

# Icicle Group Holdings Limited

冰雪集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8429



ICICLE

## THIRD QUARTERLY **REPORT** 2018

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Icicle Group Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”, “ICICLE”, “we” or “our”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 Director

Ms. Woo Chan Tak Chi Bonnie  
(*Chairperson and Chief Executive Officer*)

### Non-executive Director

Mr. Chow Sai Yiu Evan

### Independent non-executive Directors

Mr. Ip Arnold Tin Chee  
Mr. Hung Alan Hing Lun  
Mr. Man Ka Ho Donald

## COMPLIANCE OFFICER

Ms. Woo Chan Tak Chi Bonnie

## COMPANY SECRETARY

Ms. Tsui Sum Yi

## AUTHORISED REPRESENTATIVES

Ms. Woo Chan Tak Chi Bonnie  
Ms. Tsui Sum Yi

## AUDIT COMMITTEE

Mr. Ip Arnold Tin Chee (*Chairman*)  
Mr. Hung Alan Hing Lun  
Mr. Man Ka Ho Donald

## REMUNERATION COMMITTEE

Mr. Hung Alan Hing Lun (*Chairman*)  
Mr. Ip Arnold Tin Chee  
Mr. Man Ka Ho Donald  
Ms. Woo Chan Tak Chi Bonnie

## NOMINATION COMMITTEE

Mr. Man Ka Ho Donald (*Chairman*)  
Mr. Ip Arnold Tin Chee  
Mr. Hung Alan Hing Lun  
Ms. Woo Chan Tak Chi Bonnie

## COMPLIANCE ADVISER

Ballas Capital Limited  
Unit 1802, 18/F  
One Duddell Street  
Central  
Hong Kong

## AUDITOR

Moore Stephens CPA Limited  
801–806 Silvercord, Tower 1  
30 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

# CORPORATE INFORMATION (Continued)

## REGISTERED OFFICE

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 4, 12/F  
18 King Wah Road  
North Point  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited  
16th Floor, The Center  
99 Queen's Road Central  
Central, Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

## STOCK CODE

8429

## COMPANY WEBSITE

[www.iciclegroup.com](http://www.iciclegroup.com)

## UNAUDITED THIRD QUARTERLY RESULTS

The board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2018 (the "Unaudited Condensed Consolidated Financial Statements"), together with the unaudited comparative figures for the corresponding periods in 2017 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018	2017	2018	2017
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>Revenue</b>	3	21,661	25,211	62,437	61,834
Other income and gains	3	432	156	947	715
Reversal of impairment loss		4	—	45	—
Outsourced project costs		(9,109)	(9,772)	(22,823)	(20,514)
Materials and consumables		(2,153)	(3,427)	(6,879)	(8,086)
Listing expenses		—	(3,313)	—	(10,922)
Depreciation and amortisation expenses		(384)	(345)	(1,157)	(1,121)
Employee benefits expense		(4,508)	(4,678)	(14,755)	(14,080)
Rental expenses		(1,596)	(1,320)	(5,192)	(3,615)
Transportation fee		(2,034)	(1,880)	(5,317)	(5,031)
Other operating expenses		(1,743)	(1,209)	(5,463)	(2,818)
<b>Profit/(loss) before income tax</b>		570	(577)	1,843	(3,638)
Income tax expense	4	(44)	(617)	(227)	(1,520)
<b>Profit/(loss) for the period attributable to the owners of the Company</b>		526	(1,194)	1,616	(5,158)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the three months and nine months ended 30 September 2018

Notes	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Other comprehensive (expense)/income:</b> <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising on translation of foreign operation	(348)	153	(219)	377
<b>Other comprehensive (expense)/income for the period, net of income tax</b>	(348)	153	(219)	377
<b>Total comprehensive income/(expense) for the period attributable to the owners of the Company</b>	178	(1,041)	1,397	(4,781)
<b>Earnings/(loss) per share attributable to the owners of the Company</b> <sup>6</sup> Basic and diluted (HK cents)	0.11	(0.33)	0.34	(1.43)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
<b>At 1 January 2018 (audited)</b>	4,800	53,851	11,993	(621)	13,859	83,882
Impact of initial application of Hong Kong Financial Reporting Standard ("HKFRS") 9 (Note 2)	—	—	—	—	(145)	(145)
<b>At 1 January 2018 (adjusted)</b>	4,800	53,851	11,993	(621)	13,714	83,737
Profit for the period	—	—	—	—	1,616	1,616
Other comprehensive expense: Exchange differences arising on translation of foreign operation	—	—	—	(219)	—	(219)
Total comprehensive (expense)/ income for the period	—	—	—	(219)	1,616	1,397
<b>At 30 September 2018 (unaudited)</b>	4,800	53,851	11,993	(840)	15,330	85,134
At 1 January 2017 (audited)	—	—	11,993	(1,066)	31,205	42,132
Loss for the period	—	—	—	—	(5,158)	(5,158)
Other comprehensive income: Exchange differences arising on translation of foreign operation	—	—	—	377	—	377
Total comprehensive income/ (expense) for the period	—	—	—	377	(5,158)	(4,781)
Issue of share upon incorporation	—*	—	—	—	—	—*
Interim dividends to the then owners of the Group prior to the listing (Note 5(b))	—	—	—	—	(14,999)	(14,999)
At 30 September 2017 (unaudited)	—*	—	11,993	(689)	11,048	22,352

\* Less than HK\$1,000



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2018

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 20 January 2017. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company (the "Shares") are listed on GEM of the Stock Exchange since 8 December 2017 (the "Listing Date") by way of share offer of 120,000,000 new Shares ("Share Offer") at an offer price of HK\$0.55 per Share (the "Listing"). The Company's principal place of business is located at Unit 4, 12/F., 18 King Wah Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activity of the Group is provision of marketing services.

## 2. BASIS OF PREPARATION AND PRESENTATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

The accounting policies adopted in the preparation of the Unaudited Condensed Consolidated Financial Statements are same as those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the new and revised HKFRSs and interpretations issued by the HKICPA that are first effective for the current accounting period of the Company. There has been no significant change to the accounting policy applied in these Unaudited Condensed Consolidated Financial Statements for the period presented as a result of adoption of these amendments, except for adoption of HKFRS 9 "Financial Instruments" in relation to measurement of credit losses.

HKFRS 9 replaces HKAS 39 "*Financial Instruments: Recognition and Measurement*". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 2. BASIS OF PREPARATION AND PRESENTATION (Continued)

### (i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The classification of the Group's financial assets and liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

### (ii) Expected credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and amounts due from related companies)

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 2. BASIS OF PREPARATION AND PRESENTATION (Continued)

### (ii) Expected credit losses (Continued)

#### Measurement of ECLs (Continued)

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 2. BASIS OF PREPARATION AND PRESENTATION (Continued)

### (iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- The Group has taken an exemption not to restate comparative information for prior periods with respect to measurement (including impairment) requirements. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves at 1 January 2018.

	HK\$'000
<b>Retained earnings</b>	
Recognition of ECLs on trade receivables	145
Net decrease in retained earnings at 1 January 2018	145

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 2. BASIS OF PREPARATION AND PRESENTATION (Continued)

The preparation of the Unaudited Condensed Consolidated Financial Statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgements in the process of applying the Group's accounting policies. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2017.

Pursuant to the corporate reorganisation, the Company became the holding company of the subsidiaries now comprising the Group on 16 November 2017 (the "Corporate Reorganisation"), the details of which are set out in the prospectus of the Company dated 27 November 2017 (the "Prospectus"). The Group was regarded as a continuing entity resulting from the Corporate Reorganisation since the insertion of the Company as the new holding company at the top of Icycle Group Limited had no commercial substance and did not form a business combination and all companies in the Group are considered to be under common control of Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo"). Accordingly, the comparative figures of the Unaudited Condensed Consolidated Financial Statements have been prepared using the principles of merger accounting as if the current group structure had been in existence since 1 January 2017, or since the respective dates of incorporation of the relevant entity.

The Unaudited Condensed Consolidated Financial Statements have been prepared on historical cost basis. The Unaudited Condensed Consolidated Financial Statements are presented in Hong Kong dollar ("HK\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee (the "Audit Committee").

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 3. REVENUE AND OTHER INCOME AND GAINS

An analysis of the Group's revenue, and other income and gains for the periods is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Revenue</b>				
Revenue from provision of marketing services	21,661	25,211	62,437	61,834
<b>Other income and gains</b>				
Administrative service income	15	—	45	88
Income from provision of art and calligraphy workshop	123	64	216	211
Income from sales of paper products and calligraphy stationery	45	74	137	243
Interest income	248	6	535	18
Net exchange gain	—	7	—	144
Sundry income	1	5	14	11
	432	156	947	715

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 4. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Income tax expense comprises:				
Hong Kong Profits Tax				
— current tax for the period	54	547	178	1,305
Other jurisdictions				
— Current tax for the period	(10)	70	49	122
— Under-provision in prior years	—	—	—	93
	(10)	70	49	215
Income tax expense	44	617	227	1,520

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 operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax under these jurisdictions during the period (30 September 2017: Nil).

Hong Kong Profits Tax is calculated at 16.5% (30 September 2017: 16.5%) on the estimated assessable profits for the period, taking into account the tax concession granted by the Hong Kong SAR Government for the year of assessment 2017–2018.

Under the Enterprise Income Tax Law of the People’s Republic of China (the “PRC”) (the “EIT Law”) and the Implementation Regulation of the EIT Law, the PRC subsidiary is subject to the tax rate of 25% (30 September 2017: 25%) on the estimated assessable profits during the period.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 4. INCOME TAX EXPENSE (Continued)

Pursuant to the EIT Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. As at 30 September 2018, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$610,000 (30 September 2017: Nil). Deferred tax liabilities of approximately HK\$31,000 (30 September 2017: Nil) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company is in a position to control the dividend policy of the PRC subsidiary and it has been determined that it is probable that undistributed profits of the PRC subsidiary will not be distributed in the foreseeable future.

## 5. DIVIDENDS

### (a) Dividends payable to the owners of the Company attributable to the period

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2018 (30 September 2017: Nil).

### (b) Dividends paid to the then owners of the subsidiary of the Group prior to the Listing

During the nine months ended 30 September 2017, interim dividends of HK\$14,999,000, representing dividends payable by the Company's subsidiary, Icicle Group Limited, to its then owners for the nine months ended 30 September 2017, were approved by the written resolution of directors dated 30 March 2017.

The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of the Unaudited Condensed Consolidated Financial Statements.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the nine months ended 30 September 2018

## 6. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per Share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Earnings/(loss): Profit/(loss) attributable to owners of the Company	526	(1,194)	1,616	(5,158)
	2018 '000	2017 '000	2018 '000	2017 '000
Number of shares: Weighted average number of ordinary shares	480,000	360,000	480,000	360,000
	HK cents	HK cents	HK cents	HK cents
Basic and diluted earnings/ (loss) per share	0.11	(0.33)	0.34	(1.43)

The 360,000,000 Shares used to calculate the basic earnings per Share for the three months and nine months ended 30 September 2017 represents the number of Shares immediately prior to the Listing as if the Shares had been in issue throughout the period.

Diluted earnings/(loss) per Share were same as the basic earnings/(loss) per Share as there were no dilutive potential ordinary Shares in existence during the periods.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

During the nine months ended 30 September 2018, we have made significant progress in building our offer in digital media production achieving growth of approximately 40.3% as compared to the corresponding period in 2017. The successful launch of social media influencer marketing service in partnership with an international market leader in the digital media segment has laid the foundation for stronger development in this segment. In alignment with our strategy of connecting Chinese brands to their target markets as they grow outside of their domestic markets, in addition to our successful creative and strategy advisory for a rebranding exercise executed for a leading luxury sports brand, we have also successfully signed an influencer marketing contract with a leading Chinese STEAM education solution provider. We are pleased to see that we were able to make significant impact on a brand's positioning and its identity beyond just producing brand assets alone and that such a service offering is expected to be increasingly in demand as Chinese brands venture outside of their borders, facing challenges that are unfamiliar to them, but where our international expertise can add the best value.

Looking ahead, we will continue to commit much effort to extending our capability and offering in brand strategy, social media influencer marketing and original content brand integration while securing our core business. Our unique capability in using content to connect brands to markets will firmly establish Icicle as one of the most effective platforms for brands developing an international presence. We see that being our future driver of growth in our business and a strategy to maximise the long-term returns for the shareholders of the Company (the "Shareholders").

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## FINANCIAL REVIEW

### Revenue

The Group's revenue is principally generated from the provision of marketing services which are categorised into (i) physical media production and management; (ii) digital media production and brand integration; and (iii) business strategy and development. During the nine months ended 30 September 2018, the Group's revenue increased by approximately HK\$0.6 million, representing 1.0%, to approximately HK\$62.4 million as compared to the corresponding period in 2017. The increase was mainly attributable to the increase in digital media production and brand integration of approximately HK\$1.2 million due to increase in number of projects during the period.

### Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs such as video production costs. During the nine months ended 30 September 2018, the Group's outsourced project costs increased by approximately HK\$2.3 million, representing 11.3%, to approximately HK\$22.8 million as compared to the corresponding period in 2017. The significant increase was due to more printing jobs having been outsourced to subcontractors.

### Materials and consumables

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the nine months ended 30 September 2018, the Group's materials and consumables decreased by approximately HK\$1.2 million, representing 14.9%, to approximately HK\$6.9 million as compared to the corresponding period in 2017. The decrease was because more printing jobs having been outsourced to subcontractors.

### Listing expenses

During the nine months ended 30 September 2018, the Group had not incurred any listing expenses. The listing expenses of approximately HK\$10.9 million for the nine months ended 30 September 2017 incurred by the Group in connection with the preparation for the Listing of its Shares on GEM were charged to profit or loss.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## Employee benefits expense

Employee benefits expense primarily consists of salaries, allowances and benefits in kind, discretionary bonus and retirement benefit scheme contributions. During the nine months ended 30 September 2018, the Group's employee benefits expense increased by approximately HK\$0.7 million, representing 4.8%, to approximately HK\$14.8 million as compared to the corresponding period in 2017. The increase was directly attributable to the increase in average number of staff and average salaries.

## Rental expenses

Rental expenses primarily represent the rental expenses paid for office premises and warehouse in Hong Kong and the rents for the printing machines for confidential data printing services. During the nine months ended 30 September 2018, the Group's rental expenses increased by approximately HK\$1.6 million, representing 43.6%, to approximately HK\$5.2 million as compared to the corresponding period in 2017. The significant increase was directly attributable to leasing of new office premises as the Group's Hong Kong headquarters.

## Transportation fee

Transportation fee consists of fees paid to logistic service providers for (i) delivery of products to clients; and (ii) postage incurred in respect of the direct mailing services. During the nine months ended 30 September 2018, the Group's transportation fee remained stable at a level of approximately HK\$5.3 million (2017: HK\$5.0 million).

## Other operating expenses

Other operating expenses primarily consist of consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the nine months ended 30 September 2018, the Group's other operating expenses increased by approximately HK\$2.6 million, representing 93.9%, to approximately HK\$5.5 million as compared to the corresponding period in 2017. The significant increase was primarily due to the increase in compliance advisory fee, listing fee to the Stock Exchange and company secretarial fees.

## Profit/(loss) for the period

During the nine months ended 30 September 2018, the Group recorded profit of approximately HK\$1.6 million. During the nine months ended 30 September 2017, the Group recorded loss of approximately HK\$5.2 million. By excluding the effect of the one-off non-recurring listing expenses of approximately HK\$10.9 million, the Group would have recorded profit of approximately HK\$5.7 million for the nine months ended 30 September 2017. The decrease was primarily due to the increase in rental and other operating expenses as explained above.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 30 September 2018:

	<b>Total planned use of proceeds as stated in the Prospectus up to 31 December 2019 HK\$'000</b>	<b>Actual use of proceeds up to 30 September 2018 HK\$'000</b>	<b>Remaining unused net proceeds as at 30 September 2018 HK\$'000</b>
Enlarge the social media marketing production capability and offering	<b>8,000</b>	<b>152</b>	<b>7,848</b>
Enhance the overall service offerings and expand the team across three service categories	<b>9,142</b>	<b>493</b>	<b>8,649</b>
Set up a studio and expand the work premises	<b>11,458</b>	<b>4,946</b>	<b>6,512</b>
Business development	<b>8,280</b>	<b>641</b>	<b>7,639</b>
Staff development	<b>3,120</b>	<b>478</b>	<b>2,642</b>
General working capital	<b>3,800</b>	<b>1,900</b>	<b>1,900</b>
<b>Total</b>	<b>43,800</b>	<b>8,610</b>	<b>35,190</b>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

The remaining unused net proceeds as at 30 September 2018 were placed as bank balances with licensed banks in Hong Kong and will be applied according to the intended usage stated in the Prospectus.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 30 September 2018, the Group had net current assets of approximately HK\$82.6 million (31 December 2017: HK\$81.6 million), including cash and cash equivalents balances of approximately HK\$72.0 million (31 December 2017: HK\$65.9 million) mainly denominated in Hong Kong dollars.

The gearing ratio of the Group as at 30 September 2018 was Nil (31 December 2017: Nil) as the Group was not in need of any material debt financing during the period. The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There has been no change in the capital structure of the Company during the nine months ended 30 September 2018. The equity attributable to owners of the Company amounted to approximately HK\$85.1 million as at 30 September 2018 (31 December 2017: HK\$83.9 million).

## FOREIGN EXCHANGE EXPOSURE

The majority of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the period, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the period.

## PLEDGE OF ASSETS

As at 30 September 2018, the Group did not have any assets pledged for credit facilities (31 December 2017: Nil).

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any material capital commitment and contingent liability (31 December 2017: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## EMPLOYEE AND REMUNERATION

As at 30 September 2018, the Group had 48 (31 December 2017: 53) full-time (including executive Director) and nil (31 December 2017: 7) part-time employees. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. The Group has adopted a share option scheme and approved by the then Shareholders on 16 November 2017 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefits including a mandatory provident fund retirement benefit scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in central pension scheme organised and governed by the relevant local governments for its employees in the PRC. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the nine months ended 30 September 2018, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and affiliated companies.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 30 September 2018 and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

## EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

# DISCLOSURE OF INTERESTS AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

### (i) Interests in the Shares of the Company

Name of Director	Nature of interest	Number of Shares held <sup>(1)</sup>	Shareholding percentage
Ms. Bonnie Chan Woo <sup>(2)</sup>	Interest in a controlled corporation	277,200,000 (L)	57.75%
Mr. Chow Sai Yiu Evan ("Mr. Evan Chow") <sup>(3)</sup>	Interest in a controlled corporation	82,800,000 (L)	17.25%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Explorer Vantage Limited ("Explorer Vantage") was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo. By virtue of the SFO, Ms. Bonnie Chan Woo is deemed to be interested in the Shares held by Explorer Vantage.
3. Hertford Global Limited ("Hertford Global") was incorporated in the BVI and is beneficially and wholly-owned by Mr. Evan Chow. By virtue of the SFO, Mr. Evan Chow is deemed to be interested in the Shares held by Hertford Global.



## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

### (ii) Interests in associated corporation(s) of the Company

Name of Director	Name of associated corporation	Capacity	Number of Share(s) held <sup>(1)</sup>	Shareholding percentage
Ms. Bonnie Chan Woo	Explorer Vantage <sup>(2)</sup>	Beneficial owner	1 (L)	100%
	Omelas Foundation Limited ("OFL") <sup>(3)</sup>	Interest in a controlled corporation	5 (L)	100%
	Gooseberries Limited ("GL") <sup>(4)</sup>	Interest in a controlled corporation	10,000 (L)	100%
	Papercom Limited ("Papercom") <sup>(5)</sup>	Interest in a controlled corporation	10,000 (L)	100%

Notes:

1. The letter "L" denotes the person's long position in the shares.
2. Explorer Vantage is beneficially and wholly-owned by Ms. Bonnie Chan Woo.
3. OFL is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.
4. GL is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.
5. Papercom is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.

Save as disclosed above, as at 30 September 2018, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were 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 he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2018, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Interests in the Shares of the Company

Name	Type of interest	Number of Shares held <sup>(1)</sup>	Percentage of shareholding in the Company
Explorer Vantage <sup>(2)</sup>	Beneficial owner	277,200,000 (L)	57.75%
Hertford Global <sup>(3)</sup>	Beneficial owner	82,800,000 (L)	17.25%
Mr. Darrin Woo <sup>(4)</sup>	Interest of spouse	277,200,000 (L)	57.75%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo.
3. Hertford Global was incorporated in the BVI and is beneficially and wholly-owned by Mr. Evan Chow.
4. Mr. Darrin Woo is the spouse of Ms. Bonnie Chan Woo. By virtue of the SFO, Mr. Darrin Woo is deemed to be interested in the Shares which are interested by Ms. Bonnie Chan Woo.

Save as disclosed above, as at 30 September 2018, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

### SHARE OPTION SCHEME

Share Option Scheme was adopted and approved by the then Shareholders of the Company on 16 November 2017. Details of the Share Option Scheme are set out in Appendix IV to the Prospectus. No share option has been granted pursuant to the Share Option Scheme since its adoption.

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the nine months ended 30 September 2018 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for Shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above in the section "Share Option Scheme", at no time during the nine months ended 30 September 2018 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the Shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

### DIRECTORS' INTEREST IN COMPETING BUSINESS

During the nine months ended 30 September 2018 and up to the date of this report, none of the Directors, nor the substantial Shareholders nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

### DEED OF NON-COMPETITION

The Deed of Non-Competition dated 16 November 2017 (as defined in the Prospectus) was entered into by Explorer Vantage and Ms. Bonnie Chan Woo in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed "Relationship with our Controlling Shareholders — Deed of Non-competition" and the non-competition undertaking has become effective from the Listing Date.

# DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the "Model Code") by the Directors 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. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code throughout the nine months ended 30 September 2018.

Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she was a Director.

## COMPLIANCE ADVISER'S INTERESTS

As notified by Ballas Capital Limited ("Ballas"), compliance adviser of the Company, neither Ballas nor any of its close associates and none of the directors or employees of Ballas had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

## LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

On 20 August 2018, Icicle Production Company Limited ("Icicle Production"), an indirect wholly-owned subsidiary of the Company, as the borrower, entered into a bank facility letter (the "Facility Letter") with DBS Bank (Hong Kong) Limited as the lender (the "Lender"), pursuant to which the Lender agreed to make available a bank overdraft facility, with a maximum facility of HK\$10,000,000, which has been made available and will continue to be made available by Lender to Icicle Production on the terms and conditions therein contained.

Pursuant to the Facility Letter, a specific performance covenant is imposed on Ms. Bonnie Chan Woo, the controlling Shareholder of the Company, to hold not less than 51% beneficial interest of the Company and Icicle Production.

# DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established the Audit Committee, a nomination committee and a remuneration committee with specific written terms of reference. During the nine months ended 30 September 2018 and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviation from code provision A.2.1 as detailed below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current structure of the Company, Ms. Bonnie Chan Woo is the Chairperson and the CEO. In view that Ms. Bonnie Chan Woo has been managing the Group’s business and overall strategic planning since August 2002, the Board believes that the vesting of the roles of the Chairperson of the Board and CEO in Ms. Bonnie Chan Woo is beneficial to the business operations and management of the Group as it provides a strong and consistent leadership to the Group, and the current management has been effective in the development of the Group and implementation of business strategies under the leadership of Ms. Bonnie Chan Woo. In allowing the two roles to be vested in the same person, the Board believes both positions require in-depth knowledge and considerable experience in the Group’s business, and Ms. Bonnie Chan Woo is the most suitable person to take up both positions for effective management of the Group.

Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances. Notwithstanding the above, the Board believes that the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high-caliber individuals, with three of them being independent non-executive Directors.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (Continued)

### Audit Committee and Review of Unaudited Condensed Consolidated Financial Statements

The Audit Committee was established with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ip Arnold Tin Chee, Mr. Hung Alan Hing Lun and Mr. Man Ka Ho Donald; and Mr. Ip Arnold Tin Chee is the chairman of the Audit Committee. The primary duties of the Audit Committee include reviewing and supervising the Group's financial reporting system, monitoring the internal control procedures and risk management, reviewing the Group's financial information and the relationship with the external auditor of the Company, ensuring compliance with the relevant laws and regulations. In addition, the Audit Committee is responsible for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management.

The Unaudited Condensed Consolidated Financial Statements have not been audited. The Audit Committee has reviewed with the management of the Group the Unaudited Condensed Consolidated Financial Statements, the quarterly report, the accounting principles and policies adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that the Unaudited Condensed Consolidated Financial Statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

**Icicle Group Holdings Limited**

**Woo Chan Tak Chi Bonnie**

*Chairperson and Chief Executive Officer*

Hong Kong, 5 November 2018

*As at the date of this report, the Board comprises Ms. Woo Chan Tak Chi Bonnie as executive Director, Mr. Chow Sai Yiu Evan as non-executive Director and Mr. Ip Arnold Tin Chee, Mr. Hung Alan Hing Lun and Mr. Man Ka Ho Donald as independent non-executive Directors.*