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PROSPER ONE INTERNATIONAL HOLDINGS COMPANY LIMITED

富一國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1470)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2024

ANNUAL RESULTS HIGHLIGHTS

Revenue from continuing operations for the year ended 30 April 2024 increased by approximately 102.0% as compared to that of the prior financial year.

Profit for the year ended 30 April 2024 was approximately HK\$1.3 million, compared to a loss of approximately HK\$2.7 million for the prior financial year.

The Board does not recommend the payment of any dividend for the year ended 30 April 2024.

WATCH RETAIL BUSINESS CLASSIFIED AS DISCONTINUED OPERATION

The Group has closed all watch retail shops since November 2022. In April 2024, the Group finally decided not to reopen watch retail shops and withdrew from the watch retail business. In accordance with the Hong Kong Financial Reporting Standards, the Group's watch retail business is now presented as discontinued operation, while the Group's continuing operations no longer include watch retail business. The comparative financial statements of this announcement have been restated to reflect the impact of the discontinued operation.

The management discussion and analysis together with the financial results focus on the continuing operations, and the discontinued operation is presented separately as a single line item in the consolidated statement of profit or loss and other comprehensive income.

RESULTS

The board of directors of Prosper One International Holdings Company Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively) announces the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 30 April 2024 (the “**Year**”) together with the comparative figures for the immediately preceding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	3	71,854	35,563
Cost of sales		<u>(30,394)</u>	<u>(904)</u>
Gross profit		41,460	34,659
Other gains and losses, net	5	2,370	477
Selling and distribution costs		(21,100)	(11,264)
Administrative expenses		(18,015)	(15,503)
Finance costs	6	<u>(171)</u>	<u>(15)</u>
Profit before tax from continuing operations	7	4,544	8,354
Income tax expense	8	<u>(3,263)</u>	<u>(5,153)</u>
Profit for the year attributable to owners of the Company from continuing operations		1,281	3,201
Discontinued operation			
Loss for the year attributable to owners of the Company from discontinued operation	10	<u>—</u>	<u>(5,858)</u>
Profit/(loss) for the year		1,281	(2,657)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences arising from translation of foreign operations		<u>(2,763)</u>	<u>(2,062)</u>
Total comprehensive expense for the year		<u>(1,482)</u>	<u>(4,719)</u>

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000 (Restated)
Profit/(loss) for the year attributable to owners of the Company			
— From continuing operations		1,281	3,201
— From discontinued operation		<u>—</u>	<u>(5,858)</u>
Profit/(loss) for the year		<u>1,281</u>	<u>(2,657)</u>
Total comprehensive (expense)/income for the year attributable to the owners of the Company			
— From continuing operations		(1,482)	1,139
— From discontinued operation		<u>—</u>	<u>(5,858)</u>
Total comprehensive expense for the year		<u>(1,482)</u>	<u>(4,719)</u>
Earnings/(loss) per share — basic and diluted (HK cent per share)			
	<i>11</i>		
— From continuing operations		0.16	0.40
— From discontinued operation		<u>—</u>	<u>(0.73)</u>
		<u>0.16</u>	<u>(0.33)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		590	99
Right-of-use assets		941	—
Deferred tax assets		237	237
		1,768	336
Current assets			
Inventories		4,523	1,586
Trade receivables, other receivables and prepayments	12	100,962	73,485
Cash and cash equivalents		65,837	126,190
		171,322	201,261
Total assets		173,090	201,597
Capital and reserves			
Share capital		8,000	8,000
Reserves		7,371	8,853
Total equity		15,371	16,853
Current liabilities			
Trade and other payables	13	110,540	137,736
Lease liabilities		941	135
Amount due to ultimate holding company	14	46,095	46,060
Tax liabilities		143	813
		157,719	184,744
Total liabilities		157,719	184,744
Total equity and liabilities		173,090	201,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2024

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 was also the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company before 10 April 2024.

The principal activities of the Company are investment holding and acting as agent (for financial reporting purposes) in the sales and trading of fertilisers and other related products, 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. As set out in Note 10, the Group’s retail business has been reclassified as discontinued operation during the year. 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.

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

2. APPLICATION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 May 2023 for the preparation of the consolidated financial statements:

- HKFRS 17, *Insurance contracts (including the October 2020 and amendments to February 2022 HKFRS 17)*
- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of accounting policies*
- Amendments to HKAS 8, *Definition of accounting estimates*
- Amendments to HKAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *International tax reform — Pillar Two model rules*

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

In accordance with the guidance set out in the amendments to HKAS 1, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

b. Amendments to HKFRSs in issue but not yet effective

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<i>To be determined</i>
Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i>	1 January 2024
Amendments to HKAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to HKAS 7 and HKFRS 7: <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to HKAS 21: <i>Lack of Exchangeability</i>	1 January 2025

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

3. REVENUE

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

	2024	2023
	HK\$'000	HK\$'000
		(Restated)
From continuing operations		
Revenue from contracts with customers		
Sales of watches	1,771	1,210
Sales of compound fertilisers	30,960	—
Service income	10	4
Commission income	<u>39,113</u>	<u>34,349</u>
Revenue from continuing operations	<u>71,854</u>	<u>35,563</u>
From discontinued operation		
Revenue from contracts with customers		
Sales of watches	—	5,942
Service income	<u>—</u>	<u>5</u>
Revenue from discontinued operation	<u>—</u>	<u>5,947</u>
Total revenue	<u><u>71,854</u></u>	<u><u>41,510</u></u>

Revenue from contracts with customers

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

Sales of watches and compound fertilisers

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

Service income

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

Commission income

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

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

4. SEGMENT INFORMATION

The Group is principally engaged in the wholesale and retail of watches in Hong Kong and acting as agent in the trading of fertilisers, fertiliser raw materials and other related products. During the year, the Group has also engaged in manufacture and sales of compound fertilisers in Mainland China. As set out in Note 10, the Group's watch retail business has been reclassified as discontinued operation.

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 (2023: two) in the continuing 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 in its continuing operations under HKFRS 8 are as follows:

- 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 Hong Kong and Mainland China
- Manufacture and sales of compound fertilisers (“**Manufacture**”) — manufacture and sales of compound fertilisers in Mainland China

The discontinued operation was a reportable and operating segment of the Group in previous financial years, as follows:

- Retail business of watches (“**Retail**”) — retail of multi brands of watches in Hong Kong

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

Segment revenue and results

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

For the year ended 30 April 2024

	Continuing operations			Sub-total HK\$’000	Discontinued	Total HK\$’000
	Wholesale HK\$’000	Trading HK\$’000	Manufacture HK\$’000		operation Retail HK\$’000	
Revenue						
External sales	1,771	—	30,960	32,731	—	32,731
External service income	10	—	—	10	—	10
External commission income	—	39,113	—	39,113	—	39,113
Inter-segment sales	—	—	—	—	—	—
	<u>1,781</u>	<u>39,113</u>	<u>30,960</u>	<u>71,854</u>	<u>—</u>	<u>71,854</u>
Segment (loss)/profit	(5,361)	16,261	1,471	12,371	—	12,371
Finance costs				(171)	—	(171)
Unallocated group expenses				(7,656)	—	(7,656)
Profit before tax				<u>4,544</u>	<u>—</u>	<u>4,544</u>

For the year ended 30 April 2023 (Restated)

	Continuing operations			Sub-total <i>HK\$'000</i>	Discontinued operation	Total <i>HK\$'000</i>
	Wholesale <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Elimination <i>HK\$'000</i>		Retail <i>HK\$'000</i>	
Revenue						
External sales	1,210	—	—	1,210	5,942	7,152
External service income	4	—	—	4	5	9
External commission income	—	34,349	—	34,349	—	34,349
Inter-segment sales	<u>256</u>	<u>—</u>	<u>(256)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,470</u>	<u>34,349</u>	<u>(256)</u>	<u>35,563</u>	<u>5,947</u>	<u>41,510</u>
Segment profit/(loss)	316	20,587	—	20,903	(5,777)	15,126
Finance costs				(15)	(81)	(96)
Unallocated group expenses				<u>(12,534)</u>	<u>—</u>	<u>(12,534)</u>
Profit/(loss) before tax				<u>8,354</u>	<u>(5,858)</u>	<u>2,496</u>

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

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

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

Geographical information

During the year, the Group's operation is mainly located in Mainland China 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
From continuing operations		
Mainland China	70,073	34,349
Hong Kong	<u>1,781</u>	<u>1,214</u>
Sub-total revenue from continuing operations	71,854	35,563
From discontinued operation		
Hong Kong	<u>—</u>	<u>5,947</u>
Total	<u>71,854</u>	<u>41,510</u>

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mainland China	1,531	99
Hong Kong	<u>—</u>	<u>—</u>

Other disclosures

For the year ended 30 April 2024

	Continuing operations			Discontinued operation	Unallocated Group expenses	Total
	Wholesale HK\$'000	Trading HK\$'000	Manufacture HK\$'000	Sub-total from continuing operations HK\$'000		
Additions to non-current assets	—	548	5,980	6,528	—	6,528
Depreciation of property, plant and equipment	—	52	—	52	—	52
Depreciation of right-of-use assets	—	—	581	581	—	581
Freight costs	—	13,632	14	13,646	—	13,646
Government grants	—	66	—	66	—	66
Allowance for write-down of inventories recognised	392	—	—	392	—	392

For the year ended 30 April 2023 (Restated)

	Continuing operations			Discontinued operation	Unallocated Group expenses	Total
	Wholesale HK\$'000	Trading HK\$'000	Sub-total from continuing operations HK\$'000	Retail HK\$'000		
Additions to non-current assets	508	—	508	—	—	508
Depreciation of property, plant and equipment	45	18	63	—	—	63
Freight costs	—	5,840	5,840	—	—	5,840
Gain on disposal of property, plant and equipment	—	—	—	107	—	107
Government grants	—	71	71	272	159	502
Allowance for write-down of inventories recognised	86	—	86	289	—	375
Impairment loss on property, plant and equipment	466	—	466	—	—	466

5. OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
From continuing operations		
Net foreign exchange gain/(loss)	1,939	(66)
Interest income	281	305
Sundry income	11	8
Gain from lease modifications	73	—
Government grants (<i>note</i>)	<u>66</u>	<u>230</u>
Sub-total from continuing operations	<u>2,370</u>	<u>477</u>
From discontinued operation		
Net gain on disposal of property, plant and equipment	—	107
Government grants (<i>note</i>)	<u>—</u>	<u>272</u>
Sub-total from discontinued operation	<u>—</u>	<u>379</u>
Total	<u><u>2,370</u></u>	<u><u>856</u></u>

Note:

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

Government grant income recognised in the current year includes an amount of HK\$nil (2023: HK\$431,000) in respect of COVID-19-related subsidies, which relate to Employment Support Scheme provided by the Hong Kong government.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
From continuing operations		
Interest on lease liabilities	171	15
From discontinued operation		
Interest on bank loan	—	31
Interest on lease liabilities	—	50
Sub-total from discontinued operation	—	81
Total	<u>171</u>	<u>96</u>

7. PROFIT BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Profit before tax from continuing operations has been arrived at after charging:		
Depreciation of property, plant and equipment	52	63
Depreciation of right-of-use assets	581	—
Auditor's remuneration	900	900
Impairment loss on property, plant and equipment	—	466
Freight costs	13,646	5,840
Short-term lease expenses	265	192
Directors' remuneration	6,697	9,727
Other staff		
— Salaries and wages	10,968	4,853
— Other employee benefits	45	25
— Retirement benefit scheme contribution of other staff	982	645
Total staff costs	<u>18,692</u>	<u>15,250</u>
Allowance for write-down of inventories recognised in cost of sales	392	86
Carrying amount of inventories sold recognised in cost of sales	<u>30,002</u>	<u>818</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Loss before tax from discontinued operation has been arrived at after charging:		
Short-term lease expenses	—	672
Directors' remuneration	—	—
Other staff		
— Salaries and wages	—	5,003
— Other employee benefits	—	3
— Retirement benefit scheme contribution of other staff	—	143
	<u>—</u>	<u>5,149</u>
Total staff costs	—	5,149
Allowance for write-down of inventories recognised in cost of sales	—	289
Carrying amount of inventories sold recognised in cost of sales	—	3,812
	<u>—</u>	<u>3,812</u>

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
From continuing operations:		
Current taxation		
Hong Kong Profits Tax	—	—
People's Republic of China (“ PRC ”) Enterprise Income Tax (“ EIT ”)	3,440	5,184
	<u>3,440</u>	<u>5,184</u>
(Over)/under provision for prior years		
Hong Kong Profits Tax	—	(88)
PRC EIT	(166)	57
	<u>(166)</u>	<u>(31)</u>
Deferred taxation	<u>(11)</u>	—
	<u>3,263</u>	<u>5,153</u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million taxable profit of the qualifying corporation of the Group is taxed at 8.25%, and taxable profits above HK\$2 million are taxed at 16.5%. The Directors considered the amount involved from the application of the two-tiered profits tax rates as insignificant to the consolidated financial statements. Other subsidiaries in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5%.

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

Under the EIT Law of the PRC, withholding tax of 10% is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of taxable temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB55,689,000 (2023: RMB45,855,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the years ended 30 April 2024 and 2023, nor has any dividend been proposed since the end of the reporting year.

10. DISCONTINUED OPERATION

Since the outbreak of the COVID-19 pandemic in early 2020, it has brought unprecedented challenges to the Group's watch retail business. Coupled with the rapid rise of smart watches in the market, the popularity of mid-priced branded watches has waned. Although the Group had implemented various marketing strategies to boost sales, the retail shops still recorded continuous losses. The Group determined to close three underperforming shops and hence did not renew the leases upon expiry of the rental agreements during the previous year. The Group had closed all retail shops by November 2022 as the business performance of watch retail business was severely affected.

The closure of the watch retail shops is accounted for as abandonment of the watch retail business by the Group. As the business operation of the retail watches was considered as a separate major line of business and was a separate reportable segment of the Group, the watch retail business which has been abandoned by the Group met the criteria for discontinued operation of the Group. Hence the results and cash flows of the watch retail business of the Group are presented in the consolidated financial statements as discontinued operation of the Group.

	2024 HK\$'000	2023 HK\$'000
(a) Results of discontinued operation		
Revenue	—	5,947
Cost of sales	<u>—</u>	<u>(4,101)</u>
Gross profit	—	1,846
Other gains and losses, net	—	379
Selling and distribution costs	—	(2,616)
Administrative expenses	—	(5,386)
Finance costs	<u>—</u>	<u>(81)</u>
Loss before tax	—	(5,858)
Income tax expense	<u>—</u>	<u>—</u>
Loss for the year	<u><u>—</u></u>	<u><u>(5,858)</u></u>
(b) Loss for the year from discontinued operation is arrived at after charging:		
Allowance for write-down of inventories recognised	<u><u>—</u></u>	<u><u>289</u></u>
(c) Cash flows from discontinued operation:		
Net cash generated from operating activities, net	—	2,464
Net cash generated from investing activities	—	3,687
Net cash used in financing activities	<u><u>—</u></u>	<u><u>(4,733)</u></u>

11. EARNINGS/(LOSS) PER SHARE

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

	2024	2023
Profit/(loss) for the year attributable to owners of the Company (HK\$'000)		
— From continuing operations	1,281	3,201
— From discontinued operation	<u>—</u>	<u>(5,858)</u>
	<u>1,281</u>	<u>(2,657)</u>
Weighted average number of ordinary shares in issue	<u><u>800,000,000</u></u>	<u><u>800,000,000</u></u>
Basic and diluted earnings/(loss) per share (HK cent per share)		
— From continuing operations	0.16	0.40
— From discontinued operation	<u>—</u>	<u>(0.73)</u>
	<u><u>0.16</u></u>	<u><u>(0.33)</u></u>

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

12. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	545	—
Other receivables		
— Rental and utilities deposits	120	374
— Others	82	131
Prepayments (<i>note</i>)	<u>100,215</u>	<u>72,980</u>
	<u>100,962</u>	<u>73,485</u>

Note:

Prepayments as at 30 April 2024 mainly include prepayments to suppliers for procurement of fertilisers raw materials, fertilisers and other related products in China amounting to approximately HK\$100,043,000. The amounts prepaid to suppliers will be derecognised when the products are directly delivered to customers by the suppliers. 87% (2023: 91%) of the amounts prepaid to suppliers were paid to the related parties of the Group. The management considered that the credit risk in respect of the prepayments as at 30 April 2024 is low based on the records of product deliveries from the suppliers to customers and the deliveries made subsequent to 30 April 2024.

As at 30 April 2024, the trade receivables mainly comprised receivables from trading customers in wholesale segment. There were no specific credit terms granted to wholesale customers. The Group's credit terms granted to wholesale customers generally ranged from 60 to 90 days from the invoice date.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	316	—
31 to 60 days	—	—
61 to 90 days	109	—
Over 90 days	<u>120</u>	<u>—</u>
	<u>545</u>	<u>—</u>

As at 30 April 2024, trade receivables that were past due but not impaired amounted to HK\$120,000 (2023: HK\$nil). Trade receivables in connection with these customers are with good credit quality and no past due history. In addition, the management of the Group considers these assets are short-term in nature and the probability of default is negligible. In this regard, the Directors consider that the Group's credit risk is significantly reduced. The management of the Group considered the effect of impairment on trade receivables is immaterial, no provision was made in this regard.

13. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>note</i>)	15,487	32,272
Other accruals and payables	5,279	4,825
Contract liabilities	<u>89,774</u>	<u>100,639</u>
	<u><u>110,540</u></u>	<u><u>137,736</u></u>

Contract liabilities represented short-term advances received from customers to arrange for the compound fertilisers, fertilisers and other related products to the customers, which amounted to HK\$89,774,000 (2023: HK\$100,639,000) as at 30 April 2024. The amount of advances is negotiated on a case by case basis with the customers. During the year ended 30 April 2024, there was a decrease in contract liabilities of HK\$92,936,000 (2023: HK\$67,189,000) which was included in the contract liabilities as at 30 April 2023 as a result of completion of the services on arranging the compound fertilisers, fertilisers and other related products to the customers. For the contract liabilities as at 30 April 2024 and 2023, the entire balances will be derecognised within twelve months from 30 April 2024 and 2023 when the products are delivered to the customers. As at 30 April 2022, the Group had contract liabilities amounting to approximately HK\$71,829,000.

Note:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	1,518	14,679
31 to 60 days	28	4,912
Over 60 days	<u>13,941</u>	<u>12,681</u>
	<u><u>15,487</u></u>	<u><u>32,272</u></u>

14. 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 the number of inbound visitors to Hong Kong continued to rebound during the Year, the performance of the retail trade was not as good as expected due to changing consumption patterns of visitors. Besides, with the resumption of travel between Hong Kong and Mainland, Hong Kong people went north more frequently for consumption. The road to recovery for the retail trade was fraught with difficulties and challenges. Given the sluggish performance of the retail trade, the Group finally decided not to reopen watch retail shops and withdrew from the watch retail business. The Group focused on developing its wholesale business during the Year, but the performance of the wholesale business was still poor.

As for the trading business, the major products sold by the Group include urea and compound fertiliser and the application of urea can be broadly divided into agricultural, industrial and vehicle uses. During the Year, due to the decline in raw material prices and weakened support of production costs of fertiliser, fertiliser prices also showed a downward trend and fluctuated with low season and peak season. Meanwhile, affected by lower than expected market demand and falling international urea prices, the overall domestic fertiliser market was slightly weak. Nevertheless, with the unremitting efforts of our sales team in expanding customer base and strengthening our relationships with customers, the trading volume of the Group's urea export business increased significantly. During the Year, trading volume of urea and compound fertiliser was 294,167 tonnes and 49,042 tonnes respectively, representing a year-on-year growth of approximately 27.9% and 46.9% respectively. As a result, the Group's trading business continued to maintain growth momentum.

During the Year, the Group catered to market demand and leveraged its existing advantages to successfully expand its business to the manufacture and sales of compound fertilisers. In September 2023, the Group entered into a lease agreement with a related 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. The Group produced a total of 14,734 tonnes of compound fertilisers and achieved a sales volume of 14,036 tonnes during the Year. The new business was conducted smoothly and recorded profits. By leasing a production line of compound fertiliser, it not only increases profit margin, but also enables better control over product quality, which brings growth opportunities to the Group.

Facing with the challenging business environment, the Group showed strong adaptability and adopted a series of measures to control its operating cost to make the Group turn around. As a result of the foregoing, the Group recorded a profit attributable to owners of the Company of approximately HK\$1.3 million for the Year, as compared to a loss of approximately HK\$2.7 million for the year ended 30 April 2023 (the “**Year 2023**”).

FINANCIAL REVIEW

Revenue

The Group's revenue for the Year was approximately HK\$71.9 million, representing an increase of approximately HK\$36.3 million or 102.0% from approximately HK\$35.6 million (restated) for the Year 2023. Revenue derived from trading business increased by approximately HK\$4.8 million or 14.0% from approximately HK\$34.3 million for the Year 2023 to approximately HK\$39.1 million for the Year. Revenue derived from watch wholesale business increased by approximately HK\$0.6 million or 50.0% from approximately HK\$1.2 million for the Year 2023 to approximately HK\$1.8 million for the Year. Revenue derived from manufacture and sales of compound fertilisers was approximately HK\$31.0 million for the Year. The increase in revenue derived from trading business was mainly due to the decent growth in the trading volume of urea and compound fertiliser.

Cost of sales

Our cost of sales primarily consists of cost of inventories sold and provision for slow-moving inventories. Our cost of sales increased by approximately HK\$29.5 million from approximately HK\$0.9 million (restated) for the Year 2023 to approximately HK\$30.4 million for the Year. The cost of sales of compound fertilisers was approximately HK\$28.8 million. During the Year, the Group expanded its business to the manufacture and sales of compound fertilisers, resulting in corresponding increase in the cost of sales of compound fertilisers.

Gross profit

The overall gross profit increased by approximately HK\$6.8 million or 19.6% from approximately HK\$34.7 million (restated) for the Year 2023 to approximately HK\$41.5 million for the Year. The increase in gross profit was mainly due to (i) an increase of approximately HK\$4.8 million in gross profit of trading business and (ii) an increase of approximately HK\$2.2 million in gross profit of manufacture and sales of compound fertilisers.

Selling and distribution costs

Our selling and distribution costs increased by approximately HK\$9.8 million or 86.7% from approximately HK\$11.3 million (restated) for the Year 2023 to approximately HK\$21.1 million for the Year. The increase was primarily attributable to the increase of freight costs, travelling expenses and packing expenses. The freight costs rose significantly because of significant growth in trading volume of the export business.

Administrative expenses

Our administrative expenses increased by approximately HK\$2.5 million or 16.1% from approximately HK\$15.5 million (restated) for the Year 2023 to approximately HK\$18.0 million for the Year. As a discontinued operation, administrative expenses of approximately HK\$5.4 million relating to the Group's watch retail business had been excluded from last year's comparative figure, of which

administrative staff's salaries and allowances accounted for approximately HK\$4.2 million. For the Year, the salaries and allowances of these administrative staff was included in the watch wholesale business, resulting in an increase in administrative expenses.

Finance costs

Our finance costs increased by approximately HK\$156,000 from approximately HK\$15,000 for the Year 2023 to approximately HK\$171,000 for the Year. The increase was due to the increase in finance costs on lease liabilities.

Profit for the year attributable to owners of the Company from continuing operations

The profit for the Year attributable to owners of the Company from continuing operations was approximately HK\$1.3 million (2023: approximately HK\$3.2 million), representing a year-on-year decrease of approximately 59.4%. The decrease was mainly due to the increase in freight costs of the Group's export business. In addition, despite the significant growth in trading volume of the export business, the revenue growth from the export business was lower than freight costs growth 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 30 April 2024, the Group's total cash and cash equivalents were approximately HK\$65.8 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 maintained at approximately 1.1 time as at 30 April 2024 and 30 April 2023. The gearing ratio (calculated by dividing net debt by total equity) was not applicable as the Group maintained at a net cash position as at 30 April 2024 and 30 April 2023. Net debt was calculated as amount due to ultimate holding company and lease liabilities less cash and cash equivalents.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2024, the Group had a total of 62 (2023: 52) employees. The total remuneration costs incurred by the Group for the Year were approximately HK\$18.7 million including continuing and discontinued operations (2023: approximately HK\$20.4 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion

appraisal, in order to attract and retain valuable employees. Remuneration packages are generally structured by reference to market norms as well as individual qualifications, relevant experience and performance.

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

DEBTS AND CHARGE ON ASSETS

The Group had no bank borrowings as at 30 April 2024 and 30 April 2023.

As at 30 April 2024 and 30 April 2023, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

As at 30 April 2024 and 30 April 2023, the Group had no banking facilities for overdrafts and loans.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plans for material investments and capital assets as at 30 April 2024.

SIGNIFICANT INVESTMENT HELD

The Company did not hold any significant investment in equity interest in any company other than its subsidiaries as at 30 April 2024.

CAPITAL COMMITMENTS

As at 30 April 2024, the Group had future capital commitments of HK\$541,000 but not recognised in the financial statements for the purchase of property, plant and equipment (as at 30 April 2023: Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 April 2024 (as at 30 April 2023: Nil).

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the Year (2023: Nil).

PROSPECTS

Looking ahead, it is expected that domestic demand for fertilisers will maintain growth, and the domestic fertiliser market will still have some support. As raw material prices return to a reasonable range, fertiliser prices are expected to show a relatively steady trend and fluctuate with slack and busy seasons. As regards the manufacture and sales of compound fertilisers, the operating performance of the

new business has been in line with expectations. In view of this, the Group purchased the production line in July 2024. By establishing its own production line, the Group can not only save rental costs, but also gain greater control to optimize production scale. The Group will continue to strengthen production management, improve production capacity efficiency, and make every effort to provide customers with more high-efficiency and high-quality fertiliser products.

We will continue to unswervingly uphold the corporate development philosophy, strengthen our relationships with customers, and actively expand our business. The Group will also make good use of existing resources to promote its growth strategy, thereby consolidating its brand position and increasing market share. At the same time, the Group is actively considering increasing production capacity by acquiring another production line.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**2024 AGM**”) is scheduled to be held on Friday, 18 October 2024. A notice convening the 2024 AGM will be issued and despatched to the shareholders of the Company (the “**Shareholders**”) in due course in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 15 October 2024 to Friday, 18 October 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2024 AGM, the non-registered Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Monday, 14 October 2024.

EVENTS AFTER THE FINANCIAL YEAR

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing the Directors’ transactions of the listed securities of the Company. Following a specific enquiry made by the Company with each of the Directors, all Directors confirmed that they had complied with the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PUBLIC FLOAT

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

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. On 15 February 2024, the Company appointed Mr. Gao Jizhong as an INED and fulfilled the aforesaid requirements of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. The Company has adopted and adhered to the principles as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules (the “**CG Code**”) and has complied with all applicable code provisions as set out in the CG Code throughout the Year and up to the date of this announcement, save for code provisions C.5.1, C.2.1, C.2.7 and F.2.2 of the CG Code.

The Board

Code provision C.5.1 of the CG Code provides the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, two regular Board meetings and three other Board meetings have been held and the Board has made resolutions by circulation of written resolutions for all the Directors’ execution from time to time. In view of the simplicity of the Group’s businesses, regular Board meetings have not been held about quarterly during the Year. The Group’s audited consolidated annual results for the Year 2023 and unaudited consolidated interim results for the six months ended 31 October 2023 together with all corporate transactions made during the Year have been reviewed and discussed amongst the Directors at the Board meetings held in the Year. Together with the circulation of written materials to keep the Board informed throughout the Year, sufficient measures had been taken to ensure that there was efficient communication among the Directors, including the INEDs.

Chairman and Chief Executive

Code provision C.2.1 of the CG Code provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 1 May 2023 to 9 April 2024, Mr. Meng acted as the Chairman and the chief executive officer of the Company (the “CEO”). On 10 April 2024, Mr. Liu Guoqing was appointed as the Chairman and the CEO in place of Mr. Meng. In view of the fact that Mr. Meng and Mr. Liu Guoqing have been operating and managing the Company since 7 September 2017, the Board is of the opinion that it is appropriate and in the best interests of the Group to have Mr. Meng and Mr. Liu Guoqing taking up both roles for effective management and business development during their respective tenure of office. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances. Nevertheless, the Company will look for suitable candidates and make necessary arrangement pursuant to the requirement under code provision C.2.1 of the CG Code as and when necessary.

Meeting between Chairman and Independent Non-executive Directors

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

During the Year, both Mr. Meng, the former Chairman, and Mr. Liu Guoqing, the successor of Mr. Meng, did not hold meeting with the INEDs without the presence of other directors due to business engagements. The INEDs have communicated and discussed with Mr. Meng and Mr. Liu Guoqing directly from time to time to share their view on the Company’s affairs. Therefore, the Company considers that there were sufficient channels and communication for discussion of the Company’s affairs between the Chairman and the INEDs.

Communication with Shareholders

Code provision F.2.2 of the CG Code provides that, among others, the Chairman should attend the annual general meetings (the “AGMs”). Mr. Meng, the former 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, 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, 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 present thereat. To mitigate the above, future AGMs of the Company will be scheduled earlier to avoid the timetable clashes.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

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

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

SCOPE OF WORK OF FAN, CHAN & CO. LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group’s independent auditor, Fan, Chan & Co. Limited (“**Fan, Chan**”), to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Fan, Chan in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by Fan, Chan on this preliminary announcement.

APPRECIATION

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

PUBLICATION OF ANNUAL REPORT

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

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

Hong Kong, 31 July 2024

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