore interest rate at Hongkong Interbank Offered Rate plus 2.85% per annum as at 30 April 2022.

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. In the face of the ongoing pandemic, although the Group has implemented various marketing strategies to boost sales, our retail shops still recorded continuous losses. Considering the uncertainty about re-opening of borders with Mainland China, we determinedly closed two underperforming shops upon the expiry of their tenancy contracts during the Review Period. As a result, the total number of retail shop operated by the Group was reduced to 1 as at 31 October 2022 (as at 30 April 2022: 3). In view of the extremely difficult business environment, the Group had also closed the last retail shop upon expiry of its tenancy contract in November 2022. Meanwhile, the Group will focus on developing its wholesale business and consider to resume its retail business when the impact of the pandemic eases.

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, production cost of fertilisers rose due to rising prices of raw material and increasing environmental protection costs. Coupled with the expanding market demand, the overall fertiliser prices maintained an upward trend. Meanwhile, under the influence of war between Russia and Ukraine, the global energy supply was tight, which further pushed up the prices of international fertiliser. With its extensive business network, the sales team of the Group grasped the opportunity of rising international fertiliser prices and realized considerable profits in its export business. As a result, the Group's trading business still maintained a momentum of growth and its revenue recorded a decent growth during the Review Period.

In response to 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. As a result of the foregoing, the turnover for the Review Period decreased by approximately 33.4% to approximately HK\$26.7 million (six months ended 31 October 2021: approximately HK\$40.1 million). Gross profit for the Review Period was approximately HK\$22.8 million (six months ended 31 October 2021: approximately HK\$21.8 million). After eliminating the effect of trading business, the gross profit of watches business for the Review Period was approximately HK\$2.3 million (six months ended 31 October 2021: approximately HK\$8.1 million). Profit attributable to owners of the Company was approximately HK\$3.6 million for the Review Period (six months ended 31 October 2021: loss of approximately HK\$3.2 million).

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK\$13.4 million or 33.4% from approximately HK\$40.1 million for the six months ended 31 October 2021 to approximately HK\$26.7 million for the Review Period. Revenue derived from trading business increased by approximately HK\$6.9 million or 50.4% from approximately HK\$13.7 million for the six months ended 31 October 2021 to approximately HK\$20.6 million for the Review Period. Revenue derived from watches business decreased by approximately HK\$20.3 million or 76.9% from approximately HK\$26.4 million for the six months ended 31 October 2021 to approximately HK\$6.1 million for the Review Period. The decrease in revenue derived from watches business was mainly due to the significant decrease in the number of retail shops.

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\$14.5 million or 79.2% from approximately HK\$18.3 million for the six months ended 31 October 2021 to approximately HK\$3.8 million for the Review Period. The decrease was mainly due to the decline in sales of watches.

Gross profit and gross profit margin

The overall gross profit increased by approximately HK\$1.0 million or 4.6% from approximately HK\$21.8 million for the six months ended 31 October 2021 to approximately HK\$22.8 million for the Review Period. Our gross profit of the watches business decreased by approximately HK\$5.8 million or 71.6% from approximately HK\$8.1 million for the six months ended 31 October 2021 to approximately HK\$2.3 million for the Review Period. Our gross profit margin of the watches business increased from approximately 30.7% for the six months ended 31 October 2021 to approximately 37.7% for the Review Period.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately HK\$8.1 million or 51.3% from approximately HK\$15.8 million for the six months ended 31 October 2021 to approximately HK\$7.7 million for the Review Period. The decrease was primarily attributable to the decrease of lease expenses of retail shops (including rental expenses and depreciation of right-of-use assets), depreciation of property, plant and equipment, repairs and maintenance, building management charges and sales staff's salaries and allowances. Over the past year, the Group had downsized its retail network by closing underperforming 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\$0.1 million or 1.2% from approximately HK\$8.6 million for the six months ended 31 October 2021 to approximately HK\$8.7 million for the Review Period.

Finance costs

Our finance costs decreased by approximately HK\$0.27 million or 75.0% from approximately HK\$0.36 million for the six months ended 31 October 2021 to approximately HK\$0.09 million for the Review Period. The decrease was primarily attributable to the decrease in finance costs on lease liabilities and bank loan interest.

Profit/(loss) before tax

As a result of the foregoing, the Group recorded a profit before tax of approximately HK\$7.0 million for the Review Period (six months ended 31 October 2021: loss before tax of approximately HK\$2.0 million). The change was mainly due to the substantial decrease in selling and distribution expenses relating to the Group's watches retail business in Hong Kong and the increase in gross profit of the Group's trading business.

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 2022, the Group's total cash and cash equivalents were approximately HK\$132.3 million (as at 30 April 2022: approximately HK\$82.5 million), most of which were denominated in HK\$ and Renminbi. 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 31 October 2022. 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 2022 and 30 April 2022. Net debt was calculated as bank loan and amount due to ultimate holding company less cash and cash equivalents.

DEBTS AND CHARGE ON ASSETS

The Group had no bank borrowings as at 31 October 2022 (as at 30 April 2022: HK\$4.0 million).

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

As at 31 October 2022, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

As at 31 October 2022, the Group had no banking facilities (as at 30 April 2022: approximately HK\$4.1 million) for overdrafts and loans. The banking facilities were granted to the subsidiaries of the Company and were subject to an annual review.

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 2022, 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 2022.

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 2022 (as at 30 April 2022: Nil).

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 October 2022 (as at 30 April 2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2022, the Group had a total of 54 (as at 31 October 2021: 73) employees, including independent non-executive Directors. The total remuneration costs incurred by the Group for the Review Period were approximately HK\$9.3 million (six months ended 31 October 2021: 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 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 2021: Nil).

PROSPECTS

As domestic environmental protection requirements become stricter, some fertiliser enterprises that do not meet the requirements of environmental protection will be phased out of the market. Coupled with the increasing market demand, the supply and demand of fertilisers will maintain a tight balance, thereby driving up the prices of fertiliser. At the same time, affected by the Russia-Ukraine war and the tight international energy supply, fertiliser prices are expected to remain high in the short term. Due to the large price difference between domestic and overseas fertilisers, the profit of fertiliser export business is relatively high, and the Group will benefit from the export business. Therefore, the Group will take advantage of its marketing network to seize the opportunity of rising international fertiliser prices and accelerate expansion to overseas markets.

As regards the watches business, the Group has closed down all of its retail shops in order to weather the extremely difficult retail environment amid the pandemic. Meanwhile, the Group will focus on developing its wholesale business and consider to resume its retail business when the impact of the pandemic eases.

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 section headed “Part 2 — Principles of good corporate governance, code provisions and recommended best practices” of 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 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 of 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 21 October 2022 (the “**2022 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 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 (the “**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 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 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 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 (*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 2022

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