

# Max Sight Photo 名仕快相

Max Sight Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8483



# 2018

Third Quarterly Report

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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.

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

*This quarterly report, 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 quarterly report 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 quarterly report misleading.*

*This quarterly report, in both English and Chinese versions, is available on the Company's website at [www.maxsightgroup.com](http://www.maxsightgroup.com).*

# CONTENTS

	Pages
Highlights	3
Corporate information	4
Unaudited condensed consolidated statement of profit or loss and other comprehensive income	6
Unaudited condensed consolidated statement of changes in equity	8
Notes to the unaudited condensed consolidated financial statements	10
Management discussion and analysis	17
Corporate governance and other information	23

# HIGHLIGHTS

- The Group's revenue increased by approximately HK\$5,198,000 or 14.56%, from approximately HK\$35,707,000 for the nine months ended 30 September 2017 to approximately HK\$40,905,000 for the nine months ended 30 September 2018.
- The Group's gross profit amounted to approximately HK\$18,488,000 and HK\$16,075,000 for the nine months ended 30 September 2018 and 2017 respectively, the Group's gross profit margin remained stable at approximately 45.20% and 45.02% for the nine months ended 30 September 2018 and 2017 respectively.
- The Group's loss attributable to owners of the Group decreased by approximately HK\$3,775,000 or 95.64% from approximately HK\$3,947,000 for the nine months ended 30 September 2017 to approximately HK\$172,000 for the nine months ended 30 September 2018. The improvement was mainly contributed by the higher revenue and less listing expenses incurred for the nine months ended 30 September 2018.
- The Group's profit after tax (excluding one-off listing expenses) was approximately HK\$7,617,000 and HK\$7,724,000 for the nine months ended 30 September 2018 and 2017 respectively.
- The Directors do not recommend the declaration of any interim dividend for the nine months ended 30 September 2018.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chan Wing Chai, Jamson (*Chairman*)

Mr. Chan Tien Kay, Timmy

(*Chief Executive Officer*)

Mr. Wu Siu Tong (*Finance Director*)

### Non-executive Directors

Mr. Cheung Kam Ting

Mr. Riccardo Costi

### Independent Non-executive Directors

Mr. Ngai James

Mr. Hui Chi Kwan

Mr. Kwok Tsun Wa

## AUDIT COMMITTEE

Mr. Ngai James (*Chairman*)

Mr. Hui Chi Kwan

Mr. Kwok Tsun Wa

## REMUNERATION COMMITTEE

Mr. Ngai James (*Chairman*)

Mr. Chan Tien Kay, Timmy

Mr. Hui Chi Kwan

## NOMINATION COMMITTEE

Mr. Chan Wing Chai, Jamson (*Chairman*)

Mr. Ngai James

Mr. Kwok Tsun Wa

## AUTHORISED REPRESENTATIVES

Mr. Chan Tien Kay, Timmy

Mr. Wu Siu Tong

Mr. Chan Wing Chai, Jamson

(*Alternate Authorised Representative*)

## COMPANY SECRETARY

Mr. Ley Yee Chung, Danny

(Resigned on 4 July 2018)

Mr. Wong Chi Hong

(Appointed on 4 July 2018)

Ms. Wu Siu Ling

(Appointed on 4 July 2018 and  
resigned on 21 September 2018)

## COMPLIANCE OFFICER

Mr. Chan Tien Kay, Timmy

## AUDITOR

Deloitte Touche Tohmatsu

*Certified Public Accountants*

35/F, One Pacific Place

88 Queensway

Hong Kong

## COMPLIANCE ADVISER

Octal Capital Limited

801-805, 8/F, Nan Fung Tower

88 Connaught Road

Central

Hong Kong

# CORPORATE INFORMATION

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14th Floor, McDonald's Building  
48 Yee Wo Street  
Causeway Bay  
Hong Kong

## PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

CMB Wing Lung Bank Ltd.  
Causeway Bay Branch  
Ground Floor, Top Glory Tower  
No. 262 Gloucester Road  
Causeway Bay, Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
Hopewell Centre Branch  
Shop 2A, 2/F, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

## COMPANY'S WEBSITE

[www.maxsightgroup.com](http://www.maxsightgroup.com)

## STOCK CODE

8483

## DATE OF LISTING

28 February 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 nine months ended 30 September 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 NINE MONTHS AND THREE MONTHS ENDED 30 SEPTEMBER 2018

	NOTES	For the nine months ended 30 September		For the three months ended 30 September	
		2018	2017	2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	40,905	35,707	15,079	12,312
Cost of sales		(22,417)	(19,632)	(8,768)	(6,580)
<b>Gross profit</b>		<b>18,488</b>	<b>16,075</b>	<b>6,311</b>	<b>5,732</b>
Other income		161	12	104	1
Other gains and losses, net		(123)	42	(132)	(3)
Administrative expenses		(9,591)	(6,804)	(2,932)	(2,568)
Finance costs		(2)	(7)	–	(2)
Listing expenses		(7,789)	(10,018)	–	(2,313)
Profit (loss) before taxation		1,144	(700)	3,351	847
Income tax expense	4	(1,316)	(1,594)	(528)	(508)
(Loss) profit for the period		(172)	(2,294)	2,823	339
Other comprehensive (expense) income for the period					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences arising on translation		(599)	163	(316)	64
<b>Total comprehensive (expense) income for the period</b>		<b>(771)</b>	<b>(2,131)</b>	<b>2,507</b>	<b>403</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS AND THREE MONTHS ENDED 30 SEPTEMBER 2018

	NOTES	For the nine months ended 30 September		For the three months ended 30 September	
		2018	2017	2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>(Loss) profit for the period attributable to:</b>					
Owners of the Company		(172)	(3,947)	2,823	339
Non-controlling interests		–	1,653	–	–
		(172)	(2,294)	2,823	339
<b>Total comprehensive (expense) income attributable to:</b>					
Owners of the Company		(771)	(3,836)	2,507	403
Non-controlling interests		–	1,705	–	–
		(771)	(2,131)	2,507	403
<b>(Loss) earnings per share</b>					
— Basic (HK cents)	6	(0.02)	(0.82)	0.35	0.06



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	Attributable to owners of the Company								
	Share capital	Share premium	Translation reserve	Accumulated		Other reserve	Total	Non-controlling interests	Total
				profits (losses)					
	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	-	-	-	(3,947)	-	(3,947)	1,653	(2,294)	
Other comprehensive income for the period	-	-	111	-	-	111	52	163	
Profit (loss) and other comprehensive income (expense) for the period	-	-	111	(3,947)	-	(3,836)	1,705	(2,131)	
Dividend (note 5)	-	-	-	(11,079)	-	(11,079)	(6,596)	(17,675)	
Reorganisation (note i)	(2,443)	-	-	-	8,499	6,056	(6,056)	-	
At 30 September 2017 (unaudited)	10	-	80	(955)	8,499	7,634	-	7,634	
At 1 January 2018 (audited)	10	14,163	162	(494)	(5,664)	8,177	-	8,177	
Loss for the period	-	-	-	(172)	-	(172)	-	(172)	
Other comprehensive expense for the period	-	-	(599)	-	-	(599)	-	(599)	
Loss and other comprehensive expense for the period	-	-	(599)	(172)	-	(771)	-	(771)	
Capitalisation issue (note ii)	5,990	(5,990)	-	-	-	-	-	-	
Issuance of new shares by way of share offer (note iii)	2,000	60,000	-	-	-	62,000	-	62,000	
Transaction costs attributable to issuance of new shares	-	(11,090)	-	-	-	(11,090)	-	(11,090)	
At 30 September 2018 (unaudited)	8,000	57,083	(437)	(666)	(5,664)	58,316	-	58,316	

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

## Notes:

- (i) Upon the completion of the Reorganisation (as defined in note 2) on 6 July 2017, Max Sight Limited, MV Asset Management Limited, Fullwise International Limited, Treasure Star (China) Limited and Max Sight International Limited have become indirect wholly-owned subsidiaries of the Company. Details of the Reorganisation are set out in note 2.
- (ii) 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.
- (iii) 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 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**”).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

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 nine months and three months ended 30 September 2018 and 2017 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 nine months ended 30 September 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

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. 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 by jurisdictions based on the place of domicile are detailed below:

	Revenue		Revenue	
	For the nine months ended 30 September		For the three months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	36,960	31,280	13,870	10,672
PRC	3,945	4,427	1,209	1,640
	40,905	35,707	15,079	12,312

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

## 4. INCOME TAX EXPENSE

	For the nine months ended 30 September		For the three months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Hong Kong Profits Tax:				
— Current tax	1,352	1,352	571	454
— Overprovision in prior years	(52)	(40)	(52)	(40)
	1,300	1,312	519	414
PRC Enterprise Income Tax:				
— Current tax	–	262	–	105
— Underprovision in prior years	17	20	–	–
	17	282	–	105
Deferred tax (credit) expense	(1)	–	9	(11)
	1,316	1,594	528	508

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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

## 5. DIVIDEND

The Directors do not recommend the declaration of any interim dividend for the nine months ended 30 September 2018.

Dividends declared by the Group during the nine months and three months ended 30 September 2018 and 2017 were as follows:

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

For the nine months ended 30 September 2017, Max Sight Limited and Treasure Star (China) Limited declared dividends of HK\$8,600,000 and HK\$2,200,000, respectively, and presented as dividend payable as at 30 September 2017.

For the nine months ended 30 September 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

## 6. (LOSS) EARNINGS PER SHARE

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

	For the nine months ended 30 September		For the three months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
(Loss) earnings:				
(Loss) earnings for the purpose of calculating basic loss per share — (Loss) earnings for the period attributable to the owners of the Company	(172)	(3,947)	2,823	339
	'000	'000	'000	'000
Weighted average number of shares:				
Number of ordinary shares for the purpose of calculating basic (loss) earnings per share	757,509	482,541	800,000	590,630

For the nine months and three months ended 30 September 2018, the weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings 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.





# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

For the nine months and three months ended 30 September 2017, the weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings 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 the nine months and three months ended 30 September 2018 and 2017 were presented as there were no potential ordinary shares in issue during the relevant periods.

## 7. EVENTS AFTER REPORTING PERIOD

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

Our 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 at the date of this quarterly report, all of the unused proceeds from the share offer were deposited in licensed banks in Hong Kong.

The business in Hong Kong is stable and the sales in Hong Kong was increased during the Reporting Period. It was attributed to the increase in 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 by expanding our network of automatic ID photo booths through installing new photo booths in the selected sites. We believe the automatic ID photo booth business has considerable expansion potential in the PRC.

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

As part of our expansion plans in Guangdong Province, we are working with Prestige Technology Company Limited (the “**Prestige Technology**”), a company incorporated in the PRC and the business partner of the Group for the development of the permits application/photo-taking machines in Guangdong Province.

# MANAGEMENT DISCUSSION AND ANALYSIS

Other than expanding into the locations of ID Documentations Issuing Authorities, we are also exploring opportunities to develop our network in the PRC railway stations. We have negotiated with the property owners and other business partners to extend our photo booths network in railway locations including Guangdong Province and other provinces 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 sustainable business growth and long-term benefits for our shareholders.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately HK\$5,198,000 or 14.56%, from approximately HK\$35,707,000 for the nine months ended 30 September 2017 to approximately HK\$40,905,000 for the nine months ended 30 September 2018. For the nine months ended 30 September 2018, the higher revenue was attributed to the increase in number of transactions generated by photo booths in Hong Kong.

### 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 83.29% of our total cost of sales for the nine months ended 30 September 2018.

### Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK\$18,488,000 and HK\$16,075,000 for the nine months ended 30 September 2018 and 2017 respectively, the Group's gross profit margin remained stable at approximately 45.20% and 45.02% for the nine months ended 30 September 2018 and 2017 respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Income

Other income represented trading of consumables and interest income from bank deposits. It was increased from approximately HK\$12,000 for the nine months ended 30 September 2017 to approximately HK\$161,000 for the nine months ended 30 September 2018.

## Other Gains and Losses, Net

Other gains and losses, net represented a net exchange losses of approximately HK\$123,000 for the nine months ended 30 September 2018, as compared to net exchange gains of approximately HK\$42,000 was recorded for the nine months ended 30 September 2017.

## Administrative Expenses

The Group's administrative expenses increased by approximately HK\$2,787,000, or 40.96%, from approximately HK\$6,804,000 for the nine months ended 30 September 2017 to approximately HK\$9,591,000 for the nine months ended 30 September 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 of interest charges on finance lease obligation. Finance costs amounted to approximately HK\$2,000 and HK\$7,000, respectively, for the nine months ended 30 September 2018 and 2017.

## Listing Expenses

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

The Group's listing expenses amounted to approximately HK\$7,789,000 and HK\$10,018,000, respectively, for the nine months ended 30 September 2018 and 2017.

## Income Tax Expenses

Income tax expenses amounted to approximately HK\$1,316,000 and HK\$1,594,000 for the nine months ended 30 September 2018 and 2017, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Loss Attributable to Owners of the Company

The Group's loss attributable to owners of the Company decreased by approximately HK\$3,775,000 or 95.64% from approximately HK\$3,947,000 for the nine months ended 30 September 2017 to approximately HK\$172,000 for the nine months ended 30 September 2018. The improvement was mainly contributed by the higher revenue and less listing expenses incurred for the nine months ended 30 September 2018. Excluding the non-recurring listing expenses incurred for the nine months ended 30 September 2018 and 2017 respectively, our profit attributable to owners of the Company was approximately HK\$7,617,000 and HK\$6,071,000 for the nine months ended 30 September 2018 and 2017, respectively.

## Segment Information

An analysis of the Group's performance for the nine months ended 30 September 2018 and 2017 by geographical information is set out in note 3 to the unaudited condensed consolidated financial statements of this quarterly report.

## 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 September 2018, the Group has 56 employees (as at 30 September 2017: 56 employees).

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 September 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 September 2018 and 2017, the Group did not hold any significant investments.



# MANAGEMENT DISCUSSION AND ANALYSIS

---

## Pledge of Assets

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

## Contingent Liabilities

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

## Subsequent Events

The information is set out in note 7 to the unaudited condensed consolidated financial statements of this quarterly report.

## Dividends

The Directors do not recommend the declaration of any interim dividend for the nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 2018.

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

During the nine months ended 30 September 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 quarterly report.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2018, 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 <sup>(1)</sup>	427,600,560	Long	53.45%
Mr. Chan Tien Kay, Timmy	Interest in a controlled corporation <sup>(1)</sup>	427,600,560	Long	53.45%
Mr. Cheung Kam Ting	Beneficial owner	62,426,940	Long	7.80%

Note:

- (1) The disclosed interest represents the interest in the Company held by Causeway Treasure Holding Limited ("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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 <sup>(1)</sup>	47.25%
Mr. Chan Tien Kay, Timmy	Causeway Treasure	Beneficial owner <sup>(1)</sup>	47.25%

Note:

- (1) The disclosed interest represents the interest in Causeway Treasure, the associated corporation which is approximately 47.25% owned by Mr. Chan Wing Chai, Jamson and approximately 47.25% owned by Mr. Chan Tien Kay, Timmy, with the remaining interest held as to 5.5% by Ms. Au-Yeung Ying Ho.

Save as disclosed above, as at 30 September 2018, 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2018, 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 <sup>(1)</sup>	427,600,560	Long	53.45%
Ms. Au-Yeung Ying Ho	Interest in a controlled corporation <sup>(2)</sup>	427,600,560	Long	53.45%
Photo-Me International Plc.	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 September 2018, 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 nine months ended 30 September 2018 and there was no outstanding share option as at the date of this quarterly report.

## 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 nine months ended 30 September 2018, 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

On 11 July 2018, Max Sight Limited, a wholly-owned subsidiary of the Company, has entered into a credit facility agreement (the “**Facility Agreement**”) with a 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 quarterly report, 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 quarterly report of the Group for the nine months ended 30 September 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 nine months ended 30 September 2018 comply with the applicable accounting standards, the GEM Listing Rules and legal requirements and adequate disclosure have been made.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 September 2018, approximately HK\$6,091,000 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 used net proceeds up to 30 September 2018 (HK\$'000)	Unutilised net proceeds up to 30 September 2018 (HK\$'000)
Expansion of network of automatic ID photo booths			
— Guangdong Province	29,381	5,717	23,664
— Hong Kong	471	282	189
Upgrading of validation centre and IT infrastructure	2,000	92	1,908
Total	31,852	6,091	25,761

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 Reporting Period. The Company shall continue to discuss the business opportunities in Guangdong Province and other provinces in the PRC with Prestige Technology to pursue the original plan as disclosed in the Prospectus.

As at the date of this quarterly report, all of the unused proceeds were deposited in licensed banks in Hong Kong.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## LANGUAGE

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

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

Hong Kong, 8 November 2018

*As at the date of this quarterly report, 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.*