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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: 08379)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

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 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 (the “**Board**”) of Directors (the “**Director(s)**”) 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 and nine months ended 31 December 2021 together with the unaudited and audited comparative figures for the corresponding periods in 2020 as follows:

		Three months ended 31 December		Nine months ended 31 December	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	11,399	9,963	37,253	32,816
Cost of sales and services rendered		(6,382)	(4,581)	(21,550)	(17,432)
Gross profit		5,017	5,382	15,703	15,384
Other income	4	13	8	51	1,349
Selling and distribution costs		(2,316)	(1,297)	(5,398)	(3,332)
Administrative expenses		(7,464)	(4,592)	(19,889)	(15,279)
Reversal/(provision) of impairment losses on trade receivables		—	—	(96)	110
Loss from operation		(4,750)	(499)	(9,629)	(1,768)
Finance costs		(24)	(44)	(84)	(137)
Loss before tax		(4,774)	(543)	(9,713)	(1,905)
Income tax expense	5	(22)	(60)	(362)	(337)
Loss for the period	6	(4,796)	(603)	(10,075)	(2,242)
Other comprehensive income for the period net of tax:					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		—	—	—	—
Total comprehensive income for the period attributable to the owners of the Company		(4,796)	(603)	(10,075)	(2,242)
Loss per share (“ Share(s) ”) of the Company (cents)					
— Basic and diluted	8	(0.60)	(0.08)	(1.26)	(0.28)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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/ (accumulated losses) <i>HK\$'000</i>	Total reserve <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 2020 (audited)	8,000	51,682	17,079	12	(689)	12,683	80,767	88,767
Total comprehensive income for the period (unaudited)	—	—	—	—	—	(2,242)	(2,242)	(2,242)
Balance at 31 December 2020 (unaudited)	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(689)</u>	<u>10,441</u>	<u>78,525</u>	<u>86,525</u>
Balance at 1 April 2021 (audited)	8,000	51,682	17,079	12	(151)	5,582	74,204	82,204
Total comprehensive income for the period (unaudited)	—	—	—	—	—	(10,075)	(10,075)	(10,075)
Balance at 31 December 2021 (unaudited)	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(151)</u>	<u>(4,493)</u>	<u>64,129</u>	<u>72,129</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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Subsequent to the end of reporting period, 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 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, security products and other 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 and nine months ended 31 December 2021 have been prepared in accordance with accounting principles generally accepted in the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China (the “**PRC**” or “**China**”) 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 (the “**GEM Listing Rules**”).

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 and nine months ended 31 December 2021 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 2021 (the “**2021 Consolidated Financial Statements**”). The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated results are consistent with those used in the 2021 Consolidated Financial Statements, except for those new and revised HKFRSs and interpretation issued by the HKICPA that are adopted for the first time in the unaudited condensed consolidated financial statements for the three and nine months ended 31 December 2021.

Changes in accounting policy and disclosures

The adoption of these new and amended HKFRSs had no significant effects on the results and financial position of the Group for the current and prior periods.

3. REVENUE

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

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of biometrics identification devices, security products and other accessories	6,915	6,036	24,667	21,799
Provision of auxiliary and other services	4,484	3,927	12,586	11,017
	<u>11,399</u>	<u>9,963</u>	<u>37,253</u>	<u>32,816</u>
	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Recognised at a point in time	8,026	6,744	27,858	23,869
Recognised over time	3,373	3,219	9,395	8,947
	<u>11,399</u>	<u>9,963</u>	<u>37,253</u>	<u>32,816</u>

4. OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income	–	6	1	137
Government subsidies	–	–	–	1,149
Others	13	2	50	63
	<u>13</u>	<u>8</u>	<u>51</u>	<u>1,349</u>

5. INCOME TAX EXPENSES

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Provision for the period:				
Hong Kong Profits Tax	<u>22</u>	<u>60</u>	<u>362</u>	<u>337</u>
	<u>22</u>	<u>60</u>	<u>362</u>	<u>337</u>

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands.

Under the two-tiered Profits Tax Regime, one of the Company's Hong Kong subsidiaries is subject to Hong Kong Profits Tax at the rate of 8.25% for the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: 8.25%) for the first HK\$2 million of its estimated assessable profits and at 16.5% for the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: 16.5%) on its estimated assessable profits above HK\$2 million. Other Hong Kong subsidiaries not qualifying for the two-tiered Profit Tax Regime are subject to Hong Kong Profits Tax at the rate of 16.5% for the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: 16.5%).

The Group's subsidiary established and operated in the PRC is subject to PRC Enterprise Income Tax at the rate of 25% for the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: 25%). No PRC Enterprise Income Tax has been provided for the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: Nil) as the Group's PRC subsidiary did not generate any assessable profits during the reporting periods.

The Group's subsidiary established and operated in the Macau Special Administrative Region ("Macau") of the PRC is subject to Macau Complementary Tax, under which taxable income of up to Macau Pataca ("MOP") 600,000 for the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: MOP600,000) is exempted from taxation with taxable income beyond this amount to be taxed at the rate of 12% for the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: 12%).

6. LOSS FOR THE PERIOD

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation				
— Owned assets	123	157	318	450
— Right-of-use assets	207	158	764	1,218
Staff costs (including Directors' emoluments)				
— Salaries, bonus and allowances and other benefits in kind	7,827	5,190	20,170	16,253
— Commission	229	120	546	374
— Retirement benefits scheme contributions	347	213	1,012	624
	8,403	5,523	21,728	17,251
Cost of inventories sold	3,403	3,344	12,395	11,490
(Reversal)/provision of impairment losses on the trade receivables	—	—	96	(110)
Foreign exchange losses, net	69	212	160	235
Auditor's remuneration	125	215	428	500

7. DIVIDEND

No dividend was declared or paid during the three and nine months ended 31 December 2021 (three and nine months ended 31 December 2020: Nil).

8. LOSS PER SHARE

(a) Basic loss per Share

The calculation of the basic loss per Share is based on the following:

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the purpose of calculating basic loss per Share	(4,796)	(603)	(10,075)	(2,242)
Number of Shares				
Weighted average number of ordinary Shares for the purpose of calculating basic loss per Share	800,000,000	800,000,000	800,000,000	800,000,000

(b) Diluted loss per Share

No diluted earnings per Share is presented as the Company did not have any dilutive potential ordinary Shares outstanding during the three and nine months ended 31 December 2021 and 2020.

9. SHARE OPTION SCHEMES

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted pursuant to a resolution passed by the then shareholders of the Company (the “**Shareholders**”) on 18 January 2018 for the primary purpose to attract, retain and motivate talented participants, to strive for future developments and expansion of the Group. Eligible participants of the Share Option Scheme include any employees, executive Directors, non-executive Directors (including independent non-executive Directors), advisers, consultants of the Company or any of its subsidiaries.

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which no further share options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and share options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of the Share Option Scheme were summarised in the paragraph headed “Share Option Scheme” in Appendix IV to the prospectus published by the Company in relation to the Listing. No share option has been granted, exercised, expired, cancelled or lapsed under the Share Option Scheme since its adoption and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

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 biometrics identification devices, security products and other 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 nine months ended 31 December 2021 was approximately HK\$37.3 million, representing an increase by approximately 13.7% from approximately HK\$32.8 million for the nine months ended 31 December 2020. The increase in revenue was mainly attributable to the net effect of (i) increase in sales of biometrics identification devices, security products and other accessories by approximately HK\$2.9 million (or 13.2%) as compared with the corresponding period in 2020; and (ii) increase in revenue derived from provision of auxiliary and other services by approximately HK\$1.6 million (or 14.2%) as compared with the corresponding period in 2020.

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

	Three months ended 31 December		Nine months ended 31 December	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of biometrics identification devices, security products and other accessories	6,915	6,036	24,667	21,799
Provision of auxiliary and other services	4,484	3,927	12,586	11,017
	<u>11,399</u>	<u>9,963</u>	<u>37,253</u>	<u>32,816</u>

COST OF SALES AND GROSS PROFIT

The majority of the Group's cost of sales and services rendered was costs of inventories sold. The Group's costs of inventories sold increased by approximately 7.8% to approximately HK\$12.4 million for the nine months ended 31 December 2021 (nine months ended 31 December 2020: approximately 11.5 million). The gross profit margin dropped from approximately 46.9% for the nine months ended 31 December 2020 to approximately 42.2% for the nine months ended 31 December 2021. The gross profit also raised from approximately HK\$15.4 million for the nine months ended 31 December 2020 to approximately HK\$15.7 million for the nine months ended 31 December 2021. The increase in gross profit was mainly due to (i) the increase in sales of biometrics identification devices, security products and other accessories; and (ii) the increase in revenue derived from the provision of auxiliary and other services.

EXPENSES

Staff costs for the nine months ended 31 December 2021 were approximately HK\$21.7 million (nine months ended 31 December 2020: approximately HK\$17.3 million), representing an increase by approximately HK\$4.4 million as compared with that of last corresponding period, which was mainly due to the salary increment during the period.

Administrative expenses for the nine months ended 31 December 2021 were approximately HK\$19.9 million (nine months ended 31 December 2020: approximately HK\$15.3 million), representing an increase by approximately HK\$4.6 million as compared with the last corresponding period, which was mainly due to the increase in staff costs and legal and professional expenses.

LOSS FOR THE PERIOD

The Group incurred a net loss of approximately HK\$10.1 million for the nine months ended 31 December 2021, as compared with a net loss of approximately HK\$2.2 million for the nine months ended 31 December 2020. The increase in net loss was mainly due to (i) an increase in administrative expenses mainly from the increase in staff costs and legal and professional expenses; and (ii) the measures implemented by the governments of the PRC and Macau including locking down to control the rapid spread and reduce the scale of infection of the novel coronavirus disease (COVID-19), which have affected the usual business activities of the areas and disrupted the daily operations of the Group.

The Board does not recommend the payment of dividends for the nine months ended 31 December 2021.

OUTLOOK

The ordinary Shares of HK\$0.01 each have been successfully listed on GEM on 14 February 2018. The Board considers that such public listing status allows the Company to gain access to the capital market for corporate finance exercise, assists the Company in the future business development, enhances the Group's corporate profile and recognition and strengthens 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 Listing on (i) launching affordable locally manufactured fingerprint identification devices as part of the expansion plan of the business in the Southern China; (ii) enhancing the quality of aftersales services and strengthening the operation support as part of the expansion plan of the business in the Southern China; (iii) improving its information technology system; and (iv) setting up a new and separate software development centre in the PRC to further enhance and develop the Group's software.

With the latest spread of COVID-19 in Hong Kong, the Group plans to diversify its business to maintain a healthy portfolio. Leveraging on the experience of the Directors, the Group considers setting up new business lines including artificial intelligence technology solutions, catering management and trade services.

On 27 October 2021, the Board proposes to change the dual foreign name in Chinese of the Company from “匯安智能科技集團有限公司” to “懶豬科技集團有限公司” (the **“Proposed Change of Company Name”**). The English name of the Company will remain unchanged. The Board considers the name “懶豬科技” to be distinctive and humorous. It signifies the Group's ambition to provide smart technology solutions that help people to accomplish mundane tasks with ease. The Proposed Change of Company Name is conditional upon the passing of a special resolution approving the Proposed Change of Company Name by the Shareholders at an extraordinary general meeting and the approval being granted by the Registrar of Companies in the Cayman Islands for the Proposed Change of Company Name.

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

As at 31 December 2021, 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 (Chapter 571 of the Laws of Hong Kong) (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 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 Share

Name	Capacity and nature of interest	Number of Shares (note 1)	Percentage of the Company's issued share capital
Mr. Yuen Kwok Wai, Tony (“ Mr. Tony Yuen ”) (note 2)	Interest of controlled corporation	206,000,000 (L)	25.75%
Ms. Yuen Mei Ling, Pauline (“ Ms. Pauline Yuen ”) (note 2)	Interest of controlled corporation	206,000,000 (L)	25.75%

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 206,000,000 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 Shares 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 and 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 31 December 2021, 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 and/or debentures 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:

Long positions

Ordinary Shares

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	206,000,000 (L)	25.75%
Mr. Yao Han (“ Mr. Yao ”) (note 3)	Beneficial owner	190,000,000 (L)	23.75%
Ms. Jian Yanmei (“ Ms. Jian ”) (note 3)	Interest of spouse	190,000,000 (L)	23.75%

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 Shares held by Delighting View under the SFO.
3. Ms. Jian is Mr. Yao’s spouse and is therefore deemed to be interested in all Shares held by Mr. Yao 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 the 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 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.

PURCHASES, SALES 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 nine months ended 31 December 2021.

COMPETING INTERESTS

The Directors confirm that as at 31 December 2021, 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 a code of conduct regarding securities transactions by Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings (the “**Required Standard of Dealings**”) as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Upon specific enquiry made to all Directors, the Company was not aware of any non-compliance with the Model Code and the Required Standard of Dealings from the date of Listing up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group has committed to upholding high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of Shareholders.

The Company has adopted and complied with the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules as its own code and has complied with the CG Code from the date of Listing up to the date of this announcement, except for the following deviation.

Chairman and Chief Executive Officer

CG Code provision A.2.1 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 that 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 CG Code provision A.2.1 is appropriate in such circumstance.

The Board has continued to monitor and review the corporate governance principles and practices to ensure compliance.

AUDIT COMMITTEE

The Company has established an audit committee (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. Poon Wai Hung Richard and Ms. Wang Xiaoman.

The unaudited condensed consolidated financial statements of the Company for the nine months ended 31 December 2021 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, 8 February 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Yuen Kwok Wai, Tony, Ms. Yuen Mei Ling, Pauline, Ms. Sun Ngai Chu, Danielle and Mr. Mui Pak Kuen; the non-executive Director is Mr. Yam Chiu Fan, Joseph; and the independent non-executive Directors are Mr. Chung Billy, Mr. Poon Wai Hung Richard and Ms. Wang Xiaoman.

This announcement, for which the Directors 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 of Hong Kong Limited 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.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the Company’s website at www.primeintelligence.com.hk.