Icicle Group Holdings Limited
冰雪集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8429)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors (the "Board") of the Company is pleased to present the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*5*	**81,646**	91,478
Other income and gains	*6*	**1,681**	1,388
Outsourced project costs		**(30,585)**	(37,025)
Materials and consumables		**(8,084)**	(9,893)
Depreciation and amortisation expenses		**(6,996)**	(1,538)
Employee benefits expenses		**(16,638)**	(18,976)
Rental expenses		**(441)**	(6,785)
Transportation fee		**(10,679)**	(7,888)
Allowance for expected credit losses on trade receivables		**(2,252)**	(20)
Other operating expenses		**(9,077)**	(7,475)
Finance costs		**(595)**	—
(Loss)/profit before income tax	*7*	**(2,020)**	3,266
Income tax expense	*8*	**(460)**	(482)
(Loss)/profit for the year		**(2,480)**	2,784
Attributable to:			
Owners of the Company		**(1,531)**	2,784
Non-controlling interests		**(949)**	—
(Loss)/profit for the year		**(2,480)**	2,784
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		**(43)**	(213)
Other comprehensive expense for the year, net of income tax		**(43)**	(213)
Total comprehensive (expense)/income for the year		**(2,523)**	2,571

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**(1,574)**	2,571
Non-controlling interests		**(949)**	—
Total comprehensive (expense)/income for the year		**(2,523)**	2,571
(Loss)/earnings per share attributable to the owners of the Company			
Basic and diluted (HK cents)	*10*	**(0.32)**	0.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**870**	2,054
Right-of-use assets		**7,763**	—
Intangible assets		**28**	143
Goodwill		**538**	—
Financial asset at fair value through profit or loss		**413**	—
		9,612	2,197
Current assets			
Inventories		**518**	—
Trade and other receivables, deposits and prepayments	*11*	**20,941**	31,095
Amounts due from related companies		**40**	417
Current tax recoverable		**809**	1,230
Time deposits and cash and bank balances		**71,186**	68,406
		93,494	101,148
Current liabilities			
Trade and other payables and accruals	*12*	**10,930**	16,950
Amount due to a related company		**269**	—
Amount due to a non-controlling shareholder of a subsidiary		**118**	—
Lease liabilities		**5,260**	—
Provision of long service payment		**45**	126
		16,622	17,076
Net current assets		**76,872**	84,072
Non-current liabilities			
Lease liabilities		**3,585**	—
Total non-current liabilities		**3,585**	—
Net assets		**82,899**	86,269

	2019	2018
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**4,800**	4,800
Reserves	**78,765**	81,469
Total equity attributable to the owners of the Company	**83,565**	86,269
Non-controlling interests	**(666)**	—
Total equity	**82,899**	86,269

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Equity attributable to owners of the Company								
	Share capital	**Share premium**	**Capital reserve**	**Translation reserve**	**Other reserve**	**Retained earnings**	**Total**	**Non-controlling Interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance as at 1 January 2018	4,800	53,851	11,993	(621)	—	13,675	83,698	—	83,698
Profit for the year	—	—	—	—	—	2,784	2,784	—	2,784
Other comprehensive expense: Exchange differences arising on translation of foreign operation	—	—	—	(213)	—	—	(213)	—	(213)
Total comprehensive (expense)/income for the year	—	—	—	(213)	—	2,784	2,571	—	2,571
Balance as at 31 December 2018 and 1 January 2019 (as previously reported)	4,800	53,851	11,993	(834)	—	16,459	86,269	—	86,269
Impact on initial application of HKFRS 16 *(Note 4)*	—	—	—	—	—	(417)	(417)	—	(417)
Balance as at 1 January 2019 (restated)	**4,800**	**53,851**	**11,993**	**(834)**	**—**	**16,042**	**85,852**	**—**	**85,852**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(1,531)**	**(1,531)**	**(949)**	**(2,480)**
Other comprehensive expense: Exchange differences arising on translation of foreign operations	**—**	**—**	**—**	**(43)**	**—**	**—**	**(43)**	**—**	**(43)**
Total comprehensive expense for the year	**—**	**—**	**—**	**(43)**	**—**	**(1,531)**	**(1,574)**	**(949)**	**(2,523)**
Dividends approved and paid in respect of the previous year *(Note 9(b))*	**—**	**(720)**	**—**	**—**	**—**	**—**	**(720)**	**—**	**(720)**
Acquisition of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(430)**	**(430)**
Non-controlling interest arising from incorporation of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**720**	**720**
Deemed acquisition of non-controlling interests in a subsidiary	**—**	**—**	**—**	**—**	**7**	**—**	**7**	**(7)**	**—**
Balance as at 31 December 2019	**4,800**	**53,131**	**11,993**	**(877)**	**7**	**14,511**	**83,565**	**(666)**	**82,899**

Notes:

1. GENERAL INFORMATION

Icicle Group Holdings Limited (the "Company"), collectively with its subsidiaries, the "Group" was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 20 January 2017. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 December 2017. The Company's principal place of business is located at Unit 4, 12/F., 18 King Wah Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of marketing production services and media and e-commerce business.

2. BASIS OF PREPARATION AND PRESENTATION

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

The consolidated financial statements have been prepared on historical cost basis, except for financial asset at fair value through profit or loss that are measured at fair value at the end of each reporting period. The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The HKICPA has issued a number of new and amendments to HKFRSs which were relevant to the Group and had become effective during the year. In preparing the consolidated financial statements, the Group has applied all these new and amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

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

		Effective for annual reporting periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 3	Definition of a Business	1 January 2020[#]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform	1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

[#] Effective for business combinations and assets acquisitions for which the acquisition date on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

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.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

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. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the relevant group entities 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%.

	At 1 January 2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	17,721
Less: Lease liabilities discounted at relevant incremental borrowing rates at the date of initial application	(2,652)
Recognition exemption — short-term lease	(71)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	14,998
Lease liabilities as at 1 January 2019	14,998
Analysed as	
Current	6,153
Non-current	8,845
	14,998

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amount as previously reported at 31 December 2018 (Audited)	**Adjustments**	**Carrying amounts under adoption of HKFRS 16 at 1 January 2019 (Restated)**
	HK$'000	*HK$'000*	*HK$'000*
Non-current Assets			
Right-of-use assets	—	13,362	13,362
Current Liabilities			
Trade and other payables and accruals	16,950	(1,219)*	15,731
Lease liabilities	—	6,153	6,153
Non-current liabilities			
Lease liabilities	—	8,845	8,845
Capital and Reserves			
Retained earnings	16,459	(417)	16,042

* The amount related to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities under trade and other payables as at 1 January 2019 was adjusted to right-of-use assets at transition.

5. REVENUE AND SEGMENT INFORMATION

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

Therefore, the executive director of the Company considers the Group as one single operating segment during the year that comprises of three service categories (a) physical marketing production; (b) digital marketing production; and (c) media and e-commerce. The following table sets forth the breakdown of the Group's revenue by service category during the year.

	2019	2018
	HK$'000	*HK$'000*
Revenue recognised at a point in time:		
Physical marketing production	**73,634**	80,787
Digital marketing production	**7,931**	10,691
Media and e-commerce	**81**	—
	81,646	91,478

All of the Group's unsatisfied performance obligations for contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Geographical information

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

As at 31 December 2019 and 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:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**77,262**	82,541
The People's Republic of China ("PRC")	**3,228**	6,458
Others	**1,156**	2,479
	81,646	91,478

Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**22,542**	21,109
Customer B	**27,808**	22,630
Customer C	**N/A***	13,380

* The corresponding revenue did not contribute more than 10% of the Group's revenue for the year ended 31 December 2019.

6. OTHER INCOME AND GAINS

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

	2019	2018
	HK$'000	*HK$'000*
Administrative service income	**60**	60
Income from sales of paper products and calligraphy stationery	**44**	159
Income from provision of art and calligraphy workshop	**120**	305
Interest income	**1,252**	846
Sundry income	**205**	18
	1,681	1,388

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
Amortisation of intangible assets	**131**	251
Auditor's remuneration		
— Audit services	**482**	440
Cost of inventories sold#	**55**	23
Depreciation of property, plant and equipment	**1,266**	1,287
Depreciation of right-of-use assets	**5,599**	—
Fair value change in financial asset at fair value through profit or loss*	**38**	—
Allowance for expected credit losses ("ECLs) on trade receivables	**2,252**	20
Impairment loss on intangible assets*	**513**	—
Impairment loss on inventories*	**—**	312
Loss on written-off of property, plant and equipment*	**—**	37
Net exchange loss*	**153**	69
Share based payments*	**720**	—
Employee benefits expenses (including directors' remuneration)		
— Salaries, allowances and benefits in kind	**15,951**	18,105
— Discretionary bonus	**—**	62
— Retirement benefit scheme contributions	**687**	809
	16,638	18,976

Included in materials and consumable in the consolidated statement of comprehensive income.

* Included in other operating expenses in the consolidated statement of comprehensive income.

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Income tax expense comprise:		
Hong Kong Profits Tax		
— current tax for the year	**222**	379
— under-provision in prior years	**28**	11
	250	390
Other jurisdictions		
— current tax for the year	**210**	92
Income tax expense	**460**	482

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 year (2018: Nil).

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill) which introduces the two-tiered profits tax regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% of the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated profits above HK$2 million taking into account the tax concession granted by the Hong Kong Special Administrative Region Government.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the subsidiary in the PRC is subject to the tax rate of 25% (2018: 25%) on the estimated assessable profits during the year.

The US corporate tax rate is 21% for the year ended 31 December 2019 in accordance to the Tax Cuts and Jobs Act. The US income tax includes (a) federal income tax calculated at a fixed rate of 21% for the year ended 31 December 2019 on the estimated US federal taxable income and (b) state income tax calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year.

As at 31 December 2019, no deferred tax (2018: Nil) has been recognised in these consolidated financial statements as the effect of temporary differences was considered insignificant.

Pursuant to the EIT Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. As at 31 December 2019, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK$1,705,000 (2018: HK$1,072,000). Deferred tax liabilities amounted to approximately HK$85,000 (2018: HK$54,000) 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.

9. DIVIDENDS

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

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

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

During the year ended 31 December 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 and paid on 19 July 2019 (2018: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share are based on the loss of approximately HK$1,531,000 (2018: profit of approximately HK$2,784,000) for the year attributable to the owners of the Company and the weighted average of 480,000,000 (2018: 480,000,000) shares in issue during the year.

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 year.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**17,405**	28,180
Less: Allowance for ECLs *(Note)*	**(863)**	(204)
	16,542	27,976
Rental and other deposits	**2,029**	1,865
Prepayments	**1,727**	892
Other receivables	**643**	362
	20,941	31,095

Note:

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

	2019	2018
	HK$'000	*HK$'000*
As at 1 January	**204**	184
Allowance for ECLs made during the year	**2,252**	20
Written off during the year	**(1,593)**	—
As at 31 December	**863**	204

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (2018: 30 to 60 days) from the date of billing for the year. The ageing analysis of the trade receivables, net of allowance for ECLs, based on due date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**7,331**	6,247
Less than 1 month past due	**5,235**	9,098
Over 1 month but less than 3 months past due	**1,574**	9,957
Over 3 months but less than 1 year past due	**1,606**	2,741
Over 1 year past due	**1,659**	137
Less: allowance for ECLs	**(863)**	(204)
	16,542	27,976

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

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**7,434**	8,179
Over 1 month but less than 3 months	**6,513**	13,875
Over 3 months but less than 1 year	**1,799**	5,925
Over 1 year	**1,659**	201
Less: allowance for ECLs	**(863)**	(204)
	16,542	27,976

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(Note (i))*	**6,527**	11,466
Accruals *(Note (ii))*	**1,478**	2,086
Contract liabilities *(Note (iii))*	**2,096**	1,616
Other payables	**829**	1,782
	10,930	16,950

Notes:

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

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**5,065**	5,055
Over 1 month but less than 3 months	**1,341**	6,220
Over 3 months but less than 1 year	**121**	191
	6,527	11,466

(ii) As at 31 December 2019, consulting expense amounting to approximately HK$240,000 (2018: Nil), accrued employee benefits expenses amounting to approximately HK$85,000 (2018: HK$150,000) and rental payable amounting to approximately HK$Nil (2018: HK$1,219,000) were included in accruals.

Accrued lease liabilities were adjusted upon the initial application of HKFRS 16. Details of the adjustments are set out in note 4.

(iii) Contract liabilities, representing receipt in advance from customers, are separately presented. Movement of contract liabilities is as follows:

	2019	2018
	HK$'000	*HK$'000*
Balance at 1 January	**1,616**	1,612
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,616)**	(1,612)
Increased in contract liabilities as a result of receiving forward sales deposits and installments during the year	**2,096**	1,616
Balance at 31 December	**2,096**	1,616

13. RELATED PARTY TRANSACTIONS

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from provision of marketing production services to NewspaperDirect Limited ("NewspaperDirect") *(Note (a))*	**387**	338
Revenue from provision of marketing production services to MCL Financial Group Limited *(Note (b))*	**15**	31
Revenue from provision of marketing production services to Woo Hon Fai Holdings Limited *(Note (c))*	**—**	7
Revenue from provision of marketing production services to close family members of Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo")	**36**	44
Revenue from sales of accessories and lifestyle products to Ms. Bonnie Chan Woo *(Note (g))*	**18**	—
Revenue from provision of marketing production services to Studio SV Limited ("Studio SV") *(Note (d))*	**166**	5
Administrative service income received from NewspaperDirect *(Note (a))*	**60**	60
Share based payment to Studio SV *(Notes (d), (f))*	**565**	—
Rental expense to 4L 108 Leonard LLC *(Note (e))*	**94**	—

Notes:

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

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

(c) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, is one of the directors of this related company.

(d) Explorer Vantage Limited ("Explorer Vantage"), the ultimate holding company of the Company, is one of the beneficial owner of this related company before the acquisition of Studio SV.

(e) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, and Ms. Bonnie Chan Woo, are the beneficial owners of this related company.

(f) On incorporation of WomanBoss Limited ("WomanBoss") on 2 May 2019, Studio SV has granted WomanBoss and non-exclusive right and royalty-free license to use the trademark in relation to the business. Since the fair value of the non-exclusive and royalty-free license was less than the fiar 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 year ended 31 December 2019.

(g) Ms. Bonnie Chan Woo is an executive director and the ultimate controlling shareholder of the Company.

Compensation of key management personnel

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

	2019	2018
	HK$'000	*HK$'000*
Directors' fee	**360**	360
Salaries, allowances and benefits in kind	**5,210**	4,616
Discretionary bonus	**—**	13
Retirement benefit scheme contributions	**132**	126
	5,702	5,115

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 8 December 2017 (the "Listing") 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 Group is a multi-disciplined organisation that adds value and purpose to consumer lifestyles through e-Commerce, entertainment, marketing and branding services. With 20 years' marketing production experience, the Group has built an extensive and solid clientele which comprises international and local brand owners, including global financial institutions, luxury brand retailers and local retail chain stores. Over the years, the Group has developed a team of talents that has deep multi-cultural and cross media expertise. In order to cope with the rapid changing world in marketing and to capitalise the emerging needs in the dynamic consumer landscape, during the year the Group has made some strategic moves to leverage up the Group's service capability.

On 2 May 2019, Icicle Group Limited ("IGL"), a direct wholly-owned subsidiary of the Company, Studio SV which was owned 50% by an independent third party who is a famous performing artist in the United States ("US Artist Shareholder") and 50% by Explorer Vantage which is the ultimate holding company of the Company, and Mr. Chang David Qi ("Mr. Chang") who is an employee of the Group, incorporated a company namely WomanBoss in the BVI in provision of media and content-driven 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. The idea of women-focused media and content-driven e-commerce business was developed by Studio SV supported by the strong network of brand and media owners of the US Artist Shareholder. 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 17 October 2019, the Group committed an investment of US$250,000, of which US$57,500 has been called as of 31 December 2019, in a private fund of fund size of US$50 million with focus of backing the new wave of female founders building consumer products, platforms and services (the "Fund"). The founders of the Fund have strong and successful management and operation experience from start-up to public and they have built strong personal network, including chief executives, press, talent, government, investors, and a deep pool of founders. And also, the founders have pipeline for next generation of founders via their platform serving thousands of young women. We believe the rising trend of women empowerment would create big potential opportunity for female founders' start-ups, which would bring the potential of strong returns for our investment. More strategically, by leveraging the Fund's extensive network, strength and expertise, we would be able to gain invaluable insights and access to critical networks for developing both WomanBoss business and for sourcing brands for market-entry into Asia, which other business units of the Group can offer service and expertise.

On 10 December 2019, IGL subscribed 25 new shares issued by Studio SV representing 55.6% equity interest in Studio SV at consideration of HK$25. Having produced a docu-series, BEAT N PATH with the US Artist Shareholder and executive-produced a documentary with a award-winning film-maker in the United States, Studio SV has firmly established its credibility as a serious studio investing into trend-setting projects. Based on the pipeline of certain film/show production projects Studio SV is in discussion, the Group sees the potential of the future prospect of Studio SV and considers Studio SV can bring strategic value to the Group to expand into the media business. By having the controlling stake in Studio SV, the Group can effectively capture the opportunities brought in through the strong network of the US Artist Shareholder. As at 31 December 2019, Studio SV has set up a majority owned company with two Hollywood producers to develop a TV drama series.

The above strategic movement allowed the Group to build an ecosystem in developing its own brands and bringing in brands from the US and providing them with marketing and media services.

During the year, the instability and clashes in Hong Kong have caused a rapid decline in market conditions and impacted our retail clients, resulting in the slowing down of their marketing activities. As a result, our revenue has been adversely affected and decreased by 10.7% from HK$91.5 million to HK$81.6 million.

Looking ahead, the impact of novel coronavirus epidemic has further affected the Group's business recently. The epidemic and social unrest impose much uncertainties to the market in Hong Kong, despite those, we will continue to commit all effort in developing each of our service categories aiming to become a leading international platform for integrating brands to content across the most exciting consumer markets, and in the process effecting meaningful societal change and promote sustainable and purposeful consumption.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of the marketing production services, media and e-commerce business. During the year, the Group's revenue decreased by approximately 10.7% to approximately HK$81.6 million (2018: HK$91.5 million).

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

	2019		2018	
	HK$'000	***%***	*HK$'000*	*%*
Physical marketing production	**73,634**	**90.2**	80,787	88.3
Digital marketing production	**7,931**	**9.7**	10,691	11.7
Sub-total	**81,565**	**99.9**	91,478	100.0
Media and e-commerce	**81**	**0.1**	—	—
Total	**81,646**	**100.0**	91,478	100.0

During the year, the revenue from physical marketing production services decreased by approximately 8.9% to approximately HK$73.6 million (2018: HK$80.8 million). The decrease was mainly attributable to the decrease in number of projects during the year.

During the year, the revenue from digital marketing production services decreased by approximately 25.8% to approximately HK$7.9 million (2018: HK$10.7 million). The decrease was directly attributable to the decrease in number of projects during the year.

During the year, media and e-commerce business was commenced in October 2019. The revenue from media and e-commerce was approximately HK$81,000 for the year.

Other income and gains

Other income and gains principally comprised (i) administrative service income; (ii) income from sales of paper products and calligraphy stationery; (iii) income from provision of art and calligraphy workshop and (iv) interest income. During the year, the Group's other income and gains increased significantly by approximately 21.1% to approximately HK$1.7 million (2018: HK$1.4 million) was mainly attributable to the increase in interest income from bank deposits.

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

	2019	2018
	HK$'000	*HK$'000*
Administrative service income	**60**	60
Income from sales of paper products and calligraphy stationery	**44**	159
Income from provision of art and calligraphy workshop	**120**	305
Interest income	**1,252**	846
Sundry income	**205**	18
Total	**1,681**	1,388

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs. During the year, the Group's outsourced project costs decreased by approximately 17.4% to approximately HK$30.6 million (2018: HK$37.0 million).

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

	2019	2018
	HK$'000	*HK$'000*
Printing costs	**23,251**	30,685
Others	**7,334**	6,340
Total	**30,585**	37,025

The decrease in printing costs by approximately 24.2% was mainly because less printing jobs have been outsourced to subcontractors.

The increase in other costs by approximately 15.7% was directly attributable to the upgrade of our system serving for client projects by our new technology support partner in Bangalore.

Materials and consumables

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the year, the Group's materials and consumables decreased by approximately 18.3% to approximately HK$8.1 million (2018: HK$9.9 million) was directly attributable to overall decrease in number of projects.

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

	2019	2018
	HK$'000	*HK$'000*
Paper supply	**5,507**	6,345
Others	**2,577**	3,548
Total	**8,084**	9,893

Depreciation and amortisation expenses

Depreciation and amortisation expenses relate mainly to depreciation of the leasehold improvements, furniture, fixture and office equipment and right-of-use assets and amortisation of intangible assets which mainly include software for business operation, self-developed project management information system known as "Icicle Hub" and online marketing and purchasing platforms. During the year, the Group's depreciation and amortisation expenses increased significantly by approximately 354.9% to approximately HK$7.0 million (2018: HK$1.5 million). Such significant increase was mainly due to the effect on initial adoption of HKFRS 16 on 1 January 2019.

Employee benefits expenses

Employee benefits expenses primarily consist of salaries, allowances and benefits in kind, discretionary bonus and retirement benefit scheme contributions. During the year, the Group's employee benefits expenses decreased by approximately 12.3% to approximately HK$16.6 million (2018: HK$19.0 million). The decrease was directly attributable to decrease in average number of staff.

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

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**15,951**	18,105
Discretionary bonus	**—**	62
Retirement benefit scheme contributions	**687**	809
Total	**16,638**	18,976

Rental expenses

Rental expenses primarily represent the rental expenses paid for office premises and warehouse in Hong Kong and the rents for the printing machines for confidential data printing services. During the year, the Group's rental expenses decreased by approximately 93.5% to approximately HK$0.4 million

(2018: HK$6.8 million). The decrease was mainly due to the effect on initial adoption of HKFRS 16 on 1 January 2019. These rental expenses are now recognised as depreciation of the right-of-use assets and finance cost on lease liabilities.

Transportation fee

Transportation fee consists of fees paid to logistic service providers for (i) delivery of products to clients; and (ii) postage incurred in respect of the direct mailing services. During the year, the Group's transportation fee increased by approximately 35.4% to approximately HK$10.7 million (2018: HK$7.9 million). The increase was directly attributable to the increase in projects requiring direct mailing services.

Other operating expenses

Other operating expenses primarily consist of auditor's remuneration, consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the year, the Group's other operating expenses increased by approximately 21.4% to approximately HK$9.1 million (2018: HK$7.5 million). The increase was primarily due to impairment loss on intangible assets of approximately HK$0.5 million and share-based payment expenses of approximately HK$0.7 million incurred during the year.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the year, the Group's finance cost was amounted to approximately HK$0.6 million (2018: Nil). The increase was mainly due to the effect on initial adoption of HKFRS 16 on 1 January 2019.

Income tax expense

Income tax expense of the Group for the year was approximately HK$0.5 million (2018: HK$0.5 million). The provision has been taken into account the tax concession granted by the Hong Kong Special Administrative Region Government for the year of assessment of 2019–2020.

(Loss)/profit for the year

The Group recorded loss of approximately HK$2.5 million for the year ended 31 December 2019 and profit of approximately HK$2.8 million for the year ended 31 December 2018. The significant change was primarily attributable to decrease in revenue and also profit margin due to the competitive environment and the allowance for ECLs on trade receivables and share-based payment expenses incurred during the year.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the Company's prospectus dated 27 November 2017 (the "Prospectus") with the Group's actual business progress up to 31 December 2019:

Business objectives up to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
Enlarge the social media marketing production capability and offering	
— 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	The Group has built a platform and recruited a talent to build the social media marketing production capability and offering.
— develop social media offering to cater for Chinese brands which are interested in developing international recognition reaching out to overseas market	Due to the rapid change in the market needs, the Group has switched our focus from Chinese brands to overseas brands coming into Asia. We have recruited a talent to promote the Group's service to overseas brands.
Enhance the overall service offerings and expand the team across three service categories	
— hire three additional project management talents at senior level to lead the project management team and monitor the project execution	The Group is monitoring the development of the service category and will look for appropriate experienced personnel accordingly.

Business objectives up to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
Set up a studio and expand the work premises	
— set up a studio and hire five studio production talents including director, photographer, researcher, editor and studio manager, to enhance our video and photography marketing production including post-production work. They will also assist the production of motion contents for our original content production service	The Group is monitoring the development of the service category and will look for appropriate experienced personnel accordingly.
— 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	The Group is monitoring the development of the service categories and shall upgrade the equipment and production facilities accordingly.
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 31 December 2019:

	Total use of proceeds as stated in the Prospectus up to 31 December 2019	Actual use of proceeds up to 31 December 2019	Remaining balance as at 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*
Enlarge the social media marketing production capability and offering	8,000	1,510	6,490
Enhance the overall service offerings and expand the team across three service categories	9,142	1,448	7,694
Set up a studio and expand the work premises	11,458	8,865	2,593
Business development	8,280	3,519	4,761
Staff development	3,120	588	2,532
General working capital	3,800	3,800	—
Total	43,800	19,730	24,070

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

The remaining unused net proceeds as at 31 December 2019 were placed as bank balances with licensed banks in Hong Kong and the Directors are not aware of any material change to the planned use of proceeds as of the date of this announcement.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

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

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the year, the Group financed its operations by its internal resources. As at 31 December 2019, the Group had net current assets of approximately HK$76.9 million (2018: HK$84.1 million), including time deposits and cash and bank balances of approximately HK$71.2 million (2018: HK$68.4 million) mainly denominated in Hong Kong dollars, with approximately HK$6.5 million (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 31 December 2019 was 10.7% (2018: Nil). The gearing ratio is calculated as total debt divided by total equity as at the respective year end.

There has been no change in the capital structure of the Company since the Listing. The equity attributable to owners of the Company amounted to approximately HK$82.9 million as at 31 December 2019 (2018: HK$86.3 million).

PLEDGE OF ASSETS

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

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

The majority of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the year, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year. The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2019, the Group had capital commitment of approximately HK$1,500,000 to the Fund (2018: Nil).

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

SEGMENTAL INFORMATION

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 43 (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.

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

Save as disclosed in pages 20 and 21 in this announcement, the Group had no significant investments, material acquisitions and disposals of subsidiaries and affiliated companies during the year.

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 28, the Group did not have other plans for material investments and capital assets.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: HK0.15 cent per ordinary Share).

CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting of the Company ("AGM") will be held on 17 June 2020. The register of members of the Company will be closed from Friday, 12 June 2020 to Wednesday, 17 June 2020, both dates inclusive, during which period no transfer of Shares could be registered for determination of entitlement of the Shareholders to attend and vote at the AGM. In order to qualify for attending and voting in the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 11 June 2020.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM

Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established an Audit Committee, a Nomination Committee and a Remuneration Committee with specific written terms of reference. The Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2019 except for the deviation from code provision A.2.1 as detailed below.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the "Model Code") by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code for the year ended 31 December 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.

AUDIT COMMITTEE

The Audit Committee was established on 16 November 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Ip Arnold Tin Chee, Mr. Hung Alan Hing Lun and Mr. Man Ka Ho Donald. Mr. Ip Arnold Tin Chee is the chairman of the Audit Committee.

The primary duties of the Audit Committee include reviewing and supervising the Group's financial reporting system, monitoring the internal control procedures and risk management, reviewing the Group's financial information and the relationship with the external auditors of the Company, ensuring compliance with the relevant laws and regulations.

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2019 and was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

EVENT AFTER THE REPORTING PERIOD

Since January 2020, the outbreak of Novel Coronavirus Epidemic ("Epidemic") has impact on the global business environment. The retail industry has been in the front line of the impact which has directly affected the business of the Group's luxury brand and retail-chained customers. The Group's business in the first quarter of 2020 has been significantly affected as most of the customers' marketing activities have been cancelled or on hold. The Group will keep continuous attention on the situation of the Epidemic and react actively to its impact on the financial position and operating results of the Group.

Save as disclosed elsewhere in this announcement, the Group has no other significant events after the reporting period.

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

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

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2019 and consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

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

Hong Kong, 24 March 2020

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.