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## **PRIME INTELLIGENCE SOLUTIONS GROUP LIMITED**

**匯安智能科技集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8379)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**”) of Prime Intelligence Solutions Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

The Board of Directors (the “**Board**”) of Prime Intelligence Solutions Group Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2019, together with the comparative figures for the corresponding periods in 2018, as follows:

		<b>Three months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>14,196</b>	11,438
Cost of sales		<u><b>(6,775)</b></u>	<u>(5,060)</u>
<b>Gross profit</b>		<b>7,421</b>	6,378
Other income	4	<b>213</b>	61
Selling and distribution costs		<b>(1,185)</b>	(1,370)
Administrative and other operating expenses		<u><b>(5,362)</b></u>	<u>(4,636)</u>
<b>Profit from operation</b>		<b>1,087</b>	433
Finance costs		<u><b>(63)</b></u>	<u>(16)</u>
<b>Profit before tax</b>		<b>1,024</b>	417
Income tax expense	5	<u><b>(386)</b></u>	<u>(258)</u>
<b>Profit for the period</b>	6	<u><b>638</b></u>	<u>159</u>
<b>Other comprehensive income for the period, net of tax:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u><b>(34)</b></u>	<u>(287)</u>
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<u><b>604</b></u>	<u>(128)</u>
<b>Earnings per share (HK cents)</b>			
— Basic and diluted	8	<u><b>0.08</b></u>	<u>0.02</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company							
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Legal reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total reserve <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 April 2018</b> <b>(audited)</b>	8,000	51,682	17,079	12	2	22,040	90,815	98,815
Total comprehensive income for the period (unaudited)	–	–	–	–	(287)	159	(128)	(128)
<b>Balance at 30 June 2018</b> <b>(unaudited)</b>	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(285)</u>	<u>22,199</u>	<u>90,687</u>	<u>90,687</u>
<b>Balance at 1 April 2019</b> <b>(audited)</b>	<b>8,000</b>	<b>51,682</b>	<b>17,079</b>	<b>12</b>	<b>(271)</b>	<b>18,393</b>	<b>86,895</b>	<b>94,895</b>
Impact on initial application of HKFRS 16 (unaudited)	–	–	–	–	–	(106)	(106)	(106)
Total comprehensive income for the period (unaudited)	–	–	–	–	(34)	638	604	604
<b>Balance at 30 June 2019</b> <b>(unaudited)</b>	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(305)</u>	<u>18,925</u>	<u>87,393</u>	<u>95,393</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempt company with limited liability under the Companies Law (as revised) of the Cayman Islands on 16 October 2015. The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is located at Unit A, 6/F TLP132, Nos. 132–134 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 February 2018 (the "Listing").

The Company is an investment holding company. The principal activities of its subsidiaries are sales of biometrics identification devices and other devices and accessories and provision of auxiliary and other services.

## 2. BASIS OF PRESENTATION AND PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2019 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

These unaudited condensed consolidated results are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company.

These condensed consolidated results have not been audited but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2019 do not include all the information and disclosures required in the annual financial statements of the Group and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2019 (the "2019 Consolidated Financial Statements"). Except as described in paragraph headed "Changes in accounting policies and disclosures" below, the accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated results are consistent with those used in the 2019 Consolidated Financial Statements.

### Changes in accounting policy and disclosures

The following new and amended standards and interpretations are mandatory for the first time for financial year beginning 1 April 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as described below for HKFRS 16, the adoption of above new and revised standards had no significant financial effect on the unaudited condensed consolidated first quarterly financial information.

HKFRS 16 "Leases" replaced HKAS 17 and three related Interpretations.

Upon the adoption of HKFRS 16, at the commencement date of the lease, the lessee recognises a “lease liability” and a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee recognises interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses continue to be recognised on a systematic basis over the lease term.

HKFRS 16 primarily affect the Group’s accounting as a lessee of premises which are classified as operating leases in previous year. The application of the new accounting model leads to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease.

HKFRS 16 has been applied modified retrospective approach, with the cumulative effect of initial application recognised as an adjustment to the opening balances of accumulated losses and non-controlling interests as at 1 April 2019. Comparative information has not been restated. In addition, the Group elected the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. Furthermore, the Group has used the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

Upon the initial application of HKFRS 16, the Group measured the right-of-use assets as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date and the opening balances of lease liabilities and the corresponding right-of-use assets has been adjusted as at 1 April 2019.

The following table summarises the impact, net of tax, of transition to HKFRS 16 on the opening balances of retained profits:

	<b>Impact of adopting HKFRS 16 on opening balances HK\$’000</b>
<b>Recognition of interest of lease liabilities and depreciation of right-of-use assets</b>	
Retained profits	
Impact at 1 April 2019	(106)

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group’s financial statements from 2019 onwards.

### 3. REVENUE

Revenue represents the invoiced values of goods sold and services rendered, after allowances for returns and discounts during the reporting periods.

	<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sales of biometrics identification devices, security products and other accessories	<b>9,923</b>	7,345
Provision of auxiliary and other services	<b>4,273</b>	4,093
	<b><u>14,196</u></b>	<u>11,438</u>

	<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Timing for revenue recognition</b>		
Products and services transferred at a point of time	<b>11,003</b>	8,233
Services transferred over time	<b>3,193</b>	3,205
	<b><u>14,196</u></b>	<u>11,438</u>

### 4. OTHER INCOME

	<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest income	<b>184</b>	30
Gain on disposals of property, plant and equipment	<b>–</b>	28
Others	<b>29</b>	3
	<b><u>213</u></b>	<u>61</u>

## 5. INCOME TAX EXPENSE

	<b>Three months ended 30 June</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Provision for the period:		
Hong Kong Profits Tax	<b>386</b>	226
Macao Complementary Tax	–	32
	<u><b>386</b></u>	<u>258</u>

Hong Kong Profits Tax is provided at 16.5% (three months ended 30 June 2018: 16.5%) based on the estimated assessable profits arising in or derived from Hong Kong.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the Group’s subsidiary established and operated in the PRC is subject to PRC Enterprise Income Tax at the rate of 25.0% (three months ended 30 June 2018: 25.0%). No PRC Enterprise Income Tax has been provided for the three months ended 30 June 2019 (three months ended 30 June 2018: Nil) as the Group’s PRC subsidiary either did not generate any assessable profits or has sufficient tax losses brought forward to offset against its assessable profits generated during the reporting periods.

For the Group’s subsidiary established and operated in Macau is subject to Macao Complementary Tax. For the three months ended 30 June 2018 and 2019, Macao Complementary Tax has been provided at the rate of 12% on the estimated taxable income of the Group’s Macao subsidiary.

## 6. PROFIT FOR THE PERIOD

	<b>Three months ended 30 June</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Depreciation of property, plant and equipment	<b>242</b>	170
Staff costs (including Directors’ emoluments)		
— Salaries, bonus and allowances and other benefits in kind	<b>4,550</b>	3,490
— Commission	<b>128</b>	227
— Retirement benefits scheme contributions	<b>304</b>	244
	<b>4,982</b>	3,961
Cost of inventories sold	<b>4,890</b>	3,814
Foreign exchange loss, net	<b>77</b>	28
Gain on disposals of property, plant and equipment	–	28
Auditor’s remuneration	<b>129</b>	129
	<u><b>129</b></u>	<u>129</u>

## 7. DIVIDENDS

No dividends was declared or paid during the three months ended 30 June 2019 (three months ended 30 June 2018: Nil).

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic and diluted earnings per share is based on the following:

	<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Earnings for the purpose of calculating basic and diluted earnings per share	<u><b>638</b></u>	<u>159</u>
	<b>Three months ended 30 June</b>	<b>2018</b>
	<b>2019</b>	<b>2018</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><b>800,000,000</b></u>	<u>800,000,000</u>

### (b) Diluted earnings per share

No diluted earnings per share to be presented as the Company did not have any dilutive potential ordinary shares outstanding during the three months ended 30 June 2018 and 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

The Group is a provider of biometrics identification solutions in Hong Kong, Macau and the PRC. The Group derives revenue from the following business activities: (i) sales of products which include biometrics identification devices, and other devices and accessories; and (ii) provision of auxiliary and other services. The Group's biometrics identification devices have one or more of the following functions: (i) face identification; (ii) fingerprint identification; (iii) finger vein identification; (iv) hand geometry identification; and (v) iris identification. The revenue of the Group for the three months ended 30 June 2019 was approximately HK\$14.2 million, representing an increase of approximately 24.6% from approximately HK\$11.4 million for the three months ended 30 June 2018. The increase in revenue was mainly because the increase in sales of biometrics identification devices and other accessories as compared with the corresponding period in 2018.

Revenue represents the invoiced values of goods sold and services rendered, after allowances for returns and discounts during the reporting periods.

	<b>Three months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Sales of biometrics identification devices, security products and other accessories	<b>9,923</b>	7,345
Provision of auxiliary and other services	<b>4,273</b>	4,093
	<b>14,196</b>	11,438

#### Cost of Sales and Gross Profit

The majority of the Group's cost of sales was costs of inventories sold. The Group's costs of inventories sold increased by approximately 28.2% to approximately HK\$4.9 million for the three months ended 30 June 2019 as compared to the same period last year. The gross profit increased from approximately HK\$6.4 million for the three months ended 30 June 2018 to approximately HK\$7.4 million for the three months ended 30 June 2019. The gross profit margin remained stable as compared with the last corresponding period. During the three months ended 30 June 2018 and 2019, the gross profit margins were approximately 55.8% and approximately 52.3% respectively.

## **Expenses**

Staff costs for the three months ended 30 June 2019 were approximately HK\$5.0 million (three months ended 30 June 2018: approximately HK\$4.0 million), representing an increase of approximately HK\$1.0 million, which was mainly due to the salary increment during the period.

Administrative expenses for the three months ended 30 June 2019 were approximately HK\$5.4 million (three months ended 30 June 2018: approximately HK\$4.6 million), representing an increase of approximately HK\$0.8 million as compared with the last corresponding period, which was mainly due to the increase in staff costs.

## **Profit for the Period**

The Group incurred a net profit of approximately HK\$0.6 million for the three months ended 30 June 2019, as compared with a net profit of approximately HK\$0.2 million for the three months ended 30 June 2018. The increase of net profit was primarily due to increase in sales of biometrics identification devices and other accessories.

The Board does not recommend the payment of dividends for the three months ended 30 June 2019.

## **Outlook**

The ordinary shares of HK\$0.01 each (the “**Shares**”) of the Company have been successfully listed on GEM on 14 February 2018. The Board considers that such public listing status will allow the Company to gain access to the capital market for corporate finance exercise, assist the Company in the future business development, enhance the Group’s corporate profile and recognition and strengthen the Group’s competitiveness.

Looking forward, the Group plans to generate further growth in existing business by strengthening its marketing capabilities and expanding its product portfolio through enhancing software development, with a view to further enlarging its market share in Hong Kong and Macau and becoming one of the active biometrics identification solutions providers in the PRC. As such, the Group plans to utilise the net proceeds from the Listing by way of share offer pursuant to the Prospectus on (i) launching of affordable locally manufactured fingerprint identification devices as part of the expansion plan of the business in Southern China; (ii) enhancing the quality of after-sale services and strengthening of the operation support as part of the expansion plan of the business in Southern China; (iii) improving its information technology system; and (iv) setting up a new and separate software development center in the PRC to further enhance and develop the Group’s software.

With utilising our prevailing biometrics identification solutions and software development, we consider to broaden our product range by developing certain consumer products with various popular functions including but not limited to artificial intelligence.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long positions

#### *Ordinary shares of the Company*

Name	Capacity and nature of interest	Number of shares (note 1)	Percentage of the Company's issued share capital
Mr. Yuen Kwok Wai, Tony (“ <b>Mr. Tony Yuen</b> ”) (note 2)	Interest of controlled corporation	366,000,000 (L)	45.75%
Ms. Yuen Mei Ling, Pauline (“ <b>Ms. Pauline Yuen</b> ”) (note 2)	Interest of controlled corporation	366,000,000 (L)	45.75%

#### *Notes:*

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of the Company.
2. Delighting View Global Limited (“**Delighting View**”) directly holds 366,000,000 Shares. As Delighting View is beneficially owned as to 85% and 15% by Mr. Tony Yuen and Ms. Pauline Yuen respectively and Mr. Tony Yuen and Ms. Pauline Yuen are parties acting in concert, each of Mr. Tony Yuen and Ms. Pauline Yuen is deemed to be interested in all the Share held by Delighting View under the SFO.

Save as disclosed above, as at the date of this announcement, none of the Directors and chief executive of the Company or their associates (as defined in the GEM Listing Rules) had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to be taken under the provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

### Long positions

#### Ordinary shares of the Company

Name	Capacity and nature of interest	Number of shares (note 1)	Percentage of the Company's issued share capital
Delighting View (note 2)	Beneficial owner	366,000,000 (L)	45.75%
Super Arena Limited ("Super Arena") (note 3)	Beneficial owner	100,000,000 (L)	12.50%
Mr. Kor Sing Mung, Michael ("Mr. Kor") (note 3)	Interest of controlled corporation	100,000,000 (L)	12.50%

#### Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. As Delighting View is beneficially owned as to 85% and 15% by Mr. Tony Yuen and Ms. Pauline Yuen respectively and Mr. Tony Yuen and Ms. Pauline Yuen are parties acting in concert, each of Mr. Tony Yuen and Ms. Pauline Yuen is deemed to be interested in all the Shares held by Delighting View under the SFO.
3. Super Arena directly holds 100,000,000 Shares. As Super Arena is beneficially owned as to 70% by Mr. Kor, Mr. Kor is deemed to be interested in all the Shares held by Super Arena under the SFO.

Save as disclosed above, as at the date of this announcement, the Directors are not aware of any other person, other than Directors and the chief executive of the Company who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or options in respect of such share capital.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2019.

## **COMPLIANCE ADVISER'S INTERESTS**

As at the date of this announcement, save and except for (i) the participation of Ample Capital Limited (the "**Compliance Adviser**") as the sponsor and Ample Orient Capital Limited as one of the underwriters and joint lead managers in relation to the Listing; and (ii) the compliance adviser's agreement entered into between the Company and the Compliance Adviser dated 25 January 2018, neither the Compliance Adviser, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to rule 6A.32 of the GEM Listing Rules.

## **COMPETING INTERESTS**

The Directors confirm that as at 30 June 2019, none of the Directors, the controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

## **COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings (the "**Required Standard of Dealings**") as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings since the Listing up to the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Company endeavours to maintain high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. Except for the deviation from code provision A.2.1, the Company had complied with the required code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "**CG Code**") since the Listing and up to the date of this announcement.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Tony Yuen is the chairman and the chief executive officer of the Company. In view of Mr. Tony Yuen is one of the founders of the Group and has been operating and managing the Group since June 1999, the Board believes that it is in the best interest of the Group to have Mr. Tony Yuen taking up both roles for effective management and business development. Therefore the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstances.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with rules 5.28 and 5.29 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chung Billy (chairman of the Audit Committee), Mr. Hui Man Ho, Ivan and Mr. Mui Pak Kuen.

The unaudited condensed consolidated financial statements of the Company for the three months ended 30 June 2019 has been reviewed by the Audit Committee. The Audit Committee is of the opinion that such financial information complies with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosure have been made.

By Order of the Board  
**Prime Intelligence Solutions Group Limited**  
匯安智能科技集團有限公司  
**Mr. Yuen Kwok Wai, Tony**  
*Chairman*

Hong Kong, 13 August 2019

*As at the date of this announcement, the executive Directors are Mr. Yuen Kwok Wai, Tony, Ms. Yuen Mei Ling, Pauline, and Ms. Sun Ngai Chu, Danielle; the non-executive Director is Mr. Yam Chiu Fan, Joseph; and the independent non-executive Directors are Mr. Hui Man Ho, Ivan, Mr. Chung Billy and Mr. Mui Pak Kuen.*

*This announcement will appear on the GEM website (www.hkgem.com) for at least seven days after the date of publication and on the website of the Company (www.primeintelligence.com.hk).*