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Max Sight Photo **名仕快相**

Max Sight Group Holdings Limited

名仕快相集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8483)

DISCLOSEABLE TRANSACTION IN RELATION TO SUCCESSFUL TENDER

Fullwise International Limited, an indirect wholly-owned subsidiary of the Company, received a letter of acceptance from a Hong Kong government authority, which is responsible for issuance of identification documents, through tendering for the provision of automatic photographic studio services at the Lessor’s offices in Hong Kong for a period of 24 months with effective from 1 March 2019.

The Transaction is recognised in the consolidated statement of financial position of the Group by adopting HKFRS 16 “Leases” which comes into effect on 1 January 2019. Under HKFRS 16, the Group, as the Lessee of the Transaction, shall recognise as right-of-use assets and lease liabilities.

The recognition of right-of-use assets will be regarded as an acquisition of asset under the Rule 19.04(1)(a) of the GEM Listing Rules. Given that one of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the value of the right-of-use assets under the Tender is above 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules. As the Company requires additional time to assess the financial impact of the adoption of HKFRS 16 “Leases” which came into effect on 1 January 2019, the Board regrets that the Transaction was not announced timely at the relevant time.

INTRODUCTION

Fullwise International Limited, an indirect wholly-owned subsidiary of the Company, received a letter of acceptance from a Hong Kong government authority which issues identification documents through tendering for the provision of automatic photographic studio services at the Lessor's offices for a period of 24 months with effective from 1 March 2019.

The principal terms of the Transaction are set out below.

Date of letter of acceptance : 22 February 2019.

Parties : (i) Hong Kong government authority which issues identification documents as Lessor; and
(ii) Fullwise International Limited as Lessee.

Services : Provision of automatic photographic studio services to members of the public in the offices of the Lessor.

Monthly fee payable to the Lessor : For services provided in the Lessor's offices in Hong Kong Island region, the fee payable to the Lessor is HK\$211,800 or the sum calculated at 52.3% of gross revenue received from the services provided to the public, whichever is the higher; and

For services provided in the Lessor's offices in Kowloon and New Territories regions, the fee payable to the Lessor is HK\$211,800 or the sum calculated at 50.2% of gross revenue received from the services provided to the public, whichever is the higher.

Terms : Twenty-four months commencing from 1 March 2019 to 28 February 2021, both dates inclusive.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Lessor is independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

The monthly fee payable to the Lessor in relation to the Tender and the Transaction is determined based on the terms of the Tender and is expected to be financed by internal resources of the Group.

ACCOUNTING IMPLICATION TO THE TRANSACTION

In accordance with HKFRS 16 “Leases”, which came into effect on 1 January 2019, the fee payable by the Group to the Lessor is capital in nature and will be recognised as asset of the Group at the commencement date of the Transaction. Under HKFRS 16 “Leases” and in the consolidated statement of financial position of the Group, the Group, as the Lessee shall recognise right-of-use assets and lease liabilities in relation to the fee payable to the Lessor. The right-of-use assets represent its right to use the underlying leased asset over the lease term and the lease liabilities represent its obligation to make lease payments (i.e. the monthly fee payable to the Lessor). The asset and the liability arising from the lease are initially measured at present value basis and calculated by discounting the non-cancellable lease payments under the Transaction. Under HKFRS 16 “Leases” and in the consolidated statement of profit or loss and other comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use assets; and (ii) interest expenses amortised from the leased liabilities over the lease term.

Under HKFRS 16 “Leases”, the Company will recognise right-of-use assets and leased liabilities in relation to the Transaction of approximately HK\$9,893,000 (which is subject to audit) as at the commencement date of the Transaction.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The principal activities of the Group are principally engaged in provision of photography services by supplying automatic identity photo booths.

The Board considers that the Transaction will enable the Group to further intensify the network of automatic identification photo booths, thereby enhancing the revenue and profitability of the Group. The Board is of the view that (i) the Transaction is in the ordinary and usual course of business of the Group; and (ii) the terms of the Transaction are on normal commercial terms, which are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Transaction is recognised in the consolidated statement of financial position of the Group by adopting HKFRS 16 “Leases” which came into effect on 1 January 2019. Under HKFRS 16, the Group, as the Lessee of the Transaction, shall recognise right-of-use assets and lease liabilities.

The recognition of right-of-use assets will be regarded as an acquisition of asset under the Rule 19.04(1)(a) of the GEM Listing Rules. Given that one of the percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the value of the right-of-use assets under the Tender is above 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules. As the Company requires additional time to assess the financial impact of the adoption of HKFRS 16 “Leases” which came into effect on 1 January 2019, the Board regrets that the Transaction was not announced timely at the relevant time.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“Board”	the board of Directors
“Company”	Max Sight Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its shares listed on GEM of the Stock Exchange
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKFRS”	Hong Kong Financial Reporting Standards
“Lessee”	Fullwise International Limited, an indirect wholly-owned subsidiary of the Company, incorporated in Hong Kong with limited liability
“Lessor”	a government-related ID documentations issuing authority in Hong Kong
“Tender”	the form of tender (with conditions attached therein) submitted by the Lessee to the Lessor in relation to the provision of automatic photographic studio services to the members of the public in the Lessor’s offices in Hong Kong and the letter of acceptance has issued on 22 February 2019
“Transaction”	the transaction contemplated under the Tender

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

Hong Kong, 15 April 2019

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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