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*This announcement, for which the directors (the “**Directors**”) 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 2018

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 higher 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 increased by approximately HK\$2,431,000 or 10.39%, from approximately HK\$23,395,000 for the six months ended 30 June 2017 to approximately HK\$25,826,000 for the six months ended 30 June 2018.
- The Group's gross profit amounted to approximately HK\$12,177,000 and HK\$10,343,000 for the six months ended 30 June 2018 and 2017 respectively, representing gross profit margin of approximately 47.15% and 44.21% respectively, the improvement mainly contributed by the decreasing licence fee for premises of the photo booths.
- The Group's loss attributable to owners of the Group decreased by approximately HK\$1,291,000 or 30.12% from approximately HK\$4,286,000 for the six months ended 30 June 2017 to approximately HK\$2,995,000 for the six months ended 30 June 2018. The improvement mainly contributed by the higher revenue and gross profit incurred for the six months ended 30 June 2018.
- The Group's profit after tax (excluding one-off listing expenses) was approximately HK\$4,794,000 and HK\$5,072,000 for the six months ended 30 June 2018 and 2017 respectively.
- The Directors do not recommend to declare any interim dividend for the six months ended 30 June 2018.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2018 (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 2018

		For the six months ended 30 June	
	<i>NOTES</i>	2018	2017
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	25,826	23,395
Cost of sales		<u>(13,649)</u>	<u>(13,052)</u>
Gross profit		12,177	10,343
Other income		57	11
Other gains and losses, net		9	45
Administrative expenses		(6,659)	(4,236)
Finance costs	6	(2)	(5)
Listing expenses		<u>(7,789)</u>	<u>(7,705)</u>
Loss before taxation	7	(2,207)	(1,547)
Income tax expense	8	<u>(788)</u>	<u>(1,086)</u>
Loss for the period		<u>(2,995)</u>	<u>(2,633)</u>
Other comprehensive (expense) income for the period			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation		<u>(283)</u>	<u>99</u>
Total comprehensive expense for the period		<u>(3,278)</u>	<u>(2,534)</u>

		For the six months ended	
		30 June	
		2018	2017
NOTES		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to:			
	Owners of the Company	(2,995)	(4,286)
	Non-controlling interests	—	1,653
		<u>(2,995)</u>	<u>(2,633)</u>
Total comprehensive (expense) income attributable to:			
	Owners of the Company	(3,278)	(4,239)
	Non-controlling interests	—	1,705
		<u>(3,278)</u>	<u>(2,534)</u>
Loss per share			
	— Basic (HK cents)	10 <u>0.41</u>	<u>1.00</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
	NOTES		
Non-current assets			
Property, plant and equipment	11	3,734	2,556
Deposits	13	8,250	4,929
		<u>11,984</u>	<u>7,485</u>
Current assets			
Inventories		307	280
Trade receivables	12	885	702
Other receivables, deposits and prepayments	13	890	4,312
Bank balances and cash		45,677	12,746
		<u>47,759</u>	<u>18,040</u>
Current liabilities			
Trade payables	14	472	–
Other payables and accrued charges	15	1,944	5,490
Dividend payables		–	10,800
Obligation under finance lease	16	74	183
Tax payable		1,324	745
		<u>3,814</u>	<u>17,218</u>
Net current assets		<u>43,945</u>	<u>822</u>
Non-current liability			
Deferred tax liabilities		120	130
		<u>120</u>	<u>130</u>
Net assets		<u>55,809</u>	<u>8,177</u>
Capital and reserves			
Share capital	17	8,000	10
Reserves		47,809	8,167
Total equity attributable to owners of the Company		<u>55,809</u>	<u>8,177</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Accumulated profits (losses)	Other reserve	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	2,453	–	(31)	14,071	–	16,493	10,947	27,440
(Loss) profit for the period	–	–	–	(4,286)	–	(4,286)	1,653	(2,633)
Other comprehensive income for the period	–	–	47	–	–	47	52	99
Profit (loss) and other comprehensive income (expense) for the period	–	–	47	(4,286)	–	(4,239)	1,705	(2,534)
Dividend (note 9)	–	–	–	(11,079)	–	(11,079)	(6,596)	(17,675)
At 30 June 2017(unaudited)	2,453	–	16	(1,294)	–	1,175	6,056	7,231
At 1 January 2018 (audited)	10	14,163	162	(494)	(5,664)	8,177	–	8,177
Loss for the period	–	–	–	(2,995)	–	(2,995)	–	(2,995)
Other comprehensive expense for the period	–	–	(283)	–	–	(283)	–	(283)
Loss and other comprehensive expense for the period	–	–	(283)	(2,995)	–	(3,278)	–	(3,278)
Capitalisation issue (note i)	5,990	(5,990)	–	–	–	–	–	–
Issuance of new shares by way of share offer (note ii)	2,000	60,000	–	–	–	62,000	–	62,000
Transaction costs attributable to issuance of new shares	–	(11,090)	–	–	–	(11,090)	–	(11,090)
At 30 June 2018 (unaudited)	8,000	57,083	(121)	(3,489)	(5,664)	55,809	–	55,809

Notes:

- (i) The Directors are authorised to capitalise HK\$5,990,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 599,000,000 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company at the close of business on 8 February 2018 (or as they may direct) in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in the Company and so that the shares to be allotted and issued pursuant to the resolution passed at the extraordinary general meeting held on 8 February 2018 shall rank pari passu in all respects with the then existing issued shares of the Company (the “**Capitalisation Issue**”) immediately prior to the listing. The Capitalisation Issue was completed on 28 February 2018.
- (ii) The listing on GEM of Stock Exchange was completed on 28 February 2018 (the “**Listing**”) and the Company allotted and issued HK\$2,000,000 divided into 200,000,000 new shares at HK\$0.31 per share for total gross proceeds of HK\$62,000,000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	For the six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss before taxation	(2,207)	(1,547)
Adjustments for:		
Depreciation of property, plant and equipment	410	566
Finance costs	2	5
Interest income	(3)	(11)
Operating cash flows before movements in working capital	(1,798)	(987)
(Increase) decrease in inventories	(27)	35
(Increase) decrease in trade receivables	(183)	13
Decrease (increase) in other receivables,		
deposits and prepayments	4,575	(2,621)
Increase in trade payables	472	558
(Decrease) increase in other payables and accrued charges	(3,558)	2,830
Cash generated from operations	(519)	(172)
Income tax paid	(220)	(270)
NET CASH USED IN OPERATING ACTIVITIES	(739)	(442)
INVESTING ACTIVITIES		
Deposits paid for acquisition of property,		
plant and equipment	(4,799)	(506)
Purchases of property, plant and equipment	(1,514)	(462)
Decrease in amount due from a related company	–	129
Interest received	3	11
Repayment from a director	–	271
NET CASH USED IN INVESTING ACTIVITIES	(6,310)	(557)

	For the six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Repayment of obligation under finance lease	(109)	(106)
Dividend paid	(10,800)	(6,875)
Interest paid	(2)	(5)
Proceeds from issuance of new shares by way of share offer	62,000	–
Share issue costs paid	(11,090)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	39,999	(6,986)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,950	(7,985)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	12,746	24,543
EFFECT OF FOREIGN CURRENCY RATE CHANGES	(19)	60
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	45,677	16,618

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 26 January 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company (the “**Shares**”) have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 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 and the principal place of business is 14th Floor, McDonald’s Building, 48 Yee Wo Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of photography services by supplying automatic identity (the “**ID**”) photo booths in Hong Kong and Guangdong Province, the People’s Republic of China (the “**PRC**”).

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

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

Pursuant to the reorganisation (the “**Reorganisation**”) as full explained in the paragraph headed “Group Reorganisation and Basis of Preparation and Presentation of the Consolidated Financial Statements” of the annual report of the Company dated 23 March 2018, the Company has become the holding company of the companies now comprising the Group on 6 July 2017.

Accordingly, the unaudited condensed consolidated financial statements have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting For Common Control Consolidations” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed consolidated statement of profit or loss and other comprehensive income and the unaudited condensed consolidated statement of changes in equity for the six months ended 30 June 2018 have been prepared to present the results of the companies comprising the Group as if the group structure upon the completion of the reorganisation had been in existence throughout for the six months ended 30 June 2018 or since their respective dates of incorporation, where there is a shorter period.

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 23 March 2018, 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 periods financial statements.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis and in accordance with the following accounting policies which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the unaudited condensed consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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.

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.

3. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This announcement is unaudited but has been reviewed and authorized by the audit committee of the Company (the "**Audit Committee**").

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual report dated 23 March 2018, except for the changes in accounting policies that are expected to be reflected in the 2018 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 2017 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 Hong Kong Financial Reporting Standards ("**HKFRSs**").

The financial information relating to the financial year ended 31 December 2017 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.

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and the related amendments
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual improvements to HKFRSs 2014 – 2016 cycle
Amendments to HKAS 40	Transfer of investment property
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration

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 SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable from sales of photos by the Group to external customers, net of sales returns.

Segment Information

The Group's operation is solely derived from sales of photos in Hong Kong and Guangdong Province, the PRC during both periods. For the purposes of resources allocation and performance assessment, the chief operation decision maker (i.e. the executive Directors) (the "CODM") reviews the overall results and financial position of the Group as a whole which prepared based on the same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

No segment assets and liabilities are presented as the CODM does not regularly review segment assets and liabilities.

Geographical Information

The Group's revenue from external customers and non-current assets (excluding financial assets) by jurisdictions based on the place of domicile are detailed below:

	Revenue		Non-current assets	
	For the six months ended		As at	As at
	30 June		30 June	31 December
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	23,090	20,608	1,166	1,270
PRC	2,736	2,787	9,204	4,347
	<u>25,826</u>	<u>23,395</u>	<u>10,370</u>	<u>5,617</u>

Note: Non-current assets excluded financial instruments.

For the six months ended 30 June 2018 and 2017, no single customer accounted for 10% or more of the Group's total revenue.

6. FINANCIAL COST

	For the six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on finance lease	<u>2</u>	<u>5</u>

7. LOSS BEFORE TAXATION

	For the six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	410	566
Directors' remuneration	1,828	1,414
Other staff costs		
— Salaries and other benefits	3,394	2,625
— Retirement benefits scheme contributions	<u>139</u>	<u>155</u>
Total staff costs	<u>5,361</u>	<u>4,194</u>
Lease and licensing payments under operating lease in respect of land and buildings		
— Minimum lease payment	5,117	4,531
— Contingent rent	<u>6,711</u>	<u>6,329</u>
Total lease and licensing payments	<u>11,828</u>	<u>10,860</u>
Cost of inventories recognised as an expense	<u>471</u>	<u>723</u>

8. INCOME TAX EXPENSE

	For the six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
— Current tax	781	898
PRC Enterprise Income Tax:		
— Current tax	—	157
— Underprovision in prior years	17	20
	798	177
Deferred tax (credit) expense	(10)	11
	788	1,086

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the relevant periods.

The taxation charges of the PRC Enterprise Income Tax for relevant periods have been made based on the Group's estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the subsidiary in the PRC.

9. DIVIDEND

The Directors do not recommend to declare any interim dividend for the six months ended 30 June 2018.

Dividends declared by the Group during the six months ended 30 June 2018 and 2017 were as follows:

	For the six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Max Sight	—	4,000
Treasure Star (China) Limited	—	2,750
MV Asset Management Limited	—	125

For the six months ended 30 June 2017, Max Sight and Treasure Star declared dividends of HK\$8,600,000 and HK\$2,200,000, respectively, and presented as dividend payable as at 30 June 2017.

For the six months ended 30 June 2017, the dividends were declared to the shareholders of Treasure Star (China) Limited and MV Asset Management Limited before the Reorganisation. Treasure Star (China) Limited and MV Asset Management Limited become the indirect wholly-owned subsidiaries of the Company after the Reorganisation.

Other than disclosed above, no dividend was declared by any group entity during the relevant periods.

10. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the following data:

	For the six months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss:		
Loss for the purpose of calculating basic loss per share		
— Loss for the period attributable to the owners of the Company	<u>2,995</u>	<u>4,286</u>
	'000	'000
Weighted average number of shares:		
Number of ordinary shares for the purpose of calculating basic loss per share	<u>735,912</u>	<u>427,601</u>

For the six months ended 30 June 2018, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has been adjusted for the effect of share offer dated on 28 February 2018, detailed information are disclosed in the 2017 annual report of the Company dated on 23 March 2018.

For the six months ended 30 June 2017, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue had been effective on 1 January 2017, detailed information are disclosed in the annual report of the Company dated on 23 March 2018.

No diluted loss per share for both periods were presented as there were no potential ordinary shares in issue during the relevant periods.

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2018, the Group acquired property plant and equipment at a cost of approximately HK\$1,656,000 (for the six months ended 30 June 2017: approximately HK\$462,000). None of the property, plant and equipment were disposed of for the six months ended 30 June 2018 and 2017 respectively.

12. TRADE RECEIVABLES

The Group grants credit terms of 0 – 20 days to its lessor which holds the money from customer on behalf of the Group. An ageing analysis of the trade receivables is presented based on the monthly statement issued to the lessor at the end of the reporting period.

	As at	As at
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0–20 days	<u>885</u>	<u>702</u>

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2018 <i>HK\$'000</i> (Unaudited)	As at 31 December 2017 <i>HK\$'000</i> (Audited)
Rental and utilities deposits	2,281	2,211
Prepayments	216	289
Other receivables	7	360
Deferred issue costs	–	3,320
Deposits for acquisition of property, plant and equipment	6,636	3,061
Total	9,140	9,241
Presented as non-current assets	8,250	4,929
Presented as current assets	890	4,312
Total	9,140	9,241

As at 30 June 2018, the balance includes an aggregate amount of approximately HK\$770,000 (as at 31 December 2017: approximately HK\$780,000) in relation to the deposits for the acquisition of property, plant and equipment placed to a subsidiary of Photo-Me.

14. TRADE PAYABLES

The average credit period for purchases of goods is 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 June 2018 <i>HK\$'000</i> (Unaudited)	As at 31 December 2017 <i>HK\$'000</i> (Audited)
0–30 days	472	–

As at 30 June 2018, the balance represented approximately HK\$472,000 in relation to the purchase of consumables from a subsidiary of Photo-Me.

15. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Accrued expenses	844	470
Accrued listing expenses	–	3,159
Salaries payables and provision for bonus	414	429
Machine licence fee payable	–	542
Photo validation fee payables	2	163
Other lease and licence fee payables	621	454
Other payables	18	232
Other tax payables	45	41
	<u>1,944</u>	<u>5,490</u>
Total	<u>1,944</u>	<u>5,490</u>

As at 31 December 2017, the balance included an aggregate amount of approximately HK\$155,000 in relation to the purchase of photo booths from a subsidiary of Photo-Me.

16. OBLIGATION UNDER FINANCE LEASE

The Group has leased certain of its motor vehicles under finance lease for a lease term of three years. Interest rate underlying the obligation under finance lease as at 30 June 2018 is fixed at the contract date of 3.08% (as at 31 December 2017: 3.08%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Obligation under finance lease payable:				
Within one year	74	186	74	183
Within a period of more than one year but not more than two years	–	–	–	–
Within a period of more than two years but not more than five years	–	–	–	–
	<u>74</u>	<u>186</u>	<u>74</u>	<u>183</u>
Less: Future finance charges	–	(3)	N/A	N/A
Present value of lease obligation	<u>74</u>	<u>183</u>	<u>74</u>	<u>183</u>
Less: Amount due for settlement within twelve months (shown under current liabilities)			<u>(74)</u>	<u>(183)</u>
Amount due for settlement after twelve months			<u>–</u>	<u>–</u>

17. SHARE CAPITAL

The share capital of the Group at 30 June 2018 and 31 December 2017 represents the share capital of the Company as follows:

	Number of share	HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
As at 26 January 2017 (date of incorporation),		
31 December 2017 (Audited)	38,000,000	380
Additions	4,962,000,000	49,620
	<u>5,000,000,000</u>	<u>50,000</u>
As at 30 June 2018 (Unaudited)		
Issued and fully paid:		
As at 26 January 2017 (date of incorporation)	1	–
Issue of shares upon Reorganisation	999,999	10
	<u>1,000,000</u>	<u>10</u>
As at 31 December 2017 (Audited)		
Capitalisation Issue	599,000,000	5,990
Issuance of new shares by way of share offer	200,000,000	2,000
	<u>800,000,000</u>	<u>8,000</u>
As at 30 June 2018 (Unaudited)		

18. CAPITAL COMMITMENTS

	As at 30 June 2018 HK\$'000 (Unaudited)	As at 31 December 2017 HK\$'000 (Audited)
Capital expenditure in respect of addition of property, plant and equipment		
— contracted for but not provided in the consolidated financial statements	<u>2,484</u>	<u>7,048</u>

19. 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	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Various subsidiaries of Photo-Me		
Machine leasing fee	–	38
Purchase of consumables	498	570
Purchase of machineries	–	353
Purchase of spare parts	12	17
(b) Rental expenses paid to Big Star Properties Limited and a company owned by Mr. CHEUNG Kam Ting	302	302
(c) Salaries and other benefits paid to Ms. AU-YEUNG Ying Ho	77	465

During the six months ended 30 June 2017, Mr. CHAN Wing Chai, Jamson provided HK\$130,000 personal guarantees to a bank for a corporate credit card issued to the Group. The guarantees provided by Mr. CHAN Wing Chai, Jamson were released on 20 May 2017.

The remuneration of directors and other members of key management for the six months ended 30 June 2018 and 2017 were as follows:

	For the six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,635	1,876
Post-employment benefits	144	89
	2,779	1,965

20. EVENTS AFTER REPORTING PERIOD

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 licensed bank (the “**Lender**”) for a loan facility in the aggregate amount of RMB5,300,000 which will expire on 30 June 2019. The term loan facility shall be repayable in full in 13 months from the date of drawdown.

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 ceases 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 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% by Causeway Treasure Holding Limited of the entire issued share capital of the Company. Detailed information is disclosed in the announcement dated on 11 July 2018.

Except the above event, the Group had no other significant events after the end of the Reporting Period of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company was successfully listed on the Stock Exchange on 28 February 2018, marking a milestone for the Group in improving capital strength and corporate governance as well as enhancing our competitive edge. As the date of this announcement, all of the unused proceeds from the share offer were deposited in licensed banks in Hong Kong.

The Group is the main photo booth operator of the automatic ID photo service market in Hong Kong and Guangdong Province in terms of the number of automatic ID photo booths operated and market share, we believe our brand has become synonymous with automatic ID photo booths.

In the foreseeable future, both business models of automatic photo booth and photo studio are expected to maintain substantial growth underpinned by increasing demand for ID photos. In particular, along with the convenience and improving market perception of automatic photo booths, the revenue of ID photo service market generated by automatic photo booths is estimated to be further increased.

We intend to replicate the success of our business model in Hong Kong to the Guangdong Province by expanding our network of automatic ID photo booths through installing new photo booths in selected sites of railway stations and ID Documentation Issuing Authorities and upgrading existing photo booths; maintain our competitiveness in Hong Kong through continued market penetration by extending our reach at metro stations and exploring new sites; and upgrade our validation centre and information technology (the “IT”) infrastructure to cope with our anticipated business growth. We believe the automatic ID photo booth business has considerable expansion potential in the PRC.

We are optimistic about our core business and shall continue to capture market opportunities and expand our network of automatic ID photo booth, so as to achieve a sustainable business growth and long-term benefits for our shareholders.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately HK\$2,431,000 or 10.39%, from approximately HK\$23,395,000 for the six months ended 30 June 2017 to approximately HK\$25,826,000 for the six months ended 30 June 2018. For the six months ended 30 June 2018, the higher revenue was attributed to the slight increase in number of transactions generated by photo booths.

Cost of Sales

The Group's cost of sales primarily consisted of (i) license fees paid to lessors for the operational sites of our photo booths; (ii) staff costs in relation to automatic ID photo booth attendants; (iii) photo booth consumables; (iv) depreciations and others. Our cost of sales was mainly comprised of license fees paid/payable for premises of our photo booths, which accounted for approximately 84.32% of our total cost of sales, for the six months ended 30 June 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK\$12,177,000 and HK\$10,343,000 for the six months ended 30 June 2018 and 2017 respectively, representing gross profit margin of approximately 47.15% and 44.21% respectively, the improvement mainly contributed by the decreasing licence fee for premises of the photo booths.

Other Income

Other income represented trading of consumables and interest income from bank deposits. It was increased from approximately HK\$11,000 for the six months ended 30 June 2017 to approximately HK\$57,000 for the six months ended 30 June 2018.

Other Gains and Losses, Net

Other gains and losses, net represented a net exchange gain which was decreased from approximately HK\$45,000 for the six months ended 30 June 2017 to approximately HK\$9,000 for the six months ended 30 June 2018.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$2,423,000, or 57.20%, from approximately HK\$4,236,000 for the six months ended 30 June 2017 to approximately HK\$6,659,000 for the six months ended 30 June 2018. The increase was mainly attributable to an increase in (i) staff cost; (ii) Directors' emoluments; (iii) legal and professional fee; and (iv) auditor's remuneration after the Listing.

Finance Costs

Finance costs comprised interest charges on finance lease obligation. Finance costs amounted to approximately HK\$2,000 and HK\$5,000, respectively, for the six months ended 30 June 2018 and 2017.

Listing Expenses

The Group's listing expenses comprised professional and other expenses in relation to the Listing.

The Group's listing expenses amounted to approximately HK\$7,789,000 and HK\$7,705,000, respectively, for the six months ended 30 June 2018 and 2017.

Income Tax Expenses

Income tax expenses amounted to approximately HK\$788,000 and HK\$1,086,000 for the six months ended 30 June 2018 and 2017, respectively.

Loss Attributable to Owners of the Company

The Group's loss attributable to owners of the Company decreased by approximately HK\$1,291,000 or 30.12% from approximately HK\$4,286,000 for the six months ended 30 June 2017 to approximately HK\$2,995,000 for the six months ended 30 June 2018. The improvement mainly contributed by the higher revenue and profit incurred for the six months ended 30 June 2018. Excluding the non-recurring listing expenses incurred for the six months ended 30 June 2018 and 2017 respectively, our profit attributable to owners of the Company was approximately HK\$4,794,000 and HK\$3,419,000 for the six months ended 30 June 2018 and 2017, respectively.

Segment Information

An analysis of the Group's performance for the six months ended 30 June 2018 and 2017 by geographical information is set out in note 5 to the unaudited condensed consolidated financial statements of this announcement.

Share Capital

Pursuant to a written resolution passed at the extraordinary general meeting held on 8 February 2018, it was resolved, among other things, that:

- (i) the Company has conditionally adopted a share option scheme, the principal items of which are set out in the prospectus of the Company dated 15 February 2018 (the "**Prospectus**");
- (ii) the authorised share capital of the Company was increased to HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each by creation of an additional 4,962,000,000 Shares; and
- (iii) the Directors are authorised to capitalise HK\$5,990,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 599,000,000 shares for allotment and issue to holders of shares whose names appear on the register of members of the Company at the close of business on 8 February 2018 (or as they may direct) in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in the Company and so that the shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued shares of the Company immediately prior to the Listing. The Capitalisation Issue was completed on 28 February 2018.

The Listing was completed on 28 February 2018 and the Company allotted and issued HK\$2,000,000 divided into 200,000,000 new Shares at HK\$0.31 per Share for total gross proceeds of HK\$62,000,000.

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 2018, the Group has 58 employees (as at 30 June 2017: 51 employees).

Liquidity and capital resources

Our use of cash primarily related to operating activities and capital expenditure. We finance our operations through cash flow generated from our operations. As at 30 June 2018, 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 turnover, 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 PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Significant Investments

As at 30 June 2018 and 2017, the Group did not hold any significant investments.

Pledge of Assets

As at 30 June 2018 and 2017, the Group had no pledge of assets.

Contingent Liabilities

As at 30 June 2018 and 2017, the Group did not have any significant contingent liabilities.

Subsequent Events

The information is set out in the note 20 to the unaudited condensed consolidated financial statements of this announcement.

Dividends

The Directors do not recommend to declare any interim dividend for the six months ended 30 June 2018.

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 of the Company (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 2018, 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 2018.

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

During the six months ended 30 June 2018, 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 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. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 8 July 2017, neither the compliance adviser 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.

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 2018 and there was no outstanding share option as at the date of this announcement.

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

For the six months ended 30 June 2018, none of the Directors, controlling Shareholders or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company has established an audit committee (the “**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 2018 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 2018 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. Detailed information are disclosed in the Prospectus, announcement, 2017 annual report and 2018 first quarterly report of the Company dated on 15 February 2018, 27 February 2018, 23 March 2018 and 10 May 2018 respectively.

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

	Use of net proceeds as disclosed in the 2018 first quarterly report dated on 10 May 2018 (HK\$'000)	Actual used of net proceeds up to 30 June 2018 (HK\$'000)	Unutilised net proceeds up to 30 June 2018 (HK\$'000)
Expansion of network of automatic ID photo booths			
— Guangdong Province	29,381	4,416	24,965
— Hong Kong	471	120	351
Upgrading of validation centre and IT infrastructure	2,000	92	1,908
Total	31,852	4,628	27,224

As at the date of this announcement, all of the unused proceeds were deposited in licensed 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, 9 August 2018

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of publication and on the website of the Company at www.maxsightgroup.com.