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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)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

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 of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable 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.

UNAUDITED FIRST 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 ended 31 March 2019 (the “Unaudited Condensed Consolidated Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the three months ended 31 March 2019

		For the three months ended 31 March	
	Notes	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	20,012	21,798
Other income and gains	3	410	291
Outsourced project costs		(7,203)	(8,649)
Materials and consumables		(1,477)	(1,974)
Depreciation and amortisation expenses		(1,780)	(424)
Employee benefits expenses		(4,438)	(5,319)
Rental expenses		(80)	(1,674)
Transportation fee		(2,865)	(1,846)
Other operating expenses		(1,710)	(1,578)
Finance cost		(177)	—
Profit before income tax		692	625
Income tax expense	4	(75)	(145)
Profit for the period attributable to the owners of the Company		617	480
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operation		170	475
Other comprehensive income for the period, net of income tax		170	475
Total comprehensive income for the period attributable to the owners of the Company		787	955
Earnings per share attributable to the owners of the Company	6		
Basic and diluted (HK cents)		0.13	0.10

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
As at 1 January 2019 (audited and as previously reported)	<u>4,800</u>	<u>53,851</u>	<u>11,993</u>	<u>(834)</u>	<u>16,459</u>	<u>86,269</u>
Impact on initial application of HKFRS 16	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(417)</u>	<u>(417)</u>
As at 1 January 2019 (unaudited and restated)	4,800	53,851	11,993	(834)	16,042	85,852
Profit for the period	—	—	—	—	617	617
Other comprehensive income: Exchange differences arising on translation of foreign operation	<u>—</u>	<u>—</u>	<u>—</u>	<u>170</u>	<u>—</u>	<u>170</u>
Total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>170</u>	<u>617</u>	<u>787</u>
As at 31 March 2019 (unaudited)	<u><u>4,800</u></u>	<u><u>53,851</u></u>	<u><u>11,993</u></u>	<u><u>(664)</u></u>	<u><u>16,659</u></u>	<u><u>86,639</u></u>
As at 1 January 2018 (audited and as previously reported)	<u>4,800</u>	<u>53,851</u>	<u>11,993</u>	<u>(621)</u>	<u>13,859</u>	<u>83,882</u>
Impact on initial application of HKFRS 9	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(184)</u>	<u>(184)</u>
As at 1 January 2018 (audited and restated)	4,800	53,851	11,993	(621)	13,675	83,698
Profit for the period	—	—	—	—	480	480
Other comprehensive income: Exchange differences arising on translation of foreign operation	<u>—</u>	<u>—</u>	<u>—</u>	<u>475</u>	<u>—</u>	<u>475</u>
Total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>475</u>	<u>480</u>	<u>955</u>
As at 31 March 2018 (unaudited)	<u><u>4,800</u></u>	<u><u>53,851</u></u>	<u><u>11,993</u></u>	<u><u>(146)</u></u>	<u><u>14,155</u></u>	<u><u>84,653</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

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”) offered by the Company at an offer price of HK\$0.55 per Share. 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. 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 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 Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2018.

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 2018, except for the new and revised HKFRSs and interpretations issued by HKICPA that are first effective for the current accounting period of the Group. 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 the adoption of HKFRS 16 “Leases”.

HKFRS 16 “Leases”

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease expenses were recognised in the consolidated statement of comprehensive income over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 1 January 2019. The weighted average Group’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.88%.

Right-of-use assets are measured at their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

On transition of HKFRS 16, the Group recognised right-of-use assets and lease liabilities, with difference recognised in retained earnings on 1 January 2019. The impact of such on transition is summarised below:

Consolidated Statement of Financial Position

	As at 1 January 2019 HK\$'000
Increase in right-of-use assets	13,362
Decrease in trade and other payables and accruals	(1,219)
Increase in lease liabilities	14,998
Decrease in retained earnings	<u>(417)</u>

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 2018.

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").

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:

	For the three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Revenue from provision of marketing production services	<u>20,012</u>	<u>21,798</u>
Other income and gains		
Administrative service income	15	6
Income from provision of art and calligraphy workshop	42	38
Income from sales of paper products and calligraphy stationery	8	68
Interest income	326	142
Net exchange gain	16	22
Sundry income	<u>3</u>	<u>15</u>
	<u>410</u>	<u>291</u>

4. INCOME TAX EXPENSE

	For the three months ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expense comprises:		
Hong Kong Profits Tax		
— current tax for the period	<u>75</u>	<u>145</u>
Income tax expense	<u>75</u>	<u>145</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and 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 (2018: Nil).

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits for the period, taking into account the tax concession granted by the Hong Kong Special Administrative Region Government for the periods.

No provision for Enterprise Income Tax (“EIT”) has been made for the subsidiary established in the People’s Republic of China (the “PRC”) as the subsidiary did not have any assessable profits subject to EIT in the PRC during the period (2018: Nil).

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 March 2019, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$1,031,000 (2018: HK\$432,000). Deferred tax liabilities of approximately HK\$52,000 (2018: HK\$22,000) 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 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

The Board does not recommend the payment of any dividend for the three months ended 31 March 2019 (2018: Nil).

6. EARNINGS PER SHARE

The calculations of basic earnings per Share are based on the profit of approximately HK\$617,000 (2018: HK\$480,000) for the period attributable to the owners of the Company and the weighted average number of 480,000,000 (2018: 480,000,000) Shares in issue during the period.

Diluted earnings per Share were same as the basic earnings 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 three months ended 31 March 2019, the general market demand for marketing prints continued to be sluggish as we anticipated. By leading the transition from physical to digital marketing, we continued to focus on building the digital media service offering. We have successfully extended our digital media services for some key existing clients and also with the offering, we were able to secure new clients and high-value projects. On the digital side, we are investing deeper into original contents and the technology behind distributing and data-capturing. We are also conducting research to support our vision of using digital contents to generate direct demand for products and services on digital platforms. We believe investing into creating such a unique and proprietary solution will allow us to stay one step ahead of what brands are looking at us to effectively connect to consumers.

Looking ahead, we will continue to develop our multi-media capability and offering to foster ourselves as a cutting-edge marketing service company with a unique edge in media content, delivering the sustainable growth for our clients, our talents and our Group.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of marketing production 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 three months ended 31 March 2019, the Group's revenue decreased by approximately HK\$1.8 million, representing 8.2%, to approximately HK\$20.0 million (2018: HK\$21.8 million).

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

	For the three months ended 31 March			
	2019		2018	
	HK\$'000	%	HK\$'000	%
Physical media production and management				
— Printing, packaging and sourcing	16,656	83.2	18,912	86.7
— Visual merchandising, retail displays and venue decoration	<u>1,070</u>	<u>5.4</u>	<u>562</u>	<u>2.6</u>
Sub-total	<u>17,726</u>	<u>88.6</u>	<u>19,474</u>	<u>89.3</u>
Digital media production and brand integration	1,116	5.6	1,633	7.5
Business strategy and development	<u>1,170</u>	<u>5.8</u>	<u>691</u>	<u>3.2</u>
Total	<u><u>20,012</u></u>	<u><u>100.0</u></u>	<u><u>21,798</u></u>	<u><u>100.0</u></u>

During the three months ended 31 March 2019, the revenue from physical media production and management services was approximately HK\$17.7 million (2018: HK\$19.5 million) which resulted in decrease of approximately 9.0%. The decrease in printing, packaging and sourcing by approximately 11.9% was mainly attributable to the decrease in number of projects during the period. The significant increase in visual merchandising, retail displays and venue decoration by approximately 90.4% was mainly attributable to the increase in high-value projects during the period.

During the three months ended 31 March 2019, the revenue from digital media production and brand integration services decreased by approximately 31.7% to approximately HK\$1.1 million (2018: HK\$1.6 million) was directly attributable to the decrease in number of projects during the period.

During the three months ended 31 March 2019, the revenue from business strategy and development services increased significantly by approximately 69.3% to approximately HK\$1.2 million (2018: HK\$0.7 million) was mainly attributable to the increase in high-value projects during the period.

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs. During the three months ended 31 March 2019, the Group's outsourced project costs decreased by approximately HK\$1.4 million, representing 16.7%, to approximately HK\$7.2 million (2018: HK\$8.6 million). The decrease was the offsetting effect attributable to the decrease in number of projects of printing, packaging and sourcing services and the increase in the high-value projects of retail display and venue decoration service.

Materials and consumables

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the three months ended 31 March 2019, the Group's materials and consumables decreased by approximately HK\$0.5 million, representing 25.2%, to approximately HK\$1.5 million (2018: HK\$2.0 million). The decrease was directly attributable to the decrease in number of projects of printing, packaging and sourcing services.

Employee benefits expenses

Employee benefits expenses primarily consist of salaries, allowances and benefits in kind, discretionary bonus and retirement benefit scheme contributions. During the three months ended 31 March 2019, the Group's employee benefits expenses decreased by approximately HK\$0.9 million, representing 16.6%, to approximately HK\$4.4 million (2018: HK\$5.3 million). The decrease was directly attributable to decrease 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 three months ended 31 March 2019, the Group's rental expenses decreased by approximately HK\$1.6 million, representing 95.2%, to approximately HK\$0.1 million (2018: HK\$1.7 million). The decrease was mainly the effect on initial adoption of HKFRS 16 on 1 January 2019. Those rental expenses are now recognised as depreciation of the right-of-use assets and finance cost on lease liabilities. Please refer to Note 2 to the Unaudited Condensed Consolidated Financial Statements for details.

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 three months ended 31 March 2019, the Group's transportation fee increased by approximately HK\$1.1 million, representing 55.2%, to approximately HK\$2.9 million (2018: HK\$1.8 million). The increase was directly attributable to the increase in projects requiring direct mailing services.

Other operating expenses

Other operating expenses primarily consist of consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the three months ended 31 March 2019, the Group's other operating expenses increased by approximately HK\$0.1 million, representing 8.4%, to approximately HK\$1.7 million (2018: HK\$1.6 million). The increase was primarily due to the increase in marketing expenses during the period.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the three months ended 31 March 2019, the Group's finance cost was amounted to approximately HK\$0.2 million (2018: Nil). The increase was mainly the effect on initial adoption of HKFRS 16 on 1 January 2019. Please refer to Note 2 to the Unaudited Condensed Consolidated Financial Statements for details.

Profit for the period

During the three months ended 31 March 2019, the Group recorded profit of approximately HK\$0.6 million (2018: HK\$0.5 million). The increase was primarily benefited from decrease in employee benefits expenses during the period from streamlining the team in size but enhancing the team with advanced quality.

USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 31 March 2019:

	Total planned use of proceeds as stated in the Prospectus up to 31 December 2019 HK\$'000	Actual use of proceeds up to 31 March 2019 HK\$'000	Remaining unused net proceeds as at 31 March 2019 HK\$'000
Enlarge the social media marketing production capability and offering	8,000	440	7,560
Enhance the overall service offerings and expand the team across three service categories	9,142	818	8,324
Set up a studio and expand the work premises	11,458	6,512	4,946
Business development	8,280	1,500	6,780
Staff development	3,120	517	2,603
General working capital	3,800	2,660	1,140
Total	<u>43,800</u>	<u>12,447</u>	<u>31,353</u>

The business objectives, future plans and planned use of proceeds as stated in the prospectus of the Company dated 27 November 2017 (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 March 2019 were placed as bank balances with licensed banks in Hong Kong and will be applied according to the intended usage stated in the Prospectus.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 31 March 2019, the Group had net current assets of approximately HK\$80.1 million (31 December 2018: HK\$84.1 million), including time deposits and cash and bank balances of approximately HK\$71.0 million (31 December 2018: HK\$68.4 million) mainly denominated in Hong Kong dollars.

The gearing ratio of the Group as at 31 March 2019 was 15.6% (31 December 2018: Nil). 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 three months ended 31 March 2019. The equity attributable to owners of the Company amounted to approximately HK\$86.6 million as at 31 March 2019 (31 December 2018: HK\$86.3 million).

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

PLEDGE OF ASSETS

As at 31 March 2019, the Group did not have any assets pledged for credit facilities (31 December 2018: Nil).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material capital commitment and contingent liability (31 December 2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had 47 (31 December 2018: 47) full-time (including executive Director) 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 of the Company (the "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

Save as disclosed in the Prospectus and the section headed “Use of Proceeds” of this announcement on page 11, 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 three months ended 31 March 2019, 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 three months ended 31 March 2019 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.

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 31 March 2019, 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⁽¹⁾	Shareholding percentage
Ms. Woo Chan Tak Chi Bonnie (“Ms. Bonnie Chan Woo”) ⁽²⁾	Interest in a controlled corporation	277,200,000 (L)	57.75%
Mr. Chow Sai Yiu Evan (“Mr. Evan Chow”) ⁽³⁾	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.

(ii) *Interests in associated corporation of the Company*

Name of Director	Name of associated corporation	Capacity	Number of Share(s) held⁽¹⁾	Shareholding percentage
Ms. Bonnie Chan Woo	Explorer Vantage ⁽²⁾	Beneficial owner	1 (L)	100%
	Gooseberries Limited (“GL”) ⁽³⁾	Interest in a controlled corporation	10,000 (L)	100%
	Papercom Limited (“Papercom”) ⁽⁴⁾	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. 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.
4. 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 31 March 2019, 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.

Substantial Shareholders' and Other Person's Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 March 2019, 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⁽¹⁾	Percentage of shareholding in the Company
Explorer Vantage ⁽²⁾	Beneficial owner	277,200,000 (L)	57.75%
Hertford Global ⁽³⁾	Beneficial owner	82,800,000 (L)	17.25%
Mr. Darrin Woo ⁽⁴⁾	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 31 March 2019, 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.

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 three months ended 31 March 2019 and up to the date of this announcement, 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 three months ended 31 March 2019 and up to the date of this announcement 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 three months ended 31 March 2019 and up to the date of this announcement, 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.

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 during the three months ended 31 March 2019.

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 announcement.

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.

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 three months ended 31 March 2019 and up to the date of this announcement, 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 chief executive officer of the Company (“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.

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, 6 May 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.