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Maxicity Holdings Limited
豐城控股有限公司

(Incorporated in the Cayman Islands with members' limited liability)
(Stock Code: 2295)

PROFIT WARNING

This announcement is made by Maxicity Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Company for the year ended 31 December 2022 (the “**Current Period**”), the Group is expected to record a significant decrease in:

- (1) revenue of less than 35% as compared to that for the year ended 31 December 2021 (the “**Corresponding Period**”); and
- (2) adjusted profit and total comprehensive income attributable to equity holders of the Company of less than 71% as compared to that for the Corresponding Period after excluding the one-off transfer of listing and related expenses and government grants received from the Employment Support Scheme under the Anti-epidemic Fund launched by the Government of the Hong Kong Special Administrative Region.

The decrease in both revenue and profit and total comprehensive income attributable to equity holders of the Company were mainly due to the following reasons:

- (1) The government of Hong Kong (the “**Government**”) announced measures to tighten social distancing in view of the development of the fifth wave of outbreak. In early February 2022, the Government further announced that aside from staff providing emergency and essential public services, all government employees would be arranged to work from home (“**WFH Policy**”). It was not until late April 2022 that the WFH Policy for government employees was cancelled. The Directors consider that the WFH Policy had caused significantly delays in delivering the works orders by architects, surveyors or other representatives of the Government. The WFH Policy also impeded the approval of billing process by the Government and affect the Group’s cash flow;
- (2) Hong Kong has recorded the fifth wave of outbreak of COVID-19 attributable to the SARS-CoV-2 Omicron variant since January 2022. The daily number of confirmed cases reached over 50,000 in late-February/early-March 2022. Architects, surveyors or other representatives of the Government who had close contact with COVID-19 or contracted COVID-19 were required to be quarantined. Projects’ progress and tendering process have been hampered by the pandemic;
- (3) A significant number of workers had contracted COVID-19 or were required to be quarantined, resulting in severe labor shortage in the first and last quarter of year 2022. The labor crunch has given rise to widespread delays in project schedule. Coupled with the increasing difficulty in hiring construction workers out of their fear of being infected with COVID-19, the Group experienced labour shortage and slowdown of the work progress of projects. The Group was also required to maintain the workforce during the suspension of work caused by the quarantine in case of immediate resumption of work, putting additional financial burden on the Group. The Group had taken additional measures to combat the labour crunch by hiring an additional number of casual workers in case of workers’ absences due to COVID-19 but faced immense difficulties in recruiting sufficient construction staff to commence new projects;
- (4) There have been occasions where the operation of the relevant sites had to be suspended temporarily for disinfection, which resulted in certain disruptions to the project schedule. Further, the Group was required to recruit new employees for project management for a new project which recorded delay in project commencement. It also increased the Group’s overhead and financial burden;
- (5) In light of tightening of the cross-border quarantine requirements and increasing number of truck drivers being tested positive for COVID-19, contractors experienced disruption in supply of raw materials. There had been a reduction in supply of raw materials, including gravel, concrete blocks and wood, resulting in a short term surge in price of raw materials; and

- (6) Some contractors were forced to suspend their business operations temporarily consequential to the shortage of manpower and supply chain disruption.

As at the date of this announcement, the information in this announcement is preliminary assessed by the Board based on the unaudited consolidated management accounts of the Group for the Current Period which have not been audited by the auditor of the Company nor confirmed by the audit committee of the Board. Therefore, the actual results of the Group for the Current Period may differ from the information in this announcement. Shareholders and potential investors should refer to the annual results announcement of the Company for the Current Period, which is expected to be published on 29 March 2023, for the details of the performance of the Group.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 March 2023

As at the date of this announcement, the Board comprises Mr. Sieh Shing Kee (chairman of the Board) and Mr. Ho Ka Ki (chief executive officer) as the executive Directors and Ms. Chiao Siu Ling, Mr. Kwong Che Sing, Mr. Ling Siu Tsang and Mr. Tso Ping Cheong Brian as the independent non-executive Directors.