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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 six months ended 30 September 2022 together with the unaudited and audited comparative figures for the corresponding periods in 2021 as follows:

		Three months ended 30 September		Six months ended 30 September	
		2022	2021	2022	2021
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<i>Notes</i>		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	9,044	12,422	21,354	25,854
Cost of sales and services rendered		(7,383)	(7,379)	(13,956)	(15,168)
<b>Gross profit</b>		<b>1,661</b>	5,043	<b>7,398</b>	10,686
Other income	5	448	35	790	38
Selling and distribution costs		(1,876)	(1,999)	(3,376)	(3,082)
Administrative and other operating expenses		(6,233)	(6,221)	(12,689)	(12,521)
<b>Loss from operation</b>		<b>(6,000)</b>	(3,142)	<b>(7,877)</b>	(4,879)
Finance costs		(31)	(27)	(32)	(60)
<b>Loss before tax</b>		<b>(6,031)</b>	(3,169)	<b>(7,909)</b>	(4,939)
Income tax credit/(expense)	6	28	(116)	(26)	(340)
<b>Loss for the period</b>	7	<b>(6,003)</b>	(3,285)	<b>(7,935)</b>	(5,279)
<b>Other comprehensive income for the period, net of tax:</b>					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		—	—	—	—
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>(6,003)</b>	(3,285)	<b>(7,935)</b>	(5,279)
<b>Loss per share (HK cents)</b>					
— Basic and diluted	9	<b>(0.75)</b>	(0.41)	<b>(0.99)</b>	(0.66)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>30 September 2022 HK\$'000 (unaudited)</b>	31 March 2022 HK\$'000 (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		–	–
Right-of-use assets		–	–
Intangible assets		–	–
		<u>–</u>	<u>–</u>
<b>Current assets</b>			
Inventories		<b>22,711</b>	21,961
Trade receivables	<i>10</i>	<b>11,562</b>	11,403
Other receivables, prepayments and deposits		<b>2,353</b>	2,427
Tax recoverable		<b>322</b>	348
Bank and cash balances		<b>29,114</b>	36,879
		<u><b>66,062</b></u>	<u>73,018</u>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>1,198</b>	791
Other payables and accrued expenses		<b>5,149</b>	4,010
Lease liabilities		<b>927</b>	1,268
Contract liabilities		<b>6,705</b>	7,147
		<u><b>13,979</b></u>	<u>13,216</u>
<b>Net current assets</b>		<u><b>52,083</b></u>	<u>59,802</u>
<b>Total assets less current liabilities</b>		<u><b>52,083</b></u>	<u>59,802</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>203</b>	122
Contract liabilities		<b>657</b>	522
		<u><b>860</b></u>	<u>644</u>
<b>NET ASSETS</b>		<u><b>51,223</b></u>	<u>59,158</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>8,000</b>	8,000
Reserves		<b>43,223</b>	51,158
<b>TOTAL EQUITY</b>		<u><b>51,223</b></u>	<u>59,158</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/ (accumulated losses) <i>HK\$'000</i>	Total reserve <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Balance at 1 April 2021 (audited)</b>	8,000	51,682	17,079	12	(151)	5,582	74,204	82,204
Total comprehensive income for the period (unaudited)	-	-	-	-	-	(5,279)	(5,279)	(5,279)
<b>Balance at 30 September 2021 (unaudited)</b>	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(151)</u>	<u>303</u>	<u>68,925</u>	<u>76,925</u>
<b>Balance at 1 April 2022 (audited)</b>	8,000	51,682	17,079	12	(10)	(17,605)	51,158	59,158
Total comprehensive income for the period (unaudited)	-	-	-	-	-	(7,935)	(7,935)	(7,935)
<b>Balance at 30 September 2022 (unaudited)</b>	<u>8,000</u>	<u>51,682</u>	<u>17,079</u>	<u>12</u>	<u>(10)</u>	<u>(25,540)</u>	<u>43,223</u>	<u>51,223</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Net cash used in operating activities	<u><b>(6,993)</b></u>	<u>(8,007)</u>
Purchases of property, plant and equipment	<b>(13)</b>	(279)
Other investing cash flows (net)	<u><b>3</b></u>	<u>3</u>
Net cash used in investing activities	<u><b>(10)</b></u>	<u>(276)</u>
Net cash used in financing activities	<u><b>(762)</b></u>	<u>(1,998)</u>
Net decrease in cash and cash equivalent	<b>(7,765)</b>	(10,281)
Cash and cash equivalents at beginning of the period	<u><b>36,879</b></u>	<u>59,172</u>
Cash and cash equivalents at end of the period	<u><b>29,114</b></u>	<u>48,891</u>
Analysis of cash and cash equivalents consist of		
Bank and cash balances	<u><b>29,114</b></u>	<u>48,891</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 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

The unaudited condensed consolidated financial statements of the Group are presented in Hong Kong dollars ("**HK\$**"), which is the functional currency of the Company.

The unaudited condensed consolidated results of the Group for the three and six months ended 30 September 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**"). Except as described in paragraph headed "Change in accounting policies and disclosures" below, the accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated results are consistent with those used in the 2022 Consolidated Financial Statements.

### **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.



## 5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest income	2	–	3	1
Government subsidies	446	–	782	–
Others	–	35	5	37
	<u>448</u>	<u>35</u>	<u>790</u>	<u>38</u>

## 6. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Provision for the period:				
Hong Kong Special Administrative Region (“ <b>Hong Kong</b> ”) of the People’s Republic of China (“ <b>PRC</b> ”) Profits Tax				
— provision for the period	–	116	26	340
— over-provision for prior period	(28)	–	–	–
	<u>(28)</u>	<u>116</u>	<u>26</u>	<u>340</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% (three and six months ended 30 September 2021: 8.25%) for the first HK\$2 million of its estimated assessable profits and at 16.5% (three and six months ended 30 September 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% (three and six months ended 30 September 2021: 16.5%) for the three and six months ended 30 September 2022.

The Group’s subsidiary established and operated in the PRC is subject to PRC Enterprise Income Tax at the rate of 25% (three and six months ended 30 September 2021: 25%). No PRC Enterprise Income Tax has been provided for the three and six months ended 30 September 2022 (three and six months ended 30 September 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 (three and six months ended 30 September 2021: MOP600,000) is exempted from taxation with taxable income beyond this amount to be taxed at the rate of 12% (three and six months ended 30 September 2021: 12%) for the three and six months ended 30 September 2022.

## 7. LOSS FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Depreciation				
— Owned assets	—	103	—	195
— Right of use assets	—	797	—	1,147
Staff costs (including Directors' emoluments)				
— Salaries, bonus and allowances and other benefits in kind	7,120	6,806	13,425	12,343
— Commission	104	153	185	317
— Retirement benefits scheme contributions	319	350	673	665
	7,543	7,309	14,283	13,325
Cost of inventories sold	3,412	4,245	7,072	8,992
Foreign exchange (gain)/losses, net	(68)	62	(127)	91
Auditor's remuneration	126	175	254	303
Impairment loss on right-of-use-assets	502	—	502	—
Impairment loss on property, plant and equipment	13	—	13	—
	<u>13</u>	<u>—</u>	<u>13</u>	<u>—</u>

## 8. DIVIDEND

No dividend was declared or paid during the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

## 9. LOSS PER SHARE

### (a) Basic loss per share

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

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the purpose of calculating basic loss per share	<u>(6,003)</u>	<u>(3,285)</u>	<u>(7,935)</u>	<u>(5,279)</u>
<b>Number of shares</b>				
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 six months ended 30 September 2022 and 2021.

## 10. TRADE RECEIVABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
From third parties	12,139	12,004
Less: allowance for doubtful debts	<u>(601)</u>	<u>(601)</u>
	11,538	11,403
From related parties	<u>24</u>	<u>–</u>
	<u>11,562</u>	<u>11,403</u>

Analysis of trade receivables due from related parties:

	<b>As at 30 September 2022 HK\$'000 (unaudited)</b>	<b>As at 31 March 2022 HK\$'000 (audited)</b>
SoHo Business Center Limited (“SoHo”)	<u>24</u>	<u>–</u>
	<u><b>24</b></u>	<u><b>–</b></u>

Mr. Yuen Kwok Wai, Tony (“**Mr. Tony Yuen**”) and Ms. Yuen Mei Ling, Pauline (“**Ms. Pauline Yuen**”) are able to exercise significant influence over SoHo which is incorporated in Hong Kong.

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, based on the invoice date is as follows:

	<b>As at 30 September 2022 HK\$'000 (unaudited)</b>	<b>As at 31 March 2022 HK\$'000 (audited)</b>
0 to 90 days	7,345	6,153
91 to 180 days	2,081	2,040
181 to 365 days	1,177	3,106
Over 365 days	<u>959</u>	<u>104</u>
	<u><b>11,562</b></u>	<u><b>11,403</b></u>

## 11. TRADE PAYABLES

An ageing analysis of the Group’s trade payables, based on the invoice date is as follows:

	<b>As at 30 September 2022 HK\$'000 (unaudited)</b>	<b>As at 31 March 2022 HK\$'000 (audited)</b>
0 to 30 days	241	171
31 to 60 days	242	81
Over 60 days	<u>715</u>	<u>539</u>
	<u><b>1,198</b></u>	<u><b>791</b></u>

## 12. SHARE CAPITAL

	<b>Number of ordinary shares</b>	
	<i>Per share</i>	<i>HK\$'000</i>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
As at 31 March 2022 (audited), 1 April 2022 and 30 September 2022 (unaudited)	<u>5,000,000,000</u>	<u>50,000</u>
<b>Issued and fully paid:</b>		
As at 31 March 2022 (audited), 1 April 2022 and 30 September 2022 (unaudited)	<u>800,000,000</u>	<u>8,000</u>

## 13. 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 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.

## 14. CONTINGENT LIABILITIES

At 30 September 2022, the Group did not have any contingent liabilities.

## 15. RELATED PARTY TRANSACTIONS

Other than those balances of related parties disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the period.

### (a) Transactions with related parties

	Notes	Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Sales of goods to related companies:					
— Long Yield Company Limited (“Long Yield”)	(i), (ii)	<u>39</u>	<u>20</u>	<u>62</u>	<u>20</u>
Services rendered to related companies:					
— Long Yield	(i), (ii)	<u>26</u>	<u>24</u>	<u>57</u>	<u>48</u>
— SoHo	(i), (ii)	<u>16</u>	<u>24</u>	<u>32</u>	<u>56</u>
		<u>42</u>	<u>48</u>	<u>89</u>	<u>104</u>
Rental expenses paid to a related company:					
— Global Technology Corporation Limited (“Global Technology”)	(i), (ii)	<u>–</u>	<u>225</u>	<u>–</u>	<u>450</u>
— Brilliant Capital Resources Limited (“Brilliant”)	(i), (iii)	<u>450</u>	<u>450</u>	<u>900</u>	<u>900</u>
		<u>450</u>	<u>675</u>	<u>900</u>	<u>1,350</u>

#### Notes:

- (i) The pricing of the related party transactions are mutually agreed by the Group and related companies.
- (ii) Mr. Tony Yuen and Ms. Pauline Yuen are able to exercise significant influence over Long Yield, SoHo and Global Technology.
- (iii) Mr. Tony Yuen and Ms. Pauline Yuen are able to exercise control over Brilliant.

(b) **Key management compensation**

Key management mainly represents the Company's Directors. Remuneration for key management personnel of the Group is as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
Salaries, bonus and allowances and other benefits in kind	<b>1,847</b>	1,116	<b>3,046</b>	2,232
Retirement benefits scheme contributions	<b>18</b>	18	<b>36</b>	36
	<b><u>1,865</u></b>	<u>1,134</u>	<b><u>3,082</u></b>	<u>2,268</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

The Group is a provider of biometrics identification solutions in Hong Kong, Macau and the PRC. The Group derives revenue from the following business activities: (i) sales of 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 six months ended 30 September 2022 was approximately HK\$21.4 million, representing a decrease of approximately 17.4% from approximately HK\$25.9 million for the six months ended 30 September 2021. The decrease in revenue was mainly attributable to the decrease in sales of biometrics identification devices, security products and other accessories by approximately HK\$3.8 million (or 21.1%) 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.

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Sales of biometrics identification devices, security products and other accessories	<b>14,001</b>	17,752
Provision of auxiliary and other services	<b>7,353</b>	8,102
	<b><u>21,354</u></b>	<b><u>25,854</u></b>

## 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.

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 unutilised net proceeds from Listing on launching affordable locally manufactured fingerprint identification devices as part of the expansion plan of the business in the Southern China.

With the latest spread of novel coronavirus disease (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.

Pursuant to a special resolution passed at the extraordinary general meeting held on 16 May 2022, the Shareholders have approved to change of 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 English stock short name of the Company for trading in the Shares on the Stock Exchange will remain unchanged as “PRIME INTEL” and the Chinese stock short name of the Company will be changed from “匯安智能” to “懶豬科技” for trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 27 June 2022. The stock code of the Company on the Stock Exchange remains unchanged as “8379”. Details of the above are set out in the Company’s announcement in relation to the change of company name and change of stock short name dated 22 June 2022.

## **FINANCIAL REVIEW**

### **Cost of Sales and Services Rendered 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 21.1% to approximately HK\$7.1 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately 9.0 million). The gross profit margin dropped from approximately 41.3% for the six months ended 30 September 2021 to approximately 34.6% for the six months ended 30 September 2022. The gross profit also dropped from approximately HK\$10.7 million for the six months ended 30 September 2021 to approximately HK\$7.4 million for the six months ended 30 September 2022. The decrease in gross profit was mainly due to the increase in direct cost incurred by the operation of the software development centre in the PRC and staff cost incurred by cost of sales and services rendered.

### **Expenses**

Staff costs for the six months ended 30 September 2022 was approximately HK\$14.3 million (six months ended 30 September 2021: approximately HK\$13.3 million), representing an increase of approximately HK\$1.0 million as compared with that of last corresponding period, which was mainly due to the salary increment during the period.

Administrative expenses for the six months ended 30 September 2022 was approximately HK\$12.7 million (six months ended 30 September 2021: approximately HK\$12.5 million), representing an increase by approximately HK\$0.5 million as compared with the last corresponding period, which was mainly due to the increase in staff costs.

### **Loss for the Period**

The Group incurred a net loss of approximately HK\$7.9 million for the six months ended 30 September 2022, as compared with a net loss of approximately HK\$5.3 million for the six months ended 30 September 2021. The increase in net loss was mainly due to (i) an increase in administrative expenses mainly from the increase in staff costs; 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 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 six months ended 30 September 2022.

## **Liquidity, Financial Resources and Capital Structure**

Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. The Directors believe that with the new capital from the listing of Shares on the GEM, the Group is in a healthy financial position to expand its core business and to achieve its business objectives. As at 30 September 2022, the Group had no bank borrowings (as at 30 September 2021: Nil). The Group requires cash primarily for working capital needs. As at 30 September 2022, the Group had approximately HK\$29.1 million in bank and cash balances (as at 31 March 2022: approximately HK\$36.9 million).

### **Capital Expenditure**

The Group purchased property, plant and equipment amounting to approximately HK\$0.1 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$0.3 million).

### **Capital Commitments**

The Group did not have any significant capital commitments as at 30 September 2022 (as at 31 March 2022: Nil).

### **Gearing Ratio**

As at 30 September 2022, the Group has no outstanding borrowings, accordingly there is no gearing ratio (as at 31 March 2022: HK\$Nil).

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

### **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**”) and Macau Pataca (“**MOP**”). 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, 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 six months ended 30 September 2022.

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

There were neither significant investments held as at 30 September 2022 nor material acquisitions and disposals of subsidiaries during the six months ended 30 September 2022. There is no plan for material investments or capital assets as at the date of this announcement.

## **Charges over Assets of the Group**

As at 30 September 2022, there is no charges over assets of the Group (as at 31 March 2022: HK\$Nil).

## **Interim Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

## **Employees and Remuneration Policies**

As at 30 September 2022, the Group had a total of 67 employees. The Group's staff costs for the six months ended 30 September 2022 amounted to approximately HK\$14.3 million (six months ended 30 September 2021: approximately HK\$13.3 million). The Group's remuneration policies are in line with the prevailing market practice 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.

## **Share Option Schemes**

The share option scheme of the Company was adopted pursuant to a resolution passed by the Company's 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 Scheme include any employees, any executives Directors, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

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

### 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 “Business Objectives and Strategies” of the Prospectus. Set out below is the actual usage of net proceeds up to the date of this announcement:

	<b>Net proceeds</b> <i>HK\$ million</i>	<b>Utilised</b> <i>HK\$ million</i>	<b>Unutilised</b> <i>HK\$ million</i>
<b>Expanding the business in Southern China</b>			
— 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)	—
<b>Improving the information technology system</b>	5.0	(5.0)	—
<b>Setting up a new and separate software development center in the PRC to further enhance and develop the Group’s software</b>	15.2	(15.2)	—
<b>Working capital</b>	3.4	(3.4)	—
	<u>44.5</u>	<u>(28.7)</u>	<u>15.8</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) 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 after-sales services and strengthening the operation support as part of the expansion plan of the business in the Southern China; (iii) improving the 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.

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. The Group has not yet launched affordable locally manufactured fingerprint identification devices. The Group is reviewing the needs and timeframe for launch of affordable locally manufactured fingerprint identification devices so as to capture the above-mentioned low-end market in the PRC.

The Group had planned to use approximately HK\$5.1 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 30 September 2022, a total of approximately HK\$5.1 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\$5.0 million of net proceeds to improve the information technology system. As at 30 September 2022, a total of approximately HK\$5.0 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 30 September 2022, 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\$3.4 million of net proceeds as working capital. As at 30 September 2022, a total of approximately HK\$3.4 million was spent on working capital.

## **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. Yuen Kwok Wai, Tony (“**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.

### **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.

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

As at 30 September 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 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 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 ad 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to be taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 30 September 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*

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of shares (note 1)</b>	<b>Percentage of the Company's issued share capital</b>
Delighting View (note 2)	Beneficial owner	206,000,000 (L)	25.75%
Mr. Yao Han (“ <b>Mr. Yao</b> ”) (note 3)	Beneficial owner	190,000,000 (L)	23.75%
Ms. Jian Yanmei (“ <b>Ms. Jian</b> ”) (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 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 of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under section 336 of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or options in respect of such share capital.

#### **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 six months ended 30 September 2022.

#### **COMPETING INTERESTS**

The Directors confirm that as at 30 September 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.

## 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 three and six months ended 30 September 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 November 2022

*As at the date of this announcement, the executive Directors 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 Mr. Wong Ching Wan.*

*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 after the date of publication and on the website of the Company at [www.primeintelligence.com.hk](http://www.primeintelligence.com.hk).*