

Max Sight Photo 名仕快相

Max Sight Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8483



2023

THIRD QUARTERLY REPORT

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.

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This quarterly report, for which the directors (the “Director(s)”) of Max Sight Group Holdings Limited (the “Company”), together with its subsidiaries, the “Group” or “We”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this quarterly report 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 quarterly report misleading.

This quarterly report, in both English and Chinese versions, is available on the Company’s website at www.maxsightgroup.com.

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HIGHLIGHTS

- The Group's revenue increased by approximately HK\$41,354,000, from approximately HK\$20,154,000 for the nine months ended 30 September 2022 to approximately HK\$61,508,000 for the nine months ended 30 September 2023. For the nine months ended 30 September 2023, revenue in photography services amounted to approximately HK\$51,615,000 (for the nine months ended 30 September 2022: HK\$15,360,000), which represent an increase of approximately 236%. For the nine months ended 30 September 2023, revenue in medical services business amounted to approximately HK\$9,893,000 (for the nine months ended 30 September 2022: HK\$4,794,000), which represent an increase of approximately 106%, primarily due to increase in the patient visits.
- The Group's gross profit amounted to approximately HK\$20,776,000 and HK\$1,101,000 for the nine months ended 30 September 2023 and 2022 respectively, representing gross profit margin of approximately 33.78% and 5.46% respectively.
- The profit attributable to equity shareholders of the Company increased by approximately HK\$15,202,000, from the loss attributable to equity shareholders of the Company approximately HK\$8,508,000 for the nine months ended 30 September 2022 to the profit attributable to equity shareholders of the Company approximately HK\$6,694,000 for the nine months ended 30 September 2023. The profit attributable to equity shareholders of the Company increased mainly due to the increasing in revenue in photograph services business in Hong Kong mainly due to the relaxation of certain social distancing measures and immigration control policies at the end of 2022.
- The Directors do not recommend the declaration of any interim dividend for the nine months ended 30 September 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Wing Chai, Jamson (*Chairman*)

Mr. Chan Tien Kay, Timmy
(*Chief Executive Officer*)

Dr. Chan Wing Lok, Brian

Non-executive Director

Mr. Riccardo Costi

Independent Non-executive Directors

Mr. Ngai James

Mr. Hui Chi Kwan

Mr. Kwok Tsun Wa

AUDIT COMMITTEE

Mr. Ngai James (*Chairman*)

Mr. Hui Chi Kwan

Mr. Kwok Tsun Wa

REMUNERATION COMMITTEE

Mr. Ngai James (*Chairman*)

Mr. Chan Tien Kay, Timmy

Mr. Hui Chi Kwan

NOMINATION COMMITTEE

Mr. Chan Wing Chai, Jamson (*Chairman*)

Mr. Ngai James

Mr. Kwok Tsun Wa

AUTHORISED REPRESENTATIVES

Mr. Chan Tien Kay, Timmy

Mr. Wong Chi Hong

Mr. Chan Wing Chai, Jamson
(*Alternate Authorised Representative*)

COMPANY SECRETARY

Mr. Wong Chi Hong

COMPLIANCE OFFICER

Mr. Chan Tien Kay, Timmy

AUDITOR

KPMG

(Resigned on 7 November 2023)

Public Interest Entity Auditor

registered in accordance with

the Financial Reporting

Council Ordinance

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

RSM Hong Kong

(Appointed on 7 November 2023)

Public Interest Entity Auditor

registered in accordance with the

Financial Reporting Council Ordinance

29th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay, Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14th Floor, McDonald's Building
48 Yee Wo Street
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
11/F, CCB Centre
18 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
Hopewell Centre Branch
Shop 2A, 2/F, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

COMPANY'S WEBSITE

www.maxsightgroup.com

STOCK CODE

8483

DATE OF LISTING

28 February 2018

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 September 2023 (the “Reporting Period”) together with the relevant comparative figures as follows:

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	NOTES	For the nine months ended 30 September		For the three months ended 30 September	
		2023	2022	2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	61,508	20,154	22,031	8,699
Cost of services		(40,732)	(19,053)	(14,311)	(7,101)
Gross profit		20,776	1,101	7,720	1,598
Other income		463	3,150	91	912
Other net losses		(192)	(569)	(51)	(369)
Administrative expenses		(13,715)	(12,591)	(4,384)	(4,346)
Profit/(loss) from operations		7,332	(8,909)	3,376	(2,205)
Finance costs		(480)	(365)	(201)	(109)
Profit/(loss) before taxation		6,852	(9,274)	3,175	(2,314)
Income tax	4	(54)	51	(110)	65
Profit/(loss) for the period		6,798	(9,223)	3,065	(2,249)
Attributable to:					
Equity shareholders of the Company		6,694	(8,508)	2,986	(2,074)
Non-controlling interests		104	(715)	79	(175)
Profit/(loss) for the period		6,798	(9,223)	3,065	(2,249)

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	NOTES	For the nine months ended 30 September		For the three months ended 30 September	
		2023	2022	2023	2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Other comprehensive income for the period					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of financial statements of subsidiary outside Hong Kong		398	622	47	350
Total comprehensive income for the period		7,196	(8,601)	3,112	(1,899)
Attributable to:					
Equity shareholders of the Company		7,092	(7,886)	3,033	(1,724)
Non-controlling interests		104	(715)	79	(175)
Total comprehensive income for the period		7,196	(8,601)	3,112	(1,899)
Profit/(loss) per share (Hong Kong cents)					
— Basic and diluted	6	0.84	(1.06)	0.37	(0.26)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Translation reserve	Other reserve	Accumulated losses	Total	Non-Controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	8,000	53,083	(1,089)	(5,664)	(19,546)	34,784	(242)	34,542
Loss for the period	-	-	-	-	(8,508)	(8,508)	(715)	(9,223)
Other comprehensive income	-	-	622	-	-	622	-	622
Total comprehensive income	-	-	622	-	(8,508)	(7,886)	(715)	(8,601)
Capital contribution from non-controlling shareholder	-	-	-	-	-	-	5	5
At 30 September 2022 (unaudited)	8,000	53,083	(467)	(5,664)	(28,054)	26,898	(952)	25,946
At 1 January 2023 (audited)	8,000	53,083	(539)	(5,664)	(31,064)	23,816	(1,102)	22,714
Profit for the period	-	-	-	-	6,694	6,694	104	6,798
Other comprehensive income	-	-	398	-	-	398	-	398
Total comprehensive income	-	-	398	-	6,694	7,092	104	7,196
Dividend (Note 5)	-	(3,000)	-	-	-	(3,000)	-	(3,000)
At 30 September 2023 (unaudited)	8,000	50,083	(141)	(5,664)	(24,370)	27,908	(998)	26,910

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

1. GENERAL

Max Sight Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares (the “**Shares**”) are listed on GEM of the Stock Exchange on 28 February 2018. Its ultimate and immediate holding company is Causeway Treasure Holding Limited (“**Causeway Treasure**”), an entity incorporated in the British Virgin Islands (the “**BVI**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business in Hong Kong is 14th Floor, McDonald’s Building, 48 Yee Wo Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in (i) the provision of photography services through automatic identity documentation (“**ID**”) photo booths at different locations in Hong Kong and Guangdong Province, the People’s Republic of China (the “**Mainland China**”); and (ii) provision of medical services starting from October 2021 by operating medical centres in Hong Kong.

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

2. BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2023 and 2022 have been prepared on the historical cost basis and in accordance with the following accounting policies which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated financial statements include the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the independent auditor's report in annual report of the Company dated 17 March 2023, except for the adoption of the new revised standards, amendments and interpretations issued by the HKICPA that are adopted for the first time for the current period of the financial statements.

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company (the "Audit Committee").

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are (i) provision of photography service through automatic ID photo booths at different locations in Hong Kong and Guangdong Province, Mainland China and (ii) provision of medical services by operating medical centres in Hong Kong. Revenue represents the fair value of amounts received and receivable from provision of photography service and medical service by the Group to external customers, net of sales returns.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	For the nine months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRSs 15		
Disaggregation by major service lines		
Photography service income	51,615	15,360
Medical service income	9,893	4,794
	61,508	20,154

(b) Segment Reporting

The Group manages its business by geography. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified the following three (for the nine months ended 30 September 2022: three) reportable segments. No operating segments have been aggregated to form the reportable segments.

- Photography services in Hong Kong
- Photography services in Mainland China
- Medical services in Hong Kong

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors monitor the results and assets attributable to each reportable segment on the following bases:

Reportable segment profit/(loss) represents profit/(loss) before taxation by excluding head office and corporate expenses.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Information regarding the Group's reportable segments as provided to the executive Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance for the period is set out below:

Segment results

	For the nine months ended 30 September							
	2023				2022			
	Photography services		Medical services		Photography services		Medical services	
	Hong Kong	Mainland China	Hong Kong	Consolidated	Hong Kong	Mainland China	Hong Kong	Consolidated
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	50,732	883	9,893	61,508	14,558	802	4,794	20,154
Reportable segment profit/(loss)	17,009	412	(1,304)	16,117	3,697	763	(5,225)	(765)
Head office and corporate expenses				(9,265)				(8,509)
Profit/(loss) before tax				6,852				(9,274)
Interest income				169				16
Finance costs	(171)	(63)	(246)	(480)	(144)	(78)	(143)	(365)
Depreciation	(5,101)	-	(2,359)	(7,460)	(3,823)	(565)	(3,166)	(7,554)
Amortisation of intangible assets	-	-	-	-	-	-	(11)	(11)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	For the three months ended 30 September							
	2023				2022			
	Photography services		Medical services		Photography services		Medical services	
	Hong Kong	Mainland China	Hong Kong	Consolidated	Hong Kong	Mainland China	Hong Kong	Consolidated
HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	18,065	301	3,665	22,031	6,623	298	1,778	8,699
Reportable segment profit/(loss)	6,220	75	(212)	6,083	2,187	6	(1,391)	802
Head office and corporate expenses				(2,908)				(3,116)
Profit/(loss) before tax				3,175				(2,314)
Interest income				72				15
Finance costs	(89)	(20)	(92)	(201)	(48)	(21)	(40)	(109)
Depreciation	(1,672)	-	(785)	(2,457)	(1,226)	(243)	(1,111)	(2,580)
Amortisation of intangible assets	-	-	-	-	-	-	(9)	(9)

Geographical Information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

	Revenue from external customers For the nine months ended 30 September		Revenue from external customers For the three months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Hong Kong	60,625	19,352	21,730	8,401
Mainland China	883	802	301	298
	61,508	20,154	22,031	8,699

For the nine months ended 30 September 2023 and 2022, no single customer accounted for 10% or more of the Group's total revenue.

4. INCOME TAX

	For the nine months ended 30 September		For the three months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax — Hong Kong Profit Tax				
Provision for the period	(9)	–	–	–
Deferred Tax				
Origination and reversal of temporary differences	(45)	51	(110)	65
	(54)	51	(110)	65

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the group companies sustained a loss for tax purposes during the nine months ended 30 September 2023 and 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Under the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiary is 25% for the relevant periods. No provision for Mainland China income tax has been made in the unaudited condensed consolidated financial statements as the Group sustained a loss for tax purposes during the nine months ended 30 September 2023 and 2022.

Mainland China tax law also imposed a withholding tax at 5%, unless reduced by a treaty or agreement, for dividend distributed by a Mainland China-resident enterprise to its immediate holding company outside Mainland China for earnings generated beginning on 1 January 2008.

Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. Provision for withholding tax is recognised for the dividends that have been declared and deferred tax liability is recognised for those to be declared in the foreseeable future. The Group did not recognise any withholding tax for the relevant periods.

5. DIVIDEND

On 4 August 2023, the Directors have recommended to declare an interim dividend of HK\$0.00375 per Share for the six months ended 30 June 2023, totaling HK\$3,000,000 out of the share premium account of the Company, and the recommendation has been approved by the shareholders of the Company (the “Shareholders”) at the second adjournment extraordinary general meeting held on 13 September 2023. The dividend has been reflected as an appropriation of share premium for the nine months ended 30 September 2023 and paid on or about 6 October 2023.

The Directors did not recommend any interim dividend for the nine months ended 30 September 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

6. PROFIT/LOSS PER SHARE

(a) Basic profit/loss per Share

The calculation of basic profit/(loss) per Share is based on the profit attributable to equity shareholders of the Company of HK\$6,694,000 and loss attributable to equity shareholders of the Company of HK\$8,508,000 and the weighted average number of ordinary shares in issue of 800,000,000 and 800,000,000 for the nine months ended 30 September 2023 and 2022 respectively.

(b) Diluted profit/loss per Share

There were no diluted potential Shares in existence during the nine months ended 30 September 2023 and 2022 respectively.

7. EVENTS AFTER REPORTING PERIOD

The Group had no significant events after the end of the Reporting Period of this quarterly report.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are principally engaged in (i) provision of photography services through automatic ID photo booths at different locations in Hong Kong and Guangdong Province, Mainland China; and (ii) provision of medical services by operating medical centres in Hong Kong.

Photography services business

In February 2023, the Group received a letter of acceptance from a Hong Kong government authority, which is responsible for issuance of identification documents, through tendering for the provision of automatic photographic studio services at its offices in Hong Kong for a period of 24 months effective from 1 March 2023. The successful tender further intensifies the network of automatic identification photo booths, thereby enhancing the revenue and profitability of the Group.

We believe that (i) status of the COVID-19 pandemic is stable in Hong Kong; (ii) the introduction of JoyYou card (樂悠卡); (iii) relaxation of certain social distancing measures and immigration control in Hong Kong have lead a substantial demand on the photography services business in Hong Kong during the nine months ended 30 September 2023. We consider that such significant demand of ID photos will remain in the foreseeable future.

In this regard, we reallocated certain resources to the business development of automatic ID photo booths business in Hong Kong to (i) upgrading and maintaining our automatic ID photo booth machines such as the printing system, the computer boards and the overall booth decoration; and (ii) advertisement and promotion through media and promotional events. We will continually reassess the profitability on each photo booth locations and relocate the photo booths accordingly.

We are also researching different potential projects with regards to our photography services business. The meetings with our business partners and vendors have held during the nine months ended 30 September 2023 to upgrade our business model by allocating further funds and resources in the information technology (the "IT") infrastructure to achieve diversifiable development of our core business could be a new direction for the Group in the future.

Medical services business

The Group commenced medical services business by operating medical centres in Hong Kong (the "Medical Services Business"). The Group is actively seeking opportunities to recruit and identify suitable medical practitioners, equipment, premises and related businesses to further expand its Medical Services Business. For the nine months ended 30 September 2023, the Group has entered into new tenancy agreement with independent third party to establish a new medical centre in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

We trust that the general increase in health awareness since COVID-19 will boost the demand for medical and related healthcare services in Hong Kong. We believe that the further development of our Medical Services Business is essential to our core strategy of diversifying our Group's business.

In this regard, we reallocated certain resources to develop the Medical Services Business to (i) purchase equipment for the development of medical and related services and upgrade our computer equipment and software in order to enhance the quality and reliability of our medical services; and (ii) establish or acquire new clinics, medical and related business. It is envisaged that there will be new business opportunities in medical and related healthcare sector in complement to our existing Medical Service Business and the Group are committed to continuously strengthen and enrich the portfolio of its Medical Service Business.

We are committed to strengthen our existing core business and shall continue to capture market opportunities. We will continue to conduct research and explore new business opportunities for future development and further expansion in order to develop a diversified business and broaden its revenue base, so as to achieve sustainable business growth and to create values and enhance long-term benefits for the shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$41,354,000, from approximately HK\$20,154,000 for the nine months ended 30 September 2022 to approximately HK\$61,508,000 for the nine months ended 30 September 2023. For the nine months ended 30 September 2023, revenue in photography services amounted to approximately HK\$51,615,000 (for the nine months ended 30 September 2022: HK\$15,360,000), which represent an increase of approximately 236% mainly due to the increase in demand in ID photo as a result of the relaxation of certain social distancing measures and immigration control policies at the end of 2022. For the nine months ended 30 September 2023, revenue in medical services business amounted to approximately HK\$9,893,000 (for the nine months ended 30 September 2022: HK\$4,794,000), which represent an increase of approximately 106%, primarily due to increase in the patient visits.

Cost of services

The Group's cost of services increased by approximately HK\$21,679,000, from approximately HK\$19,053,000 for the nine months ended 30 September 2022 to approximately HK\$40,732,000 for the nine months ended 30 September 2023. The increase was mainly due to the increasing in licence fees and rental paid which is in line with the recovery of our Hong Kong photography services business since the end of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit amounted to approximately HK\$20,776,000 and HK\$1,101,000 for the nine months ended 30 September 2023 and 2022 respectively, representing gross profit margin of approximately 33.78% and 5.46% respectively, the improvement was mainly due to the increase in revenue for the nine months ended 30 September 2023.

Other income

Other income decreased by approximately HK\$2,687,000 from approximately HK\$3,150,000 for the nine months ended 30 September 2022 to approximately HK\$463,000 for the nine months ended 30 September 2023. Such decrease was mainly due to decrease in net gains on early termination of lease and the government grants.

Other net losses

Other net losses mainly represented net exchange losses and gain on disposed property, plant and equipment of approximately HK\$192,000 and net exchange losses of approximately HK\$569,000 for the nine months ended 30 September 2023 and 2022 respectively.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$1,124,000, from approximately HK\$12,591,000 for the nine months ended 30 September 2022 to approximately HK\$13,715,000 for the nine months ended 30 September 2023. The increase was mainly attributable to the increase in staff cost and travelling and entertainment.

Finance costs

Finance costs represented interest on lease liabilities and interest on bank loans of approximately HK\$480,000 and HK\$365,000 for the nine months ended 30 September 2023 and 2022 respectively.

Income tax

Income tax expenses amounted to approximately HK\$54,000 and income tax credit amounted to approximately HK\$51,000 for the nine months ended 30 September 2023 and 2022 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit/loss attributable to equity shareholders of the Company

The profit attributable to equity shareholders of the Company increased by approximately HK\$15,202,000, from the loss attributable to equity shareholders of the Company approximately HK\$8,508,000 for the nine months ended 30 September 2022 to the profit attributable to equity shareholders of the Company approximately HK\$6,694,000 for the nine months ended 30 September 2023. The profit attributable to equity shareholders of the Company increased mainly due to the increasing in revenue in photograph services business in Hong Kong mainly due to the relaxation of certain social distancing measures and immigration control policies at the end of 2022.

Segment Reporting

An analysis of the Group's segment performance for the nine months ended 30 September 2023 and 2022 is set out in note 3 to the unaudited condensed consolidated financial statements of this quarterly report.

Share Capital

As at the date of the listing on GEM of the Stock Exchange on 28 February 2018 (the "Listing Date"), the authorised share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 Shares of par value HK\$0.01 each and the issued share capital of the Company was HK\$8,000,000 divided into 800,000,000 Shares of par value HK\$0.01 each. The share capital of the Company only comprises of ordinary Shares. There has been no change in the share capital of the Company since then.

Employees and Emolument Policy

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices. As at 30 September 2023, the Group has 82 employees (as at 30 September 2022: 56 employees).

Liquidity and capital resources

The Group's financial position remained healthy as at 30 September 2023. Our use of cash primarily related to operating activities and capital expenditure. We mainly finance our operations through cash flows generated from our operations. As at 30 September 2023, bank loans and obligation under finance lease amounting to approximately HK\$3,296,000 (as at 30 September 2022: Nil) was granted by the bank and motor vehicles vendor in Hong Kong. The bank loans and obligation under finance lease were denominated in HK\$.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2023, the Group's total equity amounted to approximately HK\$26,910,000 (as at 30 September 2022: HK\$25,946,000). As at 30 September 2023, the Group's cash and cash equivalents totaled approximately HK\$28,827,000 (as at 30 September 2022: HK\$21,796,000). The current ratio and the quick ratio of the Group as at 30 September 2023 was 1.76 (as at 30 September 2022: 1.96) and 1.68 (as at 30 September 2022: 1.93) respectively. The gearing ratio of the Group was 51.90% as at 30 September 2023 (as at 30 September 2022: 48.07%).

Note: Gearing ratio is calculated as total liabilities divided by total assets.

In managing our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of unexpected fluctuations in cash flows, sufficient bank and cash balance. The Group has built an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. We regularly monitor the repayment dates of financial liabilities, for example other payables and accrued charges, to match with financial resources available to us from time to time. The Group manages liquidity risk by maintaining adequate financial resources, including existing cash and bank balances and operating cash flows.

Foreign exchange risk management

The Group is exposed to currency risk primarily through cash and bank balances that are denominated in United States dollars ("USD") and Renminbi held by Hong Kong entities. And the Group derives its revenue, makes purchases and incurs expenses denominated mainly in Renminbi and HK\$. Foreign currency exposure to USD is insignificant, as the HK\$ is pegged to the USD. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. The management considers that the exchange rate of Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the Mainland China Government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Significant investments held, future plans for material investment and capital assets

As at 30 September 2023 and 2022, the Group did not make any significant investments, future plans for material investment and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals of subsidiaries, associates and joint ventures

As at 30 September 2023 and 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As at 30 September 2023, the banking facility of the Group were secured by restricted bank deposit with an aggregate carrying value of HK\$5,000,000 (30 September 2022: Nil).

Contingent Liabilities

As at 30 September 2023 and 2022, the Group did not have any significant contingent liabilities.

Subsequent Events

The information is set out in note 7 to the unaudited condensed consolidated financial statements of this quarterly report.

Dividends

The information is set out in note 5 to the unaudited condensed consolidated financial statements of this quarterly report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. During the nine months ended 30 September 2023, the Company has complied with all applicable code provisions of the CG Code.

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

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors’ securities transactions in the securities of the Company. Having made specific enquiries of all the Directors, each of the Director has confirmed that he has complied with the required standard of dealings during the nine months ended 30 September 2023.

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

During the nine months ended 30 September 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, 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 its associated corporations (within the meaning of Part XV of the SFO) which were required (i) 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 which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

1. Interests/Short Positions in the Shares of the Company

Name of Directors/ chief executive	Capacity/ nature of interest	Number of Shares	Long/short position	Approximate percentage of total number of issued Shares
Mr. Chan Wing Chai, Jamson	Interest in a controlled corporation ⁽¹⁾	427,600,560	Long	53.45%
Mr. Chan Tien Kay, Timmy	Interest in a controlled corporation ⁽¹⁾	427,600,560	Long	53.45%

Note:

- (1) The disclosed interest represents the interest in the Company held by Causeway Treasure which is in turn approximately 47.25% owned by Mr. Chan Wing Chai, Jamson, approximately 47.25% owned by Mr. Chan Tien Kay, Timmy and approximately 5.5% owned by Ms. Au-Yeung Ying Ho. By virtue of the SFO, Mr. Chan Wing Chai, Jamson and Mr. Chan Tien Kay, Timmy are deemed to be interested in the Shares held by Causeway Treasure.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2. Interests/Short Positions in the Shares or Debentures of the Associated Corporations of the Company

Name of Directors	Name of associated corporation	Capacity/ nature of interest	Number of Shares	Long/short Position	Approximate shareholding percentage in the relevant Shares in the associated corporation
Mr. Chan Wing Chai, Jamson	Causeway Treasure	Beneficial owner ⁽¹⁾	427,600,560	Long	47.25%
Mr. Chan Tien Kay, Timmy	Causeway Treasure	Beneficial owner ⁽¹⁾	427,600,560	Long	47.25%

Note:

- (1) The disclosed interest represents the interest in Causeway Treasure, the associated corporation which is approximately 47.25% owned by Mr. Chan Wing Chai, Jamson and approximately 47.25% owned by Mr. Chan Tien Kay, Timmy, with the remaining interest held as to approximately 5.5% by Ms. Au-Yeung Ying Ho.

Save as disclosed above, as at 30 September 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was 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 which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2023, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/ nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company
Causeway Treasure	Beneficial owner ⁽¹⁾	427,600,560	Long	53.45%
Ms. Au-Yeung Ying Ho	Interest in a controlled corporation ⁽²⁾	427,600,560	Long	53.45%
ME Group International Plc. (formerly known as Photo-Me International Plc.)	Beneficial owner	109,972,500	Long	13.75%
Mr. Cheung Kam Ting ⁽³⁾	Beneficial owner	62,426,940	Long	7.80%

Notes:

- (1) The disclosed interest represents the interest in the Company held by Causeway Treasure which is in turn approximately 47.25% owned by Mr. Chan Wing Chai, Jamson, approximately 47.25% owned by Mr. Chan Tien Kay, Timmy and approximately 5.5% owned by Ms. Au-Yeung Ying Ho.
- (2) On 7 July 2017, Mr. Chan Wing Chai, Jamson, Ms. Au-Yeung Ying Ho and Mr. Chan Tien Kay, Timmy executed the deed of confirmation, whereby they have confirmed their acting in concert arrangements in the past, as well as their intention to continue to act in the above manner (as long as he/she remains as a Shareholder) upon listing to consolidate their control over the Group until and unless the deed of confirmation is terminated in writing. By virtue of the SFO, Ms. Au- Yeung Ying Ho is deemed to be interested in the Shares held by Causeway Treasure.
- (3) Mr. Cheung Kam Ting has resigned as a non-executive Director, with effective from 12 August 2022. For the detailed information, please refer to the announcement of the Company dated on 12 August 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The share option scheme of the Company (the “Share Option Scheme”) was adopted pursuant to a written resolution by the Shareholders on 8 February 2018. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme during the nine months ended 30 September 2023 and there was no outstanding share option as at the date of this quarterly report.

DIRECTORS’, CONTROLLING SHAREHOLDERS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS

During the nine months ended 30 September 2023, an associate of Mr. Riccardo Costi, a non-executive Director had interests in Dedem S.P.A. and its subsidiaries which are principally engaged in automatic ID photo booths operation and provision of auxiliary services to photo booths operation in Europe. As such, Mr. Riccardo Costi is regarded as having interests in the business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Directors are aware of their fiduciary duties and will act honestly and in good faith in the interests of the Company and the Shareholders and will avoid any potential conflicts of interests. During the nine months ended 30 September 2023, the Board was comprised of seven Directors, including three independent non-executive Directors and all of them are Audit Committee members, so that the interests of the Shareholders can be properly maintained.

The Company is, therefore, capable of carrying on its businesses independently of, and at arm’s length from, the businesses in which Mr. Riccardo Costi has declared interests.

Apart from the above-mentioned, during the nine months ended 30 September 2023, the Directors including the independent non-executive Directors, are not aware of any business or interest of the Directors, the management of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditor of the Company; and the Company's financial reporting system, risk management and internal control systems. The Audit Committee comprises three members, namely Mr. Ngai James (chairman), Mr. Hui Chi Kwan and Mr. Kwok Tsun Wa, all of them are independent non-executive Directors. The unaudited condensed consolidated results and the quarterly report of the Group for the nine months ended 30 September 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated results of the Group for the nine months ended 30 September 2023 comply with the applicable accounting standards, the GEM Listing Rules and legal requirements and adequate disclosure have been made.

USE OF PROCEEDS FROM THE COMPANY'S SHARE OFFER

The Company has received the proceeds from the share offer of 200,000,000 Shares at a price of HK\$0.31 each on 28 February 2018 (the "Listing Date"). The gross proceeds from the share offer amounted to approximately HK\$62,000,000 and the net proceeds was approximately HK\$31,852,000. As at 30 September 2023, approximately HK\$19,096,000 had been utilised, detailed information has been set out in the following table, prospectus of the Company dated 15 February 2018 (the "Prospectus"), the section headed "Use of proceeds from the Company's share offer and change in use of proceeds" in the announcement of the Company dated 10 May 2018, the announcement of the Company dated 17 January 2022 and the announcement of the Company dated 12 August 2022 (the "Announcements").

CORPORATE GOVERNANCE AND OTHER INFORMATION

The use of net proceeds from the share offer is set out as follows:

	Actual utilised net proceeds up to 30 September 2023 (HK\$'000)	Unutilised net proceeds up to 30 September 2023 (HK\$'000)	Adjusted use of net proceeds as stated in the Announcements (HK\$'000)	Expected time of fully use of unutilised net proceeds
Expansion of network of automatic ID photo booths				
— Guangdong Province	6,652	—	6,652	—
— Hong Kong	282	—	282	—
Business development of automatic ID photo booths business in Hong Kong	598	5,502	6,100	31 December 2024
Purchase of equipment for the development of medical and related services	9	4,591	4,600	31 December 2024
Establishment or acquisition of new clinics, medical and related business	—	2,000	2,000	31 December 2024
Upgrading of validation centre and IT infrastructure	1,337	663	2,000	31 December 2024
General working capital	10,218	—	10,218	31 December 2024
	19,096	12,756	31,852	

The Company has been exploring business opportunities in Guangdong Province and other provinces in the Mainland China. However, in lieu of in person application, certain ID Documentation Issuing Authorities in the PRC have introduced online official document application systems, which recognise digital ID photos and adapt face recognition systems in replacement of traditional physical form of ID photos for certain types of licences or permit applications. Coupled with the outbreak of the COVID-19 pandemic since 2020 and the Omicron variant in early 2022, and the global macroeconomic headwinds and uncertainty, our originally planned business expansion of network of automatic ID photo booths in Guangdong Province was delayed and became increasingly challenging.

The Group commenced Medical Services Business by operating medical centres in Hong Kong. The Company has been actively seeking opportunities to recruit and identify suitable medical practitioners, equipment, premises and related business to further expand its Medical Services Business. For the nine months ended 30 September 2023, the Group has entered into new tenancy agreement with independent third party to establish a new medical centre in Hong Kong.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board considers that a more cautious approach in relation to the execution of the Group's expansion plan in the Mainland China should be adopted. As disclosed in the Announcements, the Board has considered that it would be more suitable and sustainable to reallocate the unutilised net proceeds from the expansion of network of automatic ID photo booths to (i) business development of automatic ID photo booths business in Hong Kong; (ii) purchase of equipment for the development of medical and related services; (iii) establishment or acquisition of new clinics, medical and related business; and (iv) general working capital. For further details of the change in use of proceeds, please refer to the section headed "Reasons for and benefits of the change in use of proceeds" in the announcement of the Company dated 12 August 2022.

The Group have been actively exploring and studying expansion opportunities in relation to our photography services business and Medical Services Business. To allow more flexibility to identify suitable expansion opportunities, the Board have decided to extend the expected timeline for the unutilised net proceeds to 31 December 2024.

As at the date of this quarterly report, all of the unused proceeds were deposited in licenced banks in Hong Kong.

LANGUAGE

If there is any inconsistency between the English version of this quarterly report and the Chinese translation of this quarterly report, the English version of this quarterly report shall prevail.

By order of the Board
Max Sight Group Holdings Limited
Chan Wing Chai, Jamson
Chairman and Executive Director

Hong Kong, 7 November 2023

As at the date of this quarterly report, the executive Directors are Mr. Chan Wing Chai, Jamson, Mr. Chan Tien Kay, Timmy and Dr. Chan Wing Lok, Brian; the non-executive Director is Mr. Riccardo Costi; and the independent non-executive Directors are Mr. Ngai James, Mr. Hui Chi Kwan and Mr. Kwok Tsun Wa.