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*This announcement, for which the directors (the “**Director(s)**”) of Max Sight Group Holdings Limited (the “**Company**”), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

**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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **CHARACTERISTICS OF GEM OF 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.**

## **HIGHLIGHTS**

- The Group's revenue decreased by approximately HK\$2,100,000, from approximately HK\$11,332,000 for the six months ended 30 June 2020 to approximately HK\$9,232,000 for the six months ended 30 June 2021.
- The Group's gross profit amounted to approximately HK\$2,161,000 and HK\$1,505,000 for the six months ended 30 June 2021 and 2020 respectively, representing gross profit margin of approximately 23.41% and 13.28% respectively.
- The loss attributable to equity shareholders of the Company decreased by approximately HK\$2,331,000, from approximately HK\$5,381,000 for the six months ended 30 June 2020 to approximately HK\$3,050,000 for the six months ended 30 June 2021. The loss attributable to equity shareholders of the Company decreased mainly due to the improvement on gross profit due to the decrease in licence fees paid/payable and depreciation on right-of-use assets and the increase in other income received from the novel coronavirus related rental concession during the six months ended 30 June 2021.
- The Directors do not recommend the declaration of any interim dividend for the six months ended 30 June 2021.

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 six months ended 30 June 2021 (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 SIX MONTHS ENDED 30 JUNE 2021*

|                                                                                                             |              | <b>For the six months ended<br/>30 June</b>          |                                                      |
|-------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------|------------------------------------------------------|
|                                                                                                             | <i>NOTES</i> | <b>2021</b><br><i>HK\$'000</i><br><b>(Unaudited)</b> | <b>2020</b><br><i>HK\$'000</i><br><b>(Unaudited)</b> |
| <b>Revenue</b>                                                                                              | 5            | <b>9,232</b>                                         | 11,332                                               |
| Cost of services                                                                                            |              | <b>(7,071)</b>                                       | (9,827)                                              |
| <b>Gross profit</b>                                                                                         |              | <b>2,161</b>                                         | 1,505                                                |
| Other income                                                                                                |              | <b>1,129</b>                                         | 159                                                  |
| Other net gains and losses                                                                                  |              | <b>105</b>                                           | (335)                                                |
| Administrative expenses                                                                                     |              | <b>(6,320)</b>                                       | (6,511)                                              |
| Loss from operations                                                                                        |              | <b>(2,925)</b>                                       | (5,182)                                              |
| Finance costs                                                                                               | 6            | <b>(156)</b>                                         | (222)                                                |
| Loss before taxation                                                                                        | 7            | <b>(3,081)</b>                                       | (5,404)                                              |
| Income tax                                                                                                  | 8            | <b>31</b>                                            | 23                                                   |
| Loss for the period                                                                                         |              | <b>(3,050)</b>                                       | (5,381)                                              |
| <b>Other comprehensive income for the period</b>                                                            |              |                                                      |                                                      |
| <i>Item that may be reclassified subsequently<br/>to profit or loss:</i>                                    |              |                                                      |                                                      |
| Exchange differences on translation of<br>financial statements of subsidiary<br>outside Hong Kong           |              | <b>(83)</b>                                          | 117                                                  |
| <b>Total comprehensive income<br/>for the period attributable to equity<br/>shareholders of the Company</b> |              | <b>(3,133)</b>                                       | (5,264)                                              |
| Loss per share (Hong Kong cent)                                                                             |              |                                                      |                                                      |
| — Basic and diluted                                                                                         | 10           | <b>(0.38)</b>                                        | (0.67)                                               |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

|                                                                        |       | As at<br>30 June<br>2021<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2020<br>HK\$'000<br>(Audited) |
|------------------------------------------------------------------------|-------|-----------------------------------------------------|-------------------------------------------------------|
|                                                                        | NOTES |                                                     |                                                       |
| <b>Non-current assets</b>                                              |       |                                                     |                                                       |
| Property, plant and equipment                                          | 11    | 999                                                 | 1,234                                                 |
| Right-of-use assets                                                    |       | 6,345                                               | 8,027                                                 |
| Deposits and prepayments                                               | 13    | 1,569                                               | 1,612                                                 |
|                                                                        |       | <u>8,913</u>                                        | <u>10,873</u>                                         |
| <b>Current assets</b>                                                  |       |                                                     |                                                       |
| Inventories                                                            |       | 264                                                 | 420                                                   |
| Trade receivables                                                      | 12    | 399                                                 | 41                                                    |
| Other receivables, deposits and prepayments                            | 13    | 1,320                                               | 1,404                                                 |
| Tax recoverable                                                        |       | 319                                                 | 319                                                   |
| Cash and bank balance                                                  |       | 38,366                                              | 42,700                                                |
|                                                                        |       | <u>40,668</u>                                       | <u>44,884</u>                                         |
| <b>Current liabilities</b>                                             |       |                                                     |                                                       |
| Other payables and accrued charges                                     | 14    | 1,344                                               | 2,064                                                 |
| Lease liabilities                                                      |       | 5,283                                               | 6,438                                                 |
|                                                                        |       | <u>6,627</u>                                        | <u>8,502</u>                                          |
| <b>Net current assets</b>                                              |       | <u>34,041</u>                                       | <u>36,382</u>                                         |
| <b>Total assets less current liabilities</b>                           |       | <u>42,954</u>                                       | <u>47,255</u>                                         |
| <b>Non-current liabilities</b>                                         |       |                                                     |                                                       |
| Lease liabilities                                                      |       | 3,610                                               | 4,747                                                 |
| Deferred tax liabilities                                               |       | 78                                                  | 109                                                   |
|                                                                        |       | <u>3,688</u>                                        | <u>4,856</u>                                          |
| <b>Net assets</b>                                                      |       | <u>39,266</u>                                       | <u>42,399</u>                                         |
| <b>Capital and reserves</b>                                            |       |                                                     |                                                       |
| Share capital                                                          | 15    | 8,000                                               | 8,000                                                 |
| Reserves                                                               |       | 31,266                                              | 34,399                                                |
| <b>Total equity attributable to equity shareholders of the Company</b> |       | <u>39,266</u>                                       | <u>42,399</u>                                         |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

|                             | Attributable to equity shareholders of the Company |                                     |                                           |                                          |                                     |                          |
|-----------------------------|----------------------------------------------------|-------------------------------------|-------------------------------------------|------------------------------------------|-------------------------------------|--------------------------|
|                             | Share<br>capital<br><i>HK\$'000</i>                | Share<br>premium<br><i>HK\$'000</i> | Translation<br>reserve<br><i>HK\$'000</i> | Accumulated<br>losses<br><i>HK\$'000</i> | Other<br>reserve<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| At 1 January 2020 (audited) | 8,000                                              | 57,083                              | (518)                                     | (7,660)                                  | (5,664)                             | 51,241                   |
| Loss for the period         | –                                                  | –                                   | –                                         | (5,381)                                  | –                                   | (5,381)                  |
| Other comprehensive income  | –                                                  | –                                   | 117                                       | –                                        | –                                   | 117                      |
| Total comprehensive income  | –                                                  | –                                   | 117                                       | (5,381)                                  | –                                   | (5,264)                  |
| At 30 June 2020 (unaudited) | <u>8,000</u>                                       | <u>57,083</u>                       | <u>(401)</u>                              | <u>(13,041)</u>                          | <u>(5,664)</u>                      | <u>45,977</u>            |
| At 1 January 2021 (audited) | <b>8,000</b>                                       | <b>53,083</b>                       | <b>(882)</b>                              | <b>(12,138)</b>                          | <b>(5,664)</b>                      | <b>42,399</b>            |
| Loss for the period         | –                                                  | –                                   | –                                         | <b>(3,050)</b>                           | –                                   | <b>(3,050)</b>           |
| Other comprehensive income  | –                                                  | –                                   | <b>(83)</b>                               | –                                        | –                                   | <b>(83)</b>              |
| Total comprehensive income  | –                                                  | –                                   | <b>(83)</b>                               | <b>(3,050)</b>                           | –                                   | <b>(3,133)</b>           |
| At 30 June 2021 (unaudited) | <u><b>8,000</b></u>                                | <u><b>53,083</b></u>                | <u><b>(965)</b></u>                       | <u><b>(15,188)</b></u>                   | <u><b>(5,664)</b></u>               | <u><b>(39,266)</b></u>   |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

|                                                                              | <b>For the six months ended</b> |                    |
|------------------------------------------------------------------------------|---------------------------------|--------------------|
|                                                                              | <b>30 June</b>                  |                    |
|                                                                              | <b>2021</b>                     | <b>2020</b>        |
|                                                                              | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |
|                                                                              | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| <b>Operating activities</b>                                                  |                                 |                    |
| Loss before taxation                                                         | (3,081)                         | (5,404)            |
| Adjustments for:                                                             |                                 |                    |
| Depreciation of property, plant and equipment                                | 259                             | 226                |
| Depreciation of right-of-use assets                                          | 2,975                           | 4,843              |
| Finance costs                                                                | 156                             | 222                |
| Interest income                                                              | (1)                             | (149)              |
| COVID-19 related rental concessions received                                 | (1,117)                         | –                  |
| <b>Operating cash flows before changes in working capital</b>                | <b>(809)</b>                    | <b>(262)</b>       |
| Decrease in inventories                                                      | 156                             | 240                |
| (Increase)/decrease in trade receivables                                     | (358)                           | 655                |
| Decrease in other receivables, deposits and prepayments                      | 135                             | 139                |
| Decrease in other payables and accrued charges                               | (721)                           | (761)              |
| <b>Cash (used in)/generated from operations</b>                              | <b>(1,597)</b>                  | <b>11</b>          |
| Hong Kong income tax paid                                                    | –                               | (1,153)            |
| <b>Net cash used in operating activities</b>                                 | <b>(1,597)</b>                  | <b>(1,142)</b>     |
| <b>Investing activities</b>                                                  |                                 |                    |
| Payment for the purchases of property, plant and equipment                   | (23)                            | (145)              |
| Interest received                                                            | 1                               | 149                |
| <b>Net cash (used in)/generated from investing activities</b>                | <b>(22)</b>                     | <b>4</b>           |
| <b>Financing activities</b>                                                  |                                 |                    |
| Capital element of lease rental paid                                         | (2,505)                         | (2,832)            |
| Interest element of lease rental paid                                        | (156)                           | (222)              |
| <b>Net cash used in financing activities</b>                                 | <b>(2,661)</b>                  | <b>(3,054)</b>     |
| Net decrease in cash and cash equivalents                                    | (4,280)                         | (4,192)            |
| Cash and cash equivalents at beginning of the period                         | 42,700                          | 54,159             |
| Effect of foreign exchange rate changes                                      | (54)                            | 54                 |
| <b>Cash and cash equivalents at end of the period</b>                        | <b>38,366</b>                   | <b>50,021</b>      |
| <b>Analysis of balance of cash and cash equivalents at end of the period</b> |                                 |                    |
| Cash and bank balances                                                       | 38,366                          | 50,021             |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 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 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**”).

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 six months ended 30 June 2021 and 2020 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.

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 19 March 2021, 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. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the GEM Listing Rules, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by HKICPA. This announcement is unaudited but has been reviewed and authorised by the Audit Committee.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual report dated 19 March 2021, except for the changes in accounting policies that are expected to be reflected in the 2020 annual report. Details of any changes in accounting policies are set out in note 4.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual report. The condensed consolidated financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim report as comparative information does not constitute the Group’s annual financial statements for that financial year but is derived from those financial statements.

### 4. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these interim financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16,  
*Interest Rate Benchmark Reform — Phase 2*

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 5. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

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

**(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 two reportable segments. No operating segments have been aggregated to form the reportable segments.

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

Revenue comprises solely photography service income.

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 represents profit 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**

|                                    | For the six months ended 30 June |             |              |             |             |              |
|------------------------------------|----------------------------------|-------------|--------------|-------------|-------------|--------------|
|                                    | 2021                             |             |              | 2020        |             |              |
|                                    | Hong Kong                        | Mainland    | Consolidated | Hong Kong   | Mainland    | Consolidated |
|                                    | HK\$'000                         | China       | HK\$'000     | HK\$'000    | China       | HK\$'000     |
|                                    | (Unaudited)                      | (Unaudited) | (Unaudited)  | (Unaudited) | (Unaudited) | (Unaudited)  |
| Revenue                            | 8,535                            | 697         | 9,232        | 10,671      | 661         | 11,332       |
| Reportable segment profit          | 2,478                            | 266         | 2,744        | 448         | 409         | 857          |
| Head office and corporate expenses |                                  |             | (5,825)      |             |             | (6,261)      |
| Loss before tax                    |                                  |             | (3,081)      |             |             | (5,404)      |
| Interest income                    |                                  |             | 1            |             |             | 149          |
| Finance costs                      | (79)                             | (77)        | (156)        | (222)       | —           | (222)        |
| Depreciation                       | (3,209)                          | (25)        | (3,234)      | (5,069)     | —           | (5,069)      |

## 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 non-current assets is based on the physical location of the assets.

|                | Revenue from<br>external customers |               | Non-current assets |              |
|----------------|------------------------------------|---------------|--------------------|--------------|
|                | For the six months ended           |               | As at              | As at        |
|                | 30 June                            |               | 30 June            | 31 December  |
|                | 2021                               | 2020          | 2021               | 2020         |
|                | HK\$'000                           | HK\$'000      | HK\$'000           | HK\$'000     |
|                | (Unaudited)                        | (Unaudited)   | (Unaudited)        | (Audited)    |
| Hong Kong      | 8,535                              | 10,671        | 7,236              | 9,130        |
| Mainland China | 697                                | 661           | 108                | 131          |
|                | <u>9,232</u>                       | <u>11,332</u> | <u>7,344</u>       | <u>9,261</u> |

For the six months ended 30 June 2021 and 2020, no single customer accounted for 10% or more of the Group's total revenue.

## 6. FINANCIAL COST

|                             | For the six months ended |             |
|-----------------------------|--------------------------|-------------|
|                             | 30 June                  |             |
|                             | 2021                     | 2020        |
|                             | HK\$'000                 | HK\$'000    |
|                             | (Unaudited)              | (Unaudited) |
| Interest on lease liability | <u>156</u>               | <u>222</u>  |

## 7. LOSS BEFORE TAXATION

|                                                                                                | For the six months ended<br>30 June |             |
|------------------------------------------------------------------------------------------------|-------------------------------------|-------------|
|                                                                                                | 2021                                | 2020        |
|                                                                                                | HK\$'000                            | HK\$'000    |
|                                                                                                | (Unaudited)                         | (Unaudited) |
| Loss before taxation has been arrived at after charging:                                       |                                     |             |
| Depreciation                                                                                   |                                     |             |
| — property, plant and equipment                                                                | 259                                 | 226         |
| — right-of-use assets                                                                          | 2,975                               | 4,843       |
| Directors' remuneration                                                                        | 1,447                               | 1,665       |
| Other staff costs                                                                              |                                     |             |
| — Salaries, wages and other benefits                                                           | 2,733                               | 2,948       |
| — Contributions to defined contribution retirement plan                                        | 113                                 | 169         |
| Total staff costs                                                                              | 4,293                               | 4,782       |
| Lease payment for short-term leases not included<br>in the measurement of lease liabilities    | 2                                   | 109         |
| Variable lease payment not included in the measurement of lease<br>liabilities/contingent rent | 3,157                               | 4,387       |
| Cost of inventories                                                                            | 167                                 | 270         |

## 8. INCOME TAX

|                                                   | For the six months ended<br>30 June |             |
|---------------------------------------------------|-------------------------------------|-------------|
|                                                   | 2021                                | 2020        |
|                                                   | HK\$'000                            | HK\$'000    |
|                                                   | (Unaudited)                         | (Unaudited) |
| <b>Current tax — Hong Kong Profit Tax</b>         |                                     |             |
| Provision for the period                          | —                                   | 88          |
| Over-provision in respect of prior years          | —                                   | (24)        |
|                                                   | —                                   | 64          |
| <b>Deferred Tax</b>                               |                                     |             |
| Origination and reversal of temporary differences | (31)                                | (87)        |
|                                                   | (31)                                | (23)        |

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the relevant periods, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis for the relevant periods.

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.

Mainland China tax law also imposed a withholding tax at 5%, unless reduced by a treaty or agreement, for dividend distributed by a PRC-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.

## **9. DIVIDEND**

On 7 August 2020, the Directors have recommended to declare an interim dividend of HK\$0.005 per Share for the six months ended 30 June 2020, totaling HK\$4,000,000 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 extraordinary general meeting held on 31 August 2020.

The Directors did not recommend any interim dividend for the six months ended 30 June 2021.

## **10. LOSS PER SHARE**

### **(a) Basic loss per Share**

The calculation of basic loss per Share attributable to equity shareholders of the Company is based on the following data:

The calculation of basic loss per Share is based on the loss attributable to equity Shareholders of HK\$3,050,000 and HK\$5,381,000 and the weighted average number of ordinary shares in issue of 800,000,000 and 800,000,000 for the six months ended 30 June 2021 and 2020 respectively.

### **(b) Diluted loss per Share**

There were no diluted potential Shares in existence during the relevant periods.

## **11. PROPERTY, PLANT AND EQUIPMENT**

For the six months ended 30 June 2021, the Group acquired property plant and equipment at a cost of approximately HK\$23,000 (for the six months ended 30 June 2020: approximately HK\$145,000). None of the property, plant and equipment were disposed of for the six months ended 30 June 2021 and 2020 respectively.

## 12. TRADE RECEIVABLES

The Group 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 ageing analysis of the trade receivables presented based on the monthly statement issued to the lessor at the end of the reporting period.

|           | As at<br>30 June<br>2021<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2020<br>HK\$'000<br>(Audited) |
|-----------|-----------------------------------------------------|-------------------------------------------------------|
| 0–20 days | <u>399</u>                                          | <u>41</u>                                             |

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                                   | As at<br>30 June<br>2021<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2020<br>HK\$'000<br>(Audited) |
|-----------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Non-current assets                |                                                     |                                                       |
| Rental and utilities deposits     | <u>1,569</u>                                        | <u>1,612</u>                                          |
|                                   | <u>1,569</u>                                        | <u>1,612</u>                                          |
| Current assets                    |                                                     |                                                       |
| Rental and utilities deposits     | <u>751</u>                                          | <u>891</u>                                            |
| Prepayments and other receivables | <u>569</u>                                          | <u>513</u>                                            |
|                                   | <u>1,320</u>                                        | <u>1,404</u>                                          |
|                                   | <u>2,889</u>                                        | <u>3,016</u>                                          |

## 14. OTHER PAYABLES AND ACCRUED CHARGES

|                                           | As at<br>30 June<br>2021<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2020<br>HK\$'000<br>(Audited) |
|-------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|
| Accrued expenses                          | 919                                                 | 1,432                                                 |
| Salaries payables and provision for bonus | 371                                                 | 558                                                   |
| Other lease and licence fee payables      | 45                                                  | 38                                                    |
| Other payables                            | <u>9</u>                                            | <u>36</u>                                             |
|                                           | <u>1,344</u>                                        | <u>2,064</u>                                          |

## 15. SHARE CAPITAL

|                                                                                         | Number<br>of Shares | HK\$'000 |
|-----------------------------------------------------------------------------------------|---------------------|----------|
| <b>Authorised — ordinary share of HK\$0.01 each:</b>                                    |                     |          |
| At 1 January 2020 (Audited), 31 December 2020<br>(Audited) and 30 June 2021 (Unaudited) | 5,000,000,000       | 50,000   |
| <b>Ordinary shares, issued and fully paid:</b>                                          |                     |          |
| At 1 January 2020 (Audited), 31 December 2020<br>(Audited) and 30 June 2021 (Unaudited) | 800,000,000         | 8,000    |

All issued shares rank pari passu in all respects.

## 16. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2021 and 31 December 2020 not provided for in the consolidated financial statements were as follows:

|                | As at<br>30 June<br>2021<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2020<br>HK\$'000<br>(Audited) |
|----------------|-----------------------------------------------------|-------------------------------------------------------|
| Contracted for | 124                                                 | —                                                     |

## 17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during both periods:

|                                                                                                                                                    | For the six months ended<br>30 June<br>2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------|
| (a) <b>Various subsidiaries of Photo-Me International Plc.<br/>("Photo-Me")</b>                                                                    |                                                                        |                                 |
| Purchase of spare parts                                                                                                                            | 5                                                                      | —                               |
| (b) Lease payment paid to a company owned<br>by Mr. Chan Tien Kay, Timmy and<br>Ms. Au-Yeung Ying Ho and a company owned<br>by Mr. Cheung Kam Ting | 470                                                                    | 470                             |
| (c) Salaries and other benefits paid to<br>Ms. Au-Yeung Ying Ho                                                                                    | 63                                                                     | 63                              |
| (d) A company which a family member of<br>Mr. Riccardo Costi has less than 5% interest<br>Purchase of consumables                                  | 12                                                                     | —                               |

The remuneration of Directors and other members of key management for the six months ended 30 June 2021 and 2020 were as follows:

|                          | <b>For the six months ended</b> |                    |
|--------------------------|---------------------------------|--------------------|
|                          | <b>30 June</b>                  |                    |
|                          | <b>2021</b>                     | <b>2020</b>        |
|                          | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |
|                          | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Short-term benefits      | <b>2,415</b>                    | 2,694              |
| Post-employment benefits | <b>62</b>                       | 47                 |
|                          | <b>2,477</b>                    | <b>2,741</b>       |

## 18. EVENTS AFTER REPORTING PERIOD

The outbreak of the novel coronavirus was continuing since early 2020 which has brought about additional uncertainties in the photography services market and the Group's operating environment. As the development and spread of novel coronavirus subsequent to the date of this announcement is uncertain, further changes in economic conditions for the Group arising thereof may have further impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep continuous attention on the situation of the novel coronavirus and react actively to its impact on the financial position and operating results of the Group.

The Group will continuously evaluate, reassess, change or modify the existing plans and explore new business opportunities in view of the latest market condition. In order to continue our business development, we are researching different potential projects to build up our business. In addition, we have also been actively conduct research and exploring new business opportunities for the 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

We are principally engaged in provision of photography services through automatic ID photo booths at different locations in Hong Kong and Guangdong Province, Mainland China.

Replicating the success of our business model in Hong Kong to the Mainland China and other countries by expanding our network of automatic photo booths through installing new photo booths in certain selected sites or business acquisition in the market are a part of our future development.

The Group attributed such deterioration in financial performance primarily to the sluggish revenue of the Group during the six months ended 30 June 2021. The decline in result was mainly due to the outbreak of the novel coronavirus and the immigration control since early 2020 that have brought the significant decrease in the travel demand, and led to a further decrease in the demand of ID photos for the six months ended 30 June 2021. Also, the shortening of business hours and abrupt temporarily closure of business for our licensed sites had happened during the six months ended 30 June 2021. We consider that the decrease in the demand of ID photos during the six months ended 30 June 2021 is temporary and the demand of ID photos will rise after the situation of novel coronavirus is improved.

In response to the difficult business environment, the Group has been closely monitoring the impact of the developments on the Group's businesses and has implemented contingency measures. The Group has also reviewed the automatic ID photo booths network strategy based on the demand of the ID photo and the terms of the licence fee contracts. The Group is reallocating our automatic ID photo booth networks upon the licence fee contracts expired and seeking new locations that are more favourable in the licence fee contracts and have good potential for business development.

The Group will keep continuous attention on the situation of the novel coronavirus and react proactively to mitigate its impact on the financial position and operating results of the Group.

Due to the outbreak of the novel coronavirus, the continuous changes in the government policy for ID photos in the Mainland China and the business in the Mainland China and Hong Kong was adversely impacted by macro headwinds and uncertainty, we have taken time to reassess the existing projects including expansion of network of automatic ID photo booths and upgrading of validation centre and IT infrastructure and their implementation timetable. The meetings and the on-going schedules with our business partners and vendors are also postponed during the six months ended 30 June 2021 and up to the date of this announcement.

Reference is made to the announcements of the Company dated 15 April 2019 and 25 February 2021. On 13 January 2021, Fullwise International Limited (“**Fullwise**”), an indirect wholly-owned subsidiary of the Company, submitted the formal tender documents to a government-related ID documentations issuing authority in Hong Kong (“**Lessor**”) in relation to the provision of automatic photographic studio services at the Lessor’s offices in Hong Kong for a period of 24 months with effect from 1 March 2021 (“**New Service Contract**”). On 19 February 2021, Fullwise received a letter from the Lessor which stated that Fullwise is unsuccessful in bidding the New Service Contract. The Group has requested the Lessor to provide further information on their assessment of our bid for the New Service Contract. However, the replies received from the Lessor do not provide sufficient information for our evaluation. The Company is looking for new locations with good potential for our automatic ID photo booth networks.

Reference is made to the announcements of the Company dated 30 March 2021 and 16 June 2021. On 30 March 2021, Treasure Star (China) Limited, an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding with an independent third party (the “**Vendor**”) in relation to the proposed research and development project on validation technology upgrade of the Group’s identification photo validation center and information technology (“**IT**”) infrastructure. On 16 June 2021, Max Sight International Limited, an indirect wholly-owned subsidiary of the Company, entered into an identification photo validation centre system upgrade service agreement with the Vendor, in relation to the upgrade of our IT infrastructure for our provision of identification photo validation services in the various travel documents service centres in Hong Kong.

In order to continue our business development, we are researching different potential projects to build up our business. Upgrading our business model by allocating further funds and resources in the IT infrastructure to achieve diversifiable development of our core business could be a new direction for the Group in the future.

We are committed to strengthen our core business and shall continue to capture market opportunities and expand our network of automatic ID photo booths. In addition, we have also been actively conduct research and exploring 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 decreased by approximately HK\$2,100,000, from approximately HK\$11,332,000 for the six months ended 30 June 2020 to approximately HK\$9,232,000 for the six months ended 30 June 2021. For the six months ended 30 June 2021, the decrease in revenue was mainly due to the decrease in the demand of ID photos during the outbreak period of the novel coronavirus and the immigration control since early 2020 which have brought significant reduction in the travel demand. Also, the shortening of business hours and abrupt temporarily closure of business of our licensed sites had happened during the six months ended 30 June 2021.

### **Cost of services**

The Group's cost of services primarily consisted of (i) licence fees paid to lessors for the operational sites of our photo booths; (ii) staff costs in relation to photo booth attendants; (iii) photo booth consumables; (iv) depreciations; and (v) others. Our cost of services was mainly comprised of licence fees paid/payable and depreciation on right-of-use assets for premises of our photo booths, which accounted for approximately 80.43% and 81.18% of our total cost of services, for the six months ended 30 June 2021 and 2020 respectively.

### **Gross profit and gross profit margin**

The Group's gross profit amounted to approximately HK\$2,161,000 and HK\$1,505,000 for the six months ended 30 June 2021 and 2020 respectively, representing gross profit margin of approximately 23.41% and 13.28% respectively, the increase was mainly due to the decrease in licence fees paid/payable and depreciation on right-of-use assets for the six months ended 30 June 2021.

### **Other income**

Other income mainly represented novel coronavirus related rental concession received, sales of photo strips and interest income for the six months ended 30 June 2021 and 2020 respectively.

### **Other net gains and losses**

Other net gains and losses mainly represented net exchange gains of approximately HK\$105,000 and net exchange losses of HK\$335,000 for the six months ended 30 June 2021 and 2020 respectively.

### **Administrative expenses**

The Group's administrative expenses, which remained relatively stable for the six months ended 30 June 2021 and 2020, amounted to approximately HK\$6,320,000 and HK\$6,511,000 for the six months ended 30 June 2021 and 2020 respectively.

## **Finance costs**

Finance costs represented interest on lease liabilities of approximately HK\$156,000 and HK\$222,000 for the six months ended 30 June 2021 and 2020 respectively.

## **Income tax**

Income tax credit amounted to approximately HK\$31,000 and HK\$23,000 for the six months ended 30 June 2021 and 2020 respectively.

## **Loss attributable to equity shareholders of the Company**

The loss attributable to equity shareholders of the Company decreased by approximately HK\$2,331,000, from approximately HK\$5,381,000 for the six months ended 30 June 2020 to approximately HK\$3,050,000 for the six months ended 30 June 2021. The loss attributable to equity shareholders of the Company decreased mainly due to the improvement on gross profit due to the decrease in licence fees paid/payable and depreciation on right-of-use asset and the increase in other income received from the novel coronavirus related rental concession during the six months ended 30 June 2021.

## **Segment Reporting**

An analysis of the Group's segment performance for the six months ended 30 June 2021 and 2020 is set out in note 5 to the unaudited condensed consolidated financial statements of this announcement.

## **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 June 2021, the Group has 36 employees (as at 30 June 2020: 58 employees).

## **Liquidity and capital resources**

Our use of cash primarily related to operating activities and capital expenditure. We finance our operations through cash flows generated from our operations. As at 30 June 2021, the Group did not have any interest-bearing borrowings and therefore the gearing ratio is not applicable to the Group.

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 derives its revenue, makes purchases and incurs expenses denominated mainly in Renminbi and HK\$. 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 investment**

As at 30 June 2021 and 2020, the Group did not make any significant investments.

### **Material acquisitions and disposals of subsidiaries, associates and joint ventures**

As at 30 June 2021 and 2020, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

### **Pledge of Assets**

As at 30 June 2021 and 2020, the Group had no pledge of assets.

### **Contingent Liabilities**

As at 30 June 2021 and 2020, the Group did not have any significant contingent liabilities.

### **Subsequent Events**

The information is set out in note 18 to the unaudited condensed consolidated financial statements of this announcement.

### **Dividends**

The information is set out in note 9 to the unaudited condensed consolidated financial statements of this announcement.

## **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 six months ended 30 June 2021, 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 six months ended 30 June 2021.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Octal Capital Limited (“**Octal Capital**”) as its compliance adviser, which provides advices and guidance to the Company in respect of compliance with the GEM Listing Rules including various requirements relating to the Directors’ duties. As at 25 March 2021, being the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date and being the last day of its appointment as the Company’s compliance adviser, except for the compliance adviser agreement entered into between the Company and Octal Capital dated 8 July 2017, neither Octal Capital nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this announcement.

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

As at 30 June 2021, 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/<br>chief executive | Capacity/<br>nature of interest                     | Number of<br>Shares | Long/<br>short position | Approximate<br>percentage of<br>total number of<br>issued Shares |
|---------------------------------------|-----------------------------------------------------|---------------------|-------------------------|------------------------------------------------------------------|
| Mr. Chan Wing Chai, Jamson            | Interest in a controlled corporation <sup>(1)</sup> | 427,600,560         | Long                    | 53.45%                                                           |
| Mr. Chan Tien Kay, Timmy              | Interest in a controlled corporation <sup>(1)</sup> | 427,600,560         | Long                    | 53.45%                                                           |
| Mr. Cheung Kam Ting                   | Beneficial owner                                    | 62,426,940          | Long                    | 7.80%                                                            |

*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.

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

| Name of Directors          | Name of associated corporation | Capacity/<br>nature of interest | Approximate<br>shareholding<br>percentage in the<br>relevant Shares in<br>the associated<br>corporation |
|----------------------------|--------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------|
| Mr. Chan Wing Chai, Jamson | Causeway Treasure              | Beneficial owner <sup>(1)</sup> | 47.25%                                                                                                  |
| Mr. Chan Tien Kay, Timmy   | Causeway Treasure              | Beneficial owner <sup>(1)</sup> | 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 June 2021, 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.

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

As at 30 June 2021, 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/<br>nature of interest                        | Number of<br>Shares | Long/<br>short position | Approximate<br>percentage of<br>shareholding in<br>the Company |
|----------------------|--------------------------------------------------------|---------------------|-------------------------|----------------------------------------------------------------|
| Causeway Treasure    | Beneficial owner <sup>(1)</sup>                        | 427,600,560         | Long                    | 53.45%                                                         |
| Ms. Au-Yeung Ying Ho | Interest in a controlled<br>corporation <sup>(2)</sup> | 427,600,560         | Long                    | 53.45%                                                         |
| Photo-Me             | Beneficial owner                                       | 109,972,500         | Long                    | 13.75%                                                         |

*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.

Save as disclosed above, as at 30 June 2021, 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 six months ended 30 June 2021 and there was no outstanding share option as at the date of this announcement.

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

During the six months ended 30 June 2021, 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 six months ended 30 June 2021, 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 six months ended 30 June 2021, 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.

## **FACILITY AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS**

On 11 July 2018, Max Sight Limited, a wholly-owned subsidiary of the Company, has entered into a credit facility agreement (the **"Facility Agreement"**) with a licenced bank (the **"Lender"**) for a loan facility in the aggregate amount of RMB5,300,000 which expired on 30 June 2019. On 23 July 2019, Max Sight Limited received the confirmation letters issued by the Lender for renewal of the Facility Agreement which has been expired on 30 June 2020. On 14 July 2020, the Facility Agreement has been further renewed which has been expired on 30 June 2021. The term loan facility shall be repayable in full in 13 months from the date of drawdown. As at 30 June 2021, such banking facilities have not been utilised. Max Sight Limited did not renew the Facility Agreement as at 30 June 2021 and up to the date of this announcement.

Pursuant to the terms of the Facility Agreement, if the Chan's family including Mr. Chan Wing Chai, Jamson, Mr. Chan Tien Kay, Timmy and Ms. Au-Yeung Ying Ho ceased to be a majority ultimate beneficial shareholder of the Company, the Facility Agreement may be cancelled and repayment may be demanded by the Lender. As at 30 June 2021 and the date of this announcement, Mr. Chan Wing Chai, Jamson, Mr. Chan Tien Kay, Timmy and Ms. Au-Yeung Ying Ho jointly hold approximately 53.45% of the entire issued share capital of the Company through Causeway Treasure.

## 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 interim report of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated results of the Group for the six months ended 30 June 2021 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 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 June 2021, approximately HK\$7,724,000 had been utilised, detailed information has been set out in the following table, prospectus of the Company dated 15 February 2018 (the "Prospectus") and 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").

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

|                                                         | Adjusted use of<br>net proceeds as<br>stated in the<br>Announcement<br>(HK\$'000) | Actual utilised<br>net proceeds<br>up to<br>30 June 2021<br>(HK\$'000) | Unutilised<br>net proceeds<br>up to<br>30 June 2021<br>(HK\$'000) | Expected time of<br>fully use of<br>unutilised<br>net proceeds |
|---------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------|
| Expansion of network of<br>automatic ID photo booths    |                                                                                   |                                                                        |                                                                   |                                                                |
| — Guangdong Province                                    | 29,381                                                                            | 6,652                                                                  | 22,729                                                            | 31 December 2022                                               |
| — Hong Kong                                             | 471                                                                               | 282                                                                    | 189                                                               | 31 December 2022                                               |
| Upgrading of validation<br>centre and IT infrastructure | 2,000                                                                             | 790                                                                    | 1,210                                                             | 31 December 2022                                               |
|                                                         | <u>31,852</u>                                                                     | <u>7,724</u>                                                           | <u>24,128</u>                                                     |                                                                |

The Company is currently exploring certain business opportunities in Guangdong Province and other provinces in the Mainland China and is having on-going discussions with Prestige Technology Company Limited and other operators to pursue the expansion plan of expanding our network of automatic ID photo booths.

Apart from automatic ID photo booth network expansion, we plan to upgrade our IT capability to cope with future business trend and customers demand. During the six months ended 30 June 2021, we engaged vendors for upgrading our IT infrastructure including but not limited to the telemetry system and e-payment facilities. We are also assessing the feasibility with some vendors to upgrade the validation systems and IT infrastructure in Hong Kong and Mainland China.

As a result of the outbreak of the novel coronavirus and continuous changes in the government policy for ID photos in the Mainland China, and the business in Mainland China and Hong Kong was adversely impacted by macroeconomic headwinds and uncertainty, our business developments in Guangdong Province and Hong Kong were delayed during the six months ended 30 June 2021 and up to the date of this announcement. Therefore, after due and careful consideration, the Directors have decided to extend the expected time for the fully utilisation of the unutilised net proceeds for twelve months to 31 December 2022. We will also continuously evaluate, reassess, change or modify the existing plans and explore new business opportunities in view of the latest market condition with an aim to achieve sustainable business growth and to bring long-term benefits for the Shareholders.

As at the date of this announcement, 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 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, 6 August 2021

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

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