

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

*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.*

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board of Directors (the “**Board**”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the preceding year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenue	6	54,372	43,151
Cost of sales and services rendered		<u>(29,178)</u>	<u>(30,143)</u>
Gross profit		25,194	13,008
Other income and other gains/(losses), net	7	3,008	1,497
Selling and distribution costs		(10,100)	(9,639)
Administrative and other operating expenses		(33,386)	(28,675)
Impairment loss of trade receivables		<u>(138)</u>	<u>(96)</u>
Loss from operation		(15,422)	(23,905)
Finance costs	8	<u>(234)</u>	<u>(119)</u>
Loss before tax	9	(15,656)	(24,024)
Income tax credit/(expense)	10	<u>29</u>	<u>(132)</u>
Loss for the year attributable to equity owners of the Company		(15,627)	(24,156)
Other comprehensive income after tax: <i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement gains on defined benefit pension plans		<u>121</u>	<u>–</u>
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(345)	(406)
Release of foreign currency translation reserve on disposal of a subsidiary		<u>40</u>	<u>–</u>
		(305)	(406)
Other comprehensive income for the year, net of tax		(184)	(406)
Total comprehensive income for the year attributable to equity owners of the Company		(15,811)	(24,562)
Loss per share (HK cents)			
— Basic and diluted	12	<u>(1.95)</u>	<u>(3.02)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		426	556
Right-of-use assets		–	–
Intangible assets		–	–
		426	556
Current assets			
Inventories		21,334	22,535
Trade receivables	13	16,624	10,580
Other receivables, prepayments and deposits		2,791	3,421
Tax recoverable		213	69
Bank and cash balances		3,802	17,868
		44,764	54,473
Current liabilities			
Trade payables	14	4,730	2,384
Other payables and accrued expenses		4,307	5,138
Lease liabilities		3,501	2,075
Contract liabilities		10,885	7,938
		23,423	17,535
Net current assets		21,341	36,938
Total assets less current liabilities		21,767	37,494
Non-current liabilities			
Lease liabilities		1,454	1,977
Contract liabilities		1,215	921
Retirement benefit obligations		313	–
		2,982	2,898
NET ASSETS		18,785	34,596
Capital and reserves			
Share capital	15	8,000	8,000
Reserves		10,785	26,596
TOTAL EQUITY		18,785	34,596

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	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>	Accumulated losses <i>HK\$'000</i>	Total reserve <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2022	8,000	51,682	17,079	12	(10)	(17,605)	51,158	59,158
Loss for the year	-	-	-	-	-	(24,156)	(24,156)	(24,156)
Other comprehensive income	-	-	-	-	(406)	-	(406)	(406)
Total comprehensive income for the year	-	-	-	-	(406)	(24,156)	(24,562)	(24,562)
At 31 March 2023 and 1 April 2023	8,000	51,682	17,079	12	(416)	(41,761)	26,596	34,596
Loss for the year	-	-	-	-	-	(15,627)	(15,627)	(15,627)
Other comprehensive income	-	-	-	-	(305)	121	(184)	(184)
Total comprehensive income for the year	-	-	-	-	(305)	(15,506)	(15,811)	(15,811)
At 31 March 2024	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(721)</u>	<u>(57,267)</u>	<u>10,785</u>	<u>18,785</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which in collective term includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Material accounting policy information adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern

The Group incurred a loss attributable to the owners of the Company of approximately HK\$15,627,000 and net cash outflow from operating activities of approximately HK\$8,236,000 for the year ended 31 March 2024. As at 31 March 2024, the Group's bank and cash balances amounted to approximately HK\$3,802,000 whilst the liabilities expected to be settled within the next 12 months amounted to approximately HK\$12,538,000. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of current and anticipated future liquidity of the Group.

The validity of the Group to operate as going concern is dependent upon the outcomes of the Group to attain profitable and positive cash flows from operations by exploiting business development and implementing effective cost control measures, at a level sufficient to finance the working capital requirements of the Group.

Based on the cash flow projections of the Group and having taken into account the above measures, the directors of the Company consider that the Group will be able to realise its assets and discharge its liabilities and commitments in the normal course of the business. Therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

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 HKFRS 17	International Tax Reform — Pillar Two Model Rules Insurance Contracts

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

(b) Change in Accounting Policy

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) — Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

(c) New and revised HKFRSs in issue but not yet effective

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2023. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1 Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16 — Lease Liability in a sales and leaseback	1 January 2024
Amendments to revised of Hong Kong Interpretation 5 (revised) presentation of financial statements-classification by borrower of a term loan that contains a repayment on demand clause (“ HK Int 5 (Revised) ”)	1 January 2024
Amendments to HKAS 7 and HKFRS 7 Supplier finance arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the HKICPA

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

5. SEGMENT INFORMATION

The Group has two reportable segments as follows:

- Sales of biometrics identification devices, security products and other accessories
- Provision of auxiliary and other services includes (i) maintenance, installation and solution services; and (ii) software licensing.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include other income, finance costs, unallocated costs, which comprise selling and distribution expenses, corporate administrative and other operating expenses, impairment loss of trade receivables and income tax expense.

Segment assets and liabilities are not presented in the consolidated financial statements as they are not regularly reviewed by the Group's directors.

(a) Operating segment of the Group

Information about reportable segment profit or loss:

	Sales of biometrics identification devices, security products and other accessories <i>HK\$'000</i>	Provision of auxiliary and other services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2024			
Revenue from external customers	37,270	17,102	54,372
Segment profit	<u>16,826</u>	<u>8,368</u>	<u>25,194</u>
Year ended 31 March 2023			
Revenue from external customers	27,737	15,414	43,151
Segment profit	<u>12,296</u>	<u>712</u>	<u>13,008</u>

Reconciliations of reportable segment and profit or loss:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit or loss:		
Total profit of reportable segments	25,194	13,008
Other income and other gains/(losses), net	3,008	1,497
Selling and distribution costs	(10,100)	(9,639)
Corporate administrative and other operating expenses	(33,386)	(28,675)
Impairment loss of trade receivables	(138)	(96)
Finance costs	(234)	(119)
Income tax credit/(expense)	<u>29</u>	<u>(132)</u>
Consolidated loss for the year	<u>(15,627)</u>	<u>(24,156)</u>

(b) Geographical information

Information about the Group's non-current assets based on the geographical location is presented as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	<u>426</u>	<u>556</u>

Non-current assets include property, plant and equipment, right-of-use assets and intangible assets.

Information about the Group's revenue from external customers presented based on the geographical location where the Group operates is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	48,315	39,740
PRC	5,814	3,179
Macau	<u>243</u>	<u>232</u>
Consolidated total	<u>54,372</u>	<u>43,151</u>

(c) Information about major customers

Information about major customers whom transactions have exceeded 10% of revenue of the Group during the years ended 31 March 2024 and 2023 is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A (<i>note</i>)	5,834	N/A
Customer B (<i>note</i>)	<u>5,942</u>	<u>N/A</u>

Note: Customer A and customer B did not contribute over 10% of the revenue of the Group for the year ended 31 March 2023.

6. REVENUE

Revenue represents the invoiced values of goods sold and service rendered, after allowances for returns and discounts. An analysis of the Group's revenue for the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of biometrics identification devices, security products and other accessories	37,270	27,737
Provision of auxiliary and other services	<u>17,102</u>	<u>15,414</u>
	<u>54,372</u>	<u>43,151</u>

Revenue from contracts with customers within the scope of HKFRS 15	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Recognised at a point in time	44,347	32,651
Recognised over time	<u>10,025</u>	<u>10,500</u>
	<u><u>54,372</u></u>	<u><u>43,151</u></u>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2024 and the expected period of recognising revenue as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Provision of auxiliary and other services		
Within one year	10,885	7,938
More than one year but not more than two years	<u>1,215</u>	<u>921</u>
	<u><u>12,100</u></u>	<u><u>8,859</u></u>

7. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Insurance claim	142	–
Interest income	144	82
Government grants*	–	822
Gain on disposal of a subsidiary	2,366	–
Gain on disposals of property, plant and equipment	21	35
Foreign exchange gains, net	181	556
Others	<u>154</u>	<u>2</u>
	<u><u>3,008</u></u>	<u><u>1,497</u></u>

* Government grants represent subsidies from the Government of the Hong Kong Special Administrative Region under the Employment Support Scheme. At the end of the reporting period, there is no unfulfilled conditions nor other contingencies attached to the government grants.

8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Effective interest expenses on lease liabilities	222	119
Interest expenses on retirement benefit obligations	<u>12</u>	<u>–</u>
	<u><u>234</u></u>	<u><u>119</u></u>

9. LOSS BEFORE TAX

The Group's loss before tax is stated after charging/(crediting) the following:

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Depreciation			
— Owned assets	<i>(a)</i>	394	272
— Right-of-use assets		1,203	—
Staff costs (including directors' emoluments)	<i>(b)</i>		
— Salaries, bonus, allowances and other benefits in kind		31,885	28,818
— Commission		622	508
— Retirement benefits scheme contributions		1,698	1,442
		34,205	30,768
Gain on disposal of a subsidiary		(2,366)	—
Gain on disposals of property, plant and equipment		(21)	(35)
Cost of inventories sold		20,272	14,284
Foreign exchange gains, net		(181)	(556)
Operating lease charges in respect of premises under short-term lease arrangements		1,090	1,800
Auditors' remuneration			
— Audit services		600	550
— Non-audit services		70	100
Impairment loss of trade receivables		138	96
Impairment loss on property, plant and equipment		258	742
Impairment loss on right-of-use assets		2,953	4,601
Allowance for inventories (included in costs of sales and services rendered)		272	1,884

Notes:

- (a) Depreciation on owned assets of approximately HK\$21,000 for the year ended 31 March 2024 (2023: HK\$54,000) is included in costs of sales and services rendered.
- (b) Staff costs of approximately HK\$5,697,000 for the year ended 31 March 2024 (2023: HK\$6,024,000) are included in cost of sales and services rendered.

10. INCOME TAX (CREDIT)/EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	—	152
Over-provision in prior years	(29)	(20)
Total tax (credit)/expense for the year	(29)	132

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 subjected to Hong Kong Profits Tax at the rate of 8.25% (2023: 8.25%) for the first HK\$2 million of its estimated assessable profits and at 16.5% (2023: 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 subjected to Hong Kong Profits Tax at the rate of 16.5% (2023: 16.5%) for the year ended 31 March 2024.

For the Group's subsidiary established and operated in the PRC is subject to PRC Enterprise Income Tax at the rate of 25% (2023: 25%) during the year. No PRC Enterprise Income Tax has been provided for the years ended 31 March 2024 and 2023 as the Group's PRC subsidiary either did not generate any assessable profits or has sufficient tax losses forward to set off against its assessable profit for the years ended 31 March 2024 and 2023.

For the Group's subsidiary established and operated in Macau is subject to Macao Complementary Tax, under which taxable income of up to MOP600,000 (2023: MOP600,000) is exempted from taxation with taxable income beyond this amount to be taxed at the rate of 12% (2023: 12%) for the year ended 31 March 2024.

11. DIVIDENDS

No dividend had been paid or declared by the Company during the year (2023: Nil).

12. LOSS PER SHARE

(a) Basic loss per share

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

	2024	2023
	HK\$'000	HK\$'000
Loss		
Loss for the purpose of calculating basic loss per share	<u>(15,627)</u>	<u>(24,156)</u>
	2024	2023
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>800,000</u>	<u>800,000</u>

(b) Diluted loss per share

Diluted loss per share was the same as the basic loss per share for the years ended 31 March 2024 and 2023 as there were no dilutive potential ordinary shares.

13. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
From third parties	17,459	11,277
Less: allowance for doubtful debts	<u>(835)</u>	<u>(697)</u>
	<u>16,624</u>	<u>10,580</u>

The Group's trading terms with customers are mainly on credit. The credit period granted to the customers generally range from 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

An ageing analysis of the Group's trade receivables, net of allowance for doubtful debts and based on the invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–90 days	10,594	6,173
91–180 days	2,958	759
181–365 days	1,602	1,500
Over 365 days	<u>1,470</u>	<u>2,148</u>
	<u>16,624</u>	<u>10,580</u>

As of 31 March 2024, trade receivables of approximately HK\$12,163,000 (2023: HK\$5,960,000) were past due but not considered as default. These trade receivables related to customers for whom are mainly listed companies or large property developers with no recent history of default. The ageing analysis of these trade receivables, net of allowance for doubtful debts and based on due date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
1–90 days	7,258	1,718
91–180 days	2,500	936
Over 180 days	<u>2,405</u>	<u>3,306</u>
	<u>12,163</u>	<u>5,960</u>

The Group does not charge interest over these balances.

The carrying amounts of the Group's trade receivables at the end of reporting period, net of allowance for doubtful debts, are denominated in the following currencies:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	16,498	10,497
RMB	126	65
MOP	–	18
	<u>16,624</u>	<u>10,580</u>

14. TRADE PAYABLES

An ageing analysis of the Group's trade payables at the end of reporting period, based on the invoice date is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	440	221
31–60 days	2,694	150
Over 60 days	1,596	2,013
	<u>4,730</u>	<u>2,384</u>

The carrying amounts of the Group's trade payables at the end of reporting period are denominated in the following currencies:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	4,297	548
RMB	150	72
US\$	61	1,631
EURO	222	133
	<u>4,730</u>	<u>2,384</u>

15. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>5,000,000</u>	<u>50,000</u>
	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>800,000</u>	<u>8,000</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders' equity.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

The only externally imposed capital requirement for the Group is that to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the year ended 31 March 2024. As of 31 March 2024, 82.48% (2023: 77.61%) of the shares were in public hands.

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 year ended 31 March 2024 was approximately HK\$54.4 million, representing an increase by approximately 25.9% from approximately HK\$43.2 million for the year ended 31 March 2023. The increase in revenue was mainly attributable to (i) increase in sales of biometrics identification devices, security products and other accessories by approximately HK\$9.5 million (or 34.4%) as compared with the corresponding period in 2023; and (ii) increase in revenue derived from provision of auxiliary and other services by approximately HK\$1.7 million (or 11.0%) as compared with the corresponding period in 2023.

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

	For the year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Sales of biometrics identification devices, security products and other accessories	37,270	27,737
Provision of auxiliary and other services	17,102	15,414
	54,372	43,151

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 42.0% to approximately HK\$20.3 million for the year ended 31 March 2024 (2023: approximately HK\$14.3 million). The gross profit margin raised from approximately 30.2% for the year ended 31 March 2023 to approximately 46.3% for the year ended 31 March 2024. The gross profit also raised from approximately HK\$13.0 million for the year ended 31 March 2023 to approximately HK\$25.2 million for the year ended 31 March 2024. The increase in gross profit was mainly due to (i) the decrease in direct cost incurred by the operation of the software development centre in the PRC; and (ii) the increase in sales of biometrics identification devices, security products and other accessories.

Expenses

Staff costs for the year ended 31 March 2024 was approximately HK\$34.2 million (2023: approximately HK\$30.8 million), representing an increase by approximately HK\$3.4 million as compared with that of last corresponding period, which was mainly due to the salary increment during the period.

Administrative expenses for the year ended 31 March 2024 were approximately HK\$33.4 million (2023: approximately HK\$28.7 million), representing an increase of approximately HK\$4.7 million as compared with the last corresponding period, which was mainly due to the increase in staff costs.

Taxes

The income tax expense comprised Hong Kong Profits Tax, Macau Complementary Tax and PRC Enterprise Income Tax for the year. The income tax expense for the year ended 31 March 2024 was nil (2023: approximately HK\$132,000).

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 year ended 31 March 2024 (2023: 8.25%) for the first HK\$2 million of its estimated assessable profits and at 16.5% for the year ended 31 March 2024 (2023: 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 year ended 31 March 2024 (2023: 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 year ended 31 March 2024 (2023: 25%). No PRC Enterprise Income Tax has been provided for the year ended 31 March 2024 (2023: 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 year ended 31 March 2024 (2023: MOP600,000) is exempted from taxation with taxable income beyond this amount to be taxed at the rate of 12% for the year ended 31 March 2024 (2023: 12%).

Loss for the Year

The Group incurred a net loss of approximately HK\$15.6 million for the year ended 31 March 2024, as compared with a net loss of approximately HK\$24.2 million for the year ended 31 March 2023. The decrease in net loss was mainly due to the increase in revenue and gross profit.

Liquidity, Financial Resources and Capital Structure

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows, bank borrowings and proceeds from Listing. The Directors believe that with the new capital from Listing, the Group is in a healthy financial position to expand its core business and to achieve its business objectives. As at 31 March 2024, the Group had no bank borrowings (31 March 2023: Nil). The Group requires cash primarily for working capital needs. As at 31 March 2024, the Group had approximately HK\$3.8 million in bank and cash balances (31 March 2023: approximately HK\$17.9 million).

Gearing Ratio

As at 31 March 2024 and 2023, the Group has no outstanding borrowings, accordingly there is no gearing ratio.

Note: Gearing ratio is calculated as the total debt divided by total equity.

OPERATION REVIEW

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 its competitiveness.

Considering the decrease in market demand and the uncertainties brought by the development of the novel coronavirus disease (COVID-19) and the post-COVID-19 era 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 reallocated part of the utilised net proceeds from the Listing to other business plans, namely (i) enhancement of the quality of after-sales services and strengthening of the operation support; (ii) improving the information technology system; (iii) research and development on touchless biometrics identification devices and AIoT; and (iv) working capital.

The Group has 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 since the COVID-19 pandemic. As such, the Group has applied part of the net proceeds from the Listing for research and development on touchless biometrics identification devices and 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.

Employees and Remuneration Policies

As at 31 March 2024, the Group had a total of 77 employees. The Group's staff cost for the year ended 31 March 2024 amounted to approximately HK\$34.2 million (2023: approximately HK\$30.8 million). The Group's remuneration policies are in line with the prevailing market practise and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances. Other benefits and incentives include training and share option.

In Hong Kong, the Group's employees have participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). In the PRC, the Group's employees have participated in the basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, maternity insurance prescribed by the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), and housing fund prescribed by the Regulations on the Administration of Housing Fund (《住房公積金管理條例》). All PRC based employees have the right to participate in the social insurance and housing provident fund schemes.

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$2.4 million for the year ended 31 March 2024 (2023: approximately HK\$1.6 million).

Capital Commitments

The Group did not have any significant capital commitments as at 31 March 2024 (2023: Nil).

Foreign Currency Risk

The Company does not have significant exposure on foreign currency risk.

The functional currency of the Group's entities are principally denominated in HK\$, Renminbi (“**RMB**”), MOP and Great British Pound. The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currencies of respective Group entities such as United States dollars (“**US\$**”), RMB and EURO. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2024.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

On 29 December 2023, the Group disposed of its entire interests in its wholly-owned subsidiary, Prime Intelligence Marketing Agency Limited (formerly known as Prime Intelligence Solution UK Limited) (“**Prime UK**”), a company incorporated in the United Kingdom, to an independent third party at a consideration of HK\$100,000. Save as disclosed above, during the year ended 31 March 2024, the Group did not have any other significant investment, material acquisition or disposal of subsidiaries or any plan for material investments or capital assets.

Charges over Assets of the Group

As at 31 March 2024 and 2023, there were no charges over assets of the Group.

Dividend

The Directors do not recommend payment of a final dividend for the year ended 31 March 2024.

Use of proceeds and actual progress of the Group’s business objectives

The net proceeds from the Listing (after deducting the underwriting fees and other related expenses paid by the Company in connection with the share offer) which amounted to approximately HK\$44.5 million will be used for the intended purposes as set out in the section headed “Statement of Business Objectives and Strategies” of the Prospectus. Among the Net Proceeds, a sum of approximately HK\$15.8 million was originally planned for launching affordable locally manufactured fingerprint identification devices as part of the expansion plan of the business in the Southern China. However, 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 reallocated the relevant net proceeds to other business plans, namely (i) enhancement of the quality of after-sales services and strengthening of the operation support; (ii) improving the information technology system; (iii) research and development on touchless biometrics identification devices and AIoT; and (iv) working capital. For details of the change in use of proceeds, please refer to the announcement of the Company dated 2 December 2022 (the “**Announcement**”). Set out below is the actual usage of net proceeds up to the date of this announcement:

	Original allocation of Net Proceeds as stated in the Prospectus <i>HK\$ million</i>	Utilised Net Proceeds as at the date of the Announcement <i>HK\$ million</i>	Unutilised Net Proceeds as at the date of the Announcement <i>HK\$ million</i>	Revised allocation of the unutilised according to the Announcement <i>HK\$ million</i>	Unutilised Net Proceeds as at the date of this Announcement <i>HK\$ million</i>
Expanding the business in Southern China					
— launch of affordable locally manufactured fingerprint identification devices	15.8	–	15.8	–	–
— enhancement of the quality of after-sales services and strengthening of the operation support	5.1	(5.1)	–	3.0	–
Improving the information technology system	5.0	(5.0)	–	3.0	–
Setting up a new and separate software development center in the PRC to further enhance and develop the Group’s software	15.2	(15.2)	–	–	–
Research and development on touchless biometrics identification devices and Artificial Intelligence & Internet of Things	–	–	–	6.8	–
Working capital	3.4	(3.4)	–	3.0	–
	<u>44.5</u>	<u>(28.7)</u>	<u>15.8</u>	<u>15.8</u>	<u>–</u>

As disclosed in the Prospectus, the Group's business objectives are to further its growth in existing business by strengthening marketing capabilities and expanding product portfolio through enhancing software development, in order to further enlarge its market share in Hong Kong and Macau and to become one of the active biometrics identification solutions providers in the PRC. The Directors intend to achieve the objectives by (i) enhancing the quality of aftersales services and strengthening the operation support as part of the expansion plan of the business in the Southern China; (ii) improving the information technology system; (iii) setting up a new and separate software development centre in the PRC to further enhance and develop the Group's software; and (iv) research and development on touchless biometrics identification devices and AIoT.

The Group had planned to use approximately HK\$15.8 million of net proceeds to launch affordable locally manufactured fingerprint identification devices as part of the expansion plan of the business in the Southern China to other business plans of the Company. As disclosed in this announcement and the Announcement, due to the reasons disclosed in the Announcement, 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 reallocated the relevant utilised net proceeds to other business plans.

The Group had planned to use approximately HK\$8.1 million of net proceeds to enhance the quality of after-sales services and to strengthen the operation support as part of the expansion plan of the business in the Southern China. As at 31 March 2024, a total of approximately HK\$8.1 million was spent on enhancing the quality of after-sales services and strengthening the operation support as part of the expansion plan of the business in the Southern China.

The Group had planned to use approximately HK\$8.0 million of net proceeds to improve the information technology system. As at 31 March 2024, a total of approximately HK\$8.0 million was spent on improving the information technology system.

The Group had planned to use approximately HK\$15.2 million of net proceeds to set up a new and separate software development centre in the PRC to further enhance and develop the Group's software. As at 31 March 2024, a total of approximately HK\$15.2 million was spent on setting up a new and separate software development centre in the PRC to further enhance and develop the Group's software.

The Group had planned to use approximately HK\$6.8 million of net proceeds to research and development on touchless biometrics identification devices and AIoT. As at 31 March 2024, a total of approximately HK\$6.8 million was spent on research and development on touchless biometrics identification devices and AIoT.

The Group had planned to use approximately HK\$6.4 million of net proceeds to working capital. As at 31 March 2024, a total of approximately HK\$6.4 million was spent on working 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 year ended 31 March 2024.

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 summarized 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.

Competing Interests

During the year ended 31 March 2024, none of the Directors, the controlling shareholders and their respective associates (as defined in the GEM Listing Rules) as at 31 March 2024 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.

Corporate Governance Practices

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

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. Wang was appointed as the Chairman and the chief executive officer on 13 May 2024. Given that the scale of the Group is not mega and that the Company's and the Group's current business operations and administration have been stable, the Board is justified that the current structure is able to enable the effective discharge of the duties of both positions. However, going forward, the Board will review from time to time the need to separate the roles of the Chairman and the chief executive officer if the situation warrants it.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the dual foreign name in Chinese of the Company from “懶豬科技集團有限公司” to “漢諾科技集團有限公司”. The proposed Change of company name is conditional upon the following conditions having been satisfied: (i) the passing of a special resolution approving the proposed change of company name by the shareholders of the Company at an extraordinary general meeting to be convened and held by the Company; and (ii) the approval being granted by the Registrar of Companies in the Cayman Islands for the proposed change of company name. Please refer to the announcement of the Company dated 15 March 2024 for details of the proposed change of company name.

EVENTS AFTER THE REPORTING PERIOD

On 14 June 2024, the Group entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”) with Guizhou Little Butterfly Cultural Tourism Industry Development Co. Ltd.* (貴州小蝴蝶文化旅遊產業發展有限公司) (“**Guizhou Little Butterfly Cultural**”), a company established under the laws of the People's Republic of China which mainly operates the business of entrusted operation and management of tourist attractions. Pursuant to Strategic Cooperation Framework Agreement, the Company and Guizhou Little Butterfly Cultural will cooperate on various matters including but not limited to joint development of intellectual property rights in digital cultural tourism and exploration of potential opportunities through the operation of e-commerce platforms or other feasible approaches. The Strategic Cooperation Framework Agreement shall be effective for a term of one year. Details of the above are set out in the Company's announcement dated 14 June 2024.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 March 2024:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which mentions that the Group incurred a loss attributable to owners of the Company of approximately HK\$15,627,000 during the year ended 31 March 2024. As at 31 March 2024, the Group’s bank and cash balances amounted to approximately HK\$3,802,000 whilst the liabilities expected to be settled within the next 12 months amounted to approximately HK\$12,538,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcomes of the Group to attain profitable and positive cash flows from operations as detailed in note 2 to the consolidated financial statements.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2024 have been agreed by the Group’s auditor, McMillan Woods, to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 March 2024. The work performed by McMillan Woods 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 McMillan Woods on the preliminary announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference (revised pursuant to a board resolution on 30 December 2022) in conformity of the CG Code which are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are, among others, to review and supervise the financial reporting process and internal control systems of the Group. The Audit Committee comprises four independent non-executive Directors, namely Mr. Chung Billy (chairman of the Audit Committee), Mr. Wong Ching Wan, Mr. Ke Tianxiong and Mr. Yang Chuan.

The Audit Committee has reviewed the draft consolidated financial statements of the Group for the year ended 31 March 2024 and recommended approval to the Board.

By Order of the Board
Prime Intelligence Solutions Group Limited
懶豬科技集團有限公司
Wang Yicheng
Chairman

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors are Mr. Wang Yicheng, Ms. Yuen Mei Ling, Pauline, Mr. Lin Shixing and Ms. Zhang Yushan; the non-executive Director is Mr. Yuen Kwok Wai, Tony; and the independent non-executive Directors are Mr. Chung Billy, Mr. Wong Ching Wan, Mr. Ke Tianxiong and Mr. Yang Chuan.

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 publication. This announcement will also be published on the Company’s website at www.primeintelligence.com.hk.