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PRIME INTELLIGENCE SOLUTIONS GROUP LIMITED

懶豬科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08379)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

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 2022 together with the unaudited and audited comparative figures for the corresponding period in 2021 as follows:

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	9,221	11,399	30,575	37,253
Cost of sales and services rendered		<u>(6,514)</u>	<u>(6,382)</u>	<u>(20,470)</u>	<u>(21,550)</u>
Gross profit		2,707	5,017	10,105	15,703
Other income	4	53	13	843	51
Selling and distribution costs		(2,111)	(2,316)	(5,487)	(5,398)
Administrative and other operating expenses		<u>(9,018)</u>	<u>(7,464)</u>	<u>(21,707)</u>	<u>(19,985)</u>
Loss from operation		(8,369)	(4,750)	(16,246)	(9,629)
Finance costs		<u>(43)</u>	<u>(24)</u>	<u>(75)</u>	<u>(84)</u>
Loss before tax		(8,412)	(4,774)	(16,321)	(9,713)
Income tax credit/(expense)	5	<u>17</u>	<u>(22)</u>	<u>(9)</u>	<u>(362)</u>
Loss for the period	6	<u>(8,395)</u>	<u>(4,796)</u>	<u>(16,330)</u>	<u>(10,075)</u>
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		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period attributable to the owners of the Company		<u><u>(8,395)</u></u>	<u><u>(4,796)</u></u>	<u><u>(16,330)</u></u>	<u><u>(10,075)</u></u>
Loss per share (cents)					
— Basic and diluted	8	<u><u>(1.05)</u></u>	<u><u>(0.60)</u></u>	<u><u>(2.04)</u></u>	<u><u>(1.26)</u></u>

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 <i>HK\$'000</i>	Total reserve <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,075)</u>	<u>(10,075)</u>	<u>(10,075)</u>
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>
Balance at 1 April 2022 (audited)	8,000	51,682	17,079	12	(10)	(17,605)	51,158	59,158
Total comprehensive income for the period (unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,330)</u>	<u>(16,330)</u>	<u>(16,330)</u>
Balance at 31 December 2022 (unaudited)	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(10)</u>	<u>(33,935)</u>	<u>34,828</u>	<u>42,828</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, P.O. 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 Company's shares are listed on the 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 2022 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 (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 2022 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 2022 (the "**2022 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 2022 Consolidated Financial Statements.

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	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Sales of biometrics identification devices, security products and other accessories	5,737	6,915	19,738	24,667
Provision of auxiliary and other services	3,484	4,484	10,837	12,586
	<u>9,221</u>	<u>11,399</u>	<u>30,575</u>	<u>37,253</u>

	Three months ended 31 December		Nine months ended 31 December	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Recognised at a point in time	6,813	8,026	22,872	27,858
Recognised over time	2,408	3,373	7,703	9,395
	<u>9,221</u>	<u>11,399</u>	<u>30,575</u>	<u>37,253</u>

4. OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Interest income	12	–	15	1
Government subsidies	34	–	816	–
Others	7	13	12	50
	<u>53</u>	<u>13</u>	<u>843</u>	<u>51</u>

5. INCOME TAX EXPENSES

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Provision for the period:				
Hong Kong Special Administrative Region (“ Hong Kong ”) of the People’s Republic of China (“ PRC ”) Profits Tax				
— provision for the period	–	22	9	362
— over-provision for prior period	(17)	–	–	–
	<u>(17)</u>	<u>22</u>	<u>9</u>	<u>362</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 2022 (three and nine months ended 31 December 2021: 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 2022 (three and nine months ended 31 December 2021: 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 2022 (three and nine months ended 31 December 2021: 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 2022 (three and nine months ended 31 December 2021: 25%). No PRC Enterprise Income Tax has been provided for the three and nine months ended 31 December 2022 (three and nine months ended 31 December 2021: 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 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 2022 (three and nine months ended 31 December 2021: 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 2022 (three and nine months ended 31 December 2021: 12%).

6. LOSS FOR THE PERIOD

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation				
— Owned assets	—	123	—	318
— Right-of-use assets	—	207	—	764
Staff costs (including Directors' emoluments)				
— Salaries, bonus and allowances and other benefits in kind	6,802	7,827	20,227	20,170
— Commission	157	229	342	546
— Retirement benefits scheme contributions	421	347	1,094	1,012
	7,380	8,403	21,663	21,728
Cost of inventories sold	1,546	3,403	8,618	12,395
Foreign exchange (gain)/losses, net	(58)	69	(185)	160
Auditor's remuneration	174	125	428	428
Impairment loss on right-of-use assets	1,329	—	1,831	—
Impairment loss on property, plant and equipment	504	—	517	—

7. DIVIDEND

No dividend was declared or paid during the three and nine months ended 31 December 2022 (three and nine months ended 31 December 2021: 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		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss for the purpose of calculating basic loss per share	<u>(8,395)</u>	<u>(4,796)</u>	<u>(16,330)</u>	<u>(10,075)</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>800,000,000</u>	<u>800,000,000</u>	<u>800,000,000</u>	<u>800,000,000</u>

(b) Diluted loss per share

No diluted loss per share to be presented as the Company did not have any dilutive potential ordinary shares outstanding during the three and nine months ended 31 December 2022 and 2021.

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 (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 2022 was approximately HK\$30.6 million, representing a decrease by approximately 18.0% from approximately HK\$37.3 million for the nine months ended 31 December 2021. The decrease in revenue was mainly attributable to (i) decrease in sales of biometrics identification devices, security products and other accessories by approximately HK\$4.9 million (or 20.0%) as compared with the corresponding period in 2021; and (ii) decrease in revenue derived from provision of auxiliary and other services by approximately HK\$1.7 million (or 13.9%) as compared with the corresponding period in 2021.

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of biometrics identification devices, security products and other accessories	5,737	6,915	19,738	24,667
Provision of auxiliary and other services	3,484	4,484	10,837	12,586
	9,221	11,399	30,575	37,253

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 decreased by approximately 30.5% to approximately HK\$8.6 million for the nine months ended 31 December 2022 (nine months ended 31 December 2021: approximately 12.4 million). The gross profit margin dropped from approximately 42.2% for the nine months ended 31 December 2021 to approximately 33.0% for the nine months ended 31 December 2022. The gross profit also dropped from approximately HK\$15.7 million for the nine months ended 31 December 2021 to approximately HK\$10.1 million for the nine months ended 31 December 2022. The decrease in gross profit was mainly due to (i) the increase in direct cost incurred by the operation of the software development centre in the PRC; and (ii) the decrease in sales of biometrics identification devices, security products and other accessories.

EXPENSES

Staff costs for the nine months ended 31 December 2022 were approximately HK\$21.7 million (nine months ended 31 December 2021: approximately HK\$21.7 million).

Administrative expenses for the nine months ended 31 December 2022 was approximately HK\$21.8 million (nine months ended 31 December 2021: approximately HK\$20.0 million), representing an increase by approximately HK\$1.8 million as compared with the last corresponding period, which was mainly due to the impairment loss on right-of-use assets.

LOSS FOR THE PERIOD

The Group incurred a net loss of approximately HK\$16.3 million for the nine months ended 31 December 2022, as compared with a net loss of approximately HK\$10.1 million for the nine months ended 31 December 2021. The increase in net loss was mainly due to (i) a decrease in gross profit margin and gross profit; and (ii) an increase in selling and distribution cost and administrative expenses mainly from the increase in promotional expenses and impairment loss on right-of-use assets.

The Board does not recommend the payment of dividends for the nine months ended 31 December 2022.

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 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.

Considering the decrease in market demand and the uncertainties brought by the development of the novel coronavirus disease (COVID-19) in the PRC, the Group has decided to suspend the plan to launch affordable locally manufactured fingerprint identification devices as part of the expansion plan of the business in the Southern China, and has planned to reallocate part of the utilised net proceeds from the Listing to other business plans as stated in the Prospectus, namely (i) enhancement of the quality of after-sales services and strengthening of the operation support; (ii) improving the information technology system; and (iii) working capital.

The Group has also observed that there has been a change of market trend from touch biometrics identification devices to touchless biometrics identification devices due to increased public health awareness under the COVID-19 pandemic. As such, the Group plans to apply part of the utilised net proceeds from the Listing for research and development on touchless biometrics identification devices and Artificial Intelligence & Internet of Things (“**AIoT**”). The Group plans to diversify the functions of its touchless biometrics identification devices and their applications by utilizing AIoT in order to capture the market of touchless biometrics identification devices with healthcare-related functions. Looking forward, the Board takes the view that AIoT and its functions can be applied in many different scenarios that the Group’s biometrics identification devices can be involved. The Group plans to capture and develop new markets in light of the growing popularity and application of AIoT in daily life.

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 2022, 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 Future 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 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 (“ 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:

- The letter “L” denotes a long position in the shareholder’s interest in the share capital of the Company.
- 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 the Share held by Delighting View under the SFO.

Save as disclosed above, as at 31 December 2022, 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 31 December 2022, 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	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 the 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 31 December 2022, 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 2022.

COMPETING INTERESTS

The Directors confirm that as at 31 December 2022, 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 C.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 C.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 D.3.3 and D.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 Mr. Wong Ching Wan.

The unaudited condensed consolidated financial statements of the Company for the nine months ended 31 December 2022 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
懶豬科技集團有限公司
Mr. Yuen Kwok Wai, Tony
Chairman

Hong Kong, 9 February 2023

As at the date of this announcement, the executive Directors are Mr. Yuen Kwok Wai, Tony, Ms. Yuen Mei Ling, Pauline, Mr. Mui Pak Kuen and Mr. Hui Cho Lung; 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 Mr. Wong Ching Wan.

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 Stock Exchange of Hong Kong Limited’s website at <http://www.hkexnews.hk> for at least seven days from the date of its posting and on the Company’s website at www.primeintelligence.com.hk.