

Max Sight Photo 名仕快相

Max Sight Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8483

FIRST QUARTERLY REPORT

2021



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 high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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.

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HIGHLIGHTS

- The Group's revenue decreased by approximately HK\$1,899,000, from approximately HK\$6,329,000 for the three months ended 31 March 2020 to approximately HK\$4,430,000 for the three months ended 31 March 2021.
- The Group's gross profit amounted to approximately HK\$421,000 and HK\$1,019,000 for the three months ended 31 March 2021 and 2020 respectively, representing gross profit margin of approximately 9.50% and 16.10% respectively.
- The loss attributable to equity shareholders of the Company decreased by approximately HK\$841,000, from approximately HK\$2,514,000 for the three months ended 31 March 2020 to approximately HK\$1,673,000 for the three months ended 31 March 2021. Although the gross profit of the Company significantly decreased due to the outbreak of the novel coronavirus and the immigration control since early 2020, the loss attributable to equity shareholders of the Company decreased mainly due to increase in other income received from the novel coronavirus related rental concession during the three months ended 31 March 2021.
- The Directors do not recommend the declaration of any interim dividend for the three months ended 31 March 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Mr. Chan Tien Kay, Timmy

(*Chief Executive Officer*)

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. Wong Chi Hong

Mr. Chan Wing Chai, Jamson

(*Alternate Authorised Representative*)

COMPANY SECRETARY

Mr. Wong Chi Hong

COMPLIANCE OFFICER

Mr. Chan Tien Kay, Timmy

AUDITOR

KPMG

Public Interest Entity Auditor

registered in accordance with

the Financial Reporting

Council Ordinance

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

COMPLIANCE ADVISER

Octal Capital Limited

(ceased on 25 March 2021)

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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
Suite 2508-14
25/F, Tower 6
The Gateway, Harbour City
Tsimshatsui
Kowloon
Hong Kong

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
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

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 three months ended 31 March 2021 (the “Reporting Period”) together with the relevant comparative figures as follows:

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

FOR THE THREE MONTHS ENDED 31 MARCH 2021

		For the three months ended 31 March	
	NOTES	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	4,430	6,329
Cost of services		(4,009)	(5,310)
Gross profit		421	1,019
Other income		1,018	95
Other net gains and losses		75	(137)
Administrative expenses		(3,130)	(3,356)
Loss from operations		(1,616)	(2,379)
Finance costs		(76)	(224)
Loss before taxation		(1,692)	(2,603)
Income tax	4	19	89
Loss for the period		(1,673)	(2,514)

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

FOR THE THREE MONTHS ENDED 31 MARCH 2021

		For the three months ended 31 March	
	NOTES	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of subsidiary outside Hong Kong		5	128
Total comprehensive income for the period attributable to equity shareholders of the Company		(1,668)	(2,386)
Loss per share (Hong Kong cent)			
— Basic and diluted	6	(0.21)	(0.31)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 31 MARCH 2021

	Attributable to equity shareholders of the Company					
	Share capital	Share premium	Translation reserve	Accumulated losses	Other reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	8,000	57,083	(518)	(7,660)	(5,664)	51,241
Loss for the period	–	–	–	(2,514)	–	(2,514)
Other comprehensive income	–	–	128	–	–	128
Total comprehensive income	–	–	128	(2,514)	–	(2,386)
At 31 March 2020 (unaudited)	8,000	57,083	(390)	(10,174)	(5,664)	48,855
At 1 January 2021 (audited)	8,000	53,083	(882)	(12,138)	(5,664)	42,399
Loss for the period	–	–	–	(1,673)	–	(1,673)
Other comprehensive income	–	–	5	–	–	5
Total comprehensive income	–	–	5	(1,673)	–	(1,668)
At 31 March 2021 (unaudited)	8,000	53,083	(877)	(13,811)	(5,664)	40,731

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2021

1. GENERAL

Max Sight Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares (the “**Shares**”) are listed on GEM of the Stock Exchange on 28 February 2018. Its ultimate and immediate holding company is Causeway Treasure Holding Limited (“**Causeway Treasure**”), an entity incorporated in the British Virgin Islands (the “**BVI**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business in Hong Kong is 14th Floor, McDonald’s Building, 48 Yee Wo Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in the provision of photography services through automatic identity documentation (“**ID**”) photo booths at different locations in Hong Kong and Guangdong Province, the People’s Republic of China (the “**Mainland China**”).

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

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

The unaudited condensed consolidated financial statements for the three months ended 31 March 2021 and 2020 have been prepared on the historical cost basis and in accordance with the following accounting policies which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated financial statements include the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2021

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the independent auditor's report in annual report of the Company dated 19 March 2021, except for the adoption of the new revised standards, amendments and interpretations issued by the HKICPA that are adopted for the first time for the current period of the financial statements.

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimate is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company (the "Audit Committee").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2021

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

(b) Segment Reporting

The Group manages its business by geography. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the reportable segments.

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

Revenue comprises solely photography service income.

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors monitor the results and assets attributable to each reportable segment on the following bases:

Reportable segment profit represents profit before taxation by excluding head office and corporate expenses.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2021

Segment assets include all current and non-current assets with the exception of cash and bank balances, deferred tax assets (if any) and other corporate assets.

Information regarding the Group's reportable segments as provided to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance for the year is set out below:

Segment results

	For the three months ended 31 March					
	2021			2020		
	Hong Kong	Mainland China	Consolidated	Hong Kong	Mainland China	Consolidated
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4,074	356	4,430	5,927	402	6,329
Reportable segment profit	1,028	132	1,160	339	405	744
Head office and corporate expenses			(2,852)			(3,347)
Loss before tax			(1,692)			(2,603)
Interest income			1			73
Finance costs	(35)	(41)	(76)	(290)	66	(224)
Depreciation	(1,878)	(12)	(1,890)	(2,650)	-	(2,650)

Geographical Information

The Group's revenue from external customers by jurisdictions based on the place of domicile are detailed below:

	Revenue	
	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	4,074	5,927
Mainland China	356	402
	4,430	6,329

For the three months ended 31 March 2021 and 2020, no single customer accounted for 10% or more of the Group's total revenue.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2021

4. INCOME TAX

	For the three months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax — Hong Kong Profit Tax		
Provision for the period	–	54
Over-provision in respect of prior years	–	(24)
	–	30
Deferred Tax		
Origination and reversal of temporary differences	(19)	(119)
	(19)	(89)

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2021

Mainland China tax law also imposed a withholding tax at 5%, unless reduced by a treaty or agreement, for dividend distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China for earnings generated beginning on 1 January 2008.

Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. Provision for withholding tax is recognised for the dividends that have been declared and deferred tax liability is recognised for those to be declared in the foreseeable future. The Group did not recognise any withholding tax for the relevant periods.

5. DIVIDEND

The Directors did not recommend any interim dividend for the three months ended 31 March 2021 and 2020.

6. LOSS PER SHARE

(a) Basic loss per Share

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

The calculation of basic loss per Share is based on the loss attributable to equity Shareholders of HK\$1,673,000 and HK\$2,514,000 and the weighted average number of ordinary shares in issue of 800,000,000 and 800,000,000 for the three months ended 31 March 2021 and 2020 respectively.

(b) Diluted loss per Share

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2021

7. EVENTS AFTER REPORTING PERIOD

The outbreak of the novel coronavirus was continuing since early 2020 which has brought about additional uncertainties in the photography services market and the Group's operating environment. The Group has been closely monitoring the impact of the developments on the Group's businesses and has implemented contingency measures. As far as the Group's businesses are concerned, the novel coronavirus outbreak has materially and adversely impacted on sales and may pose serious risk on employee's health, impact on the attendance rate of our service providers and higher administrative costs to be incurred for the purchase of cleaning and epidemic prevention equipments and consumables.

As the development and spread of novel coronavirus subsequent to the date of this quarterly report is uncertain, further changes in economic conditions for the Group arising thereof may have further impact on the financial results of the Group, the extent of which could not be estimated as at the date of this quarterly report. The Group will keep continuous attention on the situation of the novel coronavirus and react actively to its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

The Group attributed such deterioration in financial performance primarily to the sluggish revenue of the Group during the three months ended 31 March 2021. The decline in result was mainly due to the outbreak of the novel coronavirus and the immigration control since early 2020 that have brought the significant decrease in the travel demand, and led to a further decrease in the demand of ID photos for the three months ended 31 March 2021. Also, the shortening of business hours and abrupt temporarily closure of business for our licensed sites had happened during the three months ended 31 March 2021. We consider that the decrease in the demand of ID photos during the three months ended 31 March 2021 is temporary and the demand of ID photos will rise after the situation of novel coronavirus is improved.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the outbreak of the novel coronavirus, the continuous changes in the government policy for ID photos in the Mainland China and the business in the Mainland China and Hong Kong was adversely impacted by macro headwinds and uncertainty, we have taken time to reassess the existing projects including expansion of network of automatic ID photo booths and upgrading of validation centre and IT infrastructure and their implementation timetable. The meetings and the on-going schedules with our business partners and vendors are also postponed during the three months ended 31 March 2021 and up to the date of this quarterly report.

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

Reference is made to the announcement of the Company dated 30 March 2021, Treasure Star (China) Limited, an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with an independent third party in relation to the proposed research and development project on validation technology upgrade of the Group’s identification photo validation center and information technology (“**IT**”) infrastructure (the “**Proposed R&D Project**”). The parties to the MOU are negotiating the detailed terms of the formal and binding agreement in relation to the Proposed R&D Project. The Group has also held meetings with several potential vendors for the Proposed R&D Project during the three months ended 31 March 2021 and up to the date of this quarterly report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$1,899,000, from approximately HK\$6,329,000 for the three months ended 31 March 2020 to approximately HK\$4,430,000 for the three months ended 31 March 2021. For the three months ended 31 March 2021, the decrease in revenue was mainly due to the decrease in the demand of ID photos during the outbreak period of the novel coronavirus and the immigration control since early 2020 which have brought significant reduction in the travel demand. Also, the shortening of business hours and abrupt temporarily closure of business of our licensed sites had happened during the three months ended 31 March 2021.

Cost of services

The Group's cost of services primarily consisted of (i) licence fees paid to lessors for the operational sites of our photo booths; (ii) staff costs in relation to photo booth attendants; (iii) photo booth consumables; (iv) depreciations; and (v) others. Our cost of services was mainly comprised of licence fees paid/payable and depreciation on right-of-use assets for premises of our photo booths, which accounted for approximately 83.09% and 80.43% of our total cost of services, for the three months ended 31 March 2021 and 2020 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The Group's gross profit amounted to approximately HK\$421,000 and HK\$1,019,000 for the three months ended 31 March 2021 and 2020 respectively, representing gross profit margin of approximately 9.50% and 16.10% respectively, the decrease was mainly due to the sluggish revenue during the outbreak period of the novel coronavirus for the three months ended 31 March 2021.

Other income

Other income mainly represented novel coronavirus related rental concession received, sales of photo strips and interest income for the three months ended 31 March 2021 and 2020 respectively.

Other net gains and losses

Other net gains and losses mainly represented net exchange gains of approximately HK\$75,000 and net exchange losses of HK\$137,000 for the three months ended 31 March 2021 and 2020 respectively.

Administrative expenses

The Group's administrative expenses, which remained relatively stable for the three months ended 31 March 2021 and 2020, amounted to approximately HK\$3,130,000 and HK\$3,356,000 for the three months ended 31 March 2021 and 2020 respectively.

Finance costs

Finance costs represented interest on lease liabilities of approximately HK\$76,000 and HK\$224,000 for the three months ended 31 March 2021 and 2020 respectively.

Income tax

Income tax credit amounted to approximately HK\$19,000 and HK\$89,000 for the three months ended 31 March 2021 and 2020 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss attributable to equity shareholders of the Company

The loss attributable to equity shareholders of the Company decreased by approximately HK\$841,000, from approximately HK\$2,514,000 for the three months ended 31 March 2020 to approximately HK\$1,673,000 for the three months ended 31 March 2021. Although the gross profit of the Company significantly decreased due to the outbreak of the novel coronavirus and the immigration control since early 2020, the loss attributable to equity shareholders of the Company decreased mainly due to increase in other income received from the novel coronavirus related rental concession during the three months ended 31 March 2021.

Segment Reporting

An analysis of the Group's segment performance for the three months ended 31 March 2021 and 2020 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 on GEM of the Stock Exchange on 28 February 2018 (the "Listing Date"), the authorised share capital of the Company was HK\$50,000,000 divided into 5,000,000,000 Shares of par value HK\$0.01 each and the issued share capital of the Company was HK\$8,000,000 divided into 800,000,000 Shares of par value HK\$0.01 each. The share capital of the Company only comprises of ordinary Shares. There has been no change in the share capital of the Company since then.

Employees and Emolument Policy

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices. As at 31 March 2021, the Group has 41 employees (as at 31 March 2020: 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 flows generated from our operations. As at 31 March 2021, the Group did not have any interest-bearing borrowings and therefore the gearing ratio is not applicable to the Group.

In managing our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of unexpected fluctuations in cash flows, sufficient bank and cash balance. The Group has built an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. We regularly monitor the repayment dates of financial liabilities, for example other payables and accrued charges, to match with financial resources available to us from time to time. The Group manages liquidity risk by maintaining adequate financial resources, including existing cash and bank balances and operating cash flows.

Foreign Exchange Risk Management

The Group derives its revenue, makes purchases and incurs expenses denominated mainly in Renminbi and HK\$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. The management considers that the exchange rate of Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the Mainland China Government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Significant investment

As at 31 March 2021 and 2020, the Group did not make any significant investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals of subsidiaries, associates and joint ventures

As at 31 March 2021 and 2020, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As at 31 March 2021 and 2020, the Group had no pledge of assets.

Contingent Liabilities

As at 31 March 2021 and 2020, 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 information is set out in note 5 to the unaudited condensed consolidated financial statements of this quarterly report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. During the three months ended 31 March 2021, the Company has complied with all applicable code provisions of the CG Code.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors’ securities transactions in the securities of the Company. Having made specific enquiries of all the Directors, each of the Director has confirmed that he has complied with the required standard of dealings during the three months ended 31 March 2021.

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

During the three months ended 31 March 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

INTERESTS OF THE COMPLIANCE ADVISER

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

1. Interests/short positions in the Shares of the Company

Name of Directors/ 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.

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 ⁽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 approximately 5.5% by Ms. Au-Yeung Ying Ho.

Save as disclosed above, as at 31 March 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/ 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 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 31 March 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 three months ended 31 March 2021 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 three months ended 31 March 2021, an associate of Mr. Riccardo Costi, a non-executive Director had interests in Dedem S.P.A. and its subsidiaries which are principally engaged in automatic ID photo booths operation and provision of auxiliary services to photo booths operation in Europe. As such, Mr. Riccardo Costi is regarded as having interests in the business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

The Directors are aware of their fiduciary duties and will act honestly and in good faith in the interests of the Company and the Shareholders and will avoid any potential conflicts of interests. During the three months ended 31 March 2021, the Board was comprised of seven Directors including three independent non-executive Directors and all of them are Audit Committee members, so that the interests of the Shareholders can be properly maintained.

The Company is, therefore, capable of carrying on its businesses independently of, and at arm’s length from, the businesses in which Mr. Riccardo Costi has declared interests.

Apart from the above-mentioned, during the three months ended 31 March 2021, the Directors including the independent non-executive Directors, are not aware of any business or interest of the Directors, the management of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

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 licenced bank (the “**Lender**”) for a loan facility in the aggregate amount of RMB5,300,000 which expired on 30 June 2019. On 23 July 2019, Max Sight Limited received the confirmation letters issued by the Lender for renewal of the Facility Agreement which has been expired until 30 June 2020. On 14 July 2020, the Facility Agreement has been further renewed which will expire until 30 June 2021. The term loan facility shall be repayable in full in 13 months from the date of drawdown. As at 31 March 2021, such banking facilities have not been utilised.

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

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditor of the Company; and the Company’s financial reporting system, risk management and internal control systems. The Audit Committee comprises three members, namely Mr. Ngai James (chairman), Mr. Hui Chi Kwan and Mr. Kwok Tsun Wa, all of them are independent non-executive Directors. The unaudited condensed consolidated results and the quarterly report of the Group for the three months ended 31 March 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited consolidated results of the Group for the three months ended 31 March 2021 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 31 March 2021, approximately HK\$7,604,000 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 31 March 2021 (HK\$'000)	Unutilised net proceeds up to 31 March 2021 (HK\$'000)	Expected time of fully use of unutilised net proceeds
Expansion of network of automatic ID photo booths				
— Guangdong Province	29,381	6,652	22,729	31 December 2021
— Hong Kong	471	282	189	31 December 2021
Upgrading of validation centre and IT infrastructure	2,000	670	1,330	31 December 2021
	31,852	7,604	24,248	

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Apart from automatic ID photo booth network expansion, we plan to upgrade our IT capability to cope with future business trend and customers demand. During the three months ended 31 March 2021, we engaged a vendor for upgrading our IT infrastructure including but not limited to the telemetry system and e-payment facilities. We are also assessing the feasibility with some vendors to upgrade the validation systems and IT infrastructure in Hong Kong and Mainland China.

As a result of the outbreak of the novel coronavirus and continuous changes in the government policy for ID photos in the Mainland China, and the business in Mainland China and Hong Kong was adversely impacted by macro headwinds and uncertainty, our business developments in Guangdong Province and Hong Kong were delayed during the three months ended 31 March 2021 and up to the date of this quarterly report. We will also continuously evaluate, reassess, change or modify the existing plans in view of the latest market condition with an aim to achieve sustainable business growth and to bring long-term benefits for the Shareholders.

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

LANGUAGE

If there is any inconsistency between the English version of this 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, 7 May 2021

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