

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

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)

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of Max Sight Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 February 2018 (the “**Prospectus**”) in relation to the listing of the Company’s shares on GEM of The Stock Exchange of Hong Kong Limited (the “**Listing**”), which sets out the intended use of the net proceeds from the issue of new shares of the Company (the “**Net Proceeds**”) at the time of preparing the Prospectus and (ii) the announcement of the Company dated 10 May 2018 which sets out reduction and adjustment of the use of the Net Proceeds due to higher listing expenses, and the announcement of the Company dated 17 January 2022 in relation to change in use of Net Proceeds from the Listing due to the challenges in expanding into the automatic ID photo booth market in Guangdong Province (the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Prospectus and the Announcements.

CHANGE IN USE OF PROCEEDS

The Net Proceeds from the Listing received by the Company, after deducting related underwriting fees and expenses payable by the Company in connection with the Share Offer, were approximately HK\$31.9 million. As at the date of this announcement, approximately HK\$12.9 million of the Net Proceeds had been utilised and the amount of unutilised Net Proceeds was approximately HK\$19.0 million (the “**Unutilised Net Proceeds**”). For reasons set out in the paragraph headed

“Reasons for and benefits of the change in use of proceeds” below, the Board has resolved to change the use of the allocation of the Unutilised Net Proceeds as below:

Business Objectives	Adjusted use of Net Proceeds as stated in the Announcements <i>(HK\$ million)</i>	Actual utilised Net Proceeds up to the date of this announcement <i>(HK\$ million)</i>	Unutilised Net Proceeds up to the date of this announcement <i>(HK\$ million)</i>	Proposed allocation of the Unutilised Net Proceeds <i>(HK\$ million)</i>
Expansion of network of automatic identity documentation (“ID”) photo booths				
— Guangdong Province	24.4	6.7	17.7	—
— Hong Kong	0.5	0.3	0.2	—
Business development of automatic ID photo booths business in Hong Kong	—	—	—	6.1
Purchase of equipment for the development of medical and related services	—	—	—	4.6
Establishment or acquisition of new clinics, medical and related business	—	—	—	2.0
Upgrading of validation centre and IT infrastructure	2.0	0.9	1.1	1.1
General working capital	<u>5.0</u>	<u>5.0</u>	<u>—</u>	<u>5.2</u>
Total	<u><u>31.9</u></u>	<u><u>12.9</u></u>	<u><u>19.0</u></u>	<u><u>19.0</u></u>

The Unutilised Net Proceeds are expected to be fully utilised on or around 31 December 2023.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Since the emergence of the outbreak of the COVID-19 pandemic, the People’s Republic of China (the “**PRC**”) government has imposed a number of anti-epidemic measures such as (i) the suspension of acceptance, approval and issuance of Exit-Entry Permits for Travelling to and from Hong Kong and Macau by the National Immigration Administration in January 2020 and commerce and trade visas in February 2020, respectively; (ii) the suspension of acceptance, approval and issuance of travelling documents by the National Immigration Administration in August 2021; (iii) the temporary closure of various offices of the Department of Motor Vehicles* (交通管理局) for obtaining motor vehicles related licence in Guangdong Province

and the introduction of online application system for motor vehicles and households related licences and permits by the Guangdong Provincial Public Security Department* (廣州市公安局) in April 2022; and (iv) travel restrictions to and from the PRC. As a result, the overall travelling activities in the PRC have declined.

Furthermore, 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 adopt 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.

Since Listing, the Company has been exploring business opportunities in Guangdong Province and other provinces in the PRC. However, almost all of our business expansion plans in PRC have been basically suspended since the outbreak of COVID-19 pandemic and the Group has so far not been able to identify attractive or suitable expansion opportunities in the Guangdong Province. The Board also notes that there are still uncertainties in the government policy changes and macroeconomic factors in the PRC and is uncertain on the outlook of automatic ID photo booth expansion in the Guangdong Province in the foreseeable short-mid term future. As such, the Board considers the reallocation of the idle funds to other purposes could better enhance the efficiency of the Group.

In light of the above, the Board considers that a more cautious approach in relation to the execution of the Group's expansion plan in the PRC should be adopted. The Board also considers that it would be more suitable and sustainable to reallocate the Unutilised Net Proceeds in the amount of approximately HK\$17.9 million 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.

The Board is aware of the significance of our existing photography services segment in Hong Kong from which most of our Group's revenue derived. We believe that the introduction of JoyYou card (樂悠卡) which facilitates the Government Public Transport Fare Concession Scheme and the relaxation of the eligibility age requirement for JoyYou card (樂悠卡) from 65 to 60 in early 2022 present us an excellent opportunity for the Group to secure and improve its market position in the automatic ID photo booths sector in Hong Kong and further enhance our financial performance.

In this regard, HK\$6.1 million of our Unutilised Net Proceeds will be reallocated to the business development of automatic ID photo booths business in Hong Kong, in which HK\$4.1 million will be allocated to upgrading and maintaining our automatic ID photo booth machines such as the printing system, the computer boards and the overall booth decoration and HK\$2 million will be allocated to advertisement and promotion through media and promotional events.

The Group has been spending great effort to explore business opportunities and diversify the Group's business with an aim to mitigate the impact of the COVID-19 pandemic to the Group. In October 2021, 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.

We intend to reallocate HK\$4.6 million of our Unutilised Net Proceeds to 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. Besides, we also intend to reallocate HK\$2 million of our Unutilised Net Proceeds to 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 trust that the general increase in health awareness since COVID-19 will boost the demand for medical and related healthcare services in Hong Kong. The Board believes that the further development of our Medical Services Business is essential to our core strategy of diversifying our Group's business.

We will reallocate HK\$5.2 million of our Unutilised Net Proceeds to general working capital to support the daily operations of the Group, such as lease deposits, lease payments and to maintain sufficient working capital for any market uncertainties. The Board is also of the view that the reallocation will allow the Group to provide more buffer to cope with the economic uncertainties in the future and allow it to deploy its financial resources in a more flexible way.

In approving the change of use of Unutilised Net Proceeds, the Board has considered, among others: (i) there is no clear sign that the COVID-19 pandemic will be over in the PRC in the near future, in particular in light of the spread of Omicron variant and there is no clear sign that the growth of demand of automatic ID photos booths will be restored to the prior level in the near future; (ii) it is probable that the policies of using online official document application systems in the PRC will continue in the near future; (iii) the favourable market driver in automatic ID photography services

sector in Hong Kong due to the introduction of JoyYou card (樂悠卡); (iv) the benefits of improving and developing our Medical Services Business to remain competitive; and (v) the benefits and positive implications of expanding the portfolio of our Medical Services Business.

The Board (including the independent non-executive Directors) is of the view that the change in use and the treatment of the Unutilised Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Group and its Shareholders as a whole. The Board will closely monitor the development of COVID-19 pandemic and continue to evaluate its impact on the operations of the Group and the plans for the use of Unutilised Net Proceeds, and may revise or amend such plans where necessary, to cope with the changing market conditions and strive for better business performance of the Group. Save as disclosed in this announcement, the Board confirms that there are no other changes to the use of the Net Proceeds.

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

Hong Kong, 12 August 2022

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 Director 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, for which the Directors collectively and individually accept full responsibility, includes particulars in compliance with 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.

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.