

Maxicity Holdings Limited

豐城控股有限公司

*(Incorporated in the Cayman Islands with members' limited liability)*

Stock code: 2295

**2023**  
**INTERIM REPORT**

# CONTENTS

Corporate Information	2
Financial Highlights	4
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Unaudited Condensed Consolidated Statement of Financial Position	6
Unaudited Condensed Consolidated Statement of Changes in Equity	7
Unaudited Condensed Consolidated Statement of Cash Flows	8
Notes to the Unaudited Condensed Consolidated Financial Statements	9
Management Discussion and Analysis	21
Corporate Governance and Other Information	29

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent non-executive Directors

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

David Fong & Co., Solicitors  
Unit A, 12/F  
China Overseas Building  
139 Hennessy Road  
Wanchai  
Hong Kong

# CORPORATE INFORMATION

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## WEBSITE

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

## STOCK CODE

02295

## 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

# FINANCIAL HIGHLIGHTS

The revenue of Maxicity Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) increased from approximately HK\$83.2 million for the six months ended 30 June 2022 to approximately HK\$88.2 million for the six months ended 30 June 2023, representing an increase of approximately HK\$5.0 million or 6.0%. Such increase in revenue was mainly due to the increase in number of relatively larger scale projects (i.e. projects with revenue recognised more than HK\$10.0 million) and relatively smaller scale projects (i.e. projects with revenue recognised less than HK\$1.0 million) during the six months ended 30 June 2023.

Gross profit increased by approximately HK\$0.8 million, or 8.4%, from approximately HK\$9.2 million for the six months ended 30 June 2022 to approximately HK\$9.9 million for the six months ended 30 June 2023. The increase in gross profit was mainly attributable to the increase in the Group’s revenue as mentioned above. Gross profit margin remained relatively stable at approximately 11.0% for the six months ended 30 June 2022 and approximately 11.3% for the six months ended 30 June 2023, respectively.

Profit and total comprehensive income increased from approximately HK\$6.1 million for the six months ended 30 June 2022 to approximately HK\$6.4 million for the six months ended 30 June 2023, representing an increase of approximately HK\$0.4 million or 6.0%. Such increase was mainly attributable to the increase of revenue and gross profit for the six months ended 30 June 2023 as mentioned above as compared to the six months ended 30 June 2022. Adjusted profit and total comprehensive income attributable to equity holders of the Company (excluding the government grants received from Employment Support Scheme) for the six months ended 30 June 2023 amounted to approximately HK\$6.4 million, which increased by approximately HK\$2.6 million or 66.2% as compared with HK\$3.9 million for the six months ended 30 June 2022.

Basic and diluted earnings per share amounted to approximately HK1.61 cents for six months ended 30 June 2023 (six months ended 30 June 2022: HK1.52 cents).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) recommended the payment of an interim dividend of HK2.5 cents per ordinary share of the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: nil). The interim dividend will be paid on or around Friday, 29 September 2023 to shareholders whose names appear on the register of members of the Company on Tuesday, 19 September 2023.

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

For the six months ended 30 June 2023

The Board of the Company hereby announces the unaudited condensed interim consolidated results of the Group for the six months ended 30 June 2023, together with the comparative unaudited figures for the six months ended 30 June 2022 and certain comparative figures as at the end of the last audited financial year 31 December 2022.

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	3	<b>88,173</b>	83,184
Cost of services		<b>(78,227)</b>	(74,009)
<b>Gross profit</b>		<b>9,946</b>	9,175
Other income, gains and losses	4	<b>2,397</b>	2,261
Administrative expenses		<b>(4,635)</b>	(4,595)
Finance costs	5	<b>(41)</b>	(3)
<b>Profit before income tax</b>	6	<b>7,667</b>	6,838
Income tax expense	7	<b>(1,232)</b>	(766)
<b>Profit and total comprehensive income for the period attributable to equity holders of the Company</b>		<b>6,435</b>	6,072
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	8	<b>HK1.61 cents</b>	HK1.52 cents

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	8,181	9,974
<b>Current assets</b>			
Contract assets	12	48,087	26,720
Trade and other receivables	11	14,393	22,892
Cash and bank balances		121,577	147,367
		<b>184,057</b>	196,979
<b>Current liabilities</b>			
Trade and other payables	13	41,860	33,784
Lease liabilities		235	572
Current tax liabilities		2,500	1,382
		<b>44,595</b>	35,738
<b>Net current assets</b>		<b>139,462</b>	161,241
<b>Total assets less current liabilities</b>		<b>147,643</b>	171,215
<b>Non-current liabilities</b>			
Lease liabilities		995	1,116
Deferred tax liabilities		1,075	961
		<b>2,070</b>	2,077
<b>Net assets</b>		<b>145,573</b>	169,138
<b>EQUITY</b>			
Share capital	14	4,000	4,000
Reserves		141,573	165,138
<b>Equity attributable to equity holders of the Company</b>		<b>145,573</b>	169,138

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	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 2022 (Audited)	4,000	50,084	1	100,578	154,663
Profit and total comprehensive income for the period	–	–	–	6,072	6,072
At 30 June 2022 (Unaudited)	4,000	50,084	1	106,650	160,735
At 1 January 2023 (Audited)	<b>4,000</b>	<b>50,084</b>	<b>1</b>	<b>115,053</b>	<b>169,138</b>
Dividend paid	–	–	–	<b>(30,000)</b>	<b>(30,000)</b>
Profit and total comprehensive income for the period	–	–	–	<b>6,435</b>	<b>6,435</b>
At 30 June 2023 (Unaudited)	<b>4,000</b>	<b>50,084</b>	<b>1</b>	<b>91,488</b>	<b>145,573</b>



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before income tax	7,667	6,838
Adjustments for:		
Depreciation	1,726	993
(Gain)/loss on disposal of property, plant and equipment	(10)	3
Interest expense for lease liabilities	41	3
Interest income	(2,387)	(64)
Operating profit before working capital changes	7,037	7,773
(Increase)/decrease in contract assets	(21,367)	5,695
Decrease in trade and other receivables	8,829	2,422
Increase/(decrease) in trade and other payables	8,076	(11,272)
Cash generated from operations	2,575	4,618
Income taxes paid	-	-
<i>Net cash generated from operating activities</i>	2,575	4,618
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(34)	(2,844)
Proceeds from disposal of property, plant and equipment	111	-
Interest received	2,057	64
<i>Net cash generated from/(used in) investing activities</i>	2,134	(2,780)
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(499)	(139)
Dividend paid	(30,000)	-
<i>Net cash used in financing activities</i>	(30,499)	(139)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(25,790)	1,699
Cash and cash equivalents at the beginning of period	147,367	119,417
<b>Cash and cash equivalents at the end of period</b>	121,577	121,116

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

The Company 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 is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Unit 1A, 6/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui, Hong Kong.

The Company's shares (the "**Shares**") were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 December 2019 (the "**Listing Date**") (the "**Listing**"). On 31 December 2021, the listing of the shares of the Company has been transferred from the GEM to the Main Board of the Stock Exchange (the "**Main Board**") (the "**Transfer of Listing**"). The Company is an investment holding company.

The Group is 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 interim financial report of the Group for the six months ended 30 June 2023 ("**Interim Financial Report**") were approved for issue by the Board of directors (the "**Directors**") on 31 August 2023.

## 2. BASIS OF PREPARATION

### 2.1 General

This Interim Financial Report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The preparation of an Interim Financial Report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This Interim Financial Report contains the unaudited condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**").

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.1 General (Continued)

The financial information relating to the financial year ended 31 December 2022 that is included in the Interim Financial Report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

The Interim Financial Report has been prepared on the historical cost basis. The 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.

### 2.2 Adoption of New or Amended HKFRSs

#### *New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2023*

The Interim Financial Report has been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2023. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these new and amended HKFRSs do not have any material impact on how the results and financial position for the current and prior periods have been prepared and presented.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.2 Adoption of New or Amended HKFRSs (Continued)

#### *Issued but not yet effective HKFRSs*

At the date of authorisation of the Interim Financial Report, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective date not yet determined

The directors of the Company anticipate that the above new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of such standards. The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that the adoption of them is unlikely to have a material impact on the Group's results of operations and financial position.

## 3. REVENUE

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of slope works		
Public sector projects	74,461	72,712
Private sector projects	13,712	10,472
	<b>88,173</b>	83,184

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	2,387	64
Gain/(loss) on disposal of property, plant and equipment	10	(3)
Government grant ( <i>note</i> )	–	2,200
	<b>2,397</b>	<b>2,261</b>

*Note:* During the six months ended 30 June 2022, the Group recognised the subsidies from the Employment Support Scheme for Regular Employees and Construction Sector (Casual Employees) under Anti-epidemic Fund of approximately HK\$2.2 million provided by the Government of Hong Kong Special Administrative Region (the "Government") as part of the relief measures on COVID-19 pandemic.

## 5. FINANCE COSTS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on lease liabilities	41	3

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit before income tax is stated after charging:		
(a) Staff costs (including directors' emoluments)		
<i>(note)</i>		
– Directors' emoluments	1,545	1,536
– Salaries, wages and other benefits	30,013	25,364
– Contributions to defined contribution retirement plans	1,100	951
	<b>32,658</b>	27,851
<i>Note:</i>		
Presenting in consolidated statement of profit or loss and other comprehensive income as:		
– Cost of services	30,265	25,492
– Administrative expenses	2,393	2,359
	<b>32,658</b>	27,851
(b) Other items		
Depreciations, included in Cost of service		
– owned assets	1,387	853
Administrative expenses		
– owned assets	61	15
– right-of-use assets	278	125
	<b>1,726</b>	993
Auditor's remuneration	<b>400</b>	400

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision for Hong Kong Profits Tax		
Current tax	1,118	812
Deferred tax	114	(46)
	<u>1,232</u>	<u>766</u>

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 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

During the six months ended 30 June 2023 and 2022, 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 six months ended 30 June 2023

## 8. EARNINGS PER SHARE

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period) (HK\$'000)	<u>6,435</u>	<u>6,072</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>400,000</u>	<u>400,000</u>

There were no dilutive potential ordinary shares during the six months ended 30 June 2023 and 2022, respectively and therefore, diluted earnings per share equals to basic earnings per share.

## 9. DIVIDEND

The final dividend of HK7.5 cents (for the year ended 31 December 2021: nil) per ordinary share, totalling HK\$30,000,000 in respect of the year ended 31 December 2022 (for the year ended 31 December 2021: nil), was approved by the Company's shareholders at the annual general meeting of the Company held on 9 May 2023 and paid on 5 June 2023.

On 31 August 2023, the board of directors declared an interim dividend of HK2.5 cents per ordinary share (six months ended 30 June 2022: nil), totalling HK\$10,000,000 in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment of approximately HK\$34,000 (six months ended 30 June 2022: HK\$2.8 million).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 11. TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Trade receivables (note (a))	<b>8,087</b>	14,968
Prepayments (note (b))	<b>4,670</b>	6,344
Other receivables (note (c))	<b>1,636</b>	1,580
	<b>14,393</b>	22,892

The directors consider that the fair values of trade and other receivables are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

Notes:

### (a) Trade receivables

The Group grants credit terms to customers for a period of 30 to 60 days from the invoice date for trade receivables. For settlement of trade receivables from provision of undertaking slope works, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

Based on the invoice date, the ageing analysis of the trade receivables is as follows:

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
0–30 days	–	448
31–90 days	–	9,544
91–365 days	<b>8,087</b>	4,976
	<b>8,087</b>	14,968

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9 which permits the use of lifetime ECL provision for all trade receivables. As at 30 June 2023 and 31 December 2022, the Group assessed the loss allowance and the expected credit loss rate under the application of HKFRS 9 were insignificant.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

### (b) Prepayments

As at 30 June 2023, prepayments mainly comprised of: (1) prepaid expenses for insurance covered in sites operation which amounted to HK\$4,533,000 (31 December 2022: HK\$5,635,000); and (2) prepaid professional fee which amounted to HK\$132,000 (31 December 2022: HK\$265,000).

### (c) Other receivables

As at 30 June 2023, other receivables mainly comprised of: (1) utility deposits which amounted to HK\$1,306,000 (31 December 2022: HK\$1,182,000); and (2) interest receivables which amounted to HK\$330,000 (31 December 2022: HK\$375,000).

## 12. CONTRACT ASSETS

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Unbilled revenue	<b>43,687</b>	20,835
Retention receivables	<b>4,400</b>	5,885
	<b>48,087</b>	26,720

Contract assets represent the Group's right to considerations from customers for the provision of undertaking slope work, which arise when: (i) the Group completed the relevant services under such contracts but yet certified by architects, surveyors or other representatives; and (ii) the customers withhold certain certified amounts payable to the Group as retention money to secure the due performance of the contracts after the expiry of the defect liability period of construction projects. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer. As at 30 June 2023 and 31 December 2022, the Group assessed the loss allowance and the expected credit loss rate under the application of HKFRS 9 were insignificant.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 12. CONTRACT ASSETS (CONTINUED)

Changes of contract assets during the six months ended 30 June 2023 were mainly due to:

- (1) Changes in unbilled revenue as a result of number of contract works that the relevant services were completed and certified during the year;
- (2) Changes in retention receivables as a result of a decrease of number of ongoing and completed contracts under the defect liability period during the year; and
- (3) Performance bonds amounting to HK\$2.0 million paid to its customer to secure the due performance of construction projects and are recognised as retention receivables.

During the six months ended 30 June 2023 and the year ended 31 December 2022, the Group does not generate any contract liability.

## 13. TRADE AND OTHER PAYABLES

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Trade payables (note (a))	<b>40,525</b>	31,967
Accruals and other payables (note (b))	<b>1,335</b>	1,817
	<b>41,860</b>	33,784

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 13. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

### (a) Trade payables

The Group is granted by its suppliers a credit period ranging from 0 to 45 days. The ageing analysis of trade payables based on the invoice date is as follows:

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
0–30 days	<b>22,896</b>	25,907
31–60 days	<b>5,535</b>	5,441
61–90 days	<b>4,707</b>	–
91–365 days	<b>7,371</b>	603
Over 365 days	<b>16</b>	16
	<b>40,525</b>	31,967

### (b) Accruals and other payables

As at 30 June 2022, accruals and other payables mainly comprised of: (1) advance payment from customers which amounted to HK\$394,000 (31 December 2022: HK\$394,000); (2) other payable to subcontractor which amounted to HK\$340,000 (31 December 2022: HK\$340,000); and (3) accrued professional fee which amounted to HK\$600,000 (31 December 2022: HK\$1,073,000).

All amounts are short-term and hence, the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

## 14. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>		
As at 30 June 2023 (unaudited) and 31 December 2022 (audited)	<u>1,000,000,000</u>	<u>10,000</u>
<b>Issued and fully paid:</b>		
As at 30 June 2023 (unaudited) and 31 December 2022 (audited)	<u>400,000,000</u>	<u>4,000</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 15. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Report, the Group had the following related party transaction during the six months ended 30 June 2023 and 2022, respectively.

### Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel during the period are as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, fee and allowances	2,448	2,083
Retirement benefit scheme contributions	36	36
	<b>2,484</b>	2,119

## 16. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2023 and 31 December 2022, respectively.

## 17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Report was both approved and authorised for issue by the Board on 31 August 2023.

# MANAGEMENT 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 the following activities:

- (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 softworks and establishment works.

A-City Workshop, the Group's principal operating subsidiary, has obtained the following registrations:

- (i) an approved specialist 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 Contractor**");
- (ii) a Registered General Building Contractor under section 8A of the Buildings Ordinance;
- (iii) a Registered Specialist Contractor under the sub-register of "site formation works" under section 8A of the Buildings Ordinance; and
- (iv) a Registered Subcontractor for earthwork and geotechnical works under Register of Subcontractors of the Construction Industry Council.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2023, the Group undertook 44 contracts with an aggregate contract sum of approximately HK\$666.1 million in which the Group had completed 32 contracts with an aggregate contract sum of approximately HK\$62.9 million. The Group also received revenue from 3 projects which were considered to be practical completed in previous years. As at 30 June 2023, two contracts with aggregate contract sum of approximately HK\$5.7 million has not yet commenced its work. As at 30 June 2023, apart from the two aforementioned projects that not yet commenced its work, the Group had 12 contracts in progress with an aggregate contract sum of approximately HK\$603.2 million.

In 2023, the Civil Engineering and Development Department (the “**CEDD**”) continued the Landslip Prevention and Mitigation Programme (the “**LPMitP**”) to upgrade government man-made slopes, mitigate landslide hazards and conduct safety screenings. As put forward in the Hong Kong 2023–2024 Budget by the Government, the Government estimated that the expenditure for landslip prevention and mitigation will continue to reach HK\$1.0 billion in 2023. In the Chief Executive’s 2022 Policy Address announced in October 2022, the Chief Executive announced a series of policy measures to enhance land supply, including that the Government will (i) increase significantly overall public housing production in the next five years; (ii) conduct studies on new land development proposed in the Northern Metropolis Development Strategy; (iii) conduct technical assessment to Tseung Kwan O Area 137 for population intake in 2030 and studies at the proposed Pak Shek Kok Station for housing units in 2033 or earlier; and (iv) conduct studies of reclamation in Kau Yi Chau Artificial Islands and Ma Liu Shui.

Hong Kong has record outbreak of COVID-19 in 2022. Since early-2023, the business activities in Hong Kong have resumed normal. However the outbreak of COVID-19 has completely reshaped the construction industry and brought along continuous consequences. In particular, shortage of construction-related professions resulting in the Group experiencing continuous difficulty in recruiting sufficient construction staff to commence new construction projects. According to the “Manpower Forecast for Hong Kong Construction Industry (February 2023)” published by the Construction Industry Council, the Construction Instruction has a shortage of 17,500 to 24,000 workers and professionals, and the number is expected to increase to 48,500 to 55,000 in 2027. The Group was forced to adjust its tendering strategy and remain conservative on tendering new projects until adequate resources are available.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

The Group expects the second half of 2023 to continue to be challenging. In view of the shortage of labour, the Directors aim to focus on existing projects and have taken a more conservative approach in tendering for new projects until adequate resources are available. In June 2023, the Government of Hong Kong proposed to import workers to alleviate the labour crunch in various industries, including the construction industry. The construction industry may hire up to 12,000 non-local workers, which the Government aims to ease manpower shortfalls in the short term. The Directors remain cautious on the Group's business outlook in the remainder of 2023.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased from approximately HK\$83.2 million for the six months ended 30 June 2022 to approximately HK\$88.2 million for the six months ended 30 June 2023, representing an increase of approximately HK\$5.0 million or 6.0%. Such increase was mainly due to the increase in total number of projects derived from the relatively larger scale projects (i.e. projects with revenue recognised HK\$10.0 million or above) and relatively smaller scale projects (i.e. projects with revenue recognised less than HK\$1.0 million) during the six months ended 30 June 2023.

Number of projects with revenue contributions:

	Six months ended 30 June	
	2023	2022
Public sector projects	11	12
Private sector projects	31	15
Total	42	27



# MANAGEMENT DISCUSSION AND ANALYSIS

Revenue recognised:

	Six months ended 30 June	
	2023	2022
HK\$10.0 million or above	6	3
HK\$5.0 million to below HK\$10.0 million	1	3
HK\$1.0 million to below HK\$5.0 million	5	8
Below HK\$1.0 million	30	13
Total	42	27

## Cost of Services

Cost of services increased by approximately HK\$4.2 million, or 5.7%, from approximately HK\$74.0 million for the six months ended 30 June 2022 to approximately HK\$78.2 million for the six months ended 30 June 2023. Such increase in cost of services was mainly contributed by the increase in revenue.

## Gross Profit and Gross Profit Margin

Gross profit increased by approximately HK\$0.8 million, or 8.4%, from approximately HK\$9.2 million for the six months ended 30 June 2022 to approximately HK\$9.9 million for the six months ended 30 June 2023. The increase in gross profit was mainly attributable to the increase in the Group's revenue as mentioned above. Gross profit margin remained relatively stable at approximately 11.0% for the six months ended 30 June 2022 and approximately 11.3% for the six months ended 30 June 2023, respectively.

## Other Income, Gains and Losses

Other income, gains and losses increased by approximately HK\$0.1 million from approximately HK\$2.3 million for the six months ended 30 June 2022 to approximately HK\$2.4 million for the six months ended 30 June 2023. Such increase was mainly due to the increase in the bank interest income by approximately HK\$2.3 million during the six months ended 30 June 2023. However, such increase is partially offset by the decrease in government grant by approximately HK\$2.2 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Administrative Expenses

Administrative expenses remained stable at approximately HK\$4.6 million for the six months ended 30 June 2022 and 2023.

## Finance Costs

The Group's finance costs which was derived from lease liabilities, amounted to approximately HK\$41,000 and HK\$3,000 for the six months ended 30 June 2023 and 2022, respectively. The increase in finance cost is caused by the increase in lease liabilities.

## Income Tax Expenses

As a result of the above, in particular the increase in the Group's revenue and gross profit, income tax expenses increased by approximately HK\$0.5 million or 60.8% from approximately HK\$0.8 million for the six months ended 30 June 2022 to approximately HK\$1.2 million for the six months ended 30 June 2023.

## Profit and Total Comprehensive Income for the Period

Profit and total comprehensive income increased from approximately HK\$6.1 million for the six months ended 30 June 2022 to approximately HK\$6.4 million for the six months ended 30 June 2023, representing an increase of approximately HK\$0.4 million or 6.0%. Such increase was mainly attributable to the increase of revenue and gross profit for the six months ended 30 June 2023 as mentioned above as compared to the six months ended 30 June 2022. Adjusted profit and total comprehensive income attributable to equity holders of the Company (excluding the government grants received from Employment Support Scheme) for the six months ended 30 June 2023 amounted to approximately HK\$6.4 million, which increased by approximately HK\$2.6 million or 66.2% as compared with HK\$3.9 million for the six months ended 30 June 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Financial Resources and Liquidity

As at 30 June 2023, the Group recorded net current assets of approximately HK\$139.5 million (31 December 2022: approximately HK\$161.2 million). The Group had cash and bank balances of approximately HK\$121.6 million as at 30 June 2023 (31 December 2022: approximately HK\$147.4 million), which were denominated in Hong Kong dollars. The Group's financial resources were funded mainly by its equity capital, cash generated from its operations and proceeds from the Listing. As at 30 June 2023, the Group's current assets amounted to approximately HK\$184.1 million (31 December 2022: approximately HK\$197.0 million) and the Group's current liabilities amounted to approximately HK\$44.6 million (31 December 2022: approximately HK\$35.7 million).

Current ratio was approximately 4.1 times as at 30 June 2023 (31 December 2022: approximately 5.5 times). Current ratio is calculated based on total current assets at the end of the period divided by total current liabilities at the end of the period.

Gearing ratio was approximately 0.8% as at 30 June 2023 (31 December 2022: approximately 1.0%) which was calculated based on the total interest bearing liability at the end of the period divided by total equity at the end of the period.

### Capital Structure

For the six months ended 30 June 2023, the capital structure of the Group consisted of equity attributable to the owners of the Company of approximately HK\$145.6 million. The share capital of the Group only consists of ordinary shares. There has been no change in the capital structure of the Group since the Listing and the Transfer of Listing.

## TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2023. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL EXPENDITURE

During the six months ended 30 June 2023, the Group invested approximately HK\$34,000 on the acquisition of property, plant and equipment. Capital expenditure was principally funded by internal resources.

## FOREIGN CURRENCY EXPOSURE RISKS

The Group operates mainly in Hong Kong and is not exposed to any foreign exchange risks throughout the six months ended 30 June 2023. As such, the Directors consider the Group's risk in foreign exchange is insignificant and no foreign exchange hedging was conducted by the Group during the six months ended 30 June 2023.

## CONTINGENT LIABILITY

As at both 30 June 2023 and 31 December 2022, the Group had no contingent liabilities.

## PLEDGE OF ASSETS

As at both 30 June 2023 and 31 December 2022, the Group did not have any pledge of assets.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments held, material acquisitions nor disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group does not have any other plans for material investments or capital assets.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ENVIRONMENTAL 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 listing documents of the Company dated 31 December 2021.

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.

# CORPORATE GOVERNANCE AND 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 June 2023, 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 (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 the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) 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%

# CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. As at 30 June 2023, 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 the Model Code 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 June 2023, 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 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 the Group.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Long position in shares

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

### Notes:

1. As at 30 June 2023, 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. 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.
4. 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.
5. The letter "L" denotes the person's long position in the shares of the Company.

Save as disclosed above, as at 30 June 2023, 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 Shares during the six months ended 30 June 2023.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) pursuant to the written resolutions of the 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 the Company, any subsidiary or any entity in which any member of the Group holds any equity interest (the “**Invested Entity**”);
- (ii) any non-executive director (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the 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 the Group or any Invested Entity; and

# CORPORATE GOVERNANCE 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 the 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 the Group) to be granted under the Share Option Scheme and any other share option scheme of the 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 the 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 the 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 the 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 the 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 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Unless otherwise determined by the 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 the Company of HK\$1 by way of consideration for the grant thereof is received by the 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 the 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 Model Code as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings set out in the Model Code regarding securities transactions during the six months ended 30 June 2023.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the corporate governance (the "CG Code"). No incident of non-compliance with the Model Code by the Company's relevant employees was identified during the six months ended 30 June 2023 after making reasonable enquiry.

## COMPETING BUSINESS

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 151 employees (31 December 2022: 137 employees) excluding the Directors.

Total staff costs excluding Directors' remuneration amounted to approximately HK\$31.1 million for the six months ended 30 June 2023 (30 June 2022: HK\$26.3 million). The remuneration packages the Group offers to its employees include salary and discretionary bonuses. The Group's remuneration policies are in line with the prevailing market practices and the staff remuneration is determined on the basis of the performance and experience of each individual employee.

## CORPORATE GOVERNANCE PRACTICES

The Group 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 Group has adopted the principles and code provisions as set out in the CG Code contained in the Appendix 14 of the Listing Rules as the basis of the Group's corporate governance practices.

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 to 3.24 of the Listing Rules. All written terms of reference are complied with paragraph D.3.3 of the principles and code provisions as set out in the corporate governance contained in the CG Code. 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 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 3.10(2) of the Listing Rules.

This report and the unaudited condensed consolidated interim financial statements have not been audited by the Company’s external auditor, but have been reviewed by the Audit Committee of the Company and opined that the applicable accounting standard and requirements have been complied with and adequate disclosures have been made.

## INTERIM DIVIDEND

The Board recommended the payment of an interim dividend of HK2.5 cents per ordinary share of the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: nil). The interim dividend will be paid on or around Friday, 29 September 2023 to shareholders whose names appear on the register of members of the Company on Tuesday, 19 September 2023.

## CLOSURE OF THE REGISTER OF MEMBERS

The record date for the proposed interim dividend is on Tuesday, 19 September 2023. For determining the entitlement to the proposed interim dividend, the register of members of the Company will be closed from Monday, 18 September 2023 to Tuesday, 19 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar in Boardroom Share Registrars (HK) Limited, the Company’s share registrar in Hong Kong, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Friday, 15 September 2023.

## EVENTS AFTER THE END OF REPORTING PERIOD

There are no significant events affecting the Group after 30 June 2023 up to the date of this report.

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

Hong Kong, 31 August 2023