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Max Sight Photo
名仕快相

Max Sight Group Holdings Limited

名仕快相集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8483)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

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Given that the companies listed on GEM and 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.

ANNUAL RESULTS HIGHLIGHTS

- The Group's revenue increased by approximately HK\$48,965,000, from approximately HK\$31,253,000 for the year ended 31 December 2022 to approximately HK\$80,218,000 for the year ended 31 December 2023. For the year ended 31 December 2023, revenue in photography services amounted to approximately HK\$65,039,000 (for the year ended 31 December 2022: HK\$23,362,000), which represent an increase of approximately 178.4%. The increase was mainly due to the relaxation of certain social distancing measures and immigration control policies at the end of 2022. For the year ended 31 December 2023, revenue in medical services business amounted to approximately HK\$15,179,000 (for the year ended 31 December 2022: HK\$7,891,000). Such increase was due to increase in the patient visits.
- The Group's gross profit amounted to approximately HK\$26,905,000 and HK\$5,078,000 for the years ended 31 December 2023 and 2022 respectively, representing gross profit margin of approximately 33.54% and 16.25% respectively, the improvement was mainly due to the increase in revenue as explained above for the year ended 31 December 2023.
- The profit attributable to owners of the Company increased by approximately HK\$19,176,000, from the loss attributable to owners of the Company approximately HK\$11,518,000 for the year ended 31 December 2022 to the profit attributable to owners of the Company approximately HK\$7,658,000 for the year ended 31 December 2023. The profit attributable to owners 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 have recommended the distribution of a special dividend of HK\$0.005625 per share for the year ended 31 December 2023 out of the share premium account of the Company, subject to the approval of the Shareholders at the forthcoming annual general meeting.

ANNUAL RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(EXPRESSED IN HONG KONG DOLLARS)

	<i>Note</i>	2023 \$'000	2022 \$'000
Revenue	2	80,218	31,253
Cost of services		<u>(53,313)</u>	<u>(26,175)</u>
Gross profit		26,905	5,078
Other income	3(a)	584	2,073
Other net (losses)/gain	3(b)	(49)	(554)
Administrative expenses		(18,273)	(16,596)
Impairment of right-of-use assets	10	<u>(77)</u>	<u>(2,050)</u>
Profit/(loss) from operations		9,090	(12,049)
Finance costs	5	<u>(659)</u>	<u>(454)</u>
Profit/(loss) before taxation		8,431	(12,503)
Income tax (expenses)/credit	4	<u>(412)</u>	<u>120</u>
Profit/(loss) for the year	7	<u>8,019</u>	<u>(12,383)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		7,658	(11,518)
Non-controlling interest		<u>361</u>	<u>(865)</u>
Profit/(loss) for the year		<u>8,019</u>	<u>(12,383)</u>
Other comprehensive income for the year			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiary outside Hong Kong		<u>212</u>	<u>550</u>
Total comprehensive income for the year		<u>8,231</u>	<u>(11,833)</u>
Attributable to:			
Owners of the Company		7,870	(10,968)
Non-controlling interest		<u>361</u>	<u>(865)</u>
Total comprehensive income for the year		<u>8,231</u>	<u>(11,833)</u>
Earnings/(loss) per share (Hong Kong cents)			
— Basic and diluted	9	<u>0.96</u>	<u>(1.44)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023
(EXPRESSED IN HONG KONG DOLLARS)

	<i>Note</i>	2023 \$'000	2022 \$'000
Non-current assets			
Property, plant and equipment		2,919	4,110
Right-of-use assets		17,017	14,884
Deposits and prepayments	<i>11</i>	3,239	1,548
		<u>23,175</u>	<u>20,542</u>
Current assets			
Inventories		1,336	690
Trade receivables	<i>11</i>	2,854	1,650
Other receivables, deposits and prepayments	<i>11</i>	1,406	2,116
Tax recoverable		–	95
Restricted bank deposit		5,000	5,000
Cash and bank balances		20,669	16,699
		<u>31,265</u>	<u>26,250</u>
Current liabilities			
Trade payables	<i>12</i>	177	299
Other payables and accrued charges		2,841	2,648
Amounts due to non-controlling shareholders		2,195	2,195
Bank loan — secured		1,000	1,000
Lease liabilities		9,298	7,507
Tax payables		509	–
		<u>16,020</u>	<u>13,649</u>
Net current assets		<u>15,245</u>	<u>12,601</u>
Total assets less current liabilities		<u>38,420</u>	<u>33,143</u>
Non-current liabilities			
Lease liabilities		10,032	9,929
Deferred tax liabilities		18	115
Provision for reinstatement		425	385
		<u>10,475</u>	<u>10,429</u>
NET ASSETS		<u>27,945</u>	<u>22,714</u>
CAPITAL AND RESERVES			
Share capital		8,000	8,000
Reserves		20,686	15,816
Total equity attributable to owners of the Company		<u>28,686</u>	<u>23,816</u>
Non-controlling interests		<u>(741)</u>	<u>(1,102)</u>
TOTAL EQUITY		<u>27,945</u>	<u>22,714</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Max Sight Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 February 2018. In the opinion of the directors of the Company, 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) provision of photography services through automatic identity documentation (“**ID**”) photo booths at different locations in Hong Kong and Guangdong Province, Mainland China; and (ii) provision of medical services starting from October 2021 by operating medical centres in Hong Kong.

The annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2023 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. These financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

2. REVENUE AND SEGMENT REPORTING

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 starting from October 2021 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.

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

	2023	2022
	\$’000	\$’000
Revenue from contracts with customers within the scope of HKFRS15		
Disaggregation by major service lines		
— Photography service income	65,039	23,362
— Medical service income	15,179	7,891
	80,218	31,253

All of the services transferred at a point in time.

Segment reporting

The Group manages its business by services and 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 reportable segments. No operating segments have been aggregated to form the following 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.

Segment assets include all current and non-current assets with the exception of cash and bank balances, deferred tax assets (if any) and other corporate assets.

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 year is set out below:

Segment results

	2023				2022			
	Photography services		Medical	Consolidated	Photography services		Medical	Consolidated
	Hong Kong	Mainland	services		Hong Kong	Mainland	services	
	\$'000	China	Hong Kong	\$'000	Hong Kong	China	Hong Kong	\$'000
Revenue	63,830	1,209	15,179	80,218	22,422	940	7,891	31,253
Reportable segment profit/(loss)	21,230	384	(818)	20,796	7,162	(1,028)	(6,932)	(798)
Head office and corporate expenses				(12,365)				(11,705)
Profit/(loss) before tax				8,431				(12,503)
Interest income				269				39
Finance costs	(273)	(72)	(314)	(659)	(178)	(93)	(183)	(454)
Depreciation				(9,864)	(5,084)	(398)	(3,946)	(9,428)
Impairment of right-of-use assets	-	(77)	-	(77)	-	(2,050)	-	(2,050)

Segment assets

	2023				2022			
	Photography services		Medical services		Photography services		Medical services	
	Mainland		Hong Kong	Consolidated	Mainland		Hong Kong	Consolidated
	Hong Kong	China			China	Hong Kong		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Reportable segment assets	14,089	262	14,025	28,376	9,860	400	14,347	24,607
Restricted bank deposit				5,000				5,000
Cash and bank balances				20,669				16,699
Head office and corporate assets				395				486
Consolidated total assets				<u>54,440</u>				<u>46,792</u>

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than financial instruments and deferred tax assets (if any). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets.

	Revenue from external customers		Specified non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Hong Kong	79,009	30,313	19,936	18,994
PRC except Hong Kong	<u>1,209</u>	<u>940</u>	<u>–</u>	<u>–</u>
	<u>80,218</u>	<u>31,253</u>	<u>19,936</u>	<u>18,994</u>

For the years ended 31 December 2023 and 2022, no single customer accounted for 10% or more of the Group's total revenue.

For the year ended 31 December 2023, the Group's five (2022: five) largest suppliers accounted for 78% (2022: 75%) of the Group's total purchases. For the year ended 31 December 2023, the single largest supplier accounted for approximately 29% (2022: 33%) of the Group's total purchases.

3. OTHER INCOME AND OTHER LOSSES

(a) Other income

	2023 \$'000	2022 \$'000
Interest income	269	39
Sales of photo strips	106	34
COVID-19 related rent concessions received	–	753
Government grants	–	3
Gain on lease modification	–	1,204
Sundry income	209	40
	<u>584</u>	<u>2,073</u>

(b) Other net (losses)/gains

	2023 \$'000	2022 \$'000
Gain/(loss) on disposal of property, plant and equipment	114	(72)
Net exchange (loss)/gain	(163)	(482)
	<u>(49)</u>	<u>(554)</u>

4. INCOME TAX EXPENSE/(CREDIT)

Income tax has been recognised in profit or loss as follows:

	2023 \$'000	2022 \$'000
Current tax		
Provision for the year	509	–
Deferred tax		
Origination and reversal of temporary differences	(97)	(120)
	<u>412</u>	<u>(120)</u>

Under the two-tiered Profits Tax regime, the first \$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%. In 2022, no provision for Hong Kong Profits Tax had been made in the consolidated financial statements as the Group sustained a loss for tax purposes.

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 both years. No provision for Mainland China income tax has been made in the consolidated financial statements as the Group’s subsidiary sustained a loss for tax purposes during the years ended 31 December 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 PRC-president 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 years ended 31 December 2023 and 2022.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense/(credit) and the product of profit/(loss) before tax multiplied by the respective tax rate is as follows:

	2023	2022
	\$'000	\$'000
Profit/(loss) before taxation	<u>8,431</u>	<u>(12,503)</u>
Notional tax on profit/(loss) before taxation calculated at applicable tax rates	1,385	(2,213)
Tax effect of non-deductible expenses	206	219
Tax effect of non-taxable income	(70)	(147)
Utilisation of tax losses	(1,495)	–
Tax effect of tax losses not recognised	813	2,346
Tax effect of temporary difference not recognized	(262)	(325)
Tax effect of tax concession	<u>(165)</u>	<u>–</u>
Income tax expense/(credit)	<u><u>412</u></u>	<u><u>(120)</u></u>

5. FINANCE COSTS

	2023 \$'000	2022 \$'000
Interest on lease liabilities	530	447
Interest on bank loan	129	7
	<u>659</u>	<u>454</u>

6. EMPLOYEE BENEFITS EXPENSE

	2023 \$'000	2022 \$'000
Salaries, wages and other benefits	15,529	12,078
Retirement benefit scheme contributions	630	547
	<u>16,159</u>	<u>12,625</u>

For the year ended 31 December 2022, COVID-19 related government grant amounted to \$1,056,000 have been offset against employee benefit expenses.

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC and Hong Kong.

Pursuant to the relevant laws and regulations in the People's Republic of China, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group operates a Mandatory Provident Fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the jurisdiction of Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and the employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of \$30,000.

During the years ended 31 December 2023 and 2022, the Group had no forfeited contributions under the MPF Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2023 and 2022 under the MPF Scheme which may be used by the Group to reduce the contribution payable in future years.

7. PROFIT/(LOSS) BEFORE TAXATION

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	2023	2022
	\$'000	\$'000
Auditors' remuneration	1,180	1,440
Depreciation	9,864	9,428
— property, plant and equipment [#]	1,763	1,704
— right-of-use assets [#]	8,101	7,724
Impairment of right-of-use assets	77	2,050
Lease payments for short-term leases not included in the measurement of lease liabilities [#]	381	368
Variable lease payments not included in the measurement of lease liabilities [#]	28,347	7,733
Cost of inventories	3,515	1,537

[#] Cost of services includes \$39,374,000 (2022: \$18,155,000) relating to staff costs, depreciation expenses and lease expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6 for each of these types of expenses.

8. DIVIDENDS

	2023	2022
	\$'000	\$'000
2023 Interim dividend of HK0.375 cents (2022: Nil) per ordinary share paid	3,000	—

Subsequent to the end of the reporting period, a special dividend in respect of the year ended 31 December 2023 of HK0.5625 cents per shares, totaling HK\$4,500,000, has been proposed by the directors and is subject to approval by the shareholders at the forthcoming general meeting. The directors of the company did not recommend payment of any final dividend for the year ended 31 December 2022.

9. EARNINGS/LOSS PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings/(loss) attributable to equity shareholders of the Company of \$7,658,000 (2022: loss of \$11,518,000) and the weighted average number of ordinary shares in issue during the year of 800,000,000 (2022: 800,000,000).

(b) Diluted earnings/(loss) per share

There were no diluted potential shares in existence during the years ended 31 December 2023 and 2022.

10. IMPAIRMENT LOSS

Photography services in Mainland China

The photography services in Mainland China segment is considered to be a separate cash generating unit of the Group.

During the year ended 31 December 2023, in view of the loss sustained by the Mainland China photography service segment, management considered indicators of impairment of right-of-use assets associated with this segment existed at 31 December 2023 and performed an impairment assessment thereon. Based on the impairment assessment conducted by management, impairment losses of \$77,000 (2022: \$2,050,000) were recognised on right-of-use assets in profit or loss during the year ended 31 December 2023 in order to write down the carrying amount of right-of-use assets of this segment to its recoverable amount of HK\$Nil.

Medical services in Hong Kong

During the year ended 31 December 2023, in view of the loss sustained within the Hong Kong medical service segment, management considered indicators of impairment of property, plant and equipment and right-of-use assets associated with this segment existed at 31 December 2023 and performed an impairment assessment thereon. Based on the impairment assessment conducted by management, no impairment losses were required during the year ended 31 December 2023.

The recoverable amount is determined based on the higher of value-in-use and fair value less costs of disposal. The estimate of recoverable amount was based on a value-in-use calculation which adopted a discounted rate of 14.27% for this segment.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 \$'000	2022 \$'000
Trade receivables	<u>2,854</u>	<u>1,650</u>
Other receivables, deposits, and prepayments		
Rental and utilities deposits	3,067	3,160
Prepayments for property, plant and equipment	984	–
Prepayments	466	457
Other receivables	<u>128</u>	<u>47</u>
Total other receivables, deposits, and prepayments	<u>4,645</u>	<u>3,664</u>
Analysed as:		
Current assets	1,406	2,116
Non-current assets	<u>3,239</u>	<u>1,548</u>
	<u>4,645</u>	<u>3,664</u>

The carrying amounts of the Group's trade receivables are denominated in HKD.

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for payment arising from use of medical cards and healthcare vouchers by patients which the medical network agent and the Government of the Hong Kong Special Administrative Region of People's Republic of China generally settled within 60 days.

The Group also grants credit terms of 0–20 days to its lessor of the sites to install automatic ID photo booths which holds money from customer on behalf of the Group.

An aging analysis of the trade receivables presented based on the monthly statement issued to the lessor and invoice issued to the customers and medical network agent in respect of provision of medical services, is as follow:

	2023	2022
	\$'000	\$'000
0–30 days	2,123	1,474
31–60 days	417	121
Over 60 days	314	55
	<u>2,854</u>	<u>1,650</u>

As at 31 December 2023 and 2022, the Group measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The Group only has few debtors that have good repayment history with the Group. The Group does not hold any collateral over these balances. Due to the financial strength of these debtors and the short duration of the trade receivables, the loss allowance for expected credit losses is considered insignificant.

12. TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follow:

	2023	2022
	\$'000	\$'000
0–30 days	177	299
	<u>177</u>	<u>299</u>

The carrying amount of the Group's trade payables are denominated in HKD.

13. COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2023	2022
	\$'000	\$'000
Property, plant and equipment	<u>608</u>	<u>–</u>

14. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management during the year was as follows:

	2023	2022
	\$'000	\$'000
Short-term employee benefits	6,744	5,817
Post-employment benefits	<u>144</u>	<u>124</u>
	<u>6,888</u>	<u>5,941</u>

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transaction with its related party during the year:

	2023	2022
	\$'000	\$'000
(i) Various subsidiaries of ME Group International Plc. (Previous named Photo-Me International Plc.) Purchase of consumables	<u>1,307</u>	<u>803</u>
(ii) Lease payment paid to a company owned by Mr. Chan Tien Kay, Timmy and Ms. Au-Yeung Ying Ho and a company owned by Mr. Cheung Kam Ting	<u>941</u>	<u>821</u>
(iii) Lease payment paid to a company owned by Mr. Cheung Kam Ting	<u>–</u>	<u>46</u>
(iv) Salaries and other benefits paid to Ms. Au-Yeung Ying Ho	<u>132</u>	<u>130</u>
(v) Consultancy fee paid to non-controlling shareholders	<u>3,051</u>	<u>1,226</u>

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, the People's Republic of China (the “**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; and (ii) 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 2023, the Group has entered into new tenancy agreement with independent third party to establish a new medical centre in Hong Kong.

With the Primary Healthcare Blueprint issued by the Hong Kong Government to formulate the direction of development and strategies for strengthening Hong Kong’s primary healthcare system and the general increase in health awareness since COVID-19, we trust that the general increase in the demand for medical and related healthcare services in Hong Kong will be continued in the following years. We believe that the further development of our Medical Services Business is essential to our core strategy of diversifying our Group’s business.

We believe there is enormous expansion potential for medical and related healthcare services and, as one of the private medical service providers in Hong Kong, the Group will strive to grasp the market opportunities by fully collaborating with the Hong Kong Government and different kind of stakeholders with an aim to maintain a sustainable and healthy healthcare system that supports every citizen in Hong Kong over the long run.

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\$48,965,000, from approximately HK\$31,253,000 for the year ended 31 December 2022 to approximately HK\$80,218,000 for the year ended 31 December 2023. For the year ended 31 December 2023, revenue in photography services amounted to approximately HK\$65,039,000 (for the year ended 31 December 2022: HK\$23,362,000), which represent an increase of approximately 178.4%. The increase was mainly due to the relaxation of certain social distancing measures and immigration control policies at the end of 2022. For the year ended 31 December 2023, revenue in medical services business amounted to approximately HK\$15,179,000 (for the year ended 31 December 2022: HK\$7,891,000). Such increase was due to increase in the patient visits.

Cost of services

The Group's cost of services increased by approximately HK\$27,138,000, from approximately HK\$26,175,000 for the year ended 31 December 2022 to approximately HK\$53,313,000 for the year ended 31 December 2023. The increase was mainly due to the increasing in (i) licence fees and rental paid; (ii) staff costs in relation the frontline staff; (iii) medical practitioners' fee; and (iv) pharmaceutical supplies. Such increases were in line with the significant growth of our Photography Services Business and Medical Service Business.

Gross profit and gross profit margin

The Group's gross profit amounted to approximately HK\$26,905,000 and HK\$5,078,000 for the years ended 31 December 2023 and 2022 respectively, representing gross profit margin of approximately 33.54% and 16.25% respectively, the improvement was mainly due to the increase in revenue as explained above for the year ended 31 December 2023.

Other income

Other income decreased by approximately HK\$1,489,000 from approximately HK\$2,073,000 for the year ended 31 December 2022 to approximately HK\$584,000 for the year ended 31 December 2023. Such decrease was mainly due to decrease in gain on lease modification. Detailed information is set out in the note 3 of this announcement.

Other net losses/gain

Other net losses mainly represented net exchange losses and gain on disposed property, plant and equipment of approximately HK\$49,000 and net exchange losses of approximately HK\$554,000 for the year ended 31 December 2023 and 2022 respectively.

Administrative expenses

The Group's administrative expenses increased by approximately HK\$1,677,000, from approximately HK\$16,596,000 for the year ended 31 December 2022 to approximately HK\$18,273,000 for the year ended 31 December 2023. The increase was mainly attributable to the increase in staff cost.

Finance costs

Finance costs represented interest on finance lease, lease liabilities and bank loans of approximately HK\$659,000 and HK\$454,000 for the years ended 31 December 2023 and 2022 respectively.

Income tax expenses/credit

Income tax expenses amounted to approximately HK\$412,000 and income tax credit amounted to approximately HK\$120,000 for the years ended 31 December 2023 and 2022 respectively.

Impairment of right-of-use assets

The photography services in Mainland China segment is considered to be a separate cash generating unit of the Group.

During the year ended 31 December 2023, in view of the loss sustained by the Mainland China photography service segment, management considered indicators of impairment of right-of-use assets associated with this segment existed at 31 December 2023 and performed an impairment assessment thereon. Based on the impairment assessment conducted by management, impairment losses of HK\$77,000 were recognised on right-of-use assets in profit or loss during the year ended 31 December 2023 in order to write down the carrying amount of right-of-use assets of this segment to its recoverable amount of HK\$Nil.

The recoverable amount is determined based on the higher of value-in-use and fair value less costs of disposal. The estimate of recoverable amount was based on a value-in-use calculation which adopted a discounted rate of 10% for this segment.

Profit/loss attributable to owners of the Company

The profit attributable to owners of the Company increased by approximately HK\$19,176,000, from the loss attributable to owners of the Company approximately HK\$11,518,000 for the year ended 31 December 2022 to the profit attributable to owners of the Company approximately HK\$7,658,000 for the year ended 31 December 2023. The profit attributable to owners 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 information

An analysis of the Group's performance for the years ended 31 December 2023 and 2022 by segment is set out in the note 2 of this announcement.

Employees and Remuneration Policies

As at 31 December 2023, the Group had a total of 78 workers (2022: 64 workers) situated in Hong Kong and Guangdong Province. The Group recruits, employs, remunerates and promotes its employees based on their qualifications, experience, skills, performance and contributions. Remuneration is offered with reference to market rates. Salary and/or promotion review is conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options, if applicable, are granted to eligible employees, in accordance with the Group's performance and individual's contribution.

On-job trainings are arranged for the employees. Employees are always encouraged to attend job-related seminars, courses and programs organised by professional or educational institutions in Hong Kong and Mainland China.

During the year ended 31 December 2023, the Group's contributions under the Mandatory Provident Fund Scheme, which is a defined contribution scheme had no forfeited contributions may be used to reduce the existing level of contributions.

Liquidity and capital resources

The Group's financial position remained healthy during as at 31 December 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 31 December 2023, bank loan amounting to approximately HK\$1,000,000 (as at 31 December 2022: HK\$1,000,000) was granted by the bank in Hong Kong. The bank loan was denominated in HK\$.

As at 31 December 2023, the Group's total equity amounted to approximately HK\$27,945,000 (as at 31 December 2022: HK\$22,714,000). As at 31 December 2023, the Group's cash and cash equivalents totaled approximately HK\$25,669,000 (as at 31 December 2022: HK\$21,699,000). The current ratio and the quick ratio of the Group as at 31 December 2023 was 1.95 (as at 31 December 2022: 1.92) and 1.87 (as at 31 December 2022: 1.87) respectively. For the gearing ratio of the Group, the Group was 48.7% as at 31 December 2023 (as at 31 December 2022: 51.5%).

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.

Capital expenditure

The capital expenditure for the years ended 31 December 2023 and 2022 were primarily related to expenditures on additions of property, plant and machinery, amounting to approximately HK\$572,000 and HK\$3,000,000 respectively.

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 31 December 2023, approximately HK\$20,159,000 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**").

Use of proceeds from the Company's share offer (continued)

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

	Actual utilised net proceeds up to 31 December 2023 (HK\$'000)	Unutilised net proceeds up to 31 December 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	602	5,498	6,100	31 December 2024
Purchase of equipment for the development of medical and related services	81	4,519	4,600	31 December 2024
Establishment or acquisition of new clinics, medical and related business	987	1,013	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
	<u>20,159</u>	<u>11,693</u>	<u>31,852</u>	
Total				

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 year ended 31 December 2023, the Group has entered into new tenancy agreement with independent third party to establish a new medical centre in Hong Kong.

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 announcement, all of the unused proceeds were deposited in licenced banks in Hong Kong.

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 31 December 2023 and 2022, the Group did not hold any significant investments, future plans for material investment and capital assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

As at 31 December 2023 and 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of assets

As at 31 December 2023, the banking facility of the Group were secured by restricted bank deposit with an aggregate carrying value of HK\$5,000,000 (2022: HK\$5,000,000).

Contingent liabilities

As at 31 December 2023 and 2022, the Group did not have any significant contingent liabilities.

Subsequent events

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

Dividends

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 6 October 2023.

The Directors have recommended the distribution of a special dividend of HK\$0.005625 per share for the year ended 31 December 2023, totaling HK\$4,500,000, out of the share premium account of the Company, subject to the approval of the Shareholders at the forthcoming annual general meeting.

The Directors did not recommend to declare an interim dividend during the year ended 31 December 2022 and a final dividend for the year ended 31 December 2022.

Other details are set out in note 8 of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting (“**AGM**”) will be held on Friday, 14 June 2024. For details of the AGM, please refer to the notice of AGM which is expected to be published on 28 March 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 7 June 2024.

For the purpose of determining Shareholders' entitlement to receive the Special Dividend, the register of members of the Company will be closed from Friday, 21 June 2024 to Monday, 24 June 2024 (both days inclusive), during which period no transfers of Shares will be registered. In order to qualify for receiving the Special Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 20 June 2024.

CORPORATE GOVERNANCE PRACTICE

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 C1 to the GEM Listing Rules as its own code of corporate governance. During the year ended 31 December 2023, the Company has complied with all applicable code provisions of the CG Code.

COMPLIANCE WITH THE REQUIRED STANDARDS 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.

In response to specific enquiry made by the Company, each of the Directors gave confirmation that he complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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

During the year ended 31 December 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. For the year ended 31 December 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 year ended 31 December 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.

SCOPE OF WORK OF RSM HONG KONG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by RSM Hong Kong in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee had, together with the management and external auditor, reviewed the accounting principles and policies adopted by the Group, the annual results and the draft consolidated financial statements for the year ended 31 December 2023.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maxsightgroup.com), and the 2023 Annual Report containing all the information required by the GEM Listing Rules will be dispatched to the Shareholders.

LANGUAGE

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

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

Hong Kong, 22 March 2024

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

This announcement will remain on the “Latest Listed Company Information” page of The Stock Exchange of Hong Kong Limited website at www.hkexnews.hk for a minimum period of 7 days from the date of publication and on the website of the Company at www.maxsightgroup.com.