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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors (the "Board") of the Company is pleased to present the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**91,478**	93,941
Other income and gains	*6*	**1,388**	784
Outsourced project costs		**(37,025)**	(33,717)
Materials and consumables		**(9,893)**	(10,716)
Listing expenses		**—**	(12,474)
Depreciation and amortisation expenses		**(1,538)**	(1,614)
Employee benefits expenses		**(18,976)**	(18,745)
Rental expenses		**(6,785)**	(5,428)
Transportation fee		**(7,888)**	(7,537)
Other operating expenses		**(7,495)**	(4,686)
Profit/(loss) before income tax	*7*	**3,266**	(192)
Income tax expense	*8*	**(482)**	(2,155)
Profit/(loss) for the year attributable to the owners of the Company		**2,784**	(2,347)
Other comprehensive (expense)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		**(213)**	445
Other comprehensive (expense)/income for the year, net of income tax		**(213)**	445
Total comprehensive income/(expense) for the year attributable to the owners of the Company		**2,571**	(1,902)
Earnings/(loss) per share attributable to the owners of the Company			
Basic and diluted (HK cents)	*10*	**0.58**	(0.64)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,054**	1,940
Intangible assets		**143**	357
		2,197	2,297
Current assets			
Inventories		**—**	335
Trade and other receivables, deposits and prepayments	*11*	**31,095**	32,389
Amounts due from related companies		**417**	2,145
Current tax recoverable		**1,230**	356
Time deposits and cash and bank balances		**68,406**	65,939
		101,148	101,164
Current liabilities			
Trade and other payables and accruals	*12*	**16,950**	19,385
Provision of long service payment		**126**	194
		17,076	19,579
Net current assets		**84,072**	81,585
Net assets		**86,269**	83,882
CAPITAL AND RESERVES			
Share capital		**4,800**	4,800
Reserves		**81,469**	79,082
Total equity		**86,269**	83,882

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital *HK$'000*	Share premium# *HK$'000*	Capital reserve# *HK$'000*	Translation reserve# *HK$'000*	Retained earnings# *HK$'000*	Total *HK$'000*
Balance as at 1 January 2017	—	—	11,993	(1,066)	31,205	42,132
Loss for the year	—	—	—	—	(2,347)	(2,347)
Other comprehensive income:						
Exchange differences arising on translation of foreign operation	—	—	—	445	—	445
Total comprehensive income/(expense) for the year	—	—	—	445	(2,347)	(1,902)
Issue of share upon incorporation	—*	—	—	—	—	—*
Issue of shares arising from the corporate reorganisation	—*	—	—*	—	—	—*
Capitalisation issue of shares	3,600	(3,600)	—	—	—	—
Issue of shares upon share offering, net of listing expenses	1,200	57,451	—	—	—	58,651
Interim dividends to the then owners of the subsidiary of the Group prior to the listing *(Note 9(b))*	—	—	—	—	(14,999)	(14,999)
Balance as at 31 December 2017 and 1 January 2018 as previously reported	**4,800**	**53,851**	**11,993**	**(621)**	**13,859**	**83,882**
Impact on initial application of HKFRS 9 *(Note 4(i)(b))*	**—**	**—**	**—**	**—**	**(184)**	**(184)**
Balance as at 31 December 2017 and 1 January 2018 (restated)	**4,800**	**53,851**	**11,993**	**(621)**	**13,675**	**83,698**
Profit for the year	**—**	**—**	**—**	**—**	**2,784**	**2,784**
Other comprehensive expense:						
Exchange differences arising on translation of foreign operation	**—**	**—**	**—**	**(213)**	**—**	**(213)**
Total comprehensive (expense)/income for the year	**—**	**—**	**—**	**(213)**	**2,784**	**2,571**
Balance as at 31 December 2018	**4,800**	**53,851**	**11,993**	**(834)**	**16,459**	**86,269**

* Less than HK$1,000

\# These reserves accounts comprise the consolidated reserves of HK$81,469,000 (2017: HK$79,082,000) in the consolidated statement of financial position.

Notes:

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 are listed on GEM of the Stock Exchange since 8 December 2017. 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 production services.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION

2.1 Group reorganisation and basis of preparation and presentation for the year ended 31 December 2017

The companies comprising the Group underwent a reorganisation (the "Corporate Reorganisation") to rationalise the Group's structure in preparation for the listing of the shares of the Company on GEM of the Stock Exchange (the "Listing"). The Corporate Reorganisation involved the followings:

Incorporation of Explorer Vantage Limited ("Explorer Vantage")

On 13 June 2016, Explorer Vantage was incorporated in the British Virgin Islands ("BVI"). Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo") subscribed for one ordinary share of United States dollar ("US$") 1.00 representing the entire issued share capital of Explorer Vantage and became its sole shareholder on 21 July 2016.

Acquisition of Icicle Group Limited ("Icicle Group") by Explorer Vantage

Pursuant to a sale and purchase agreement dated 28 July 2016 entered into between Gooseberries Limited (formerly known as Icicle Holdings Limited), the then shareholder of Icicle Group, as the vendor, and Explorer Vantage, as the purchaser, Explorer Vantage acquired 8,500 ordinary shares of US$0.01 each representing 75% of the entire issued share capital of Icicle Group at a consideration of HK$31,390,000, with reference to the net asset value of Icicle Group as at 31 March 2016.

On 28 July 2016, Ms. Bonnie Chan Woo transferred 1,133 ordinary shares of US$0.01 each representing 10% of the entire issued share capital of Icicle Group to Explorer Vantage at a consideration of HK$4,185,000, with reference to the net asset value of Icicle Group as at 31 March 2016.

Immediately upon completion of the acquisitions as mentioned above, Icicle Group was owned as to 85% by Explorer Vantage and 15% by Hertford Global Limited ("Hertford Global").

Subscription by Hertford Global

Icicle Group and Hertford Global entered into a subscription agreement on 22 December 2016 for the subscription of 1,177 new ordinary shares of US$0.01 each in the share capital of Icicle Group representing 9.4% of the enlarged share capital of Icicle Group for a consideration of HK$3,840,000, with reference to its investment cost in June 2013, which was paid in cash. Immediately upon completion of the subscription of shares, Icicle Group was owned as to approximately 77% by Explorer Vantage and approximately 23% by Hertford Global.

Incorporation of the Company as a listing vehicle

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 20 January 2017 to act as the listing vehicle. As at the date of incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, and one share was allotted and issued to Explorer Vantage, credited as nil paid.

Transfer of Icicle Group to the Company

On 16 November 2017, Explorer Vantage and Hertford Global transferred 9,633 ordinary shares and 2,877 ordinary shares of Icicle Group respectively, representing the entire issued share capital of Icicle Group, to the Company. In consideration of the transfer, the Company allotted and issued 76 ordinary shares and 23 ordinary shares of the Company to Explorer Vantage and Hertford Global, respectively. All the shares in issue (including the first subscriber share held by Explorer Vantage) were credited as fully paid at par.

Following the above steps, the Company then became owned as to approximately 77% and 23% by Explorer Vantage and Hertford Global, respectively, and Icicle Group became the Company's direct wholly-owned subsidiary.

Pursuant to the Corporate Reorganisation, the Company became the holding company of the companies now comprising the Group on 16 November 2017. The Group is 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 Icicle Group has no commercial substance and does not form a business combination and all companies in the Group are considered to be under common control of Ms. Bonnie Chan Woo. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the Corporate Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2017 included the financial performance, changes in equity and cash flows of companies within the Group as if the current group structure had been in existence throughout the reporting periods, or since their dates of establishment, incorporation or acquisition, where applicable. The consolidated statement of financial position of the Group as at 31 December 2017 had been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective date of establishment, incorporation or acquisition, where applicable.

The assets and liabilities of the companies comprising the Group were consolidated using the existing book values. No amount was recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Corporate Reorganisation.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

2.2 Basis of preparation and presentation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also comply with the applicable disclosure requirements of the Companies Ordinance and the GEM Listing Rules.

The consolidated financial statements have been prepared on historical cost basis. The 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.

It should be noted that accounting estimates and assumptions have been used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. APPLICATION OF NEW AND REVISED HKFRSs

The HKICPA has issued a number of new and revised HKFRSs which were relevant to the Group and had become effective during the year. In preparing the consolidated financial statements, the Group has applied all these new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contract with Customers and the related amendments
HK (IFRIC) - Int 22	Foreign Currency Transactions and Advance consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment transactions
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfer of Investment Property

Except as disclosed in the summary of the impact of changes in accounting policies in Note 4, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

At the date when these consolidated financial statements are authorised for issue, certain new and amended HKFRSs have been issued but are not yet effective, and have not been applied early by the Group.

		Effective for annual reporting periods beginning on or after
HKAS 19 Amendments	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 Amendments	Long-term Interests in Associates and Joint Ventures	1 January 2019*
HKAS 28 and HKFRS 10 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
HKFRS 16	Leases	1 January 2019
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019
Amendments to HKFRS 15	Revenue from Contracts with Customers — Clarification to HKFRS 15	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

* The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2018. The effective date has now been deferred. Early application of the amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it is concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

HKFRS 16 "Leases"

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties and office equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease. The interest expense on the lease liability and the depreciation expense on the right-of-use asset under HKFRS 16 will replace the rental charge under HKAS 17. The operating lease commitments as shown in off-balance sheet item will be replaced by "right-of-use assets" and "lease liabilities" in the consolidated statement of financial position of the Group.

The Group expects that the adoption of HKFRS 16 is unlikely to result in significant impact on the Group's consolidated financial statements but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are not applied or are different to those applied in prior periods. The Group has concluded not to restate the comparative figures based on the specific transitional provisions in HKFRS 9 and HKFRS 15.

The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *HK$'000*	**HKFRS 9** *HK$'000* *(Note (i)(b))*	**1 January 2018 (Restated)** *HK$'000*
Trade and other receivables, deposits and prepayments	32,389	(184)	32,205
Total current assets	101,164	(184)	100,980
Reserves	79,082	(184)	78,898
Total equity	83,882	(184)	83,698

(i) Application of HKFRS 9 *Financial Instruments*

HKFRS 9 and the amendments to HKFRS 9 have replaced HKAS 39 *Financial instruments: recognition and measurement*. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment under ECL model) to items that existed as of the date of initial application on a retrospective basis based on the facts and circumstances that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity.

(a) ***Classification and measurement of financial assets***

In general, HKFRS 9 categorises financial assets into the following three classification categories:

- amortised cost;
- fair value through other comprehensive income ("FVTOCI"); and
- fair value through profit or loss ("FVTPL").

These classification categories are different from those set out in HKAS 39 which included available-for-sale financial assets, held-for-trading investments and loans and receivables. 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 following table shows a reconciliation from how the Group's financial assets existed as of 1 January 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	New classification under HKFRS 9	Carrying amount under HKAS 39	Remeasurement	Carrying amount under HKFRS 9
			HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables	Loans and receivables	Amortised cost	32,389	(184)	32,205

(b) ***Impairment under ECL model***

HKFRS 9 has introduced the "ECL model" to replace the "incurred loss" model under HKAS 39. The "ECL model" requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the "ECL model" to those financial assets that are subsequently measured at amortised cost (including trade and other receivables and cash and bank balances);

The following table is a reconciliation that shows how the closing loss allowance as at 31 December 2017 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 January 2018 determined in accordance with HKFRS 9:

	HK$'000
Loss allowance recognised as at 31 December 2017 under HKAS 39	—
Additional loss allowance as a result of the application of the "ECL model" under HKFRS 9	
— Trade receivables	184
Loss allowance recognised as at 1 January 2018 under HKFRS 9	184

(ii) Application of HKFRS 15 *Revenue from Contracts with Customers*

The Group has adopted HKFRS 15 *Revenue from Contracts with Customers* from 1 January 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption, if any, was recognised in retained earnings as of 1 January 2018 and that comparatives were not restated.

HKFRS 15 establishes a five-step model comprehensive framework for the recognition of revenue from contracts with customer: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. HKFRS 15 replaced HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group's business model is straight forward and its contracts with customers for the provision of marketing production services include only single performance obligation. The Group has concluded that revenue from sale should be recognised at the point of time when a customer obtains control of goods or services.

The Group assessed the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue as the revenue recognition point is the same. Comparative information continues to be reported under HKAS 18.

Following adjustments were made to the amounts recognised in the consolidated statement of financial position at the date of initial application (as at 1 January 2018):

	Carrying amount as at 31 December 2017 under HKAS 18 (as previously stated)	**Reclassification**	**Carrying amount as at 1 January 2018 under HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables and accruals	19,385	(1,612)	17,773
Contract liabilities*	—	1,612	1,612

* Contract liabilities recognised in relation to marketing production services were previously treated as receipts in advance from customers presented under trade and other payables and accruals.

5. REVENUE AND SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive Director, who is the chief operating decision maker, in order to allocate resources and assess performance of the segment. During the year, the executive Director regularly reviewed the consolidated financial position, revenue from provision of marketing production services and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group as a whole.

Therefore, the executive Director considers the Group as one single operating segment during the year which is provision of marketing production services. This operating segment comprises three service categories including (a) physical media production and management; (b) digital media production and brand integration; and (c) business strategy and development. The following table sets forth the breakdown of the Group's revenue by service category during the year.

	2018	2017
	HK$'000	*HK$'000*
Physical media production and management		
— Printing, packaging and sourcing	**78,390**	78,424
— Visual merchandising, retail displays and venue decoration	**2,397**	3,805
	80,787	82,229
Digital media production and brand integration	**7,184**	6,423
Business strategy and development	**3,507**	5,289
	91,478	93,941

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is mainly in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its country of domicile.

As at 31 December 2018 and 2017, non-current assets are mainly located in Hong Kong.

Revenue by geographical location of customers, which is based on the principal place of the customers' operation, is set out below:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**82,541**	85,981
The People's Republic of China ("PRC")	**6,458**	2,075
Others	**2,479**	5,885
	91,478	93,941

Information about major customers

The Group had transactions with the following customers, which contributed more than 10% of the Group's revenue for the year:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**21,109**	22,850
Customer B	**22,630**	24,118
Customer C	**13,380**	N/A*

* The corresponding revenue did not contribute more than 10% of the Group's revenue for the year ended 31 December 2017.

6. OTHER INCOME AND GAINS

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

	2018	2017
	HK$'000	*HK$'000*
Administrative service income	**60**	96
Income from sales of paper products and calligraphy stationery	**159**	306
Income from provision of art and calligraphy workshop	**305**	244
Interest income	**846**	23
Net exchange gain	**—**	105
Sundry income	**18**	10
	1,388	784

7. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Amortisation of intangible assets	**251**	651
Auditor's remuneration		
— Audit services	**440**	420
— Non-audit services *(Note)*	**—**	868
Cost of inventories sold	**23**	17
Depreciation of property, plant and equipment	**1,287**	963
Allowance for ECLs on trade receivables	**20**	—
Impairment losses on inventories	**312**	—
Loss on written-off of property, plant and equipment	**37**	—
Minimum lease payments under operating lease charges for:		
— properties	**5,133**	3,791
— office equipment	**1,487**	1,357
Contingent rents for office equipment	**165**	280
Net exchange loss/(gain)	**69**	(105)
Employee benefits expenses (including directors' remuneration)		
— Salaries, allowances and benefits in kind	**18,105**	16,961
— Discretionary bonus	**62**	1,053
— Retirement benefit scheme contributions	**809**	731
	18,976	18,745

Note: Non-audit services represented the services provided by the Company's auditor for acting as the reporting accountants of the Company for the Listing. The amount represented part of the services' fee amounting to HK$1,200,000 for acting as the reporting accountants, which were expensed in the profit or loss for the year ended 31 December 2017.

8. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Income tax expense comprise:		
Hong Kong Profits Tax		
— current tax for the year	**379**	1,935
— under/(over)-provision in prior years	**11**	(3)
	390	1,932
Other jurisdictions		
— current tax for the year	**92**	130
— under-provision in prior years	**—**	93
	92	223
Income tax expense	**482**	2,155

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 BVI, the Group is not subject to any income tax under these jurisdictions during the year (2017: Nil).

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year, taking into account the tax concession granted by the Hong Kong Special Administrative Region ("HKSAR") Government for the years.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the subsidiary in the PRC is subject to the tax rate of 25% (2017: 25%) on the estimated assessable profits during the year.

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 31 December 2018, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK$1,072,000 (2017: HK$472,000). Deferred tax liabilities amounted to approximately HK$54,000 (2017: HK$24,000) 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 controls 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.

9. DIVIDENDS

(a) Dividends payable to the owners of the Company attributable to the year

At a meeting held on 20 March 2019, the Directors proposed a final dividend of HK0.15 cent per ordinary share of the Company, totaling HK$720,000, for the year ended 31 December 2018, subject to the approval of the shareholders of the Company ("Shareholders") at the annual general meeting to be held on 19 June 2019. This proposed final dividend has not been provided in the consolidated financial statements during the year, but will be distributed out of share premium during the year ending 31 December 2019.

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

	2018	2017
	HK$'000	*HK$'000*
Interim dividends	—	14,999

Other than the above interim dividends paid or declared by the Company's subsidiary, Icicle Group, no dividend was paid or declared by the Company since its incorporation.

During the year ended 31 December 2017, interim dividends of HK$14,999,000, representing dividends paid by the Company's subsidiary, Icicle Group, to its then owners for the year ended 31 December 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 is not presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

10. EARNINGS/(LOSS) PER SHARE

The calculations of basic earnings/(loss) per share are based on the profit of approximately HK$2,784,000 (2017: loss of approximately HK$2,347,000) for the year attributable to the owners of the Company and the weighted average of 480,000,000 (2017: 367,890,411) shares in issue during the year.

The weighted average number of shares used to calculate the basic loss per share for the year ended 31 December 2017 included the weighted average effect of 120,000,000 shares issued upon the share offering of the Company's shares on 8 December 2017 ("Share Offer"), in addition to the 360,000,000 shares issued immediately prior to the Listing of the Company's shares on GEM as if the shares had been in issue throughout the year ended 31 December 2016.

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 years.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**27,976**	28,829
Rental and other deposits	**1,865**	2,525
Prepayments	**892**	860
Other receivables	**362**	175
	31,095	32,389

Note:

Movements in allowance for ECLs on trade receivables were as follow:

	2018
	HK$'000
As at 1 January	**184**
Allowance for ECLs made during the year	**20**
As at 31 December	**204**

Upon the adoption of HKFRS 9, an opening adjustment as at 1 January 2018 was made to recognise ECLs on trade receivables. Details are set out in Note 4(i)(b).

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (2017: 30 to 60 days) from the date of billing for the year. The ageing analysis of the trade receivables, net of allowance for ECLs, based on due date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,247**	9,645
Less than 1 month past due	**9,098**	7,112
Over 1 month but less than 3 months past due	**9,957**	7,623
Over 3 months but less than 1 year past due	**2,741**	4,317
Over 1 year past due	**137**	132
Less: allowance for ECLs	**(204)**	—
	27,976	28,829

The ageing analysis of the trade receivables, net of allowance for ECLs, based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**8,179**	11,330
Over 1 month but less than 3 months	**13,875**	12,380
Over 3 months but less than 1 year	**5,925**	4,987
Over 1 year	**201**	132
Less: allowance for ECLs	**(204)**	—
	27,976	28,829

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2018	2017
	HK$'000	*HK$'000*
Trade payables *(Note (i))*	**11,466**	11,080
Accruals *(Note (ii))*	**2,086**	5,447
Contract liabilities *(Note (iii))*	**1,616**	—
Other payables	**1,782**	1,246
Receipts in advance	**—**	1,612
	16,950	19,385

Notes:

(i) The credit period granted by suppliers of the Group is generally ranging from 30 to 90 days (2017: 30 to 90 days). The ageing analysis of the trade payables based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**5,055**	5,673
Over 1 month but less than 3 months	**6,220**	4,927
Over 3 months but less than 1 year	**191**	479
Over 1 year	**—**	1
	11,466	11,080

(ii) As at 31 December 2017, accruals for listing expenses amounting to approximately HK$2,002,000 were included in accruals. As at 31 December 2018, accrued employee benefits expenses amounting to approximately HK$150,000 (2017: HK$1,042,000) and rental payable amounting to approximately HK$1,219,000 (2017: HK$921,000) were included in accruals.

(iii) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance at 1 January 2018. As a result of initial application of HKFRS 15, contract liabilities, including receipts in advance from customers, as at 31 December 2018 are separately presented under trade and other payables and accruals. Details are set out in Note 4(ii).

13. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group has the following transactions with its related parties in the normal course of its business and mutually agreed between both parties:

	2018	2017
	HK$'000	*HK$'000*
Revenue from provision of marketing production services to celebratethemakers Limited ("CTM") *(Note (a))*	**—**	103
Revenue from provision of marketing production services to NewspaperDirect Limited *(Note (b))*	**338**	482
Revenue from provision of marketing production services to MCL Financial Group Limited *(Note (c))*	**31**	17
Revenue from provision of marketing production services to Woo Hon Fai Holdings Limited *(Note (d))*	**7**	—
Revenue from provision of marketing production services to close family members of Ms. Bonnie Chan Woo	**44**	135
Revenue from provision of marketing production services to Ms. Bonnie Chan Woo	**—**	1
Revenue from provision of marketing production services to Studio SV Limited *(Note (e))*	**5**	2,191
Acquisition of property, plant and equipment from CTM *(Note (a))*	**—**	51
Acquisition of intangible assets from CTM *(Note (a))*	**—**	23
Purchase of paper products and calligraphy stationery from CTM *(Note (a))*	**—**	352
Administrative service income received from CTM *(Note (a))*	**—**	88
Administrative service income received from NewspaperDirect Limited *(Note (b))*	**60**	8

Notes:

(a) Spouse of Ms. Bonnie Chan Woo, an executive Director, is the controlling member and one of the beneficial owners of this related company, and Mr. Chow Sai Yiu Evan, a non-executive Director, is also one of the beneficial owners of this related company.

(b) Spouse of Ms. Bonnie Chan Woo, an executive Director, is the controlling member and one of the beneficial owner of this related company.

(c) Mr. Chow Sai Yiu Evan, a non-executive Director, is the controlling shareholder and the beneficial owner of this related company.

(d) Spouse of Ms. Bonnie Chan Woo, an executive Director, is one of the directors of this related company.

(e) Explorer Vantage, the ultimate holding company of the Company, is one of the beneficial owner of this related company.

Compensation of key management personnel

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Directors. Key management personnel's remuneration is as follows:

	2018	2017
	HK$'000	*HK$'000*
Directors' fee	**360**	105
Salaries, allowances and benefits in kind	**4,616**	3,538
Discretionary bonus	**13**	353
Retirement benefit scheme contributions	**126**	111
	5,115	4,107

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The shares of the Company were listed on GEM of the Stock Exchange on 8 December 2017 (the "Listing") by way of Share Offer offered by the Company at an offer price of HK$0.55 per share.

The Group is a marketing production company headquartered in Hong Kong with services include overall project management and marketing production services to meet clients' marketing and brand building requirements. We design, create and produce marketing and branding materials and contents in Hong Kong and the PRC to clients who are international and local brand owners, including global financial institutions, luxury brand retailers and local retail chain stores. Our marketing production services are categorised into the following three service categories:

(i) Physical media production and management;

(ii) Digital media production and brand integration; and

(iii) Business strategy and development.

It is the Group's objective not only to maintain but to expand our market share by enhancing our service quality and attracting more brand owners to engage our services. Our business strategies are to:

— enlarge our social media marketing production capability and offering;

— enhance our overall service offering and expand the team across the three service categories;

— set up a studio and expand our work premises;

— enhance our business development in the PRC and sales and marketing activities; and

— enhance staff development and implementation of a real time management system.

In 2018, we have made encouraging progress in building our offer in digital media production achieving growth of approximately 11.8% as compared to 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. Besides, we have signed significant digital marketing contract with a global lifestyle brand. 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.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of the marketing production services. During the year, the Group's revenue decreased by approximately 2.6% to approximately HK$91.5 million (2017: HK$93.9 million).

The following table sets forth the breakdown of the revenue by service category during the year:

	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Physical media production and management				
— Printing, packaging and sourcing	**78,390**	**85.7**	78,424	83.5
— Visual merchandising, retail displays and venue decoration	**2,397**	**2.6**	3,805	4.1
Sub-total	**80,787**	**88.3**	82,229	87.6
Digital media production and brand integration	**7,184**	**7.9**	6,423	6.8
Business strategy and development	**3,507**	**3.8**	5,289	5.6
Total	**91,478**	**100.0**	93,941	100.0

During the year, the revenue from physical media production and management services were approximately HK$80.8 million (2017: HK$82.2 million) which resulted in slight decrease of approximately 1.8%. The revenue from printing, packaging and sourcing remained stable over the years. The significant decrease in visual merchandising, retail displays and venue decoration by approximately 37.0% was mainly attributable to the decrease in number of projects during the year.

During the year, the revenue from digital media production and brand integration services increased by approximately 11.8% to approximately HK$7.2 million (2017: HK$6.4 million) was directly attributable to the increase in high-value projects during the year.

During the year, the revenue from business strategy and development services decreased significantly by approximately 33.7% to approximately HK$3.5 million (2017: HK$5.3 million) was mainly attributable to the decrease in number of projects during the year.

Other income and gains

Other income and gains principally comprised (i) administrative service income; (ii) income from sales of paper products and calligraphy stationery; (iii) income from provision of art and calligraphy workshop and (iv) interest income. During the year, the Group's other income and gains increased significantly by approximately 77.0% to approximately HK$1.4 million (2017: HK$0.8 million) was mainly attributable to the significant interest income from bank deposits.

The following table sets forth the breakdown of the other income and gains during the year:

	2018	2017
	HK$'000	*HK$'000*
Administrative service income	**60**	96
Income from sales of paper products and calligraphy stationery	**159**	306
Income from provision of art and calligraphy workshop	**305**	244
Interest income	**846**	23
Net exchange gain	**—**	105
Sundry income	**18**	10
Total	**1,388**	784

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs such as video production costs. During the year, the Group's outsourced project costs increased by approximately 9.8% to approximately HK$37.0 million (2017: HK$33.7 million).

The following table sets forth the breakdown of the outsourced project costs during the year:

	2018	2017
	HK$'000	*HK$'000*
Printing costs	**30,685**	27,530
Others	**6,340**	6,187
Total	**37,025**	33,717

The increase in printing costs by approximately 11.5% was mainly because more printing jobs have been outsourced to subcontractors.

The increase in other costs by approximately 2.5% was directly attributable to the increase in influencers cost resulting from increase in the digital media production services.

Materials and consumables

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the year, the Group's materials and consumables decreased by approximately 7.7% to approximately HK$9.9 million (2017: HK$10.7 million).

The following table sets forth the breakdown of the materials and consumables during the year:

	2018	2017
	HK$'000	*HK$'000*
Paper supply	**6,345**	9,265
Others	**3,548**	1,451
Total	**9,893**	10,716

The decrease in paper supply by approximately 31.5% was mainly because more printing jobs have been outsourced to subcontractors.

Listing expenses

During the year, the Group had not incurred any listing expenses. The listing expenses of approximately HK$12.5 million incurred by the Group in connection with the preparation for the Listing of its Shares on GEM were charged to profit or loss for the year ended 31 December 2017.

Depreciation and amortisation expenses

Depreciation and amortisation expenses relate mainly to depreciation of the leasehold improvements, furniture, fixture and office equipment and amortisation of intangible assets which mainly include software for business operation, self-developed project management information system known as "Icicle Hub" and online marketing and purchasing platforms. During the year, the Group's depreciation and amortisation expenses were approximately HK$1.5 million (2017: HK$1.6 million) which were relatively stable over the years.

Employee benefits expenses

Employee benefits expenses primarily consist of salaries, allowances and benefits in kind, discretionary bonus and retirement benefit scheme contributions. During the year, the Group's employee benefits expenses increased by approximately 1.2% to approximately HK$19.0 million (2017: HK$18.7 million). The increase was directly attributable to increase in average number of staff and salaries.

The following table sets forth the breakdown of the employee benefits expenses during the year:

	2018	2017
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**18,105**	16,961
Discretionary bonus	**62**	1,053
Retirement benefit scheme contributions	**809**	731
Total	**18,976**	18,745

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 year, the Group's rental expenses increased by approximately 25.0% to approximately HK$6.8 million (2017: HK$5.4 million). The increase was directly attributable to the leasing of the 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 year, the Group's transportation fee increased by approximately 4.7% to approximately HK$7.9 million (2017: HK$7.5 million). The increase was directly attributable to the increase in projects requiring delivery to sales distribution points.

Other operating expenses

Other operating expenses primarily consist of auditor's remuneration, consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the year, the Group's other operating expenses increased by approximately 59.9% to approximately HK$7.5 million (2017: HK$4.7 million). The increase was primarily due to the increase in auditor's remuneration, compliance advisory fee, printing costs for financial reports, listing fee to the Stock Exchange and company secretarial fees.

Income tax expense

Income tax expense of the Group for the year was approximately HK$0.5 million (2017: HK$2.2 million). The decrease was in line with the decrease in estimated assessable profits for the year. The provision has been taken into account the tax concession granted by the HKSAR Government for the year of assessment of 2018–2019. Listing expenses incurred for the year ended 31 December 2017 were not deductible for tax purpose.

Profit/(loss) for the year

The Group recorded profit of approximately HK$2.8 million for the year ended 31 December 2018 and loss of approximately HK$2.3 million for the year ended 31 December 2017. By excluding the effect of the one-off non-recurring listing expenses of approximately HK$12.5 million, the Group would have recorded profit after income tax of approximately HK$10.2 million for the year ended 31 December 2017.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the Company's prospectus dated 27 November 2017 (the "Prospectus") with the Group's actual business progress up to 31 December 2018:

Business objectives up to 31 December 2018 as set out in the Prospectus	**Actual business progress up to 31 December 2018**
Enlarge our social media marketing production capability and offering	
— hire one additional data analyst and a social media project manager to enhance our data analysis capabilities and initiate the social media production capabilities	— The Group is monitoring the development of the service category and will look for appropriate experienced personnel accordingly.
— develop our social media production capabilities by hiring two social media specialists who will focus on analysing social media engagement data, designing and identifying potential trends, insights and opportunities, proposing testing and campaign mechanisms, measuring the return of campaigns and conducting interim and post-campaign analysis, etc.	— The Group has filled up one position through internal transfer.
— implement a data analytic platform by investing in licensing of social media data analytic platforms to extract social media engagement data and to advise brand owners on their digital marketing plans	— The Group has partnered with an international market leader in social media influencer marketing service to share its platform of data.

Business objectives up to 31 December 2018 as set out in the Prospectus	Actual business progress up to 31 December 2018
Enhance the overall service offerings and expand the team across three service categories	
— enhance the scope of service upstream to provide strategic brand development to the clients by hiring one creative director, who will be responsible for the artwork design for the clients' overall brand building strategies	— The Group is monitoring the development of the service category and will look for appropriate experienced personnel accordingly.
— hire one additional original content talent to develop marketing ideas and concepts for the production of motion contents which will be sold to the brand owners for their marketing and branding purposes	— The Group has recruited two talents to fill up the capacity.
— hire two additional marketing production talents for design of marketing and branding materials/contents for the cross media development services	— The Group is monitoring the development of the service category and will look for appropriate experienced personnel accordingly.
Set up a studio and expand our work premises	
— add and upgrade equipment and production facilities for the staff including new accounting system	— The Group has implemented accounting system upgrade.
— add and upgrade equipment and production software for our marketing production team including new computers, photographic and video production equipment such as cameras, lights and tripods, and computer software	— The Group is monitoring the development of the business and will go for upgrading when there are identified needs.

Business objectives up to 31 December 2018 as set out in the Prospectus	Actual business progress up to 31 December 2018
Business development	
— marketing and promotion of the Group's business to existing and potential clients, including (i) the development and implementation of detailed business plan in the PRC; (ii) increasing the Group's marketing activities in the PRC through frequent visits, remote discussions and networking activities with existing and potential clients; (iii) further developing the Group's brand in the PRC through online marketing activities and attending and increasing exposure in business networking activities	— The Group has recruited an experienced business development talent to promote the Group's business in the PRC market. In addition, the chief executive officer of the Company (the "CEO") participated in speaking engagements in two large marketing conferences in the PRC. And we have also activated our WeChat corporate account.
— expand our business in Beijing and Shanghai by hiring two business development talents to build client network and generate business in the PRC	— The Group is monitoring the development of the PRC business and will look for appropriate talents to cope with the needs.
— implement marketing programmes to promote our services for development and maintenance of online marketing and purchasing platforms for inventory and distribution management	— The Group has conducted an event in the PRC to promote the Group's services.
Staff development	
— team and cultural development of the staff to promote staff retention and support our business growth	— The Group has conducted a few training and development programs to strengthen the teams' capacity and to build a strong principles-based performance culture.
— develop and implement a real time talent management system to closely monitor the performance of the staff for better work efficiency	— The Group is in the process of designing an appropriate system.
— team and culture development of our staff to promote staff retention and support our business growth	— The Group has conducted periodic training to strengthen the team's capability to cope with the business growth.

USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 31 December 2018:

	Total use of proceeds as stated in the Prospectus up to 31 December 2019	**Planned use of proceeds as stated in the Prospectus up to 31 December 2018**	**Actual use of proceeds up to 31 December 2018**	**Remaining balance as at 31 December 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Enlarge the social media marketing production capability and offering	8,000	4,706	307	7,693
Enhance the overall service offerings and expand the team across three service categories	9,142	4,410	649	8,493
Set up a studio and expand the work premises	11,458	6,026	5,729	5,729
Business development	8,280	4,354	1,198	7,082
Staff development	3,120	3,120	504	2,616
General working capital	3,800	2,280	2,280	1,520
Total	43,800	24,896	10,667	33,133

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 31 December 2018 were placed as bank balances with licensed banks in Hong Kong and the Directors are not aware of any material change to the planned use of proceeds as of the date of this announcement.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is subject to a number of risks in the Group's business and the Group believes that risk management is important to the Group's success. Key business risks include, among others, changes in general market conditions and ability to continue to attract, recruit or retain our project managers, creative designers and key management personnel. Our business depends on our ability to maintain our existing relationship with brand owners and our ability to attract new brand owners to engage our marketing production services. Our ability to retain existing clients or attract new clients would be crucial to the Group. To cope with the expansion, we will conduct continuous development in talent acquisition and training.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the year, the Group financed its operations by its internal resources. As at 31 December 2018, the Group had net current assets of approximately HK$84.1 million (2017: HK$81.6 million), including time deposits and cash and bank balances of approximately HK$68.4 million (2017: HK$65.9 million) mainly denominated in Hong Kong dollars.

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

There has been no change in the capital structure of the Company since the Listing. The equity attributable to owners of the Company amounted to approximately HK$86.3 million as at 31 December 2018 (2017: HK$83.9 million).

PLEDGE OF ASSETS

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

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

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 year, 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 year. The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. 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.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in Note 5 to the consolidated financial statements in this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 47 (2017: 53) full-time (including executive Director) and nil (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 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.

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

The Group had no significant investments, material acquisitions and disposals of subsidiaries and affiliated companies during the year. During the year ended 31 December 2017, save for the Corporate Reorganisation arrangement undergone by the Group in the preparation for the Listing, the Group did not have any other significant investments, material acquisitions and disposals of subsidiaries and affiliated companies. Details of the Corporate Reorganisation are set out in the section headed "History, reorganisation and corporate structure" of the Prospectus.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.15 cent per ordinary share of the Company, totaling HK$720,000, for the year ended 31 December 2018 subject to the approval of Shareholders at the forthcoming annual general meeting of the Company ("AGM") (2017: Nil). The dividend warrants for the proposed final dividend will be despatched to Shareholders on or about 19 July 2019.

CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Wednesday, 19 June 2019. The register of members of the Company will be closed from Friday, 14 June 2019 to Wednesday, 19 June 2019, both dates inclusive, during which period no transfer of Shares could be registered for determination of entitlement of the Shareholders to attend and vote at the AGM. In order to qualify for attending and voting in the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 13 June 2019.

Subject to the approval of Shareholders at the AGM, the proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on Friday, 28 June 2019 being the record date for determination of entitlement to the proposed final dividend. The register of members of the Company will be closed from Wednesday, 26 June 2019 to Friday, 28 June 2019, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 25 June 2019.

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 an Audit Committee, a Nomination Committee and a Remuneration Committee with specific written terms of reference. The Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2018 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.

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 for the year ended 31 December 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.

AUDIT COMMITTEE

The Audit Committee was established on 16 November 2017 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 auditors 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 Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2018 and was satisfied that such results 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.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

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

During the year and up to the date of this announcement, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2018 and consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

By order of the Board
Icicle Group Holdings Limited
Woo Chan Tak Chi Bonnie
Chairperson and Chief Executive Officer

Hong Kong, 20 March 2019

As at the date of this announcement, 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.

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.iciclegroup.com.