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*This announcement, for which the directors (the “**Director(s)**”) of Max Sight Group Holdings Limited (the “**Company**”), together with its subsidiaries, the “**Group**” or “**We**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 2019

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\$5,896,000 or 22.83%, from approximately HK\$25,826,000 for the six months ended 30 June 2018 to approximately HK\$31,722,000 for the six months ended 30 June 2019.
- The Group's gross profit amounted to approximately HK\$11,963,000 and HK\$12,177,000 for the six months ended 30 June 2019 and 2018 respectively. The decrease was mainly attributable to the increase in the depreciation of property, plant and equipment and the depreciation of right-of-use assets. The Group's gross profit margin was approximately 37.71% and 47.15% for the six months ended 30 June 2019 and 2018 respectively.
- The Group recorded profit attributable to the owners of the Company of approximately HK\$4,284,000 for the six months ended 30 June 2019 and loss attributable to the owners of the Company of approximately HK\$2,995,000 for the six months ended 30 June 2018. The improvement was mainly contributed by the absence of listing expenses.
- The Group's profit after tax (excluding non recurring listing expenses) was approximately HK\$4,284,000 and HK\$4,794,000 for the six months ended 30 June 2019 and 2018 respectively.
- The Directors have resolved to declare an interim dividend of HK\$0.005 per share for the six months ended 30 June 2019.

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 2019 (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 2019

		For the six months ended 30 June	
	<i>NOTES</i>	2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	31,722	25,826
Cost of sales		(19,759)	(13,649)
Gross profit		11,963	12,177
Other income		179	57
Other gains and losses, net		(91)	9
Administrative expenses		(6,567)	(6,659)
Finance costs	6	(215)	(2)
Listing expenses		–	(7,789)
Profit (loss) before taxation	7	5,269	(2,207)
Income tax expense	8	(985)	(788)
Profit (loss) for the period		4,284	(2,995)
Other comprehensive income (expense) for the period			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation		13	(283)
Total comprehensive income (expense) for the period		4,297	(3,278)
Profit (loss) for the period attributable to:			
Owners of the Company		4,284	(2,995)
Non-controlling interests		–	–
		4,284	(2,995)

		For the six months ended	
		30 June	
		2019	2018
	NOTES	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Total comprehensive income (expense)			
attributable to:			
Owners of the Company		4,297	(3,278)
Non-controlling interests		—	—
		<u>4,297</u>	<u>(3,278)</u>
Earnings (Loss) per share			
— Basic (HK cents)	10	<u>0.54</u>	<u>(0.41)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment	<i>11</i>	9,725	11,172
Right-of-use assets		16,493	–
Deposits	<i>13</i>	1,585	1,838
		27,803	13,010
Current assets			
Inventories		504	172
Trade receivables	<i>12</i>	1,333	1,140
Other receivables, deposits and prepayments	<i>13</i>	1,345	910
Tax recoverable		–	456
Bank balances and cash		53,748	47,294
		56,930	49,972
Current liabilities			
Trade payables	<i>14</i>	479	–
Other payables and accrued charges	<i>15</i>	2,320	2,557
Lease liabilities		9,091	–
Tax payable		583	–
		12,473	2,557
Net current assets		44,457	47,415
Non-current liability			
Deferred tax liabilities		92	124
Lease liabilities		7,570	–
		7,662	124
Net assets		64,598	60,301
Capital and reserves			
Share capital	<i>16</i>	8,000	8,000
Reserves		56,598	52,301
Total equity attributable to owners of the Company		64,598	60,301
Total equity		64,598	60,301

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company					
	Share capital	Share premium	Translation reserve	Accumulated (losses) profits	Other reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018 (audited)	10	14,163	162	(494)	(5,664)	8,177
Loss for the period	–	–	–	(2,995)	–	(2,995)
Other comprehensive expense for the period	–	–	(283)	–	–	(283)
Loss and other comprehensive expense for the period	–	–	(283)	(2,995)	–	(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
Transaction costs attributable to issuance of new shares	–	(11,090)	–	–	–	(11,090)
At 30 June 2018 (unaudited)	8,000	57,083	(121)	(3,489)	(5,664)	55,809
At 1 January 2019 (audited)	8,000	57,083	(404)	1,286	(5,664)	60,301
Profit for the period	–	–	–	4,284	–	4,284
Other comprehensive income for the period	–	–	13	–	–	13
Profit and other comprehensive income for the period	–	–	13	4,284	–	4,297
At 30 June 2019 (unaudited)	8,000	57,083	(391)	5,570	(5,664)	64,598

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 the 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 2019

	For the six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit (loss) before taxation	5,269	(2,207)
Adjustments for:		
Depreciation of property, plant and equipment	1,481	410
Depreciation of right-of-use assets	4,943	–
Interest charged of lease liability	215	–
Finance costs	–	2
Interest income	(135)	(3)
Operating cash flows before movements in working capital	11,773	(1,798)
Increase in inventories	(332)	(27)
Increase in trade receivables	(193)	(183)
(Increase) decrease in other receivables, deposits and prepayments	(182)	4,575
Increase in trade payables	479	472
Decrease in other payables and accrued charges	(236)	(3,558)
Cash generated from (used in) operations	11,309	(519)
Income tax refund (paid)	22	(220)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	11,331	(739)
INVESTING ACTIVITIES		
Deposits paid for acquisition of property, plant and equipment	–	(4,799)
Purchases of property, plant and equipment	(21)	(1,514)
Interest received	135	3
NET CASH FROM (USED IN) INVESTING ACTIVITIES	114	(6,310)

**For the six months ended
30 June**

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)

FINANCING ACTIVITIES

Repayment of obligation under finance lease	–	(109)
Lease payments	(4,990)	–
Dividend paid	–	(10,800)
Interest paid	–	(2)
Proceeds from issuance of new shares by way of share offer	–	62,000
Share issue costs paid	–	(11,090)

NET CASH (USED IN) FROM FINANCING ACTIVITIES	(4,990)	39,999

NET INCREASE IN CASH AND CASH EQUIVALENTS	6,455	32,950
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CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	47,294	12,746
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EFFECT OF FOREIGN CURRENCY RATE CHANGES	(1)	(19)

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	53,748	45,677

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL

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

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 2019 and 2018 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 (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.

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 22 March 2019, 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.

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 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 2018 annual report dated 22 March 2019, except for the changes in accounting policies that are expected to be reflected in the 2019 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 2018 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 2018 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 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

HKFRS 16 Leases

The standard will affect primarily the accounting for the Group’s operating leases.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK\$14.3 million. The Group expects to recognise right-of-use assets of approximately HK\$9.8 million on 1 January 2019, lease liabilities of HK\$9.8 million.

Net current assets will be HK\$4.9 million lower due to the presentation of a portion of the liability as a current liability.

Operating cash flows will increase and financing cash flows decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to the first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the leases liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

5. REVENUE AND SEGMENT INFORMATION

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.

Segment Information

The Group's operation is solely derived from provision of photography service in Hong Kong and Guangdong Province, the PRC during both periods.

Information reported to the executive Directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures and geographic information are 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
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
			(Note)	(Note)
Hong Kong	29,750	23,090	14,489	1,202
PRC	1,972	2,736	11,729	9,970
	<u>31,722</u>	<u>25,826</u>	<u>26,218</u>	<u>11,172</u>

Note: Non-current assets excluded financial assets.

For the six months ended 30 June 2019 and 2018, no single customer accounted for 10% or more of the Group's total revenue.

6. FINANCIAL COST

	For the six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on finance lease	–	2
Interest on lease liability	215	–
	<u>215</u>	<u>2</u>
	<u><u>215</u></u>	<u><u>2</u></u>

7. PROFIT (LOSS) BEFORE TAXATION

	For the six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,481	410
Directors' remuneration	1,778	1,828
Other staff costs		
— Salaries and other benefits	3,484	3,394
— Retirement benefits scheme contributions	175	139
	<u>5,437</u>	<u>5,361</u>
Total staff costs	<u><u>5,437</u></u>	<u><u>5,361</u></u>
Lease and licensing payments under operating lease in respect of land and buildings		
— Minimum lease payment	4,990	5,117
— Contingent rent	10,999	6,711
	<u>15,989</u>	<u>11,828</u>
Total lease and licensing payments	<u><u>15,989</u></u>	<u><u>11,828</u></u>
Cost of inventories recognised as an expense	<u><u>701</u></u>	<u><u>471</u></u>

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
— Current tax	1,035	781
— Overprovision in prior years	(18)	—
PRC Enterprise Income Tax:		
— Underprovision in prior years	—	17
	<u>1,017</u>	<u>798</u>
Deferred tax credit	<u>(32)</u>	<u>(10)</u>
	<u><u>985</u></u>	<u><u>788</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the relevant periods.

Under the Law of the PRC Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the relevant periods.

9. DIVIDEND

On 8 August 2019, the Directors have resolved to declare an interim dividend of HK\$0.005 per share for the six months ended 30 June 2019, totaling HK\$4,000,000. The proposed dividend has not been recognised as a liability in this interim financial statement but will be reflected as an appropriation of retained profits for the year ending 31 December 2019.

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

10. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per Share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings (loss):		
Earnings (loss) for the purpose of calculating basic earnings (loss) per Share		
— Earnings (loss) for the period attributable to the owners of the Company	4,284	(2,995)
	'000	'000
Weighted average number of Shares:		
Number of ordinary Shares for the purpose of calculating basic earnings (loss) per Share	800,000	735,912

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 conducted on 28 February 2018, detailed information are disclosed in the 2018 annual report of the Company dated 22 March 2019.

No diluted earnings (loss) per Share for the six months ended 30 June 2019 and 2018 were presented as there were no potential ordinary Shares in issue during the six months ended 30 June 2019 and 2018.

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2019, the Group acquired property plant and equipment at a cost of approximately HK\$21,000 (for the six months ended 30 June 2018: approximately HK\$1,656,000). None of the property, plant and equipment were disposed of for the six months ended 30 June 2019 and 2018 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 each reporting period.

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0–20 days	1,333	1,140

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Rental and utilities deposits	2,325	2,275
Prepayments	361	272
Other receivables	244	201
Total	<u>2,930</u>	<u>2,748</u>
Presented as non-current assets	1,585	1,838
Presented as current assets	<u>1,345</u>	<u>910</u>
Total	<u>2,930</u>	<u>2,748</u>

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 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
0–30 days	<u>479</u>	<u>–</u>

As at 30 June 2019, the balance represented approximately HK\$479,000 in relation to the purchase of consumables from a subsidiary of Photo-Me International Plc. (“Photo-Me”).

15. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Accrued expenses	1,207	551
Salaries payables and provision for bonus	457	958
Photo validation fee payables	2	2
Other lease and licence fee payables	613	905
Other payables	9	110
Other tax payables	32	31
Total	<u>2,320</u>	<u>2,557</u>

16. SHARE CAPITAL

The share capital of the Group at 30 June 2019 and 31 December 2018 represents the share capital of the Company as follows:

	Number of Shares	HK\$'000
Ordinary Share of HK\$0.01 each		
Authorised:		
As at 1 January 2018 (Audited)	38,000,000	380
Increase of authorized share capital with par HK\$0.01 each on 2 February 2018 (<i>Note i</i>)	<u>4,962,000,000</u>	<u>49,620</u>
As at 31 December 2018 (Audited) and 30 June 2019 (Unaudited)	<u><u>5,000,000,000</u></u>	<u><u>50,000</u></u>
Issued and fully paid:		
As at 1 January 2018 (Audited)	1,000,000	10
Capitalisation Issue (<i>Note ii</i>)	599,000,000	5,990
Issue of new Shares upon listing (<i>Note iii</i>)	<u>200,000,000</u>	<u>2,000</u>
As at 31 December 2018 (Audited) and 30 June 2019 (Unaudited)	<u><u>800,000,000</u></u>	<u><u>8,000</u></u>

Notes:

- (i) Pursuant to the written resolution passed at the extraordinary general meeting on 8 February 2018, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares of a par value of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 Shares of a par value of HK\$0.01 each by the creation of an additional 4,962,000,000 Shares.
- (ii) Pursuant to the written resolution passed at the extraordinary general meeting on 8 February 2018, the Directors were authorised to capitalise the amount of HK\$5,990,000 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par. The capitalisation issue was completed on 28 February 2018 (the “**Capitalisation Issue**”).
- (iii) On 28 February 2018, 200,000,000 Shares were issued at HK\$0.31 per Share for a total consideration of HK\$62,000,000. During the year ended 31 December 2018, the transaction costs attributable to issuance of new Shares was approximately HK\$11,090,000.

All issued Shares rank pari passu in all respects.

17. CAPITAL COMMITMENTS

As at 30 June 2019 and 31 December 2018, the Group did not have any significant capital commitment.

18. 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 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Various subsidiaries of Photo-Me		
Purchase of consumables	<u>953</u>	<u>498</u>
Purchase of spare parts	<u>41</u>	<u>–</u>
(b) Rental expenses paid to Big Star Properties Limited and a company owned by Mr. Cheung Kam Ting	<u>302</u>	<u>302</u>
(c) Salaries and other benefits paid to Ms. Au-Yeung Ying Ho	<u>76</u>	<u>77</u>
(d) A company which a family member of Mr. Riccardo Costi has less than 5% interest		
Purchase consumables	–	11
Purchase of machineries	<u>–</u>	<u>120</u>

The remuneration of Directors and other members of key management for the six months ended 30 June 2019 and 2018 were as follows:

	For the six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,756	2,635
Post-employment benefits	<u>75</u>	<u>144</u>
	<u>2,831</u>	<u>2,779</u>

19. EVENTS AFTER REPORTING PERIOD

On 23 July 2019, Max Sight Limited, a wholly-owned subsidiary of the Company, has received a confirmation letter issued by a licensed bank (the “**Lender**”) for renewal of the credit facility agreement (the “**Facility Agreement**”) with the Lender for a loan facility in an aggregate amount of RMB5,300,000 which will expire until 30 June 2020. 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 of the entire issued share capital of the Company. Detailed information is disclosed in the announcement of the Company dated on 23 July 2019.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are principally engaged in provision of photography services by supplying automatic ID photo booths. 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.

The business in Hong Kong has exhibited significant growth and the sales in Hong Kong increased during the six months ended 30 June 2019. It was attributed to the increase in the sales prices and the number of transactions generated by photo booths in Hong Kong.

We intend to replicate the success of our business model in Hong Kong to the PRC and other countries by expanding our network of automatic ID photo booths through installing new photo booths in certain selected sites or acquisition on existing business. We believe that the automatic ID photo booth business has considerable expansion potential in the PRC and other countries in the world.

Expanding our photo booths network is the key to developing our business in the PRC. Due to the continuous changes in the government policy for ID photos in the PRC, our expansion plan in Guangdong Province was slightly delayed. We are endeavoured to analyse the market response and minimise the impact of each new policy. We have performed market researches and held conferences with vendors to explore and discuss any business opportunities in Guangdong Province and other provinces in the PRC.

As part of our expansion plans, we are working with our business partners of the Group to expand our photo booths network in the ID Documentations Issuing Authorities.

Other than expanding into the locations of ID Documentations Issuing Authorities, we are also exploring opportunities to develop our network in the PRC railways stations, shopping malls, large residential area etc. We are in negotiation with the property owners and business partners to expand our photo booths network into Guangdong Province and other provinces in the PRC.

On 22 February 2019 and 13 June 2019, Guangzhou Max Sight Photo Company Limited (formerly known as Guangzhou Max Sight Photo-Me Co., Ltd) (“**GZ Max Sight**”), an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding with an independent third party in respect of a possible acquisition of the independent third party’s business relating to automatic ID photo booths operations in the PRC. For further details, please refer to the announcements of the Company dated 22 February 2019 and 13 June 2019.

On 13 June 2019, GZ Max Sight entered into a non-legally binding memorandum of understanding with an independent third party, in respect of the purchase of the latest model of photo booths. For further details, please refer to the announcement of the Company dated 13 June 2019.

In the meanwhile, we received a letter of acceptance from a Hong Kong government authority, which is responsible for issuance of ID documents, through tendering for the provision of automatic photographic studio services at the lessor's offices in Hong Kong for a period of 24 months with effective from 1 March 2019. For further details, please refer to the announcement of the Company dated 15 April 2019.

We are optimistic about our core business and shall continue to capture market opportunities and expand our network of automatic ID photo booth. In addition, we will also actively research and find new business opportunities to develop a diversified business, so as to achieve sustainable business growth and long-term benefits for our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$5,896,000 or 22.83%, from approximately HK\$25,826,000 for the six months ended 30 June 2018 to approximately HK\$31,722,000 for the six months ended 30 June 2019. For the six months ended 30 June 2019, the increase in revenue was attributed to the increase in the unit prices and the number of transactions generated by photo booths in Hong Kong.

Cost of Sales

The Group's cost of sales primarily consisted of (i) licence fees paid to lessors for the operational sites of our photo booths; (ii) staff costs in relation to ID photo booth attendants; (iii) photo booth consumables; (iv) depreciations; and (v) others. Our cost of sales 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 80.68% and 84.32% of our total cost of sales, for the six months ended 30 June 2019 and 2018 respectively.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK\$11,963,000 and HK\$12,177,000 for the six months ended 30 June 2019 and 2018 respectively. The decrease was mainly attributable to the increase in the depreciation of property, plant and equipment and the depreciation of right-of-use assets. The Group's gross profit margin was approximately 37.71% and 47.15% for the six months ended 30 June 2019 and 2018 respectively.

Other Income

Other income represented sales of photo strips and interest income from bank deposits. It was increased from approximately HK\$57,000 for the six months ended 30 June 2018 to approximately HK\$179,000 for the six months ended 30 June 2019.

Other Gains and Losses, Net

Other gains and losses, net represented net exchange gains of approximately HK\$39,000 and fair value losses on deposits of approximately HK\$130,000 for the six months ended 30 June 2019, while the Group recorded a net exchange gains of approximately HK\$9,000 for the six months ended 30 June 2018.

Administrative Expenses

The Group's administrative expenses, which remain stable for the six months ended 30 June 2019 and 2018, amounted to approximately HK\$6,567,000 and HK\$6,659,000 for the six months ended 30 June 2019 and 2018, respectively.

Finance Costs

Finance costs represented interest charges on lease liabilities of approximately HK\$215,000 for the six months ended 30 June 2019 and interest charges on finance lease obligations of approximately HK\$2,000 for the six months ended 30 June 2018.

Listing Expenses

The Group's listing expenses comprised of professional and other expenses in relation to the Listing, and amounted to approximately HK\$7,789,000 for the six months ended 30 June 2018.

Income Tax Expenses

Income tax expenses amounted to approximately HK\$985,000 and HK\$788,000 for the six months ended 30 June 2019 and 2018, respectively.

Profit (loss) attributable to owners of the Company

The Group recorded profit attributable to the owners of the Company of approximately HK\$4,284,000 for the six months ended 30 June 2019 and loss attributable to the owners of the Company of approximately HK\$2,995,000 for the six months ended 30 June 2018. The improvement was mainly contributed by the absence of listing expenses. Excluding the non-recurring listing expenses, the profit attributable to owners of the Company was approximately HK\$4,284,000 and HK\$4,794,000 for the six months ended 30 June 2019 and 2018, respectively.

Segment Information

An analysis of the Group's segment performance for the six months ended 30 June 2019 and 2018 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, 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 2019, the Group has 66 employees (as at 30 June 2018: 58 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 2019, 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.

Acquisition, Disposal and Significant Investments

During the six months ended 30 June 2019 and 2018, the Group did not make any material acquisition, disposal nor significant investments.

Pledge of Assets

As at 30 June 2019 and 2018, the Group had no pledge of assets.

Contingent Liabilities

As at 30 June 2019 and 2018, the Group did not have any significant contingent liabilities.

Subsequent Events

The information is set out in note 19 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 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 2019, a discloseable transaction was not announced timely at the relevant time. For the detailed information, please refer to the announcement of the Company dated 15 April 2019. Saved as described above, 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 2019.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.005 per Share for the six months ended 30 June 2019, representing an aggregate amount of approximately HK\$4,000,000 to the Shareholders whose names appear on the register of members of the Company on Friday, 30 August 2019. The interim dividend will be paid on Friday, 13 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 August 2019 to Friday, 30 August 2019, (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 26 August 2019.

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.

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

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 taken 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 Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

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

Name of Directors/ chief executive	Capacity/ Nature of interest	Number of Shares	Long/ short position	Approximate percentage of total number of issued Shares
Mr. Chan Wing Chai, Jamson	Interest in a controlled corporation ⁽¹⁾	427,600,560	Long	53.45%
Mr. Chan Tien Kay, Timmy	Interest in a controlled corporation ⁽¹⁾	427,600,560	Long	53.45%
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/ Nature of Interest	Approximate shareholding percentage in the relevant Shares in the associated corporation
Mr. Chan Wing Chai, Jamson	Causeway Treasure	Beneficial owner ⁽¹⁾	47.25%
Mr. Chan Tien Kay, Timmy	Causeway Treasure	Beneficial owner ⁽¹⁾	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 5.5% by Ms. Au-Yeung Ying Ho.

Save as disclosed above, as at 30 June 2019, 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 2019, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares	Long/ short position	Approximate percentage of shareholding in the Company
Causeway Treasure	Beneficial owner ⁽¹⁾	427,600,560	Long	53.45%
Ms. Au-Yeung Ying Ho	Interest in a controlled corporation ⁽²⁾	427,600,560	Long	53.45%
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 2019, 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 2019 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 Reporting Period, 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. The Board is comprised of eight Directors including three independent non-executive Directors and all of them are audit committee (the “**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 2019, 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 the Facility Agreement with the Lender for a loan facility in the aggregate amount of RMB5,300,000 which will expire on 30 June 2019. On 23 July 2019, Max Sight Limited received a confirmation letter issued by the Lender for renewal of the Facility Agreement which will expire until 30 June 2020. 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 of the entire issued share capital of the Company.

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 2019 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 2019 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 2019, approximately HK\$7,026,000 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 net proceeds as stated in the Announcement (HK\$'000)	Actual utilised net proceeds up to 30 June 2019 (HK\$'000)	Unutilised net proceeds up to 30 June 2019 (HK\$'000)	Expected time of fully use of net unutilised proceeds
Expansion of network of automatic ID photo booths				
— Guangdong Province	29,381	6,652	22,729	31 December 2020
— Hong Kong	471	282	189	31 December 2020
Upgrading of validation centre and IT infrastructure	2,000	92	1,908	31 December 2019
Total	<u>31,852</u>	<u>7,026</u>	<u>24,826</u>	

As a result of continuous changes in the government policy for ID photos in the PRC, our expansion plan in Guangdong Province was slightly delayed during the six months ended 30 June 2019. The Company is currently discussing certain business opportunities in Guangdong Province and other provinces in the PRC with Prestige Technology Company Limited to pursue the original plan as disclosed in the Prospectus.

In the meanwhile, on 22 February 2019 and 13 June 2019, GZ Max Sight, entered into a non-legally binding memorandum of understanding with an independent third party in respect of a possible acquisition of an independent third party's business relating to automatic ID photo booths operations in the PRC. For further details, please refer to the announcements of the Company dated 22 February 2019 and 13 June 2019.

On 13 June 2019, GZ Max Sight entered into a non-legally binding memorandum of understanding with an independent third party, in respect of the purchase of the latest model of photo booths. For further details, please refer to the announcement of the Company dated 13 June 2019.

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, 8 August 2019

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. Riccardo Costi; and the independent non-executive Directors are Mr. Ngai James, Mr. Hui Chi Kwan and Mr. Kwok Tsun Wa.

This announcement will remain on the "Latest 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.