



## CHARACTERISTICS OF THE GEM (THE “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 report, for which the directors (the “**Directors**”) of Maxicity Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**us**”, “**our**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 enquires, confirm that, to the best of their knowledge and belief, the information contained in this 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 report misleading.*

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Sieh Shing Kee (*Chairman*)  
Mr. Ho Ka Ki (*Chief Executive Officer*)

### Independent non-executive Directors

Mr. Kwong Che Sing  
Ms. Chiao Siu Ling  
Mr. Ling Siu Tsang  
Mr. Tso Ping Cheong Brian

### AUDIT COMMITTEE

Mr. Tso Ping Cheong Brian (*Chairman*)  
Ms. Chiao Siu Ling  
Mr. Kwong Che Sing  
Mr. Ling Siu Tsang

### REMUNERATION COMMITTEE

Mr. Ling Siu Tsang (*Chairman*)  
Ms. Chiao Siu Ling  
Mr. Sieh Shing Kee  
Mr. Kwong Che Sing

### NOMINATION COMMITTEE

Mr. Sieh Shing Kee (*Chairman*)  
Ms. Chiao Siu Ling  
Mr. Kwong Che Sing  
Mr. Ling Siu Tsang

### COMPANY SECRETARY

Mr. Lam Kau Wang (*HKICPA, ACCA*)

### COMPLIANCE OFFICER

Mr. Ho Ka Ki

## AUTHORISED REPRESENTATIVES

Mr. Ho Ka Ki  
Mr. Lam Kau Wang

## PRINCIPAL BANKER

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

## AUDITOR

Grant Thornton Hong Kong Limited  
*Certified Public Accountants*  
11th Floor  
Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

## COMPLIANCE ADVISER

Grande Capital Limited  
Room 2701, 27/F, Tower 1  
Admiralty Centre  
18 Harcourt Road  
Admiralty  
Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

Loeb & Loeb LLP  
2206-19 Jardine House  
1 Connaught Road  
Central  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F  
148 Electric Road  
North Point  
Hong Kong

# CORPORATE INFORMATION

## **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **CAYMAN ISLANDS REGISTERED OFFICE**

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

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit 1A, 6/F,  
Harbour Crystal Centre,  
100 Granville Road,  
Tsim Sha Tsui,  
Hong Kong

## **WEBSITE**

[www.maxicity.com.hk](http://www.maxicity.com.hk)

## **STOCK CODE**

8216

## FINANCIAL HIGHLIGHTS

Our revenue increased from approximately HK\$189.7 million for the nine months ended 30 September 2020 to approximately HK\$222.0 million for the nine months ended 30 September 2021, representing an increase of approximately HK\$32.3 million or 17.0%.

Our profit and total comprehensive income attributable to equity holders of the Company decreased from approximately HK\$31.0 million for the nine months ended 30 September 2020 to approximately HK\$24.0 million for the nine months ended 30 September 2021, representing a decrease of approximately HK\$6.9 million or 22.3%.

However, our adjusted profit and total comprehensive income attributable to equity holders of the Company for the nine months ended 30 September 2021 amounted to approximately HK\$29.2 million (excluding transfer of listing and related expenses and government grants received from Employment Support Scheme for Construction Sector (Casual Employees) and Regular Employees Under Anti-epidemic Fund Launched by the Government of Hong Kong Special Administrative Region (the **“Employment Support Scheme”**)), which increased by HK\$3.3 million or 12.6% as compared with HK\$26.0 million for the nine months ended 30 September 2020.

Basic and diluted earnings per share amounted to approximately HK6.0 cents for nine months ended 30 September 2021 (nine months ended 30 September 2020: HK7.7 cents).

The board of Directors does not recommend the declaration of any dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

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

For the three months and the nine months ended 30 September 2021

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and the nine months ended 30 September 2021 (the “**Reporting Period**”), together with the respective unaudited comparative figures for the corresponding period in 2020, as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>67,172</b>	68,819	<b>221,963</b>	189,663
Cost of services		<b>(54,991)</b>	(53,823)	<b>(180,987)</b>	(152,051)
<b>Gross profit</b>		<b>12,181</b>	14,996	<b>40,976</b>	37,612
Other income, gains and losses	4	<b>412</b>	5,053	<b>1,905</b>	5,393
Administrative expenses		<b>(1,684)</b>	(1,866)	<b>(6,613)</b>	(7,040)
Transfer of listing and related expenses		<b>(857)</b>	–	<b>(6,514)</b>	–
Interest expense on lease liabilities		<b>(3)</b>	(2)	<b>(13)</b>	(8)
<b>Profit before income tax</b>	5	<b>10,049</b>	18,181	<b>29,741</b>	35,957
Income tax expense	6	<b>(1,790)</b>	(1,934)	<b>(5,698)</b>	(5,004)
<b>Profit and total comprehensive income for the period attributable to equity holders of the Company</b>		<b>8,259</b>	16,247	<b>24,043</b>	30,953
<b>Earnings per share attributable to equity holders of the Company</b>					
Basic and diluted	7	<b>HK2.1 cents</b>	HK4.1 cents	<b>HK6.0 cents</b>	HK7.7 cents

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020 (Audited)	4,000	50,084	1	33,427	87,512
Profit and total comprehensive income for the period	–	–	–	30,953	30,953
At 30 September 2020 (Unaudited)	4,000	50,084	1	64,380	118,465
At 1 January 2021 (Audited)	<b>4,000</b>	<b>50,084</b>	<b>1</b>	<b>72,777</b>	<b>126,862</b>
Profit and total comprehensive income for the period	–	–	–	<b>24,043</b>	<b>24,043</b>
At 30 September 2021 (Unaudited)	<b>4,000</b>	<b>50,084</b>	<b>1</b>	<b>96,820</b>	<b>150,905</b>



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

## 1. GENERAL INFORMATION

Maxicity Holdings Limited was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act of the Cayman Islands on 30 January 2019. The addresses of the Company's registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. With effect from 2 September 2020, the address of principal place of business of the Company has been changed to Unit 1A, 6/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui, Hong Kong from Room 2302-2303, 23/F., Omega Plaza, 32-34A Dundas Street, Mongkok, Hong Kong.

The Company's shares (the "**Shares**") are listed on the GEM of the Stock Exchange on 13 December 2019 (the "**Listing**").

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in undertaking slope works in Hong Kong. The Company's immediate and ultimate holding company is Good Hill Investment Limited ("**Good Hill**"), a company incorporated in the British Virgin Islands (the "**BVI**"). The ultimate controlling shareholders of the Group are Mr. Sieh Shing Kee ("**Mr. Sieh**") and Mr. Ho Ka Ki ("**Mr. Ho**") (collectively, the "**Controlling Shareholders**").

The condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 (the "**Condensed Consolidated Financial Statements**") are unaudited, but have been reviewed by the audit committee of the Company. The Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 10 November 2021.

## 2. BASIS OF PREPARATION

### 2.1 General

The Condensed Consolidated Financial Statements for the nine months ended 30 September 2021 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants. The Condensed Consolidated Financial Statements do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2020.

The Condensed Consolidated Financial Statements have been prepared under the historical cost basis. The Condensed Consolidated Financial Statements are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand ("**HK\$'000**"), except where otherwise indicated.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

The Condensed Consolidated Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of the new and amended HKFRSs effective as of January 2021.

The preparation of the Condensed Consolidated Financial Statements is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group's accounting policies.

## 3. REVENUE

The Group's principal activities are disclosed in note 1 to the Unaudited Condensed Consolidated Financial Statements. Revenue represents income arising on the provision of slope works to external customers. The Group's revenue is recognised over time.

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Provision of slope works				
Public sector projects	58,299	56,481	197,477	167,906
Private sector projects	8,873	12,338	24,486	21,757
	67,172	68,819	221,963	189,663

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

## 4. OTHER INCOME, GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	15	65	65	325
Gain (Loss) on disposal of property, plant and equipment	3	(5)	117	(5)
Government grant <sup>(note)</sup>	-	4,912	1,321	4,991
Sundry income	394	81	402	82
	<b>412</b>	<b>5,053</b>	<b>1,905</b>	<b>5,393</b>

Note:

During the nine months ended 30 September 2021, the Group recognised the subsidies of approximately HK\$1.3 million (nine months ended 30 September 2020: HK\$5.0 million) provided by the Government of Hong Kong Special Administrative Region as part of the relief measures on COVID-19 pandemic.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

## 5. PROFIT BEFORE TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit before income tax is stated after charging:				
Depreciations, included in				
Cost of service				
– owned assets	390	335	1,170	833
Administrative expenses				
– owned assets	8	14	24	41
– right-of-use assets	63	106	188	359
	<b>461</b>	455	<b>1,382</b>	1,233
Auditor's remuneration	150	150	450	450

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

## 6. INCOME TAX EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Provision for Hong Kong Profits Tax				
Current tax	1,746	1,800	5,721	4,700
Deferred tax	44	134	(23)	304
	<b>1,790</b>	1,934	<b>5,698</b>	5,004

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the two-tiered profits tax rates regime, the first HK\$2.0 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2.0 million will be taxed at 16.5%.

For the nine months ended 30 September 2021 and 2020, Hong Kong Profits Tax of A-City Workshop Limited ("A-City Workshop"), a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime. Profit tax of other group entities continue to be taxed at the flat rate of 16.5%.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

## 7. EARNINGS PER SHARE

	Three months ended 30 September		Nine months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period) ( <i>HK\$'000</i> )	<b>8,259</b>	16,247	<b>24,043</b>	30,953
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ( <i>in thousand</i> )	<b>400,000</b>	400,000	<b>400,000</b>	400,000

There were no dilutive potential ordinary shares during the nine months ended 30 September 2021 and 2020 and therefore, diluted earnings per share equals to basic earnings per share.

## 8. DIVIDEND

The Directors of the Company do not recommend the payment of any dividend in respect of the period for the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a slope works contractor in Hong Kong. The slope works undertaken by the Group generally involve landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. The Group is experienced in undertaking different kinds of slope works which mainly comprise (i) drilling and installation of soil nails; (ii) construction of retaining walls; (iii) installation of debris flow protection rigid barriers ; (iv) construction of flexible barrier system; (v) installation of raking drains; (vi) installation of wire meshes and mats for erosion control; (vii) construction of concrete maintenance stairway/access; and (viii) landscape soft works and establishment works. A-City Workshop, the Group's principal operating subsidiary, is registered under the Buildings Ordinance as a Registered General Building Contractor and a Registered Specialist Contractor under the sub-register of "site formation works" category. A-City Workshop is also registered as a Registered Specialist Trade Contractors for reinforcement bar fixing, concreting form work and concreting and registered as a Registered Subcontractor for earth work and geotechnical works under Registered Specialist Trade Contractor Scheme in Construction Industry Council. On 18 June 2020, A-City Workshop was approved and was registered as a probationary contractor on the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau under the category of "Landslip preventive/remedial works to slopes/retaining walls" ("**Approved Specialist Contractors**").

## PROSPECTS

The Shares were listed on the GEM on 13 December 2019 (the "**Listing Date**"). Net proceeds from the Listing were approximately HK\$37.1 million after deduction of the underwriting commission and relevant listing expenses. The Group utilised the fund for satisfying the requirements of working capital and machineries stated in the application of Approved Specialist Contractors. In addition, we applied the fund for our staff recruitment on new projects. All net proceeds from the Listing has been fully utilised as at 30 September 2021.

We believe that such registration will significantly enhance our market position and facilitate us to expand our market share in the slope works industry in Hong Kong. Our right to tender public slope works directly from the Government of Hong Kong Special Administrative Region can provide more business opportunities and better position for us to capture the forecasted growth in public slope works.

In view of the outbreak of the Epidemic in Hong Kong since January 2020, the Group has implemented measures, including frequent cleaning with disinfectant, ensuring all staffs wear face masks at work, and conducting body temperature test, etc., to protect the health and safety of the employees. We will continue to closely monitor the development of the Epidemic and use every effort on epidemic prevention and control during our daily operations. Our Directors believe that Epidemic will not have significant impact on the Group's continuing business operations.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

Our revenue increased from approximately HK\$189.7 million for the nine months ended 30 September 2020 to approximately HK\$222.0 million for the nine months ended 30 September 2021, representing an increase of approximately HK\$32.3 million or 17.0%. Our revenue increased primarily due to the increase in the number of projects with revenue contributed to our Group during the nine months ended 30 September 2021 and an increase in our revenue derived from the relatively larger scale projects (i.e., projects with revenue recognised HK\$5.0 million to below HK\$10.0 million).

Number of projects with revenue contributions:

	Nine months ended 30 September	
	2021	2020
Public sector projects	18	15
Private sector projects	13	11
Total	31	26

Revenue recognised:

	Nine months ended 30 September	
	2021	2020
HK\$10.0 million or above	6	7
HK\$5.0 million to below HK\$10.0 million	5	2
HK\$1.0 million to below HK\$5.0 million	9	6
Below HK\$1.0 million	11	11
Total	31	26

### Cost of Services

Cost of services increased by approximately HK\$28.9 million, or 19.0%, from approximately HK\$152.1 million for the nine months ended 30 September 2020 to approximately HK\$181.0 million for the nine months ended 30 September 2021. Such increase in cost of services was generally in line with the increase in revenue.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Gross Profit and Gross Profit Margin

Gross profit increased by approximately HK\$3.4 million, or 8.9%, from approximately HK\$37.6 million for the nine months ended 30 September 2020 to approximately HK\$41.0 million for the nine months ended 30 September 2021. Our gross profit margin decreased from approximately 19.8% for the nine months ended 30 September 2020 to approximately 18.5% for the nine months ended 30 September 2021 due to increase in revenue contributed by certain small scale projects with higher profit margin.

## Other Income, Gains and Losses

Other income, gains and losses decreased significantly by approximately HK\$3.5 million, or 64.7%. Such significant decrease was mainly due to the decrease in government grant received by the Group in relation to the Employment Support Scheme during the nine months ended 30 September 2021.

## Administrative Expenses

Administrative expenses decreased by approximately HK\$0.4 million or 6.1% from approximately HK\$7.0 million for the nine months ended 30 September 2020 to approximately HK\$6.6 million for the nine months ended 30 September 2021. The decrease in administrative expense was mainly contributed by the decrease in staff bonus.

## Transfer of Listing and Related Expenses

Transfer of listing and related expenses increased significantly by approximately HK\$6.5 million during the nine months ended 30 September 2021, which was attributable to the proposed transfer of listing of the Company's shares from GEM to Main Board of the Stock Exchange during the nine months ended 30 September 2021.

## Income Tax Expenses

Income tax expenses increased by approximately HK\$0.7 million or 13.9% from approximately HK\$5.0 million for the nine months ended 30 September 2020 to approximately HK\$5.7 million for the nine months ended 30 September 2021. The increase in the income tax expense was in line with the increase in profits before income tax (excluding transfer of listing and related expenses and government grants received from Employment Support Scheme) as a result of the increase in our revenue and gross profit.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Profit and Total Comprehensive Income for the Period

Profit and total comprehensive income decreased from approximately HK\$31.0 million for the nine months ended 30 September 2020 to approximately HK\$24.0 million for the nine months ended 30 September 2021, representing a decrease of approximately HK\$6.9 million or 22.3%. Such decrease was mainly attributable to the increase in transfer of listing and related expenses for the nine months ended 30 September 2021 as mentioned above as compared to the nine months ended 30 September 2020. Our adjusted profit and total comprehensive income attributable to equity holders of the Company (excluding transfer of listing and related expenses and government grants received from Employment Support Scheme) for the nine months ended 30 September 2021 amounted to approximately HK\$29.2 million, which increased by approximately HK\$3.3 million or 12.6% as compared with HK\$26.0 million for the nine months ended 30 September 2020.

## USE OF PROCEEDS

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK\$37.1 million. After the Listing, a part of these proceeds have been applied for the purposes as set out in the section headed the "Future Plans And Use of Proceeds" in the prospectus of the Company dated 30 November 2019 (the "Prospectus").

As disclosed in the Prospectus, the estimated net proceeds from the Listing, after deduction of the underwriting fees and expenses paid by the Company in connection therewith, were approximately HK\$40.0 million. The actual net proceeds received by the Company were approximately HK\$37.1 million. The Company adjusted the difference of approximately HK\$2.9 million accordingly to each business strategies in the same proportion as the original funds applied as shown in the Prospectus. The adjusted net proceeds is shown as below:

	<b>Estimated net proceeds</b> <i>HK\$ million</i>	<b>Actual net proceeds</b> <i>HK\$ million</i>
Strengthening our manpower by recruiting additional staff	11.3	10.5
Acquisition of additional machinery	4.7	4.4
Increasing our reserve for financing the issue of performance guarantees in favour of our customers	2.0	1.8
Maintaining the specific working capital required for being an Approved Specialist Contractor	22.0	20.4
Total	40.0	37.1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

An analysis of the planned usage of net proceeds as stated in the Prospectus and the actual utilisation of the net proceeds from the Listing Date up to 30 September 2021 are set out as below:

Period	Strengthening our manpower by recruiting additional staff <i>HK\$ million</i>	Acquisition of additional machinery <i>HK\$ million</i>	Increasing our reserve for financing the issue of performance guarantees in favour of our customers <i>HK\$ million</i>	Maintaining the specific working capital required for being an Approved Specialist Contractor <i>HK\$ million</i>	Total <i>HK\$ million</i>
<b>Planned use of net proceeds</b> From Listing Date to 30 September 2021	11.3	4.7	2.0	22.0	40.0
<b>Adjusted use of net proceeds</b> From Listing Date to 30 September 2021	10.5	4.4	1.8	20.4	37.1
<b>Actual use of net proceeds</b> From Listing Date to 30 September 2021	10.5	4.4	1.8	20.4	37.1

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

During the period between the Listing Date and 30 September 2021, the Group has utilised approximately HK\$37.1 million to further strengthen its market position, to increase its market share and to capture the growth in the Hong Kong slope works industry. An analysis comparing the intended business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2021 is set out below:

<b>Business strategies as stated in the Prospectus</b>	<b>Implementation activity up to 30 September 2021 as stated in the Prospectus</b>	<b>Actual business progress up to 30 September 2021</b>
Strengthening our manpower by recruiting additional staff	Recruit and salaries payment for a project manager/site agent, a site engineer, two site foremen, a safety officer/supervisor, a labour officer, a crane truck operator, 25 site workers and 2 administrative staff.	Recruited and paid salaries for a project manager/site agent, a site engineer, two site foremen, a safety officer/supervisor, a labour officer, a crane truck operator, 25 site workers and 2 administrative staff.
Acquisition of additional machinery	Acquire four drilling rigs, three grout pumps, one shotcrete machine, one pneumatic drill, one crane truck, four air compressors, two generators and five motor vehicles.	Acquired four drilling rigs, three grout pumps, one shotcrete machine, one pneumatic drill, one crane truck, four air compressor, two generators and five motor vehicles.
Increasing our reserve for financing the issue of performance guarantees in favour of our customers	Increase our reserve for financing the issue of performance guarantees.	It was completed in February 2020.
Registration on Approved Specialist Contractors for Public Works	Amount earmarked for satisfying the applicable working capital requirement which is used to maintain a minimum working capital of 10% of the combined annual value of uncompleted works on outstanding contracts for being an Approved Specialist Contractor.	Such amount was reserved.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## ENVIRONMENT POLICIES AND PERFORMANCE

The principal activity of the Group is governed by environmental laws and regulations in Hong Kong such as those relation to air pollution control and noise control as set out in the section headed "Regulatory Overview" in the Prospectus.

The Group recognises the importance of environmental protection and has implemented various environmental protection measures, such as reducing air pollutant emissions and noise assessment, in order to minimise the operation impact on the environment and natural resources.

The Group will continue to monitor the business operations in order to ensure that it does not carry any significant adverse effect on the environment and that the Group's environment protection measures are adequate to ensure compliance with all applicable laws or regulations in Hong Kong.

As at the date of this report, no prosecution, penalty or punishment has been imposed upon the Group for the violation of any applicable environmental laws or regulations.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 September 2021, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which (a) would have 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 such Directors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); or (b) would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) would be required, pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions in shares and underlying shares of the Company and its associated corporation

Names of Directors	Company concerned	Nature of interest/ holding capacity	Number of Ordinary shares held	Percentage of interests in the issued share capital of the Company/ associated corporation
Mr. Sieh	Company	Interest in a controlled corporation/Interests held jointly with another person	300,000,000 (L) <i>(Notes 2 and 3)</i>	75% <i>(Note 1)</i>
	Good Hill	Beneficial owner	2 (L) <i>(Notes 3)</i>	50%
Mr. Ho	Company	Interest in a controlled corporation/Interests held jointly with another person	300,000,000 (L) <i>(Notes 2 and 3)</i>	75% <i>(Note 1)</i>
	Good Hill	Beneficial owner	2 (L) <i>(Notes 3)</i>	50%

## OTHER INFORMATION

### Notes:

1. As at 30 September 2021, the Company's issued ordinary share capital was HK\$4.0 million divided into 400,000,000 shares of HK\$0.01 each.
2. These 300,000,000 Shares are held by Good Hill, which in turn are directly owned in equal share by each of Mr. Sieh and Mr. Ho. As such, Mr. Sieh and Mr. Ho are deemed under the SFO to be interested in the 300,000,000 Shares collectively held through Good Hill.
3. The letter "L" denotes the person's long position in the shares.

Save as disclosed above, as at the date of this report, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or 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/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register required to be kept therein; or (iii) pursuant to Rules 5.46 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

### **INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

As at 30 September 2021, so far as it is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares of the Company which (i) were recorded in the register required to be kept by the Company under Section 336 of the SFO, or (ii) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules, or (iii) who will be, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

## OTHER INFORMATION

Names of shareholders	Nature of Interest/ holding capacity	Number of ordinary shares held	Percentage of interests in the issued share capital of the Company <small>(Note 1)</small>
Good Hill	Beneficial owner	300,000,000 (L) <small>(Notes 2 and 5)</small>	75%
Ms. Cao Hongmei	Interest of spouse	300,000,000 (L) <small>(Notes 3 and 5)</small>	75%
Ms. Lee Kim Kum	Interest of spouse	300,000,000 (L) <small>(Notes 4 and 5)</small>	75%

### Notes:

- As at 30 September 2021, the Company's issued ordinary share capital was HK\$4.0 million divided into 400,000,000 shares of HK\$0.01 each.
- These 300,000,000 Shares are held by Good Hill, which in turn are directly owned in equal share by each of Mr. Sieh and Mr. Ho. As such, Mr. Sieh and Mr. Ho are deemed under the SFO to be interested in the 300,000,000 Shares collectively held through Good Hill.
- Ms. Cao Hongmei is the spouse of Mr. Sieh. As such, she is deemed to be interested in the shares of the Company in which Mr. Sieh Shing Kee is interested under Part XV of the SFO.
- Ms. Lee Kim Kum is the spouse of Mr. Ho. As such, she is deemed to be interested in the shares of the Company in which Mr. Ho Ka Ki is interested under Part XV of the SFO.
- The letter "L" denotes the person's long position in the shares of the Company.

Save as disclosed above, as at the 30 September 2021, the Directors have not been notified by any person who had interests or short positions in the Shares or underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the nine months ended 30 September 2021.



# OTHER INFORMATION

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the **"Share Option Scheme"**) pursuant to the written resolutions of our sole shareholder passed on 25 November 2019. The condition of which has been fulfilled. The Share Option Scheme shall be valid and effective for the period of ten years commencing on 13 December 2019, being the date on which the Share Option Scheme was adopted upon fulfillment of the condition.

### The purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to enable the Company to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the Group.

### The participants of the Share Option Scheme

Under the Share Option Scheme, the Board may, at its discretion, make an offer to any person belonging to the following classes of participants (the **"Eligible Participants"**) share options to subscribe for shares of the Company:

- (i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of our Company, any subsidiary or any entity in which any member of our Group holds any equity interest (the **"Invested Entity"**);
- (ii) any non-executive director (including independent non-executive directors) of our Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iv) any customer of any member of our Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

## OTHER INFORMATION

- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

### **The total number of Shares available for issue under the Share Option Scheme**

The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the shares in issue at the time dealings in the shares first commence on the Stock Exchange, i.e. 40,000,000 Shares (i.e. 10% of the total shares in issue at the date of this report).

### **The maximum entitlement of each participant under the Share Option Scheme**

Subject to certain circumstances relating to the grant of options to a substantial shareholder, an independent non-executive director or any of their respective associates, the total number of Shares issued which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options to a grantee under the Share Option Scheme would result in the Shares allotted and issued and to be allotted and issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by our Shareholders in general meeting with such grantee and his close associates (or his associates if such grantee is a connected person (as defined in the GEM Listing Rules)) abstaining from voting.

### **The period within which the Shares must be taken up under an option**

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted under the Share Option Scheme.

## OTHER INFORMATION

### **The minimum period for which an option must be held before it can be exercised**

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

### **The amount, if any, payable on application or acceptance of option and the period within which payments or calls must or may be made or loans for such purposes must be repaid**

An offer shall have been accepted by an Eligible Participant with a remittance in favour of our Company of HK\$1 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

### **The basis of determining the exercise price**

The subscription price in respect of any option shall be at the discretion of our Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and
- (c) the nominal value of the Share.

No share option has been granted under the Share Option Scheme since its adoption. Accordingly, as at the date of this report, there was no share option outstanding under the Share Option Scheme.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Securities Transactions Code (the "**Code**") on terms no less exacting than 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 securities transactions by Directors. Having made specific enquiries of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the Code regarding securities transactions during the nine months ended 30 September 2021.

## OTHER INFORMATION

### COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business from the Listing Date to the date of this report.

### INTERESTS OF THE COMPLIANCE ADVISER

Pursuant to Rule 6A.19 of the GEM Listing Rule, the Company has appointed Grande Capital Limited as the independent compliance adviser (the "**Compliance Adviser**") on an on-going basis for consultation on compliance with the GEM Listing Rules. As at 30 September 2021, as informed by the Compliance Adviser, save for the compliance adviser's agreement entered into between the Company and the Compliance Adviser dated 25 March 2019 and the financial adviser agreement in respect of proposed transfer of listing dated 8 December 2020, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### AUDIT COMMITTEE

Our Company established an audit committee on 25 November 2019 in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the principles and code provisions as set out in the corporate governance (the "**CG Code**") were adopted. Our Audit Committee consists of four members, namely, Mr. Tso Ping Cheong Brian, Ms. Chiao Siu Ling, Mr. Kwong Che Sing and Mr. Ling Siu Tsang. Mr. Tso Ping Cheong Brian is the chairman of our Audit Committee and he is a certified public accountant with more than 19 years of experience in professional accounting. Accordingly, the Company has fully complied with Rule 5.05(2) of the GEM Listing Rules.

This report and the unaudited Condensed Consolidated Financial Statements have been reviewed by the audit committee of the Company and opined that the applicable accounting standards and requirements have been complied with and adequate disclosures have been made.

## OTHER INFORMATION

### DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the CG Code contained in Appendix 15 of the GEM Listing Rules as the basis of the Company's corporate governance practices.

The CG Code has been applicable to the Company with effect from the Listing Date. The Board is of the view that from the Listing Date to the date of this report, the Company has complied with all applicable code provisions as set out in the CG Code.

### EVENTS AFTER THE END OF REPORTING PERIOD

There are no significant events affecting the Group from 30 September 2021 to the date of this report.

By order of the Board  
**Maxicity Holdings Limited**  
**Mr. Sieh Shing Kee**  
*Chairman*

Hong Kong, 10 November 2021