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CORPORATE INFORMATION

Board of Directors

Executive Director

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

Non-executive Director

Mr. Chow Sai Yiu Evan

Independent non-executive Directors

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

Compliance Officer

Ms. Woo Chan Tak Chi Bonnie

Company Secretary

Ms. Tsui Sum Yi

Authorised Representatives

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Compliance Adviser

Ballas Capital Limited
Unit 1802, 18/F
One Duddell Street
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Auditor

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801–806 Silvercord, Tower 1
30 Canton Road
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Hong Kong

Registered Office

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Grand Cayman
KY1-1108
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

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

CORPORATE INFORMATION (CONTINUED)



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Principal Share Registrar and Transfer Office in the Cayman Islands

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

Hong Kong Share Registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

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

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

Stock Code

8429

Company Website

www.iciclegroup.com

UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019 (the "Unaudited Condensed Consolidated Financial Statements"), together with the unaudited comparative figures for the corresponding periods in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	19,870	18,978	39,882	40,776
Other income and gains	4	404	287	814	556
Outsourced project costs		(7,103)	(5,065)	(14,306)	(13,714)
Materials and consumables		(2,248)	(2,752)	(3,725)	(4,726)
Depreciation and amortisation expenses		(1,759)	(349)	(3,539)	(773)
Employee benefits expenses		(4,124)	(4,928)	(8,562)	(10,247)
Rental expenses		(49)	(1,922)	(129)	(3,596)
Transportation fee		(2,885)	(1,437)	(5,750)	(3,283)
Other operating expenses		(2,287)	(2,164)	(3,997)	(3,720)
Finance cost		(158)	—	(335)	—
(Loss)/profit before income tax	5	(339)	648	353	1,273
Income tax expense	6	(35)	(38)	(110)	(183)
(Loss)/profit for the period		(374)	610	243	1,090
Attributable to:					
Owners of the Company		(365)	610	252	1,090
Non-controlling interests		(9)	—	(9)	—
(Loss)/profit for the period		(374)	610	243	1,090
(Loss)/earnings per share attributable to the owners of the Company	8				
Basic and diluted (HK cents)		(0.08)	0.13	0.05	0.23

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the three months and six months ended 30 June 2019

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	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
(Loss)/profit for the period	(374)	610	243	1,090
Other comprehensive (expense)/ income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(179)	(346)	(9)	129
Other comprehensive (expense)/ income for the period, net of income tax	(179)	(346)	(9)	129
Total comprehensive (expense)/ income for the period	(553)	264	234	1,219
Attributable to:				
Owners of the Company	(541)	264	246	1,219
Non-controlling interests	(12)	—	(12)	—
Total comprehensive (expense)/ income for the period	(553)	264	234	1,219

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

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	Notes	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	1,469	2,054
Intangible assets		85	143
Right-of-use assets		10,562	—
Prepayment	1	104	—
		12,220	2,197
Current assets			
Trade and other receivables, deposits and prepayments	10	25,828	31,095
Amounts due from related companies	11	896	417
Current tax recoverable		1,152	1,230
Time deposits and cash and bank balances		71,617	68,406
		99,493	101,148
Current liabilities			
Trade and other payables and accruals	12	13,594	16,950
Lease liabilities		5,919	—
Provision for long service payment		74	126
		19,587	17,076
Net current assets		79,906	84,072
Total assets less current liabilities		92,126	86,269
Non-current liabilities			
Lease liabilities		6,040	—
Net assets		86,086	86,269
CAPITAL AND RESERVES			
Share capital	13	4,800	4,800
Reserves		80,578	81,469
Total equity attributable to the owners of the Company		85,378	86,269
Non-controlling interests		708	—
Total equity		86,086	86,269

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

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	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Operating activities		
Cash generated from operations	6,086	7,174
Income tax paid	(32)	(22)
Net cash generated from operating activities	6,054	7,152
Investing activities		
Acquisition of property, plant and equipment	(54)	(540)
Increase in time deposits with original maturity of more than three months	(1,867)	—
Other cash flows arising from investing activities	594	250
Net cash used in investing activities	(1,327)	(290)
Financing activities		
Principal elements of lease payments	(3,039)	—
Interest elements of lease payments	(335)	—
Net cash used in financing activities	(3,374)	—
Increase in cash and cash equivalents	1,353	6,862
Effect of foreign exchange rate changes	(9)	129
Cash and cash equivalents at beginning of the period	11,711	65,939
Cash and cash equivalents at end of the period	13,055	72,930
Analysis of cash and cash equivalents		
Cash and bank balances	13,055	62,930
Time deposits	58,562	10,000
Time deposits and cash and bank balances stated in the condensed consolidated statement of financial position	71,617	72,930
Less: Time deposits with original maturity of more than three months	(58,562)	—
Cash and cash equivalents in the condensed consolidated statement of cash flows	13,055	72,930

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

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	Attributable to owners of the Company					Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserve	Translation reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2019 (audited and as previously reported)	4,800	53,851	11,993	(834)	16,459	86,269	—	86,269
Impact on initial application of Hong Kong Financial Reporting Standard ("HKFRS") 16 (Note 2)	—	—	—	—	(417)	(417)	—	(417)
At 1 January 2019 (unaudited and restated)	4,800	53,851	11,993	(834)	16,042	85,852	—	85,852
Profit/(loss) for the period	—	—	—	—	252	252	(9)	243
Other comprehensive expense: Exchange differences arising on translation of foreign operations	—	—	—	(6)	—	(6)	(3)	(9)
Total comprehensive income/(expense) for the period	—	—	—	(6)	252	246	(12)	234
Dividends approved in respect of the previous year (Note 7)	—	(720)	—	—	—	(720)	—	(720)
Non-controlling interests arising from incorporation of a subsidiary	—	—	—	—	—	—	720	720
At 30 June 2019 (unaudited)	4,800	53,131	11,993	(840)	16,294	85,378	708	86,086
At 1 January 2018 (audited and as previously reported)	4,800	53,851	11,993	(621)	13,859	83,882	—	83,882
Impact on initial application of HKFRS 9	—	—	—	—	(184)	(184)	—	(184)
At 1 January 2018 (audited and restated)	4,800	53,851	11,993	(621)	13,675	83,698	—	83,698
Profit for the period	—	—	—	—	1,090	1,090	—	1,090
Other comprehensive income: Exchange differences arising on translation of foreign operation	—	—	—	129	—	129	—	129
Total comprehensive income for the period	—	—	—	129	1,090	1,219	—	1,219
At 30 June 2018 (unaudited)	4,800	53,851	11,993	(492)	14,765	84,917	—	84,917

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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1. General Information

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 20 January 2017. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company (the "Shares") are listed on GEM of the Stock Exchange since 8 December 2017 (the "Listing Date") by way of share offer of 120,000,000 new Shares ("Share Offer") at an offer price of HK\$0.55 per Share. The 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 activities of the Group are provision of marketing production services and media and e-commerce businesses.

On 2 May 2019, Icicle Group Limited ("IGL"), a direct wholly-owned subsidiary of the Company, Studio SV Limited ("Studio SV"), a connected party in which the ultimate holding company of the Company, Explorer Vantage Limited ("Explorer Vantage"), has 50% interest in it, and Mr. Chang David Qi ("Mr. Chang"), an independent third party, incorporated a company namely WomanBoss Limited ("WomanBoss") in the British Virgin Islands ("BVI") in provision of media and e-commerce business. IGL, subscribed 54.1% of equity interest in WomanBoss at consideration of US\$200,000 and Studio SV and Mr. Chang subscribed 36.0% and 9.9% respectively of equity interest in WomanBoss each at consideration of US\$1. Pursuant to the shareholders' agreement entered into by IGL, Studio SV and Mr. Chang on 4 July 2019, IGL procures its subsidiaries to provide creative and original content for the operation of the business; Studio SV grants WomanBoss a non-exclusive and royalty-free license to use the trademark in relation to the business; and Mr. Chang contributes his e-commerce expertise and creative input to run the business. On 2 May 2019, since the fair value of the non-exclusive and royalty-free license to use the trademark in relation to the business of WomanBoss was less than the fair value of the equity instruments granted to Studio SV, the Group incurred share-based payment in respect of unidentifiable goods or services of approximately HK\$565,000 during the period ended 30 June 2019. The fair value of the equity instruments granted to Mr. Chang for his e-commerce expertise and creative input to run the business of WomanBoss of approximately HK\$156,000 shall be recognised as staff costs over a three-year of vesting period.

2. Basis of Preparation and Presentation

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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 Company. There has been no significant change to the accounting policy applied in these Unaudited Condensed Consolidated Financial Statements for the period presented as a result of adoption of these amendments, except for the adoption of HKFRS 16 "Leases".

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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2. Basis of Preparation and Presentation (Continued)

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

	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	(417)

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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2. Basis of Preparation and Presentation (Continued)

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. 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 of the Company, who is the chief operating decision maker, in order to allocate resources and assess performance of the segment. During the period, the executive director of the Company 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. New media and e-commerce business has not been commenced as of 30 June 2019.

Therefore, the executive director of the Company considers the Group as one single operating segment during the period 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 period.

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Physical media production and management		
— Printing, packaging and sourcing	35,054	32,944
— Visual merchandising, retail displays and venue decoration	1,143	2,440
	36,197	35,384
Digital media production and brand integration	2,017	3,103
Business strategy and development	1,668	2,289
	39,882	40,776

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

3. Segment Information (Continued)

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 30 June 2019 and 31 December 2018, 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:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Hong Kong	38,378	35,856
The People's Republic of China (the "PRC")	1,158	2,931
Others	346	1,989
	39,882	40,776

Information about major customers

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

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Customer A	10,939	9,095
Customer B	14,094	8,255
Customer C	N/A*	5,508

* The corresponding revenue did not contribute more than 10% of the Group's revenue for the six months ended 30 June 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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4. Revenue and Other Income and Gains

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

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue				
Revenue from provision of marketing production services	19,870	18,978	39,882	40,776
Other income and gains				
Administrative service income	15	15	30	30
Income from provision of art and calligraphy workshop	49	55	91	93
Income from sales of paper products and calligraphy stationery	30	24	38	92
Interest income	311	145	637	287
Net exchange loss	(16)	—	—	—
Reversal of provision for impairment loss	—	41	—	41
Sundry income	15	7	18	13
	404	287	814	556

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

5. (Loss)/Profit Before Income Tax

(Loss)/profit before income tax is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Amortisation of intangible assets	43	59	101	136
Auditor's remuneration				
— Audit services	9	10	9	10
Cost of inventories sold	—	—	—	21
Depreciation of property, plant and equipment	316	290	639	637
Depreciation of right-of-use assets	1,400	—	2,799	—
Minimum lease payments under operating lease charges for:				
— properties	38	1,450	76	2,758
— office equipment	—	388	—	709
Contingent rents for office equipment	11	84	53	129
Share-based payment expense (Note 1)	565	—	565	—
Net exchange loss	40	58	24	36
Employee benefits expenses (including directors' remuneration)				
— Salaries, allowances and benefits in kind	3,946	4,720	8,194	9,730
— Discretionary bonus	—	—	—	84
— Retirement benefit scheme contributions	178	208	368	433
	4,124	4,928	8,562	10,247

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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6. Income Tax Expense

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Income tax expense comprises:				
Hong Kong Profits Tax				
— current tax for the period	35	(21)	110	124
Other jurisdictions				
— current tax for the period	—	59	—	59
Income tax expense	35	38	110	183

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 period (30 June 2018: Nil).

Hong Kong Profits Tax is calculated at 16.5% (30 June 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 PRC as the subsidiary did not have any assessable profits subject to EIT in the PRC during the period (30 June 2018: 25% on the estimated assessable profits).

Pursuant to the EIT Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. As at 30 June 2019, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$954,000 (30 June 2018: HK\$648,000). Deferred tax liabilities of approximately HK\$48,000 (30 June 2018: HK\$32,000) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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7. Dividends

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

The Board does not recommend the payment of any dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

(b) Dividends payable to the owners of the Company attributable to previous financial year, approved during the period

During the six months ended 30 June 2019, final dividend in respect of the year ended 31 December 2018 of HK0.15 cent per ordinary Share, totaling HK\$720,000, was approved on 19 June 2019 (2018: Nil).

8. (Loss)/Earnings Per Share

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

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
(Loss)/profit attributable to owners of the Company	(365)	610	252	1,090
	2019 '000	2018 '000	2019 '000	2018 '000
Number of Shares: Weighted average number of ordinary Shares	480,000	480,000	480,000	480,000
	HK cents	HK cents	HK cents	HK cents
Basic and diluted (loss)/earnings per Share	(0.08)	0.13	0.05	0.23

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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8. (Loss)/Earnings Per Share (Continued)

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

9. Property, Plant and Equipment

For the six months ended 30 June 2019, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$54,000 (30 June 2018: HK\$1,394,000).

10. Trade and Other Receivables, Deposits and Prepayments

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Trade receivables	20,931	27,976
Rental and other deposits	1,865	1,865
Prepayments	2,147	892
Other receivables	885	362
	25,828	31,095

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (31 December 2018: 30 to 60 days) from the date of billing for the period.

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

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Within 1 month	6,584	8,179
Over 1 month but less than 3 months	6,924	13,875
Over 3 months but less than 1 year	7,231	5,925
Over 1 year	396	201
Less: allowance for ECLs	(204)	(204)
	20,931	27,976

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

11. Amounts Due from Related Companies

The related companies represent entities of which Explorer Vantage, the ultimate holding company, spouse of Ms. Woo Chan Tak Chi Bonnie (“Ms. Bonnie Chan Woo”), an executive director of the Company, are the beneficial owners and controlling members. The amounts due from related companies are trade in nature, unsecured, interest-free and have credit period of 30 days.

12. Trade and Other Payables and Accruals

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Trade payables	9,545	11,466
Accruals	837	2,086
Contract liabilities	1,627	1,616
Other payables	1,585	1,782
	13,594	16,950

The credit period granted by suppliers of the Group is generally ranging from 30 to 90 days (31 December 2018: 30 to 90 days) for the period. The ageing analysis of the trade payables based on invoice date is as follows:

	At 30 June 2019 HK\$'000 (unaudited)	At 31 December 2018 HK\$'000 (audited)
Within 1 month	5,134	5,055
Over 1 month but less than 3 months	4,023	6,220
Over 3 months but less than 1 year	388	191
	9,545	11,466

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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13. Share Capital

	Number of Shares	Share capital HK\$'000
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	1,000,000,000	10,000
Issued and fully paid:		
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	480,000,000	4,800

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

14. Related Party Transactions

Other than disclosed elsewhere in the unaudited condensed 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:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue from provision of marketing production services to NewspaperDirect Limited (Note (a))	176	166
Revenue from provision of marketing production services to MCL Financial Group Limited (Note (b))	11	5
Revenue from provision of marketing production services to close family members of Ms. Bonnie Chan Woo	29	44
Revenue from provision of marketing production services to Studio SV (Note (c))	47	—
Administrative service income received from NewspaperDirect Limited (Note (a))	30	30

Notes:

- (a) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, is the controlling shareholder and one of the beneficial owners of this related company.
- (b) Mr. Chow Sai Yiu Evan ("Mr. Evan Chow"), a non-executive director of the Company, is the controlling shareholder and the beneficial owner of this related company.
- (c) Explorer Vantage, the ultimate holding company of the Company, is one of the beneficial owners of this related company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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14. Related Party Transactions (Continued)

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 of the Company. Key management personnel remuneration are as follows:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Directors' fee	180	180
Salaries, allowances and benefits in kind	2,392	2,050
Discretionary bonus	—	14
Retirement benefit scheme contributions	63	54
	2,635	2,298

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

During the six months ended 30 June 2019, the core business and revenue structure of the Group has remained stable. The print production service was benefited by the territory-wide launch of insurance products related to The Voluntary Health Insurance Scheme offered by insurance companies and the increased marketing activities by key retail client in coping with the sluggish consumer market, we achieved slight growth in our core business in physical media production and management. In the second quarter of 2019, we upgraded our offer in our digital media production and brand integration, resulting in moving our core operations partner from Manila to Bangalore. The transition slowed down our deliverables in that segment in the quarter, but we are expecting business to pick up in the second half of 2019. To further develop our capability on the media side, we have set up a company to build our media and e-commerce platform by producing original contents to generate direct demand for products and services to effectively connect brands to consumers.

In view of the recent clashes in Hong Kong, we expect that there may be adverse effects on the overall business of our clients and so on our Group in the second half of 2019. We are closely monitoring the business activities with our key clients and also the trade receivables, especially those aged over three months as at 30 June 2019.

Looking ahead, we will continue to develop our multi-media capability with unique edge in media content driving the growth of the Group to a bigger platform aiming at delivering satisfactory returns the shareholders of the Company ("Shareholders").

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 six months ended 30 June 2019, the Group's revenue decreased by approximately HK\$0.9 million, representing 2.2%, to approximately HK\$39.9 million (2018: HK\$40.8 million). New media and e-commerce business has not been commenced as of 30 June 2019.

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

	For the six months ended 30 June			
	2019 HK\$'000	%	2018 HK\$'000	%
Physical media production and management				
— Printing, packaging and sourcing	35,054	87.9	32,944	80.8
— Visual merchandising, retail displays and venue decoration	1,143	2.9	2,440	6.0
	36,197	90.8	35,384	86.8
Digital media production and brand integration	2,017	5.0	3,103	7.6
Business strategy and development	1,668	4.2	2,289	5.6
	39,882	100.0	40,776	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the six months ended 30 June 2019, the revenue from physical media production and management services was approximately HK\$36.2 million (2018: HK\$35.4 million) which resulted in increase of approximately 2.3%. The increase in printing, packaging and sourcing by approximately 6.4% was mainly attributable to the increase in high-value projects during the period. The decrease in visual merchandising, retail displays and venue decoration by approximately 53.2% was mainly attributable to the significant decrease in number of projects during the period.

During the six months ended 30 June 2019, the revenue from digital media production and brand integration services decreased by approximately 35.0% to approximately HK\$2.0 million (2018: HK\$3.1 million) was directly attributable to the decrease in number of projects during the period.

During the six months ended 30 June 2019, the revenue from business strategy and development services decreased by approximately 27.1% to approximately HK\$1.7 million (2018: HK\$2.3 million) was directly attributable to the decrease in number of projects during the period.

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs. During the six months ended 30 June 2019, the Group's outsourced project costs increased by approximately HK\$0.6 million, representing 4.3%, to approximately HK\$14.3 million (2018: HK\$13.7 million). The increase was directly attributable to the increase in projects of physical media production and management and digital media production and brand integration outsourced to subcontractors.

Materials and consumables

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the six months ended 30 June 2019, the Group's materials and consumables decreased by approximately HK\$1.0 million, representing 21.2%, to approximately HK\$3.7 million (2018: HK\$4.7 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 six months ended 30 June 2019, the Group's employee benefits expenses decreased by approximately HK\$1.6 million, representing 16.4%, to approximately HK\$8.6 million (2018: HK\$10.2 million). The decrease was directly attributable to the decrease in average number of staff.

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 six months ended 30 June 2019, the Group's rental expenses decreased by approximately HK\$3.5 million, representing 96.4%, to approximately HK\$0.1 million (2018: HK\$3.6 million). The decrease was mainly due to 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 six months ended 30 June 2019, the Group's transportation fee increased by approximately HK\$2.5 million, representing 75.1%, to approximately HK\$5.8 million (2018: HK\$3.3 million). The increase was directly attributable to the increase in projects requiring direct mailing services.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other operating expenses

Other operating expenses primarily consist of consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the six months ended 30 June 2019, the Group's other operating expenses increased by approximately HK\$0.3 million, representing 7.4%, to approximately HK\$4.0 million (2018: HK\$3.7 million). The increase was primarily due to the share-based payment expenses incurred during the period.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the six months ended 30 June 2019, the Group's finance cost was amounted to approximately HK\$0.3 million (2018: Nil). The increase was mainly due to 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 six months ended 30 June 2019, the Group recorded profit of approximately HK\$0.2 million (2018: HK\$1.1 million). The decrease was primarily attributable to the share-based payment expenses incurred during the period.

Comparison of Business Objectives with Actual Business Progress

The following is a comparison of the Group's business objectives as set out in the prospectus of the Company dated 27 November 2017 (the "Prospectus") with the Group's actual business progress up to 30 June 2019:

Business objectives up to 30 June 2019 as set out in the Prospectus

Actual business progress up to 30 June 2019

Enlarge the social media marketing production capability and offering

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> — appoint two additional marketing talents in the space of social media marketing production, including a business manager and a media planner, for the growth content business and execution of social media projects | <p>The Group has recruited a talent to build the social media marketing production capability and offering.</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|

Enhance the overall service offerings and expand the team across three service categories

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> — hire three additional project management talents at senior level to lead the project management team and monitor the project execution | <p>The Group is monitoring the development of the service category and will look for appropriate experienced personnel accordingly.</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|

Set up a studio and expand the work premises

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> — add and upgrade equipment and production facilities for our staff including new computers, photographic and video production equipment such as cameras, lights and tripods, and computer software | <p>The Group is monitoring the development of the service categories and shall upgrade the equipment and production facilities accordingly.</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business objectives up to 30 June 2019 as set out in the Prospectus

Actual business progress up to 30 June 2019

Business development

- marketing and promotion of the Group's business to existing and potential clients at a regional scale

The Group has recruited an experienced marketing talent to promote the Group's business.

Staff development

- team and cultural development of the staff to promote staff retention and support our business growth

The Group has conducted regular meeting among teams to strengthen the teams' capacity and to build a strong principles-based performance culture.

Use of Proceeds

The following table sets forth the status of the use of proceeds from the Share Offer up to 30 June 2019:

	Total planned use of proceeds as stated in the Prospectus up to 31 December 2019 HK\$'000	Planned use of proceeds as stated in the Prospectus up to 30 June 2019 HK\$'000	Actual use of proceeds up to 30 June 2019 HK\$'000	Remaining unused net proceeds as at 30 June 2019 HK\$'000
Enlarge the social media marketing production capability and offering	8,000	6,187	557	7,443
Enhance the overall service offerings and expand the team across three service categories	9,142	6,776	1,029	8,113
Set up a studio and expand the work premises	11,458	8,426	7,298	4,160
Business development	8,280	6,317	2,085	6,195
Staff development	3,120	3,120	541	2,579
General working capital	3,800	3,040	3,040	760
Total	43,800	33,866	14,550	29,250

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

The remaining unused net proceeds as at 30 June 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Liquidity, Financial Resources, Gearing Ratio and Capital Structure

As at 30 June 2019, the Group had net current assets of approximately HK\$79.9 million (31 December 2018: HK\$84.1 million), including time deposits and cash and bank balances of approximately HK\$71.6 million (31 December 2018: HK\$68.4 million) mainly denominated in Hong Kong dollars, with approximately HK\$6.8 million (31 December 2018: HK\$6.3 million) denominated in renminbi which is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

The gearing ratio of the Group as at 30 June 2019 was approximately 13.9% (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 six months ended 30 June 2019. The equity attributable to owners of the Company amounted to approximately HK\$85.4 million as at 30 June 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 30 June 2019, the Group did not have any assets pledged for credit facilities (31 December 2018: Nil).

Capital Commitments and Contingent Liabilities

As at 30 June 2019, the Group did not have any material capital commitment and contingent liability (31 December 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Employee and Remuneration

As at 30 June 2019, the Group had 46 (31 December 2018: 47) full-time employees (including executive Director). The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. The Group has adopted a share option scheme and approved by the then Shareholders on 16 November 2017 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefits including a mandatory provident fund retirement benefit scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in central pension scheme organised and governed by the relevant local governments for its employees in the PRC. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

Future Plans for Material Investments and Capital Assets

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

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the six months ended 30 June 2019, except for that disclosed in Note 1 to the Unaudited Condensed Consolidated Financial Statements, 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 six months ended 30 June 2019 and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

Event After the Reporting Period

Saved as disclosed elsewhere in this report, the Group has no significant events after the reporting period.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations

As at 30 June 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. Bonnie Chan Woo ⁽²⁾	Interest in a controlled corporation	277,200,000 (L)	57.75%
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 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(s) of the Company

Name of Director	Name of associated corporation(s)	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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 30 June 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 30 June 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 30 June 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Rights to Acquire Shares or Debentures

Saved as disclosed above, at no time during the six months ended 30 June 2019 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for Shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above in the section "Share Option Scheme", at no time during the six months ended 30 June 2019 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the Shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

Directors' Interest in Competing Business

During the six months ended 30 June 2019 and up to the date of this report, none of the Directors, nor the substantial Shareholders nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

Deed of Non-Competition

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

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions (the "Model Code") by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code throughout the six months ended 30 June 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

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Compliance Adviser's Interests

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

Loan Agreements with Covenants relating to Specific Performance of the Controlling Shareholder

On 20 August 2018, Icicle Production Company Limited ("Icicle Production"), an indirect wholly-owned subsidiary of the Company, as the borrower, entered into a bank facility letter (the "Facility Letter") with DBS Bank (Hong Kong) Limited as the lender (the "Lender"), pursuant to which the Lender agreed to make available a bank overdraft facility, with a maximum facility of HK\$10,000,000, which has been made available and will continue to be made available by Lender to Icicle Production on the terms and conditions therein contained. Pursuant to the Facility Letter, a specific performance covenant is imposed on Ms. Bonnie Chan Woo, the controlling Shareholder of the Company, to hold not less than 51% beneficial interest of the Company and Icicle Production.

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 six months ended 30 June 2019 and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviation from code provision A.2.1 as detailed below.

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

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Audit Committee and Review of Unaudited Condensed Consolidated Financial Statements

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

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

By order of the Board

Icicle Group Holdings Limited

Woo Chan Tak Chi Bonnie

Chairperson and Chief Executive Officer

Hong Kong, 5 August 2019

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