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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8429

ICICLE

2019

ANNUAL REPORT

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This report, for which the directors (the "Directors") of Icicle Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group", "ICICLE", "we" or "our") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

Board of Directors

Executive Director

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

Non-executive Director

Mr. Chow Sai Yiu Evan

Independent non-executive Directors

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

Compliance Officer

Ms. Woo Chan Tak Chi Bonnie

Company Secretary

Ms. Tsui Sum Yi

Authorised Representatives

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Compliance Adviser

Ballas Capital Limited
Unit 1802, 18/F
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Auditor

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Registered Office

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Principal Share Registrar and Transfer Office in the Cayman Islands

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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
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Central, Hong Kong

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

Stock Code

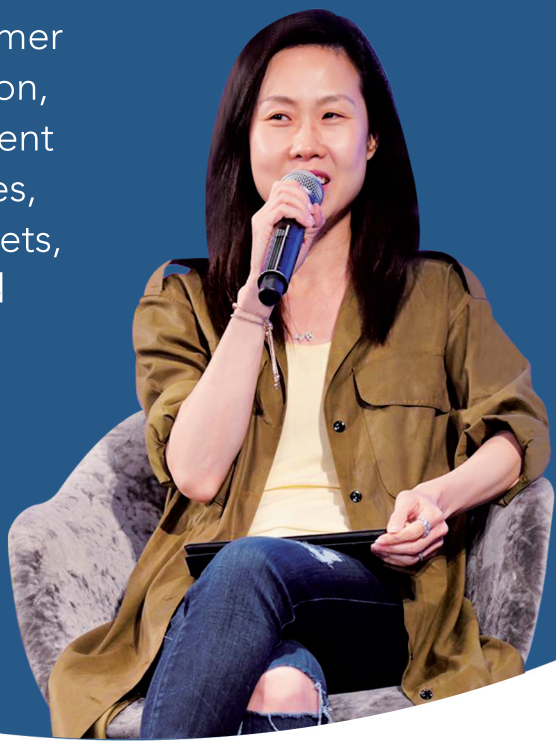
8429

Company Website

www.iciclegroup.com

LETTER FROM BONNIE CHAN WOO TO ICICLE INVESTORS

" We are a multi-disciplined organisation that adds value and purpose to consumer lifestyles through marketing production, e-commerce, and entertainment content creation. We connect diverse cultures, brands and people to the global markets, while championing sustainable and purposeful consumption. "



2019 was a year that put our resilience to test on one hand, yet reaffirmed our overall strategy on another. Amidst the unsettling macroeconomic and social conditions in Hong Kong, we emerged unscarred and more determined to create our own ecosystem that is resilient and adaptable to a fast changing world.

The overall business environment was unpredictable and challenging with prolonged social unrest in Hong Kong that eroded the business unexpectedly for the second half of the year, resulting in a revenue shortfall in both physical and digital production by 10.7% year-on-year. In face of a marked slow-down in retail in Hong Kong as a result of a sharp fall of inbound Chinese tourists, many retailers, especially the ones in luxury, had to take a much scaled-down approach to marketing in Hong Kong. The climate of mounting uncertainty forced us to accelerate the implementation of our strategy of moving into building our own proprietary e-Commerce platform that aims at a community of emerging independent brands. The platform opens up a channel for these brands to reach out to consumers and audience in Hong Kong, and from which we aim to help such brands to enter the Greater China market, creating a new line of revenue stream for the Group. Having our own platform also alleviates our reliance on multi-nationals and global brand groups whose budgets would be severely cut for their Hong Kong market in the foreseeable future.

Thus, the magnitude of economic downturn in Hong Kong acted as an impetus for our Group to forge ahead, marking 2019 a turning point in our business history. The launch of WOMANBOSS in November followed by our acquisition of Studio SV both served as milestones for us breaking through our servicing agent model to proactively create original content, blending entertainment with brand marketing to directly engage with consumers and audience. This ecosystem that we are building in the Group would ultimately allow us access to unique market insights and intelligence that are invaluable to propelling brands' access to the fastest growing consumer markets in Asia and inspire us for more innovation to drive progress in the future. It is exhilarating to say that we are entering an exciting phase for the Group.

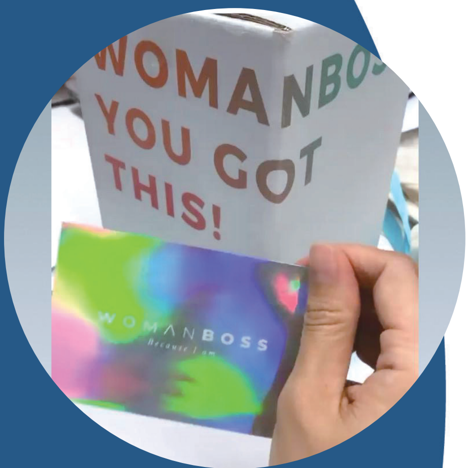
Looking into 2020, our priority continues to focus on growing our audience through creating and distributing media contents on social, video-sharing platforms, developing our own e-Commerce channels and engaging more exciting mission-led and innovative brands as collaborators to deliver holistic value to lifestyle consumers. These priorities will continue to drive both our capital allocation and day-to-day operational decisions. We are excited about our pipeline of future projects and opportunities in this new space which will place the Group ahead of market demands.

It is my delight to see that as we transform the Group to adapt to the changing needs of the world, many in our team have evolved with us by picking up new and relevant skills along the way in media, digital and technology. The professional evolution of our talents is the unique competitive advantage of Icicle that makes us one of the most resilient and adaptable in the industry. I take this opportunity to thank the commitment of my team to stand by the company with steadfast alignment with our long term vision and to always stay true to our mission regardless of circumstances. Our mission is what holds us together and the best guidance for innovation to thrive in the future, to which we always stay optimistic and look forward.

Woo Chan Tak Chi Bonnie
Chairperson and Chief Executive Officer

Hong Kong, 24 March 2020

Marketing production business:
Team sharing of client project



e-commerce business:
Consumer sharing on
social media

Media business:
Film screening event in New York

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" or "Icicle Group"), a direct wholly-owned subsidiary of the Company, Studio SV Limited ("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 Limited ("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 Limited ("WomanBoss") in the British Virgin Islands ("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 **HK$'000**	2018 HK$'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 **HK$'000**	2018 HK$'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 **HK$'000**	2018 HK$'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 **HK$'000**	2018 HK$'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 allowance for expected credit losses 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.

Business objectives up to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
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.
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 HK$'000	Actual use of proceeds up to 31 December 2019 HK$'000	Remaining balance as at 31 December 2019 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 report.

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 of directors of the Company ("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 7 to the consolidated financial statements.

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 Notes 19, 28, 29 and 30 to the consolidated financial statements, 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 annual report on page 14, the Group did not have other plans for material investments and capital assets.

DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo"), aged 43, has been a director of the Group since January 2004. She was appointed as the executive Director on 20 January 2017 and appointed as the compliance officer of the Company on 3 April 2017. She was appointed as the CEO and the chairperson of the Board ("Chairperson") on 16 November 2017. She was appointed as a member of both the remuneration and nomination committees on 8 December 2017. Ms. Bonnie Chan Woo is primarily in charge of the Group's overall corporate strategy and daily operations, including business development and overall management. Ms. Bonnie Chan Woo joined the Group on 1 August 2002 and she has over 16 years of experience in marketing production services and company business management based on her experience in the Group. Ms. Bonnie Chan Woo earned her bachelor of arts degree in philosophy, politics and economics and master of arts degree from the University of Oxford in October 1997 and June 2002, respectively. Since September 2011, she has been a vice chairman of the board of directors of the Hong Kong Design Centre, which is a non-profit organisation and a partner of the Hong Kong Government aiming to establish Hong Kong as a centre of design excellence in Asia.

Ms. Bonnie Chan Woo is also a director of Icicle Group, which is a direct wholly-owned subsidiary of the Company, Icicle Production Company Limited ("Icicle Production") and Icicle Print Management Limited ("Icicle Print Management"), the indirect wholly-owned subsidiaries of the Company, and the supervisor of 北京冰雪品牌管理有限公司 (Beijing Icicle Brand Management Company Limited* ("Icicle Beijing")), an indirect wholly-owned subsidiary of the Company. In addition, Ms. Bonnie Chan Woo is the sole shareholder and a director of Explorer Vantage which is the controlling Shareholder.

* *for identification purpose only*

Non-Executive Director

Mr. Chow Sai Yiu Evan ("Mr. Evan Chow"), aged 37, has been a director of the Group since June 2013 and was appointed as the non-executive Director on 20 January 2017. Mr. Evan Chow is primarily responsible for a consultative role in matters concerning the Group and will not be involved in the day-to-day management of the Group. Mr. Evan Chow is the ultimate beneficial owner of Hertford Global Limited ("Hertford Global"), who has been the long-term strategic investor of the Group since June 2013. Mr. Evan Chow graduated magna cum laude from Brown University in May 2004 receiving a Bachelor of Arts degree, with concentrations in Applied Mathematics-Economics and in Public and Private Sector Organizations and received departmental honors as well as being selected to Phi Beta Kappa in April 2004. Since graduation, Mr. Evan Chow has built over 13 years of experience in corporate finance and private equity investment. During the period between 2004 and 2009, Mr. Evan Chow has served various financial institutions in Hong Kong, including Citigroup Global Markets Asia Limited and Lehman Brothers Asia Limited. From April 2010 to December 2015, Mr. Evan Chow has acted as a director of a number of institutions registered under the Securities and Futures Ordinance (the "SFO") and since March 2013 he has been the managing director of MCL Financial Group Limited, a financial service provider. Apart from his career, Mr. Evan Chow is also involved in charity and social services. He is a committee member of Centum Charitas Foundation and a member of Young Presidents' Organization. Mr. Evan Chow is also a director of Icicle Group and Hertford Global which is one of the substantial shareholders of the Company.

Independent Non-Executive Directors

Mr. Ip Arnold Tin Chee ("Mr. Arnold Ip"), aged 57, was appointed as the independent non-executive Director on 16 November 2017 and is responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard conduct of the Company. He was appointed as the chairman of the audit committee ("Audit Committee") and member of the nomination committee ("Nomination Committee") and remuneration committee ("Remuneration Committee") of the Company on 8 December 2017. Mr. Arnold Ip earned his Bachelor of Arts degree and Master of Arts degree from the University of Cambridge in the United Kingdom in June 1984 and November 1988, respectively. Mr. Arnold Ip was also formerly a director at Standard Chartered Asia Limited. Mr. Arnold Ip also served Yuanta Securities (Hong Kong) Company Limited and had been a director until January 2001. In September 2000, Mr. Arnold Ip founded the group to which Altus Holdings Limited (stock code: 8149.hk) belongs. Mr. Arnold Ip is a founding member of the management team of several funds, part of which subsequently formed Saizen REIT, a real estate investment trust listed on the Singapore Exchange Securities Trading Limited from November 2007 to October 2017. Mr. Arnold Ip is currently licensed by the Securities and Futures Commission of Hong Kong (the "SFC") to act as a responsible officer to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He is also a principal of Altus Capital Limited, a corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He was admitted to membership of The Institute of Chartered Accountants in England and Wales in July 1988.

Mr. Arnold Ip's directorships in other companies listed on the Stock Exchange are set out below:

Name of company	Stock code	Position	Length of service
Pioneer Global Group Limited	0224	Independent non-executive director	23 June 1999 to present
Pak Fah Yeow International Limited	0239	Independent non-executive director	8 September 2004 to present
Sam Woo Construction Group Limited	3822	Independent non-executive director	15 September 2014 to present
Altus Holdings Limited	8149	Executive director	14 December 2015 to present

Mr. Hung Alan Hing Lun ("Mr. Alan Hung"), aged 45, was appointed as the independent non-executive Director on 3 April 2017 and is responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard conduct of the Company. He was appointed as the chairman of the Remuneration Committee and members of the Audit Committee and Nomination Committee on 8 December 2017. Mr. Alan Hung has over 21 years of experience in the finance and investment industry. He started his career as an equity analyst at Credit Lyonnais Securities (Asia) Limited (now known as CITIC CLSA Capital Markets Limited) from February 1997 to April 1999. Thereafter, he co-founded Trading Guru Securities Limited (now known as Orient Securities Limited) and acted as its chairman overseeing the entire operation from or around May 1999 to July 2004. Mr. Alan Hung joined Kennen Investment Holdings Limited as a director overseeing investment projects in the PRC from January 2005 to January 2012. He is the co-founder of Keial Investment Holdings Limited overseeing the direction and investments since January 2012. Mr. Alan Hung earned his Bachelor of Arts Degree with honours from Brown University with concentrations in history and organization, behavior and management (OBM) in May 1997. He is a Chartered financial analyst and a certified member of the institute of Certified Management Accountants of Australia.

Mr. Man Ka Ho Donald ("Mr. Donald Man"), aged 42, was appointed as the independent non-executive Director on 16 November 2017 and is responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard conduct of the Company. He was appointed as the chairman of the Nomination Committee and member of our Audit Committee and Remuneration Committee on 8 December 2017. Mr. Donald Man earned his Bachelor of Science degree in Business Studies from The City University London, now known as the City, University of London, in United Kingdom in July 1998. Mr. Donald Man was admitted as a solicitor of the Supreme Court of England and Wales since September 2003 and has over 15 years of experience in the legal field. He is currently a registered foreign lawyer at Ince & Co's Hong Kong office since November 2011. Mr. Donald Man has been an independent non-executive director of Kiddieland International Limited (stock code: 3830) since 31 August 2017.

Senior Management

Ms. Chan Sze Wan Stephenie ("Ms. Chan"), aged 45, joined the Group in January 2018 and is currently the vice president, finance and operations. Ms. Chan is responsible for overseeing the finance and operation functions of the Group and assisting the Group in strategic planning, internal control, investor relations, corporate governance and regulatory compliance. Ms. Chan possesses over 19 years of experience in the accounting and auditing industry accumulated from working for various international accounting firms. Ms. Chan earned a master's degree in arts majoring in international accounting and a master's degree in science majoring in finance, respectively, from City University of Hong Kong, in November 2005 and November 2007, respectively. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Mr. Chang David Qi ("Mr. Chang"), aged 34, joined the Group in August 2019 and is currently the Head of Strategic Ventures. Mr. Chang is primarily responsible for leading the media and e-commerce business of the Group and assisting in strategic planning of the Group. Mr. Chang is a startup executive with 11 years of experience in scaling and leading consumer technology businesses in Asia. Previously, he was the chief marketing officer of Althea (ASEAN's largest Korean beauty e-commerce website). He worked at Genting Berhard, LivingSocial, Rocket Internet, and The ONION. Mr. Chang earned a bachelor degree in finance and marketing at the University of Minnesota.

Ms. Cheung Suet Fun ("Ms. Cheung"), aged 46, joined the Group since February 1998 and is currently the senior director, business and project management. She is primarily responsible for overseeing all revenue channels and business activities, supervising and managing the operation team of the Group. Ms. Cheung has been serving the Group for more than 19 years, witnessing our transformation from a print management company to a marketing production company. She earned a diploma in design (visual communication) from Institute of Vocational Education (Lee Wai Lee Technical Institute) in August 1995. Ms. Cheung is also a director of Icicle Production, Icicle Print Management and Icicle Beijing.

Ms. Vachani Anita ("Ms. Vachani"), aged 46, joined the Group in January 2018 and is currently the head of digital. She is responsible for growing the overall digital capability of the Group. Anita possess 9 years of experience in impactful digital business transformation. Ms. Vachani earned a Postgraduate Certificate in Laws at The University of Hong Kong in 1996 and a Bachelor of Laws at The University of Hong Kong in 1995.

Mr. Chan Wai Ngai ("Mr. Chan"), aged 46, joined the Group since May 2005 and is currently the director, printing, packaging and sourcing. He is primarily responsible for supervising and managing our sourcing team. Mr. Chan has been serving the Group for over 13 years and has participated in the development of the Group. Prior to joining the Group, Mr. Chan gained his experience in the printing industry from working in a printing company in Hong Kong for approximately eight years. He graduated from a secondary school in Hong Kong in 1994.

Mr. Wong Tik Lam ("Mr. Wong"), aged 41, joined the Group since June 2006 and is currently the director, business development. He is primarily responsible for formulating business development plans in Hong Kong and supervising and managing our business development team in Hong Kong. Prior to joining the Group, Mr. Wong gained his experience in consultant services for approximately six years. Mr. Wong earned a Higher Diploma in Hotel and Tourism Management from the Swiss School of Hotel and Tourism Management in Switzerland in May 1999 and a Bachelor of Arts degree in Hotel and Hospitality Management from the University of Strathclyde in Glasgow, United Kingdom in June 2004.

Mr. Lam Chi Fung ("Mr. Lam"), aged 38, joined the Group since June 2007 and is currently the associate director, talent and office management. He is primarily responsible for supervising and managing our talent acquisition and infrastructure teams. Mr. Lam earned a Bachelor of Science degree in Information Systems from Anglia Polytechnic University in United Kingdom in 2004 and a Master of Science in Information System Management from Hong Kong University of Science and Technology — School of Business and Management in 2010.

Compliance Officer

Ms. Bonnie Chan Woo has been appointed as the compliance officer of our Company. Her biographical details are set out in section headed "Directors and Senior Management" in this report.

Company Secretary

Ms. Tsui Sum Yi ("Ms. Tsui"), was appointed as the company secretary of the Company (the"Company Secretary") on 3 April 2017. Ms. Tsui is currently a manager, Corporate Services, at Vistra (Hong Kong) Limited, where she is responsible to provide a full range of company secretarial and compliance services to listed and private companies. Ms. Tsui earned her bachelor of business administration degree in corporate administration and a master of corporate governance degree from the Open University of Hong Kong in June 2010 and June 2013, respectively. Ms. Tsui is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries. Ms. Tsui has over 10 years of company secretarial experience. Ms. Tsui does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Ms. Tsui as the Company Secretary.

CORPORATE GOVERNANCE REPORT

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.

Board of Directors

Composition

As at the date of this annual report, the composition of the Board is as follows:

Executive Director
Ms. Bonnie Chan Woo *(Chairperson and CEO)*

Non-executive Director
Mr. Evan Chow

Independent non-executive Directors
Mr. Arnold Ip
Mr. Alan Hung
Mr. Donald Man

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the various guidelines set out in Rule 5.09 of the GEM Listing Rules.

The biographical details of all Directors are set out in the section "Directors and Senior Management" of this annual report. To the best of knowledge of the Company, there are no financial, business, family or other material or relevant relationships among members of the Board. With the various experience of the Directors and the nature of the Group's business, the Board considers that the Directors have a balance of skills and experience for the business of the Group.

Responsibilities

Responsibilities of the Board include but are not limited to (i) convening meetings of the Shareholders, reporting on the Board's work at these meetings, implementing the Shareholders' resolutions passed at these meetings; (ii) determining business operation, financial, capital and investment plans; (iii) determining internal management structure, setting down fundamental management rules; (iv) appointing and discharging members of senior management, determining Directors' remuneration and formulating the proposals for profit distributions and for the increase or reduction of registered capital; and (v) taking responsibilities pursuant to the relevant laws, regulation and the Articles of Association of the Company (the "Articles"). Pursuant to the code provision A.1.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules, the Board should meet regularly and board meetings should be at least four times every year at approximately quarterly intervals. The Board is also responsible for the corporate governance functions under code provision D.3.1 of the CG Code. The Board has reviewed and discussed the corporate governance policy of the Group, and was satisfied with the performance of the corporate governance policy.

The Board supervises the management of the business and affairs of the Company following the Board's formulated business strategies to ensure they are managed in the best interests of the Shareholders and the Company as a whole while taking into account the interest of other stakeholders. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management reports to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group in sufficient details.

Appointment, Re-election and Removal of Directors

Each of the executive Director, non-executive Director and independent non-executive Directors of the Company has entered into a service contract or letter of appointment with the Company for a specific term. The non-executive Director and independent non-executive Directors have been initially appointed for a term of three years and automatically extended for successive term of one year upon the expiry of the current term unless and until it is terminated by either the Company or such Director. The term of appointment of each Director is subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles and the GEM Listing Rules.

Pursuant to the Articles, one-third of all Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation and re-election at each annual general meeting at least once every three years.

The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

The Company may, in accordance with the Articles, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles or in any agreement between the Company and such Director.

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

The Company received from the Directors the following records of the training attended during the year ended 31 December 2019.

Name of Directors	Type of trainings
Executive Director	
Ms. Bonnie Chan Woo *(Chairperson and CEO)*	A, B
Non-executive Director	
Mr. Evan Chow	A, B
Independent non-executive Directors	
Mr. Arnold Ip	A, B
Mr. Alan Hung	A, B
Mr. Donald Man	A, B

A: attending seminars/conference/forums

B: reading relevant materials in relation to the business of the Group, directors' duties, latest development of the GEM Listing Rules and other applicable regulatory requirements.

Board Committees

The Board has established three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available on the Company's website (www.iciclegroup.com) and the Stock Exchange's website (www.hkexnews.hk).

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. Arnold Ip, Mr. Alan Hung and Mr. Donald Man, Mr. Arnold Ip is the chairman of the Audit Committee.

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

In addition, the Audit Committee is also responsible for the initial establishment and the maintenance of the framework of internal controls and ethical standards for the Group's management.

During the year, four Audit Committee meetings were held, among other things, to review and consider the followings:

— the quarterly, interim and annual financial statements, reports and results announcements for presentation to the Board for approval;

— the risk management and internal control system and appointment of outsourced internal auditor for the internal audit function of the Group;

— the audit plan, scope of work, remuneration and re-appointment of external auditor;

— the continuing connected transactions entered the Group; and

— the Company policies and practices on corporate governance and its compliance.

Remuneration Committee

The Remuneration Committee has been established on 16 November 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Remuneration Committee comprises of one executive Director, Ms. Bonnie Chan Woo, and three independent non-executive Directors, namely Mr. Arnold Ip, Mr. Alan Hung and Mr. Donald Man. Mr. Alan Hung is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management, and to establish a formal and transparent procedure for developing policy in relation to remuneration.

During the year, one Remuneration Committee meeting was held, among other things, to review and consider the followings:

— the policy and structure for the remuneration of the Directors and senior management; and

— the remuneration of the Directors and senior management.

The remuneration of the senior management of the Group by band for the year ended 31 December 2019 is set out below:

Remuneration band	Number of senior management
HK$1 to HK$1,000,000	7

Nomination Committee

The Nomination Committee has been established on 16 November 2017 with written terms of reference in compliance with paragraph A.5 of the CG code as set out in Appendix 15 to the GEM Listing Rules. The Nomination Committee comprises of one executive Director, Ms. Bonnie Chan Woo, and three independent non-executive Directors, namely Mr. Arnold Ip, Mr. Alan Hung and Mr. Donald Man. Mr. Donald Man is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition and diversity of the Board and make recommendations to the Board on the appointment of the Directors and management of Board successions.

During the year, one Nomination Committee meeting was held, among other things, to review and consider the followings:

— the Board structure, size, composition and Board diversity (including skills, knowledge and experience etc.);

— the effectiveness of the board diversity policy and the nomination policy;

— the independence of independent non-executive directors; and

— the retirement and re-nomination of directors for re-election at the forthcoming annual general meeting of the Company (the "AGM").

Corporate Governance Function

The Board is responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The Board reviews the disclosures in the corporate governance report to ensure compliance.

The Board's responsibility in this regard includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Attendance Records of Meetings

The attendance of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting and general meeting during the year is set out in the following table:

	Board Meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Number of meetings held during the year	5	4	2	1	1
Name of Directors	**Number of meetings attended/Number of meetings entitled to attend**				
Executive Director					
Ms. Bonnie Chan Woo	5/5	—	1/2	1/1	1/1
Non-executive Director					
Mr. Evan Chow	5/5	—	—	—	1/1
Independent non-executive Directors					
Mr. Arnold Ip	5/5	4/4	2/2	1/1	1/1
Mr. Alan Hung	5/5	4/4	2/2	1/1	1/1
Mr. Donald Man	5/5	4/4	2/2	1/1	1/1

Board Diversity Policy

The Board has adopted a board diversity policy ("Board Diversity Policy") which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company. In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

During the year, the Board comprises five Directors, one of which is a female. The following tables further illustrate the diversity profile of the Board members as at 31 December 2019:

Name of Director	Age Group 30 to 39	 40 to 49	 50 to 59
Ms. Bonnie Chan Woo		✓	
Mr. Evan Chow	✓		
Mr. Arnold Ip			✓
Mr. Alan Hung		✓	
Mr. Donald Man		✓	

Name of Director	Accountancy	Education Background Business	 Law	 Others
Ms. Bonnie Chan Woo		✓		✓
Mr. Evan Chow		✓		✓
Mr. Arnold Ip	✓			✓
Mr. Alan Hung		✓		✓
Mr. Donald Man		✓	✓	

Name of Director	Finance	Professional Experience Law	 Marketing	 Public Service
Ms. Bonnie Chan Woo	✓		✓	✓
Mr. Evan Chow	✓			✓
Mr. Arnold Ip	✓			
Mr. Alan Hung	✓			
Mr. Donald Man		✓		

Each of the Board members possessed different knowledge and professional experience, including finance, law, marketing and public service. The Board is characterised by significant diversity in terms of gender, age, education background and professional experience.

Nomination Policy

The Board has adopted a nomination policy ("Nomination Policy") which provides a framework and sets standards for the appointment of high quality directors who should have the capacity and ability to lead the Company towards achieving sustainable development. The Company aims to achieve a balance of experience and skills amongst its directors. Factors including qualification, experience, skills, abilities and attributes as well as the factors of diversity would be used as reference in assessing the suitability of a proposed candidate. The qualification and experience of the Directors are set out in the section headed "Directors and Senior Management".

Nomination Procedures

Nomination Committee identifies candidate(s) suitably qualified to become Board members, having regard to the Nomination Policy and the Board Diversity Policy of the Company, the Articles and the GEM Listing Rules; and recommendations are made to the full Board for appointment. Details of the appointment of Directors are set out in the section headed "Appointment, Re-election and Removal of Directors" in this report. The Board has the ultimate responsibility on all matters relating to its selection and appointment of Directors.

Accountability and Audit

Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process. In preparing the consolidated financial statements for the year ended 31 December 2019, the Board has selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditor's Remuneration

During the year ended 31 December 2019, the remuneration paid or payable to the Company's auditor, Messrs. Moore Stephens CPA Limited ("Moore Hong Kong"), in respect of their audit and non-audit services was as follows:

	HK$
Audit services	450,000
Non-audit services	—
Total	450,000

Company Secretary

The Company has appointed, externally, Ms. Tsui as the company secretary of the Company. Her biographical details are set out in the section "Directors and Senior Management" of this annual report. During the year ended 31 December 2019, Ms. Tsui has confirmed that she has taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules. Ms. Tsui's primary contact with the Company is Ms. Chan, the vice president, finance and operations of the Company.

Internal Control and Risk Management

The Board acknowledged its overall responsibility to ensure that sound and effective risk management and internal controls are maintained, while the senior management is charged with the responsibility to design and implement an internal controls system to manage risks. A sound system of risk management and internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal Controls

The Group has maintained internal control policies to provide sufficient guidelines for the management staff and employees of the Company to work efficiently under a standardised work procedure. The internal control policies cover various operating processes from risk assessment, financial reporting, cost management, pricing for projects, staff recruitment and training to IT system control. The internal control system is generally overseen by the executive Director and senior management. During the year, the Group has outsourced its internal audit function to an independent external consulting firm to review the effectiveness of the Group's internal control measures. Such internal control audits covered periods of 12 months preceding the start of the audit cycle, and focuses on three critical processes of the Group. This can ensure the internal control system can be reviewed at least once on an annual basis as well. The reports, findings, and their corresponding management's response are presented to the Audit Committee for its review and approval. The Audit Committee would make the necessary recommendations to the Board to ensure the internal control system functions properly and is in place.

Risk Management

In the course of conducting the business of the Group, the Company is exposed to various types of risks, including business risks, financial risks, operation and other risks. The Board is ultimately responsible for the risk management of the Group. At operational level, a risk management team is in place to carry out risk identification, risk evaluation and its management procedures. The risk management team consists of the senior management. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses. The risk management process of the Group would involve, among others, (i) a quarterly risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) a quarterly review of the implementation of the risk management plans and fine tune when necessary. During the year, the Audit Committee reviewed the effectiveness of the internal control and risk management systems of the Company. The Board, through the review made by the Audit Committee, considered that the internal control and risk management processes of the Group were effective and adequate for the year ended 31 December 2019.

Procedures and Internal Controls for Handling and Dissemination of Insider Information

In handing and dissemination of inside information, the Group:

— will conduct immediate dissemination once inside information is available and/or respective decision is made, except the inside information falling into the Safe Harbours of SFC that allow non-disclosure;

— complies with applicable laws, rules and guidelines on disclosure of inside information issued by SFC;

— decides and implements monitoring procedures regarding dissemination of inside information; and

— communicates with relevant persons about corporate information disclosure practices with respective training.

Shareholders' Rights

Rights to convene Extraordinary General Meeting

As one of the measures to safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant Shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company or by such Shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to the Articles. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal place of business of the Company in Hong Kong.

Procedures for a Shareholder of the Company to propose a person for election as a Director

Subject to the Articles and the Companies Law of the Cayman Islands (as amended from time to time), the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.

Article 113 of the Articles provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the Head Office (as defined in the Articles) or at the Registration Office (as defined in the Articles). The period for lodgment of the notices required under this Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served at the Company's principal place of business in Hong Kong at Unit 4, 12/F, 18 King Wah Road, North Point, Hong Kong or at the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, including (i) a notice signed by the Shareholder for which such notice is given of his/her intention to propose a candidate for election; and (ii) a notice signed by the proposed candidate of the candidate's willingness to be elected together with (a) that candidate's information as required to be disclosed under Rule 17.50(2) of the GEM Listing Rules, and (b) the candidate's written consent to the publication of his/her personal data.

Right to Put Enquires to the Board

Shareholders have the right to put their enquiries about the Company to the Board. Shareholders could send their enquiries to Unit 4, 12/F, 18 King Wah Road, North Point, Hong Kong.

Investors Relations

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of quarterly, interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

Change in Constitutional Documents

There were no significant changes in the constitutional documents of the Company for the year ended 31 December 2019.

REPORT OF DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

Listing on the GEM of the Stock Exchange and Reorganisation

The Company was incorporated in the Cayman Islands on 20 January 2017 as an exempted company with limited liability. In preparation for the Listing of the Company's Shares on GEM of the Stock Exchange by way of Share Offer, the Group underwent the Corporate Reorganisation in 2017. Pursuant to the Corporate Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Corporate Reorganisation are set out in the section headed "History, reorganisation and corporate structure" of the Prospectus. On 8 December 2017, the Shares were listed on GEM of the Stock Exchange.

Principal Activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements.

Geographical Analysis of Operations

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 December 2019 is set out in Note 7 to the consolidated financial statements.

Business Review

A business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, can be found in the Management Discussion and Analysis set out on pages 7 to 16 of this annual report. In addition, an indication of likely future developments in the Group's business and stakeholder relationship can be found in "Letter from Bonnie Chan Woo to Icicle Investors" and "Environmental, Social and Governance Report" of this annual report on pages 4 to 5 and pages 45 to 56, respectively. Details of the Group's environmental policies and compliance with laws and regulations can be found in the Environmental, Social and Governance Report set out on pages 45 to 56 of this annual report. The discussion and the report form part of this report of the Directors.

Key Performance Indicators ("KPIs") with the Strategy of the Group

An analysis of the Group's performance during the year using financial KPIs is provided in the section headed "Management Discussion and Analysis — Financial Review" on pages 8 to 12 of this annual report and in Note 7 to the consolidated financial statements.

Principal Risk and Uncertainties

Details of principal risks and uncertainties are set out in the section headed "Management Discussion and Analysis" of this annual report on page 14.

Dividend Policy

The Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the Group records a profit after tax and such declaration and distribution of dividends does not affect the normal operations of the Group. The declaration of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, among other things, the Group's operations, earnings, cash flows, financial condition, capital requirements, statutory reserve requirements, capital expenditure and future development requirements and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands, the Articles and the Shareholders.

Financial Performance and Appropriations

The Group's financial performance for the year ended 31 December 2019 is set out in the consolidated statement of comprehensive income on page 62 of this annual report.

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 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.

Deed of Non-Competition

The Deed of Non-Competition dated 16 November 2017 (as defined in the Prospectus) became effective from the date of Listing. The Controlling Shareholders (as defined in the Prospectus) have confirmed that, save as disclosed in this annual report, at any time during the year ended 31 December 2019, they have not whether as principal or agent and whether undertaken directly or indirectly (including through any close associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) and whether for profit or otherwise, carry on, participate or be interested, engage or otherwise be involved in or acquire or hold shares or interests in any business which is in competition, directly or indirectly, or is likely to be in competition, directly or indirectly, with the business of marketing production services referred to in the Prospectus that is carried on by the Group in Hong Kong, the PRC and such other territories that the Group may conduct or carry on business from time to time. The Controlling Shareholders have also confirmed that they have fully complied with the undertakings contemplated under the Deed of Non-Competition during the year ended 31 December 2019.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for the year ended 31 December 2019. The independent non-executive Directors have reviewed the Controlling Shareholders compliance with the Deed of Non-Competition for the year ended 31 December 2019.

Five Year Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Prospectus of the Company, is set out on page 132 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

Shares Capital

As at 31 December 2019, the Company's issued share capital was HK$4,800,000 and the number of its issued ordinary shares was 480,000,000 of HK$0.01 each.

There was no movements in the Company's share capital during the year ended 31 December 2019.

Distributable Reserves of the Company

As at 31 December 2019, the Company's reserves available for distribution to the Shareholders amounted to approximately HK$67,642,000 (2018: HK$70,310,000).

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

Tax Relief and Exemption of Holders of Listed Securities

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year 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.

Major Customers and Suppliers

The Group's largest customer contributed approximately 34.1% (2018: 24.7%) of the total revenue for the year while the Group's five largest customers accounted for approximately 73.0% (2018: 70.6%) of the total revenue for the year. The Group's largest supplier contributed approximately 24.9% (2018: 25.0%) of the aggregation of cost of services (including outsourced project costs and materials and consumables) for the year while the Group's five largest suppliers accounted for approximately 56.5% (2018: 58.1%) of the aggregation of cost of services (including outsourced project costs and materials and consumables) for the year. To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the GEM Listing Rules) or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

Share Option Scheme

Icicle Group adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") on 4 March 2014, for the purpose of providing incentive or rewards to the eligible participants of Icicle Group and its subsidiaries (collectively, the "IG Group") who contribute to the success of the Group's operations.

According to the terms and conditions of the share options granted, the share options should vest when IG Group is able to achieve certain performance target for the years ended 31 December 2014 and 2015 and service condition. During the year and prior years, no share option under the Pre-IPO Share Option Scheme was vested. On 16 March 2017, the grantees signed cancellation letters, agreed to cancel all share options held by them. Pursuant to the written resolution of directors and then shareholders of Icicle Group on 16 March 2017, the directors and then shareholders of Icicle Group agreed to terminate the Pre-IPO Share Option Scheme.

The Share Option Scheme was adopted and approved by the then Shareholders on 16 November 2017. No share option has been granted pursuant to the Share Option Scheme since its adoption.

The following is a summary of the principal terms of the Share Option Scheme. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group.

Eligible participants of the Share Option Scheme include:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants, agents, customers and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 48,000,000 Shares, representing 10% of the issued share capital of the Company. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date.

Upon acceptance of an option to subscribe for Shares granted pursuant to the Share Option Scheme (the "Option"), the eligible participant shall pay HK$1.00 to the Company as consideration for the grant. The subscription price of a Share in respect of the Option granted shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the Options, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the Options; and

(iii) the nominal value of a Share.

Directors

The Directors during the year ended 31 December 2019 and up to the date of this report were:

Executive Director

Ms. Bonnie Chan Woo *(Chairperson and CEO)*

Non-executive Director

Mr. Evan Chow

Independent non-executive Directors

Mr. Arnold Ip
Mr. Alan Hung
Mr. Donald Man

Pursuant to the Articles, one-third of the Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Biographies of Directors and Senior Management

The biographies of the Directors and senior management are set out in the section "Directors and Senior Management" of this annual report.

Change in the Director's Information Pursuant to Rule 17.50A(1) of The GEM Listing Rules

The change in the Director's information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

- The monthly salary of Ms. Bonnie Chan Woo is adjusted to HK$40,000 with effect from 1 December 2019.

Directors' Service Contracts

The executive Director has entered into a service agreement with the Company for an initial term of three years commencing from the date of Listing unless terminated by not less than three months prior written notice or otherwise in accordance with the service agreement. The non-executive Director and independent non-executive Directors have each signed a letter of appointment with the Company for an initial term of three years subject to early removal from office, retirement and re-election provisions in accordance with the Articles. None of the Directors (including those proposed for re-election at the forthcoming AGM) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2019.

Independent Non-Executive Directors' Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence. The Nomination Committee has assessed the independence of the independent non-executive Directors and affirmed that all independent non-executive Directors remained independent.

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

As at 31 December 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 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 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	Capacity	Number of share(s) held[1]	Shareholding percentage
Ms. Bonnie Chan Woo	Explorer Vantage[2]	Beneficial owner	1 (L)	100%
	Papercom Limited ("Papercom")[3]	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. Papercom is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 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:

(a) Interests in the Shares of the Company

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

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo.

3. Hertford Global was incorporated in the BVI and is beneficially and wholly-owned by Mr. Evan Chow.

4. Mr. Darrin Woo is the spouse of Ms. Bonnie Chan Woo. By virtue of the SFO, Mr. Darrin Woo is deemed to be interested in the Shares which are interested by Ms. Bonnie Chan Woo.

Save as disclosed above, as at 31 December 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.

Rights to Acquire Shares or Debentures

Saved as disclosed above, at no time during the year ended 31 December 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 and in the section "Share Option Scheme" of this annual report, at no time during the year ended 31 December 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).

Equity-Linked Agreements

Save for the Share Option Scheme, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

Directors' Interest in Competing Business

During the year 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 (prior to completion of the Corporate Reorganisation) 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.

Directors' Interests in Transaction, Arrangement or Contracts of Significance

Save as disclosed in Note 34 to the consolidated financial statements, there were no other transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

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

On 20 August 2018, 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.

Contracts of Significance with Controlling Shareholders

During the year ended 31 December 2019, save as mentioned in the sections "Related Party Transactions", "Connected Transactions" and "Continuing Connected Transactions", there had been no contract of significance between the Company or any of its subsidiaries and a Controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

Related Party Transactions

Details of the related party transactions of the Group for the year ended 31 December 2019 are set out in Note 34 to the consolidated financial statements. Save as mentioned in the section "Connected Transactions" and "Continuing Connected Transactions" below, other related party transactions did not constitute connected transactions and continuing connected transactions under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Connected Transactions

During the year ended 31 December 2019, the Group had entered certain transactions with the connected persons which constituted connected transactions exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Subscription of equity interest in WomanBoss

Details of this transaction is set out in the "Management Discussion and Analysis" section on page 7 of this annual report and in Note 28 to the consolidated financial statements.

Acquisition of Studio SV

Details of this transaction is set out in the "Management Discussion and Analysis" section on page 8 of this annual report and in Note 29 to the consolidated financial statements.

Continuing Connected Transactions

During the year ended 31 December 2019, certain transactions entered into by the Group with the connected persons (as defined below) constituted continuing connected transactions (the "CCTs") exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules are as follows:

Continuing connected transactions	**Connected Persons**	**Annual cap**	**Actual amount for the year ended 31 December 2019**	**Note**
Print-on-demand production management and administrative services	NewspaperDirect Limited ("NewspaperDirect")	HK$1,200,000	HK$447,284	(i)
Marketing and video production services	Studio SV	HK$3,000,000	HK$166,138	(ii)

Notes:

(i) NewspaperDirect is a company owned by Mr. Darrin Woo, the spouse of Ms. Bonnie Chan Woo, the Chairperson, CEO, executive Director and a Controlling Shareholder, as to 51%. Accordingly, NewspaperDirect, being an associate of Ms. Bonnie Chan Woo, is a connected person of our Company upon Listing under Rule 20.07(4) of the GEM Listing Rules.

NewspaperDirect is principally engaged in the distribution of out-of-market newspapers. The Group has been providing, among other things, print-on-demand production management and administrative services to NewspaperDirect. On 16 November 2017, the Group entered into a service agreement with NewspaperDirect, pursuant to which the Group has agreed to provide the print-on-demand production management and administrative services to NewspaperDirect for a term commencing from the Listing to 31 December 2019.

(ii) Studio SV a company previously owned as to 50% by Explorer Vantage and thus indirectly 50% owned by Ms. Bonnie Chan Woo, the Chairperson, CEO, executive Director and a Controlling Shareholder. Upon subscription by the Group in December 2019, the shareholding held by Explorer Vantage decreased to 22.2%. Accordingly, Studio SV, being an associate of Ms. Bonnie Chan Woo, is a connected person of our Company upon Listing under Rule 20.07(4) of the GEM Listing Rules.

Studio SV is principally engaged in the business of creating, producing, financing, licencing original TV content, format and intellectual property rights for a global market. The Group has been providing marketing and video production services to Studio SV. On 16 November 2017, the Group entered into a service agreement with Studio SV, pursuant to which the Group has agreed to provide the marketing and video production services to Studio SV for a term commencing from the Listing to 31 December 2019.

Review of Continuing Connected Transactions by Independent Non-Executive Directors

In compliance with Rule 20.53 of the GEM Listing Rules, the independent non-executive Directors have reviewed the CCTs and confirmed that the CCTs have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(3) according to the agreements governing them on the terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Assurance Engagement on Continuing Connected Transactions

In compliance with Rule 20.54 of the GEM Listing Rules, the Company has engaged its auditor, Moore Hong Kong, to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740, *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the HKICPA. Moore Hong Kong has issued an unqualified letter containing its work and conclusion in respect of the continuing connected transactions disclosed by the Group in the annual report in accordance with Rule 20.54 of the GEM Listing Rules.

Corporate Governance

The Company has complied with all applicable principles and the code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules during the Period (except for the deviation from CG code provision A.2.1).

Details of the Company's corporate governance practices are set out in the section "Corporate Governance Report" of this annual report.

Environmental, Social and Governance

The Group is committed to support environmental protection to ensure business development and sustainability. The Group has implemented green office practices to reduce the consumption of energy and natural resources. These practices include the use of recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible.

The Environmental, Social and Governance Report are set out in the section headed as the same in this annual report.

Compliance with Relevant Laws and Regulations and Relationships with Key Shareholders

The Company has complied with all applicable laws and regulations in all material respects and maintained good relationship with its customers, suppliers, employees and investors. During the year ended 31 December 2019, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

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.

Permitted Indemnity Provisions

The Articles provide that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or willful defaults.

The Company has arranged for appropriate insurance coverage in respect of potential legal actions against its Directors and senior management.

Emolument Policy

The remuneration policy of the Group is to reward its employees and executives based on, among other things, the Group's operating results, individual performance and comparable market statistics. Remuneration package typically comprises of salaries, contribution to pension schemes and discretionary bonuses.

The Remuneration Committee will review annually the remuneration of all the Directors to ensure that it is attractive enough to attract and retain a competent team of executive members. The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group.

Retirement Benefits Plan

Details of retirement benefits plan of the Group for the year ended 31 December 2019 are set out in Note 5.13(ii) to the consolidated financial statements.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the Directors' remuneration and the five highest paid individuals for the year ended 31 December 2019 are set out in Note 11 to the consolidated financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of at least 25% of the issued Shares as at the latest practicable date prior to the issue of this annual report as required under the GEM Listing Rules.

Event after the Reporting Period

Saved as disclosed in Note 40 to the consolidated financial statements, the Group has no other significant events after the reporting period.

Auditor

Moore Hong Kong will retire, and being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

There has been no change of auditor of the Company since the Listing Date.

By order of the Board
Woo Chan Tak Chi Bonnie
Chairperson and Chief Executive Officer

Hong Kong, 24 March 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

This report is prepared based on the Environmental, Social and Governance ("ESG") Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 20 of the GEM Listing Rules issued by the Stock Exchange. This ESG report complies with the "comply or explain" provisions set out in the ESG Reporting Guide for the financial year ended 31 December 2019 by making general disclosures on environmental and social information and environmental key performance indicators ("KPIs") which are considered to be relevant and material to the Group's businesses and operations.

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for "comply or explain" provisions that the Group believes are inapplicable to its operations, for which explanations have been given in the said index, the Group has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide during the year.

ESG Governance

The Group's success relies on the support of major stakeholders and is committed to promoting sustainable development of the business to create long term value for the major stakeholders including shareholders, clients, employees, vendors, regulators and the general public as well as the environment. The Group concerns about the environmental, social and governance impacts when conducting business operation. While making effort to pursue sustainable growth of the business, the Group strives to balance the interests of all stakeholders.

To be environmentally and socially responsible, the Group has established policies and procedures ("ESG Policies") for administering efficient use of resources and manpower, energy saving and waste reduction. We strive to provide a safe and healthy workplace for our employees and conserve the environment for the benefit of the community. We encourage environmental protection and promote awareness towards environmental protection to the employees.

The Board has the overall responsibility for monitoring and reviewing corporate governance practices across the Group and directs the overall strategy and development of the Group's operations and business. The senior management of the Group oversees the day-to-day compliance of ESG Policies, identifies and addresses ESG-related risks and communicates with the Board to ensure appropriate and effective ESG risk management and control systems are in place.

Scope of the Report

The scope of this ESG report covers the marketing production services in Hong Kong and provides ESG information related to the production site directly controlled by the Group, and its Hong Kong office. The reporting period of this report covers the financial year of 2019 (from 1 January 2019 to 31 December 2019), which is the same as the reporting period of the Group's annual report. ESG data from our vendors or service providers is not included as such data is difficult to verify with available resources.

Materiality Assessment

Stakeholders Engagement

The Group maintains ongoing communication with stakeholders which helps to understand the expectations of the stakeholders, and facilitates the Group to actively respond to them in a timely manner.

Major Stakeholders	Expectations	Communication Channels
Government and Regulators	— Laws and regulations compliance	— Supervision on comply with local laws and regulations
Shareholders	— Good corporate governance — Sustainable growth and profitability	— Reports, announcements and other publications — Annual general meetings — Company website
Clients	— High-quality products and services — Cost-effectiveness — Information confidentiality	— Email — Company website — Customer communication meetings
Employees	— Employee benefits improvement — Career development — Occupational health and safety	— Employee activities — Performance appraisals — Training
Environment	— Natural resources saving — Waste and pollution reduction	— ESG reporting
Society	— Anti-corruption — Community involvement	— Charity events
Material and service suppliers	— Continuous engagement — Timely settlement of payment	— Supplier assessment — meetings and correspondences

Having considered the Group's operations and evaluated the stakeholders' expectations, we have identified the following areas of concern for reporting.

As a marketing production company headquartered in Hong Kong with a focus on printing, packaging and sourcing business, we have identified the following areas of concern from the stakeholders' perspectives:

Environment

- Use of sustainable raw materials
- Environmental impact of the production process
- Energy use efficiency

Social Responsibility

- Protection of minors and provision of fair employment opportunities
- Employee compensation and benefits
- Health and safety in the working environment
- Training and career advancement opportunities
- Pleasant working environment

Governance

- Ethical conduct with business partners
- Protection of clients' confidential data
- Prevention and reporting of misconduct

Environment

The Group strives to uphold the spirit of creating and maintaining a clean and safe environment. It is our environmental policy to have full compliance with all applicable environmental legislation, and to continuously improve our processes and increase client satisfaction. This is achieved through controlling and mitigating our environmental impact, utilising the resources efficiently within our operations, and requesting the same from our supply chain partners.

Emissions and Energy Consumption

Given the Group's business portfolio, there are air pollutants inevitably produced in the printing processes as printing inks can generate volatile organic compounds ("VOCs"). We are mindful in sourcing more environmental friendly printing inks (e.g. soy oil-based processing inks) aiming to reduce VOC emissions. We have installed air-conditioners and filtering devices at the production site.

The direct energy consumption arising from the use of petrol, diesel and gas is minimal since the Group does not maintain vehicles and has engaged logistic service providers for the delivery of products. Employees such as salespersons who need to travel frequently are encouraged to take public transport.

We consider electricity consumption as a major source of our indirect greenhouse gas ("GHG") emission. In 2019, our total electricity consumption in our Hong Kong office and warehouse is 172,553 KWh (2018: 191,842 KWh).

We pursue to utilise energy efficiently and as the major means to reduce our GHG emission. In order to continuously improve our energy performance and lower our carbon footprint, monitoring our energy usage is crucial. In the ordinary course of business, we have gradually implemented various energy-saving, emission and waste reduction measures as follows:

- Keep indoor air-conditioning temperature at 25°C;
- Encourage staff to shut down computers after work and switch off lights if the employees are expected to be away from the room for more than one hour;
- Encourage staff to switch office equipment, such as printers and computers, to energy saving mode (the equipment will enter the sleep mode under the standby condition);
- Replace the lighting system in the office by LED gradually.

Apart from the energy saving in operation process, we always look for possible energy-saving opportunities, especially on choosing environmental friendly equipment and facilities of the Group. In the procurement of office equipment, we always opt for the model with higher energy efficiency.

Water Management

We endeavour to implement an effective water management through efficient water use. Our primary goal is to reduce the water consumption by measuring our water use and promoting water-saving behaviours to all staff. For example, staff are encouraged to fully empty any containers before washing, to turn off water taps promptly, to check faucets and pipes for leaks, and to adopt water saving appliances.

Paper Usage

Paper is the major raw material in our business. The Group is the holder of the Chain of Custody Certificate accredited by the Forest Stewardship Council ("FSC") since 2007, a certificate which certifies the management system of the Group is able to ensure the original source of materials of the papers comes from responsibly managed forests. Although not all of the clients of the Group understand the benefits of using FSC paper, the Group strongly supports the use of FSC paper and actively promotes the product to its clients. All the scrap paper generated from production sites are collected for paper recycling which amounting to around 110.31 tonnes (2018: 124.32 tonnes).

To promote green office and reduce the amount of paper usage, we encourage staff to be mindful when printing documents and make use of double sided printing where possible. Non-essential items should be used in e-format instead of printing out and any documents that are no longer in use should be shredded and recycled.

Waste Management

Apart from scrap paper, toner cartridges is the key waste produced by the Group from the physical media production business segment. We classified the toner cartridges as key hazardous waste of our business production. We have arranged all 415 (2018: 408) used toner cartridges being collected by the printer service provider for recycling to minimise the impact to environment and manage to reduce our hazardous waste to 0 tonne.

The non-hazardous waste produced by the Group mainly consists of scrap paper generated from production process and packaging materials such as carton boxes and wrapping paper, all of which are recovered by professional recycling firms.

The packaging of products mainly consists of carton boxes. The Group encourages its clients to return the carton boxes for reuse.

The Environment and Natural Resources

The Group considers environmental protection and preserving natural resources as an indispensable component of our sustainable and responsible business, we have established policies with respect to reduce the impacts of operational activities on the environment, optimise the use of natural resources and implement environmental protection measures.

In the future, we will continue our commitment to environmental protection and strive to build a greener and healthier environment to fulfil our responsibilities as a member of the community we all live in.

Environmental Performance Indicators

Aspect A1: Emissions

Performance indicator		**2019 Data**	**2018 Data**	**HKEx ESG Reporting Guide KPI**
Emission	Total Greenhouse gases ("GHG") emission (Scope 1, 2, 3) (tonnes)	141.73	156.99	KPI A1.1, A1.2
	Total GHG emission per million HKD of goods sold (tonnes)	1.74	1.72	KPI A1.1, A1.2
	Total GHG emission per number of employee (tonnes)	3.26	2.99	KPI A1.1, A1.2
	Indirect Emission (Scope 2, 3)			
	— Electricity (tCO2)	138.04	151.56	KPI A1.1, A1.2
	— Paper waste in production disposed at landfills (tCO2)	—	—	KPI A1.1, A1.2
	— Paper waste in general office disposed at landfills (tCO2)	3.69	5.43	KPI A1.1, A1.2
Non-hazardous waste	Total non-hazardous waste disposed to landfill (tonnes)	2.17	2.53	KPI A1.4
	Total non-hazardous waste produced per million HKD of goods sold (tonnes)	0.03	0.03	KPI A1.4
	Total non-hazardous waste produced per number of employee (tonnes)	0.05	0.05	KPI A1.4
	— General office waste disposed to landfill (tonnes)	2.17	2.53	KPI A1.4

Aspect A2: Use of resources

Performance indicator		**2019 Data**	**2018 Data**	**HKEx ESG Reporting Guide KPI**
Energy	Total energy consumption (Kwh)	172,553.00	191,842.00	KPI A2.1
	Total energy consumed per million HKD of goods sold (Kwh)	2,113.43	2,097.14	KPI A2.1
	Total energy consumed per number of employee (Kwh)	3,974.35	3,648.34	KPI A2.1
	Indirect energy consumption (Kwh)			
	— Electricity (Kwh)	172,553.00	191,842.00	KPI A2.1

Performance indicator		2019 Data	2018 Data	HKEx ESG Reporting Guide KPI
Water	Total water consumption (M^3)	41.00	107.00	KPI A2.2
	Total water consumption per number of employee (M^3)	0.94	2.03	KPI A2.2
Packaging material	Total packaging materials — carton box and wrapping paper (tonnes)	68.94	77.70	KPI A2.5
	Total packaging materials consumed per million HKD of goods sold (tonnes)	0.84	0.85	KPI A2.5

Notes:

1. Energy and water usage includes the general office usage and resources used in production sites and warehouse.

2. GHG calculation and waste calculation calculated based on the general office usage and disposed wastage generate from production.

Social Responsibility

Employment and Labour Standards

Employees are our valuable asset and one of the important stakeholders. Employment conditions relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare are set out in the staff handbook.

We strive to provide a pleasant working environment to retain talents. We offer talents with competitive remuneration and benefits, training and appraisal. We support diversity in our staff combination and ensure they are not discriminated on race, age, gender, marital status, religion or belief. We do not force any staff to work overtime and we provide travel allowance and meal allowance for the staff work overtime. We also offer compensation leave for all approved overtime allowance.

We enforce zero tolerance towards child labour and forced labour and strictly follow applicable labour laws. Procedures are established to ensure that recruiting process and daily operation are in par with the standard. During the year, we did not identify any issue with child labour and forced labour within the Group.

Health and Safety

Providing a healthy and safe working environment is essential to sustain our operation. We are required to comply with various safety laws and regulations in Hong Kong. Our operations are also subject to occupational health and safety regulations issued by the relevant occupational health and safety authorities in Hong Kong. We have taken measures to promote occupational health awareness and safety at workplace. All employees are provided with needed job information, guidance, training and supervision. During the year, we had not experienced any significant workplace accident. We also provide medical insurance to the employees.

Staff Development and Training

The Group strives to assist employees' development by providing them with opportunities to advance their careers. To this end, we provide orientation for employees to understand our business operation and culture. We also provide our employees, from time to time, with technical and operational on-the-job training, and sponsor our employees to attend external trainings and courses. To allow employees to interact and to strengthen their bonding, we organise recreational activities, such as team building activities and annual dinner. An appraisal system is set up to assess employees' performance based on their contribution, attitude and cooperativeness to the Group. This also provides an opportunity for us to communicate so that we can understand employees' expectations and assist their career development.

Governance

Supply Chain Management

Material and service suppliers are an integral part of our business. Our suppliers and subcontractors include suppliers of papers and other packaging and sourcing materials, logistic service providers, printing companies, photo and video shooting service providers, freelancers for digital media production and translators. In order to provide quality, safe and responsible products to the clients, the Group has formulated strict procedures for selecting suppliers and sub-contractors to work with. In addition to the selection criteria such as legal operating licenses, good service quality and price, the Group also pays attention to the environmental and social performance of the suppliers. During its selection process for potential suppliers, on-site assessments are carried out.

Product Responsibility

Client satisfaction and day-to-day quality control are essential to our business. Our project managers take the primary responsibility for day-to-day monitoring of our services in terms of quality and time efficiency in delivery. We keep close contact with our clients to take instructions, report work status and provide advices from time to time. Creative design and other important documents throughout the critical workflow processes are subject to our strict quality control to ensure our work is done in accordance with the standard and the specifications of our clients. To optimise the marketing performance of our digital production services for the achievement of the marketing objectives of the brand owners, we constantly collect feedback from target audiences, monitor public responses and produce evaluation reports for evaluation and fine-tuning purposes.

For projects involving printing, our marketing production team will check the artwork files received from our clients and conduct quality check of colour separation and film output before bulk printing. For all new clients or upon request by our clients, our marketing production team will conduct production monitoring at the production sites of our suppliers. We also closely monitor the product quality delivered by our suppliers.

For projects involving confidential data printing and direct mailing service, we have a strict internal data handling procedures to ensure that the confidentiality of privacy data is protected. All relevant work processes are done on a printer server with no internet access and no removable storage device is allowed to be used throughout the process. All data are encrypted and only relevant project handlers are provided with the unique login identify to access to the data. Project handlers are required to check and confirm the printing sample with our clients before bulk printing and lettershopping. Prior to delivery of the letters for postage, our staff will count the number of letters to ensure it matches with the total number of data recorded. All printed sheets containing confidential data and the relevant records of quality control are required to be destroyed within one month after the project is completed.

To further enhance our overall service quality, any incident of a project would be reported instantly and recorded and shared on our management information system among different teams. A monthly meeting will be held to review any incident being reported and the relevant rectification measures, and make recommendations to improve the working procedures. Minutes of these meetings, together with any improvement proposals, will be passed to the management team for further discussion and approval.

Client satisfaction survey will be automatically sent to our clients through our project management information system "Icicle Hub" randomly to collect clients' feedback for evaluation and improvement.

The Group has established a systematic and efficient mechanism for handling client complaints. Whenever it receives any client complaints about the products, the corresponding staff is required to report to the senior management who will respond immediately and measures are taken to correct and prevent the occurrence of similar events in the future.

During the year, the Group did not experience any complaint from our clients which had materially and adversely affect our business nor did the Group make any material compensation to our clients.

Anti-corruption

The Group is committed to doing business with integrity and will not tolerate any bribery or other misconduct. All employees must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. All employees not only have responsibility to understand and comply with the above regulations, but also have obligation to report violation to the fit and appropriate person. Whistle blower policies and procedures are in place and disclosed to all employees. Any misconduct can be reported to the Chairperson or Independent Non-Executive Directors, further investigation would then be carried out. The Group strictly complies with the laws and regulations relevant to anti-corruption and there was no incident reported on bribery, extortion, fraud, and money laundering during the year.

Community Involvement

We care about our community as our business cannot grow without good employees, resources and facilities from the community. We encourage our employees to participate in voluntary work for the benefit of the community. We donate to charitable bodies whom we believe are best place to provide care for those in need. We have made long-term commitments to work with community organisations in Hong Kong. Our partners include Homeless World Cup, Hong Kong Design Centre, PARA|SITE and Design Trust.

Since 2006, we have been supporting the Homeless World Cup Fundraising Tournament annually in Hong Kong which is organised by Street Soccer Hong Kong Limited and co-organised by Wofoo Social Enterprises and Society for Community Organisation, which are non-profit organisations. Homeless World Cup is a social movement which uses football to inspire homeless people to change their own lives.

In the coming future, the Group will continue to attach great importance to community services, and will encourage our employees to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

HKEX ESG Reporting Guide Index

Subject Areas and Aspects	"Comply or explain" Provisions	Relevant section in the ESG Report	Remarks
A: Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environment	Electricity consumption is a major source of indirect GHG emission generated in our core business
	KPI A1.1 Types of emissions and respective emissions data	Environment	
	KPI A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	Environment	
	KPI A1.3 Total hazardous waste produced and, where appropriate, intensity	—	The Group has not identified any hazardous waste which was produced in our core business
	KPI A1.4 Total non-hazardous waste produced and, where appropriate, intensity	Environment	
	KPI A1.5 Description of measures to mitigate emissions and results achieved	Environment	
	KPI A1.6 Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved	Environment	

Subject Areas and Aspects	"Comply or explain" Provisions		Relevant section in the ESG Report	Remarks
A: Environmental				
Aspect A2: Use of Resources	General Disclosure Policies on efficient use of resources including energy, water and other raw materials		Environment	
	KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Environment	
	KPI A2.2	Water consumption in total and intensity	Environment	
	KPI A2.3	Description of energy use efficiency initiatives and results achieved	Environment	
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	—	Irrelevant to the Group's operation
	KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Environment	
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources		Environment	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	—	The Group has not identified any significant impacts of activities on the environmental and natural resources arising from its operation

Subject Areas and Aspects	"Comply or explain" Provisions	Relevant section in the ESG Report	Remarks
B: Social — Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Social Responsibility	
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Social Responsibility	
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Social Responsibility	
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Social Responsibility	

Subject Areas and Aspects	"Comply or explain" Provisions	Relevant section in the ESG Report	Remarks
— Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain	Governance	
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Governance	
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Governance	
— Community			
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration communities' interests	Governance	

INDEPENDENT AUDITOR'S REPORT

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大華馬施雲
會計師事務所有限公司

To the Shareholders of **Icicle Group Holdings Limited**
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Icicle Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 62 to 131, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**How the matter was addressed in our audit**
Assessment of recoverability of trade receivables *Refer to Note 21 to the consolidated financial statements* As at 31 December 2019, the Group had trade receivables with an aggregate carrying amount of approximately HK$16,542,000) (2018: HK$27,976,000), net of allowances for expected credit losses ("ECLs") of approximately HK$863,000 (2018: HK$204,000). Allowances for ECLs on trade receivables are based on management's estimate of the lifetime ECLs, which are estimated by taking into account the credit losses experience, ageing of the trade receivables, customers' settlement records, customers' financial status, expected timing and amount of realisation of outstanding balances, and ongoing business relationships with customers. Management also considered forward-looking information that may impact the customers' abilities to repay the outstanding balances in order to estimate the allowances for ECLs on trade receivables. We have identified assessment of recoverability of trade receivables as a key audit matter because the estimation of lifetime ECL model involved significant management judgement and estimates.	Our key procedures to assess the matter included: — Obtaining an understanding of the internal control that the Group has designed and implemented to manage and monitor its credit risk; — Assessing the appropriateness of ECL model by evaluating the assumptions and testing the key data used by management in the model, challenging the assumptions, including both historical and forward-looking information used to determine the ECLs; — Assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant financial records; and — Inquiring of management for the status of each of the material outstanding trade receivables as supported by corroborative audit evidence, such as historical credit losses data, on-going business relationship with those customers by taking account of settlement records, contract with those customers, available public information and economic outlook that is relevant to the operations of those customers.

Key audit matter	How the matter was addressed in our audit
Revenue recognition *Refer to Note 7 to the consolidated financial statements* For the year ended 31 December 2019, the Group recognised revenue amounting to approximately HK$81,646,000 from provision of marketing production services and media and e-commerce business. The Group's principal activities are provision of marketing production services, mainly located in Hong Kong. Revenue represents revenue from the provision of physical marketing production and digital marketing production services and media and e-commerce business. The Group's accounting policy in recognising such revenue was at a point in time. In particular, revenue from provision of marketing production services is recognised when the control of the end products is transferred to customers. We have identified revenue recognition as a key audit matter because the determination of the revenue recognition requires significant management judgement. It is also a key component in the consolidated financial statements.	Our key procedures to address the matter included: — Obtaining understanding of the key internal controls over the revenue recognition cycle of the Group; — Performing test of details on revenue transactions on sample basis to verify the revenue was recognised appropriately, including inspecting agreements with customers to understand the terms of delivery and acceptance of the sales transactions, and checking the contract terms to evaluate the enforceability of the Group's right to payment for performance completed to date; — Inquiring of management for the basis of recognising revenue at a point in time and challenging appropriateness of that basis based on the effect of the contract terms; — Performing cut off test on revenue transactions on sample basis to verify whether revenue was recognised in appropriate reporting period; and — Performing analytical review on the fluctuation of the revenue when compared with prior reporting period to identify any unusual fluctuations.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Leung Yu Ngong
Practising Certificate Number: P06734
Hong Kong, 24 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**81,646**	91,478
Other income and gains	8	**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	10	**(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	9	**(595)**	—
(Loss)/profit before income tax	10	**(2,020)**	3,266
Income tax expense	12	**(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 operations		**(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
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)	14	**(0.32)**	0.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**870**	2,054
Right-of-use assets	16	**7,763**	—
Intangible assets	17	**28**	143
Goodwill	18	**538**	—
Financial asset at fair value through profit or loss	19	**413**	—
		9,612	2,197
Current assets			
Inventories	20	**518**	—
Trade and other receivables, deposits and prepayments	21	**20,941**	31,095
Amounts due from related companies	22	**40**	417
Current tax recoverable		**809**	1,230
Time deposits and cash and bank balances	23	**71,186**	68,406
		93,494	101,148
Current liabilities			
Trade and other payables and accruals	24	**10,930**	16,950
Amount due to a related company	22	**269**	—
Amount due to a non-controlling shareholder of a subsidiary	22	**118**	—
Lease liabilities	25	**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	25	**3,585**	—
Total non-current liabilities		**3,585**	—
Net assets		**82,899**	86,269
CAPITAL AND RESERVES			
Share capital	26	**4,800**	4,800
Reserves	27	**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

The financial statements on pages 62 to 131 were approved and authorised for issue by the Board of Directors on 24 March 2020 and are signed on its behalf by:

Woo Chan Tak Chi Bonnie
Executive Director

Chow Sai Yiu Evan
Non-executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Equity attributable to owners of the Company								
	Share capital HK$'000 (Note 26)	**Share premium** HK$'000 (Note 27)	**Capital reserve** HK$'000 (Note 27)	**Translation reserve** HK$'000 (Note 27)	**Other reserve** HK$'000 (Note 27)	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling Interests** HK$'000	**Total** 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 13(b))	**—**	**(720)**	**—**	**—**	**—**	**—**	**(720)**	**—**	**(720)**
Acquisition of a subsidiary (Note 29)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(430)**	**(430)**
Non-controlling interest arising from incorporation of a subsidiary (Note 28)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**720**	**720**
Deemed acquisition of non-controlling interests in a subsidiary (Note 30)	**—**	**—**	**—**	**—**	**7**	**—**	**7**	**(7)**	**—**
Balance as at 31 December 2019	**4,800**	**53,131**	**11,993**	**(877)**	**7**	**14,511**	**83,565**	**(666)**	**82,899**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from operating activities		**(2,020)**	3,266
(Loss)/profit before income tax			
Adjustments for:			
Allowance for expected credit losses on trade receivables		**2,252**	20
Impairment loss on intangible assets	10	**513**	—
Impairment loss on inventories	10	**—**	312
Amortisation of intangible assets	10	**131**	251
Depreciation of property, plant and equipment	10	**1,266**	1,287
Depreciation of right-of-use assets	10	**5,599**	—
Fair value change on financial asset at fair value through profit or loss	10	**38**	—
Loss on written-off of property, plant and equipment	10	**—**	37
Interest income	8	**(1,252)**	(846)
Interest on lease liabilities	9	**595**	—
Share-based payment	28	**720**	—
Net exchange loss		**—**	69
Reversal of provision for long service payment		**(81)**	(68)
Operating profit before working capital changes		**7,761**	4,328
(Increase)/decrease in inventories		**(518)**	23
Decrease in trade and other receivables, deposits and prepayments		**8,207**	1,021
(Increase)/decrease in amounts due from related companies		**(733)**	1,728
Decrease in trade and other payables and accruals		**(4,838)**	(2,435)
Cash generated from operations		**9,879**	4,665
Income tax paid		**(32)**	(1,356)
Net cash generated from operating activities		**9,847**	3,309
Cash flows from investing activities			
Interest received		**1,252**	846
Purchase of financial assets at fair value through profit or loss	19	**(451)**	—
Additions of property, plant and equipment	15	**(82)**	(1,438)
Additions of intangible assets	17	**(533)**	(37)
Decrease/(increase) in time deposits with original maturity of more than three months		**7,605**	(56,695)
Net cash inflow from acquisition of a subsidiary	29	**557**	—
Net cash generated from/(used in) investing activities		**8,348**	(57,324)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Cash flows from financing activities			
Dividend paid	13(b)	**(720)**	—
Payment of principal portion of lease liabilities	25	**(6,153)**	—
Payment of interest portion of lease liabilities	25	**(595)**	—
Repayment to a related company		**(296)**	—
Net cash used in financing activities		**(7,764)**	—
Net increase/(decrease) in cash and cash equivalents		**10,431**	(54,015)
Cash and cash equivalents at beginning of the year		**11,711**	65,939
Effect of foreign exchange rate changes		**(46)**	(213)
Cash and cash equivalents at end of the year		**22,096**	11,711
Analysis of cash and cash equivalents			
Cash and bank balances		**22,096**	11,711
Time deposits with original maturity of more than three months		**49,090**	56,695
Time deposits and cash and bank balances stated in the consolidated statement of financial position		**71,186**	68,406
Less: Time deposits with original maturity more than three months		**(49,090)**	(56,695)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**22,096**	11,711

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.

Information about principal subsidiaries

As at the date when these consolidated financial statements are authorised for issue, the Company has direct and indirect interests in the following subsidiaries, all of which are companies with limited liability. The particulars of which are set out as follows:

Name of the subsidiary	Place and date of incorporation/ establishment	Particulars of issued and fully paid-up share capital/ registered capital	Attributable equity interest to the Group as at 31 December 2019	2018	Principal activities and place of operation
Directly held:					
Icicle Group Limited^ ("IGL")	The British Virgin Islands (the "BVI") 29 May 2013	US$113 (2018: US$113)	**100%**	100%	Investment holding
Indirectly held:					
Icicle Production Company Limited	Hong Kong 23 April 1991	HK$1,000,010 (2018: HK$1,000,010)	**100%**	100%	Provision of marketing production services in Hong Kong
Icicle Print Management Limited	Hong Kong 8 November 2007	HK$10 (2018: HK$10)	**100%**	100%	Investment holding
Beijing Icicle Brand Management Company Limited*@# (北京冰雪品牌管理有限公司)	The People's Republic of China ("the PRC") 31 July 2008	HK$1,000,000 (2018: HK$1,000,000)	**100%**	100%	Provision of brand management and print consulting services in the PRC
WomanBoss Limited^ ("WomanBoss")	The BVI 2 May 2019	US$200,002 (2018: N/A)	**74.1%**	N/A	Investment holding
WomanBoss Inc*	The United States of America ("USA") 1 July 2019	US$1,000 (2018: N/A)	**74.1%**	N/A	E-commerce
Studio SV Limited ("Studio SV")	Hong Kong 22 May 2017	HK$45 (2018: HK$20)	**55.6%**	N/A	Creation, production, licensing original TV content, format and intellectual property rights for the global market

1. General Information (Continued)

Information about principal subsidiaries (Continued)

* The statutory financial statements of this subsidiary are not audited by Moore Stephens CPA Limited, Hong Kong or another member firm of the Moore Global Network.

^ No audited financial statements have been prepared for this company since their respective dates of incorporation as it is not subject to statutory audit requirements under its place of incorporation.

The English name of this subsidiary established in the PRC represents management's best effort at translating the Chinese name of such subsidiary as no English name has been registered.

@ The subsidiary is a wholly-owned foreign enterprise.

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, as explained in the accounting policies set out below. 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 6 "Significant accounting judgements and 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 is 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 amendments to 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;

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; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

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%.

4. Summary of the Impact of Changes in Accounting Policies (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	17,721
Less: Effect of 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 carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	14,581
Less: Accrued lease liabilities relating to lease incentives as at 1 January 2019	(1,219)
	13,362

4. Summary of the Impact of Changes in Accounting Policies (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

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) HK$'000	Adjustments HK$'000	Carrying amounts under adoption of HKFRS 16 at 1 January 2019 (Restated) 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. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

5.1 Basis of consolidation and subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries comprising the Group for the reporting periods.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

5. Summary of Significant Accounting Policies (Continued)

5.1 Basis of consolidation and subsidiaries (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

5.2 Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in profit or loss as a gain on bargain purchase which is attributed to the Company.

5. Summary of Significant Accounting Policies (Continued)

5.2 Business combination and goodwill (Continued)

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

The non-controlling interests in the subsidiary are initially measured at their acquisition-date fair value or at the non-controlling shareholders' proportionate share of the recognised amounts of the subsidiary's identifiable assets and liabilities at the acquisition date.

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual asset, as follows:

Leasehold improvements	33% per annum, or over the term of the leases if shorter
Plant and machinery	33% per annum
Furniture, fixtures and office equipment	16% to 33% per annum

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of comprehensive income in the year when the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

5. Summary of Significant Accounting Policies (Continued)

5.4 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:-

— the technical feasibility of completing the intangible asset so that it will be available for use or sale;

— the intention to complete the intangible asset and use or sell it;

— the ability to use or sell the intangible asset;

— how the intangible asset will generate probable future economic benefits;

— the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

— the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to consolidated statement of comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

5. Summary of Significant Accounting Policies (Continued)

5.5 Financial instruments — initial recognition and subsequent measurement

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

5. Summary of Significant Accounting Policies (Continued)

5.5 Financial instruments — initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other operating expenses" line item.

5. Summary of Significant Accounting Policies (Continued)

5.5 Financial instruments — initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets measured at amortised cost (including time deposits and bank balance, trade and other receivables and amounts due from related companies). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Allowances for ECLs on trade receivables are based on management's estimate of the lifetime ECLs to be incurred, which are estimated by taking into account the credit losses experience, ageing of the trade receivables, customers' settlement records, customers' financial status, expected timing and amount of realisation of outstanding balances, and ongoing business relationships with customers. Management also considered forward-looking information that may impact the customers' abilities to repay the outstanding balances in order to estimate the allowances for ECLs on trade receivables.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

5. Summary of Significant Accounting Policies (Continued)

5.5 Financial instruments — initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations;

- past due information.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to repay, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

5. Summary of Significant Accounting Policies (Continued)

5.5 Financial instruments — initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-Impaired financial assets

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— the disappearance of an active market for a security because of financial difficulties of the issuer.

(iv) Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

5. Summary of Significant Accounting Policies (Continued)

5.5 Financial instruments — initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, are each assessed as a separate group. Other receivables, deposits and amounts due from related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

5. Summary of Significant Accounting Policies (Continued)

5.5 Financial instruments — initial recognition and subsequent measurement (Continued)

Financial liabilities

The Group's financial liabilities include trade and other payables, accruals, lease liabilities, amount due to a related company and amount due to a non-controlling shareholder of a subsidiary are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires. On derecognition of a financial liability measured at amortised cost, the difference between the liability's carrying amount and the sum of the consideration paid and payable is recognised in profit or loss.

5.6 Impairment of non-financial assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. Where an indication of impairment exists (other than inventories), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to profit or loss in the year in which it arises.

5. Summary of Significant Accounting Policies (Continued)

5.7 Leases

Policy application since 1 January 2019

Definition of a lease (upon application of HKFRS 16 in accordance with transition in note 4)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transition in note 4)

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of an office and a warehouse that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight- line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

5. Summary of Significant Accounting Policies (Continued)

5.7 Leases (Continued)

Short-term leases and leases of low-value assets (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

5. Summary of Significant Accounting Policies (Continued)

5.7 Leases (Continued)

The Group as a lessee (prior to 1 January 2019)

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to the consolidated income statement in the accounting period in which they are incurred.

5.8 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and time deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

5.9 Inventories

Inventories, which consist of finished goods, are stated at the lower of cost and net realisable value. Cost is determined using first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

5. Summary of Significant Accounting Policies (Continued)

5.10 Revenue recognition

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i. e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i. e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

The control of the good or service is passed to customers when it is delivered to them. Thus, the Group satisfies a performance obligation and recognises revenue when the distinct good or service is delivered to the customers.

The timing of revenue recognition of the performance obligation is recognised at point in time as they do not meet any of the three situations identified under HKFRS 15 for revenue recognition over time.

5. Summary of Significant Accounting Policies (Continued)

5.10 Revenue recognition (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from provision of marketing production services

Revenue is recognised when the control of the end products is transferred to the customers. The Group's performance does not create an asset with an alternative use to the Group and the Group does not have an enforceable right to payment for performance completed to date.

(ii) Income from sales of paper products and calligraphy stationery

Revenue is recognised when the control of the paper products and calligraphy stationery goods are considered to have been transferred to the customer.

(iii) Income from provision of art and calligraphy workshop and administrative service income

Revenue is recognised when the services are performed.

(iv) Income from the sale of accessories through e-commerce

Revenue is at a point in time when control of the product is transferred to the customers.

(v) Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

5.11 Income taxes

Income tax represents the sum of current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

— when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of taxable temporary differences associated with investment in a subsidiary, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

5. Summary of Significant Accounting Policies (Continued)

5.11 Income taxes (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

— when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of deductible temporary differences associated with investment in a subsidiary, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

5.12 Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item. The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollars.

5. Summary of Significant Accounting Policies (Continued)

5.12 Foreign currency translation (Continued)

As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their income and expense items are translated into HK$ at the weighted average exchange rates for the year.

The resulting exchange differences are recorded in other comprehensive income and the cumulative balance is included in translation reserve in the consolidated statement of changes in equity.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

5.13 Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

(ii) Defined contribution retirement plan obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the subsidiary within the Group which operates in the PRC (excluding Hong Kong, Taiwan and Macau) are required to participate in the central pension scheme operated by the local municipal government. The PRC subsidiary is required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

(iii) Employee long service payment

The provision for long service payment is provided based on the employees' basic salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

5. Summary of Significant Accounting Policies (Continued)

5.13 Employee benefits (Continued)

(iv) Share-based payments

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

Shares granted to suppliers

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

5.14 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

5. Summary of Significant Accounting Policies (Continued)

5.16 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent;

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5.17 Fair value measurement

The Group measures its debt investment at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

5. Summary of Significant Accounting Policies (Continued)

5.17 Fair value measurement (Continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive director of the Company for her decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive director are determined following the Group's major operations.

The measurement policies of the Group use for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs.

6. Significant Accounting Judgements and Estimates

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following items are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Revenue recognition

The principal activities of the Group are provision of marketing production services for the production of branding materials and contents, gearing towards connecting the consumer markets to the brands. The services encompass a wide spectrum of coverage, including concept development, art and design, design engineering, sourcing, production, quality control, overall project management and consultancy services.

The end products created by the services provided are unique, specified to each customer and involved high personal preference. The directors of the Company consider that revenue is recognised when the control of the end products is transferred to the customers and such revenue is recognised at a point of time. The Group's performance does not create an asset with an alternative use to the Group and the Group does not have an enforceable right to payment for performance completed to date.

(ii) Loss allowance for trade receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

(iii) Estimated impairment of non-financial assets (other than goodwill)

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing:

(1) whether an event has occurred or any indicators that may affect the asset value;

6. Significant Accounting Judgements and Estimates (Continued)

(iii) Estimated impairment of non-financial assets (other than goodwill) (Continued)

(2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and

(3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2019, the carrying amounts of right-of-use assets, property, plant and equipment, and intangible assets are approximately HK$7,763,000 (Note 16), HK$870,000 (Note 15) and HK$28,000 (Note 17) respectively (2018: Nil, HK$2,054,000 and HK$143,000), after taking into account the impairment losses of approximately HK$Nil, HK$Nil, HK$513,000 respectively (2018: Nil) in respect of right-of-use assets, property, plant and equipment and intangible assets that have been recognised.

(iv) Fair value measurement of financial instruments

As at 31 December 2019, the Group's financial asset at fair value through profit or loss amounting to approximately HK$413,000 (2018: Nil) is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 35 for further disclosures.

(v) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 31 December 2019, the carrying amount of goodwill is approximately HK$538,000 (2018: Nil) (net of accumulated impairment loss of HK$Nil (2018: Nil)). Details of the recoverable amount calculation are disclosed in note 18.

6. Significant Accounting Judgements and Estimates (Continued)

(vi) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual values. The Group reviews the estimated useful lives of the assets regularly. The estimated useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(vii) Provision for income taxes

The Group is subject to income taxes in jurisdictions in which the group entities operate. Significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the reporting periods based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

(viii) Lease — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

7. 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.

7. Revenue and Segment Information (Continued)

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 HK$'000	2018 HK$'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 HK$'000	2018 HK$'000
Hong Kong	**77,262**	82,541
The PRC	**3,228**	6,458
Others	**1,156**	2,479
	81,646	91,478

7. Revenue and Segment Information (Continued)

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 HK$'000	2018 HK$'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.

8. Other Income and Gains

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

	2019 HK$'000	2018 HK$'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

9. Finance Costs

	2019 HK$'000	2018 HK$'000
Interest from lease liabilities	**595**	—

10. (Loss)/Profit Before Income Tax

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

	2019 **HK$'000**	2018 HK$'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 ECLs on trade receivables	**2,252**	20
Impairment loss on intangible assets*	**513**	—
Minimum lease payments under operating lease charges for:		
— properties	**361**	5,133
— office equipment	**—**	1,487
Variable lease payments not included in the measurement of lease liabilities	**80**	165
Impairment loss on inventories*	**—**	312
Loss on written-off of property, plant and equipment*	**—**	37
Net exchange loss*	**153**	69
Share based payments* (Note 28)	**720**	—
Employee benefits expenses (including directors' remuneration (Note 11(a))		
— 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 consumables in the consolidated statement of comprehensive income.

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

11. Emoluments of Directors, Chief Executive, Five Highest Paid Individuals and Senior Management

(a) Directors and chief executive remuneration

Pursuant to the GEM Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the entities comprising the Group to the directors of the Company are as follows:

	Directors' fees HK$'000 (Note (i))	Salaries, allowances and benefits in kind HK$'000 (Note (ii))	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2019				
Executive director				
Ms. Bonnie Chan Woo	**—**	**1,129**	**18**	**1,147**
Non-executive director				
Mr. Chow Sai Yiu Evan	**—**	**—**	**—**	**—**
Independent Non-executive director				
Mr. Hung Alan Hing Lun	**120**	**—**	**—**	**120**
Mr. Ip Arnold Tin Chee	**120**	**—**	**—**	**120**
Mr. Man Ka Ho Donald	**120**	**—**	**—**	**120**
	360	**1,129**	**18**	**1,507**
Year ended 31 December 2018				
Executive director				
Ms. Bonnie Chan Woo	—	1,200	18	1,218
Non-executive director				
Mr. Chow Sai Yiu Evan	—	—	—	—
Independent Non-executive director				
Mr. Hung Alan Hing Lun	120	—	—	120
Mr. Ip Arnold Tin Chee	120	—	—	120
Mr. Man Ka Ho Donald	120	—	—	120
	360	1,200	18	1,578

Notes:

(i) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(ii) Salaries, allowances and benefits in kind are generally emoluments paid in respect of the directors' other services in connection with the management of the affairs of the subsidiaries of the Company.

11. Emoluments of Directors, Chief Executive, Five Highest Paid Individuals and Senior Management (Continued)

(a) Directors and chief executive remuneration (Continued)

The emoluments shown above represent emoluments received or receivable from the Group by these directors in their capacity as directors of companies comprising the Group during the year.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

During the year ended 31 December 2019, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2018: Nil).

(b) Five highest paid individuals' emoluments

The emoluments of the five highest paid individuals for the year, one of them is a director of the Company (2018: one), are analysed below:

	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and benefits in kind	**3,732**	3,867
Discretionary bonus	**—**	4
Retirement benefit scheme contributions	**90**	89
	3,822	3,960

The emoluments of the non-director highest paid individuals are within the following bands:

	2019	2018
Nil to HK$1,000,000	**4**	4

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2018: Nil).

(c) Senior management emoluments

The number of senior management (excluding the directors of the Company) whose remuneration fell within the following band is as follows:

	2019	2018
Nil to HK$1,000,000	**7**	6

12. Income Tax Expense

	2019 HK$'000	2018 HK$'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 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.

12. Income Tax Expense (Continued)

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.

The income tax expense for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of comprehensive income as follows:

	2019 **HK$'000**	2018 HK$'000
(Loss)/profit before income tax	**(2,020)**	3,266
Tax calculated at the rates applicable to (loss)/profit before income tax in the tax jurisdiction concerned	**(373)**	557
Tax effect of non-taxable income	**(74)**	(1)
Tax effect of non-deductible expenses	**749**	66
Under-provision in prior years	**28**	11
Others	**130**	(151)
Income tax expense	**460**	482

13. 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).

14. (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.

14. (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 years.

15. Property, Plant and Equipment

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
Cost				
At 1 January 2018	3,694	631	3,503	7,828
Additions	912	47	479	1,438
Write-off	(2,694)	(11)	(2,391)	(5,096)
Exchange realignment	—	—	1	1
At 31 December 2018 and 1 January 2019	1,912	667	1,592	4,171
Additions	**—**	**9**	**73**	**82**
Write-off	**—**	**(43)**	**—**	**(43)**
At 31 December 2019	**1,912**	**633**	**1,665**	**4,210**
Accumulated depreciation				
At 1 January 2018	2,651	342	2,895	5,888
Charge for the year	760	132	395	1,287
Elimination on write-off	(2,693)	(11)	(2,355)	(5,059)
Exchange realignment	—	—	1	1
At 31 December 2018 and 1 January 2019	718	463	936	2,117
Charge for the year	**780**	**122**	**364**	**1,266**
Elimination on write-off	**—**	**(43)**	**—**	**(43)**
At 31 December 2019	**1,498**	**542**	**1,300**	**3,340**
Net carrying amount				
At 31 December 2019	**414**	**91**	**365**	**870**
At 31 December 2018	1,194	204	656	2,054

15. Property, Plant and Equipment (Continued)

As at 31 December 2019, certain items of property, plant and equipment were fully depreciated but are still in use, the gross carrying amounts before deducting accumulated depreciation of those assets amounted to approximately HK$923,000 (2018: HK$729,000).

16. Right-of-use Assets

	Office HK$'000	Warehouse HK$'000	Printers HK$'000	Total HK$'000
Cost				
At 1 January 2019 and 31 December 2019	9,922	2,796	7,274	19,992
Accumulated depreciation				
At 1 January 2019	3,661	1,049	1,920	6,630
Charge for the year	2,835	1,398	1,366	5,599
At 31 December 2019	6,496	2,447	3,286	12,229
Net carrying amount				
At 31 December 2019	3,426	349	3,988	7,763

	HK$'000
Expense relating to short-term leases	361
Variable lease payments not included in the measurement of lease liabilities	80
Rental expense per consolidated statement of comprehensive income	441
Total cash outflow for leases	7,189

16. Right-of-use Assets (Continued)

For both years, the Group leases various offices, warehouses and printers for its operations. Lease contracts are entered into for fixed term of 12 months to 6 years, with extension options from one month to three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition to the portfolio of short-term leases for offices which are regularly entered into by the Group during the year ended 31 December 2019, the Group entered into several short-term leases for office and staff quarter. As at 31 December 2019, the outstanding lease commitments relating to these premises amounted to HK$1,346,000.

The Group has lease contracts for office equipment that contains variable payments based on the number of volume used. The following provides information on the Group's variable lease payments, included the magnitude in relation to fixed payments:

	Fixed payments HK$'000	**Variable payments** HK$'000	**Total** HK$'000
2019			
Variable rent with minimum payment	**1,555**	**80**	**1,635**

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Within five years HK$'000	**Over five years** HK$'000	**Total** HK$'000
Extension options expected not to be exercised	12,505	—	12,505

17. Intangible Assets

	Computer software HK$'000	Website HK$'000	Total HK$'000
Cost			
At 1 January 2018	3,733	—	3,733
Additions	37	—	37
Write-off	(826)	—	(826)
At 31 December 2018 and 1 January 2019	2,944	—	2,944
Additions	**—**	**533**	**533**
Exchange realignment	**—**	**(4)**	**(4)**
At 31 December 2019	**2,944**	**529**	**3,473**
Accumulated amortisation and impairment			
At 1 January 2018	3,376	—	3,376
Charge for the year	251	—	251
Elimination on write-off	(826)	—	(826)
At 31 December 2018 and 1 January 2019	2,801	—	2,801
Charge for the year	115	16	131
Impairment during the year	—	513	513
At 31 December 2019	**2,916**	**529**	**3,445**
Net carrying amount			
At 31 December 2019	**28**	**—**	**28**
At 31 December 2018	143	—	143

Intangible assets represent (i) computer software acquired; (ii) direct costs incurred in the development of new computer software by the Group; and (iii) direct costs incurred in the development of a new website by the Group.

Intangible assets are amortised on straight line basis over their estimated useful lives of 3 to 5 years.

At 31 December 2019, in respect of the unsatisfactory performance and slow-down of economy, the management considers the amount of the website, which is allocated to the cash-generating unit of e-commerce, is not recoverable and therefore impairment of HK$513,000 on the intangible assets was recognised (2018: Nil).

18. Goodwill

	Total HK$'000
Cost and net carrying amount	
At 1 January 2018, 31 December 2018 and 1 January 2019	—
Acquisition of a subsidiary (Note 29)	**538**
At 31 December 2019	**538**

Impairment assessment of goodwill

Goodwill acquired through a business acquisition was allocated to the film production cash-generating unit for impairment testing.

The recoverable amount of the film production cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The growth rate used to extrapolate the cash flows of the above cash-generating unit beyond the five-year period is 2.0% and the discount rate applied to the cash flow projections is 19.0%.

In the opinion of the Company's directors, a decrease in the growth rate by 0.5% or an increase in the discount rate by 0.5% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately HK$31,000 and HK$64,000, respectively.

Key assumptions were used in the value in use calculation of the above cash-generating unit for 31 December 2019. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue — The basis used to determine the value assigned to the revenue is the average revenue achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected business and market developments.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

For the year ended 31 December 2019, the recoverable amount of the film production cash-generating unit determined using the above basis is approximate to its carrying value. Accordingly, no impairment losses of goodwill was recognised in the consolidated income statement for the year.

19. Financial Asset at Fair Value Through Profit or Loss

	HK$'000
Unlisted debt instrument:	
At 1 January 2019	—
Additions	451
Fair value changes	(38)
At 31 December 2019	413

The balance represented an unlisted debt instrument represented the Group's investment in an early stage venture capital fund (the "Unlisted Fund") investing in consumer technology companies with at lease one female founder.

On 29 September 2019, the Group subscribed for an Unlisted Fund with a total committed capital contribution of US$250,000 (equivalent to HK$1,958,000), representing 0.05% of the total fund size. As at 31 December 2019, the Group has made capital contributions of US$57,500 (equivalent to HK$451,000) (the "Contributed Capital") to the Fund.

The directors of the Company consider that the contractual cash flows of the Unlisted Fund are not solely payments of principal and interest on the principal amount outstanding. Accordingly, the investment in the Unlisted Fund is classified as financial assets at fair value through profit or loss in accordance with HKFRS 9.

Financial assets at fair value through profit or loss is denominated in United States dollar.

Fair value of the Unlisted Fund amounted to approximately HK$413,000 as at 31 December 2019 was based on the valuation performed by Royson Valuation Advisory Limited, an independent professional qualified valuer not connected with the Group. The fair value of the investment in the Unlisted Fund was determined based on the adjusted net asset value ("Adjusted NAV") method loss from changes in fair value of the financial asset measured at fair value through profit or loss of approximately HK$38,000 was recognised in the profit or loss.

The fair value of the Fund is level 3 fair value measurement. There is no transfer under the fair value hierarchy classification during the year.

20. Inventories

	2019 HK$'000	2018 HK$'000
Accessories and lifestyle products	**518**	—

21. Trade and Other Receivables, Deposits and Prepayments

	2019 HK$'000	2018 HK$'000
Trade receivables	**17,405**	28,180
Less: Allowances of 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 HK$'000	2018 HK$'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

21. Trade and Other Receivables, Deposits and Prepayments (Continued)

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 HK$'000	2018 HK$'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 HK$'000	2018 HK$'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

22. Amounts due from/(to) Related Companies and a Non-Controlling Shareholder of a Subsidiary

The related companies represent entities of Explorer Vantage Limited ("Explorer Vantage"), the ultimate holding company, spouse of Ms. Bonnie Chan Woo, an executive director of the Company, and Mr. Chow Sai Yiu Evan, a non-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.

The amounts due to a related company and a non-controlling shareholder of a subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

23. Time Deposits and Cash and Bank Balances

Time deposits represent fixed deposits with original maturity more than three months. Cash and cash equivalents represents bank balances and cash in hand.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2019, the Group has time deposits and cash and bank balance denominated in RMB amounting to approximately HK$6,490,000 (2018: HK$6,294,000) and were kept in the PRC. RMB 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.

During the year ended 31 December 2018, the Group entered into a bank facility letter with a bank for a maximum facility of HK$10,000,000 (the "Bank Facility"). Any utilisation of the Bank Facility requires pledge of bank deposit of 40%. As at 31 December 2018 and 2019, the Group did not utilise any Bank Facility.

As at 31 December 2019, time deposits denominated in HK$ of approximately HK$44,056,000 (2018: HK$53,278,000) and in RMB of approximately HK$5,034,000 (2018: HK$3,417,000) with original maturity more than three months, carry average interest rate at 1.78% per annum (2018:1.83% per annum).

24. Trade and Other Payables and Accruals

	2019 HK$'000	2018 HK$'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 HK$'000	2018 HK$'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 HK$'000	2018 HK$'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

25. Lease Liabilities

	At 31 December 2019 Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within one year	**5,260**	**5,567**
Within a period of more than one year but not more than two years	**1,899**	**2,017**
Within a period of more than two years but not more than five years	**1,686**	**1,766**
Within a period of more than five years	—	—
	3,585	**3,783**
	8,845	**9,350**
Less: total future interest expense		**(505)**
Present value of lease liabilities		**8,845**

Notes:

(i) The Group has initially applied HKFRS 16 using the modified retrospective approach and the comparative information is not restated. Further details on the impact of the transition to HKFRS 16 are set out in Note 4.

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2019 HK$'000	2018 HK$'000
Within operating cash flows	—	6,785
Within financing cash flows	**6,748**	—
	6,748	6,785

26. Share Capital

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0. 01 each		
Authorised:		
At 1 January 2018, 31 December 2018 , 1 January 2019 and 31 December 2019	1,000,000,000	10,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018 , 1 January 2019 and 31 December 2019	480,000,000	4,800

27. Reserves

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity.

Share premium

The share premium account of the Group includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses.

Capital reserve

The capital reserve represents the difference between the nominal value of the share capital of subsidiaries acquired by Icicle Group in prior years and the consideration paid to the then shareholders of those subsidiaries.

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Company's functional currency.

Other reserve

Other reserve represents the increment in effective equity interests in WomanBoss from 54.1% to 74.1% upon the completion of the acquisition of Studio SV (Note 30). Such acquisition did not result in change of the control of WomanBoss and therefore is accounted for as an equity transaction.

28. Equity-Settled Share-Based Payments

Pre-IPO Share Option Scheme

Icicle Group adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") on 4 March 2014 for the purpose of providing incentive or rewards to the eligible participants of Icicle Group and its subsidiaries (collectively, the "IG Group") who contribute to the success of the Group's operations.

The Pre-IPO Share Option Scheme is ending on the date falling 10 years from the date of adoption.

The subscription price, shall, subject to any adjustments made pursuant to the terms of the Pre-IPO Share Option Scheme, be a price determined by the directors of Icicle Group and shall not be less than the nominal value of a share of Icicle Group. The maximum number of shares granted and to be granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed 15% of the issued share capital of Icicle Group on 14 March 2014.

During the year ended 31 December 2019, no share option was granted, exercised or cancelled under the Pre-IPO Share Option Scheme (2018: Nil).

Incorporation of WomanBoss

On 2 May 2019, IGL, a direct wholly-owned subsidiary of the Company, Studio SV, a connected party in which the ultimate holding company of the Company, Explorer Vantage, has 50% interest in it, and Mr. Chang David Qi ("CDQ"), an independent third party, incorporated a company namely WomanBoss in the BVI in provision of e-commerce business. IGL, subscribed 54.1% of equity interest in WomanBoss at consideration of US$200,000 (equivalent to HK$1,569,000) and Studio SV and CDQ subscribed 36.0% and 9.9% respectively of equity interest in WomanBoss each at consideration of US$1 (equivalent to HK$8). The Group incurred share-based payments of approximately of HK$720,000, in which HK$565,000 and HK$155,000 were payable to Studio SV and CDQ, respectively, for services to be received by WomanBoss, for the year ended 31 December 2019.

29. Business Combination

Acquisition of Studio SV

On 10 December 2019, the Group subscribed 25 new shares issued by Studio SV, of which Ms. Bonnie Chan Woo, a director of the Company, has a material interest representing 55.6% equity interest in Studio SV at a total consideration of HK$25. Studio SV is a studio engaging in film production business. It also registered several trademarks and holds an investment in associate. The directors of the Company consider Studio SV can bring strategic value to the Group to expand into the media business. This transaction has been accounted for by the acquisition method. The purchase consideration for the acquisition was in the form of cash, with HK$25 paid at the acquisition date.

29. Business Combination (Continued)

Acquisition of Studio SV (Continued)

The following table summarises the consideration paid for the acquisition of Studio SV, and the fair value of assets and liabilities recognised at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed:

	HK$'000
Investment in an associate##	*
Trade receivables	179
Other receivables and prepayments	126
Cash and cash equivalents	557
Other payables	(37)
Amount due to ultimate holding company	(576)
Amount due to a non-controlling shareholder of a subsidiary	(118)
Amounts due to related companies	(1,099)
Total identifiable net liabilities	(968)
Less: Non-controlling interest	430
Net liabilities acquired by the Group	(538)
Total consideration	#
Satisfied by :	
Cash	#
Goodwill arising on acquisition:	
Consideration transferred	#
Plus: non-controlling interest	(430)
Less: net liabilities acquired	968
Goodwill arising on acquisition	538
Net cash inflow arising from the acquisition:	
Cash consideration paid	#
Cash acquired	557
	557

29. Business Combination (Continued)

Acquisition of Studio SV (Continued)

* Actual amount less than HK$1,000.

Actual amount was HK$25

The investment in an associate represents the 36% equity interest held in WomanBoss (Note 28). Upon the completion of the acquisition of Studio SV during the year, the Group's effective equity interest in WomanBoss increased from 54.1% to 74.1%.

Goodwill arose in the business combination because the cost of the combination included a premium paid to acquire Studio SV. In addition, the consideration paid for the combinations effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Studio SV. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

The fair values of the trade receivables and other receivables of Studio SV at the date of acquisition approximated to their gross contractual amounts and the directors of the Company do not expect any significant acquired receivables to be uncollectible.

The Group incurred transaction costs of HK$100,000 for this acquisition. These costs have been expensed and are included in other operating expenses in the profit or loss.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, Studio SV did not contribute to the Group's revenue but contributed HK$30,000 loss to the consolidated loss for the year ended 31 December 2019.

Had the above acquisition been completed on 1 January 2019, the consolidated revenue of the Group for the year ended 31 December 2019 would have been HK$82,033,000 and the consolidated loss of the Group for the year ended 31 December 2019 would have been HK$3,113,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the year, nor is it intended to be a projection of future results.

30. Details of Non-Wholly Owned Subsidiaries that have material Non-Controlling Interests

Financial information of subsidiaries of the Group which has a material non-controlling interest is summarised below. The amounts disclosed are before any inter-company elimination:-

WomanBoss and its subsidiary

	2019 HK$'000
NCI percentage	**25.9%**
Current assets	**2,854**
Non-current assets	**124**
Current liabilities	**(3,839)**
Net liabilities	**(861)**
Carrying amount of NCI	**(223)**
Revenue	**81**
Loss for the year	**(2,429)**
Total comprehensive expense for the year	**(2,429)**
Loss allocated to NCI	**(936)**
Cash flows from operating activities	**(394)**
Cash flows from investing activities	**(658)**
Cash flows from financing activities	**1,569**

Change in ownership interest in a subsidiary

During the year, the Group acquired 55.6% of equity interest in Studio SV, which in effect increased its continuing equity interest in WomanBoss from 54.1% to 74.1%. An amount of approximately HK$7,000 (being the proportionate share of the carrying amount of the net assets of WomanBoss and its subsidiary) has been transferred from non-controlling interests. The such amount has been credited to other reserve.

31. Operating Lease Commitments

As at 31 December 2018, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018	
	Properties HK$'000	Office equipment HK$'000
Within 1 year	5,264	1,555
Over 1 year but less than 5 years	6,339	4,404
Over 5 years	—	159
	11,603	6,118

As at 31 December 2018, the Group rents a number of properties and office equipment under operating leases. The agreements run for an initial period of three months to six years. Certain agreements include the term of extension option. For the operating lease of the office equipment, contingent rent was charged by the lessors if the usage of the office equipment exceeded the predetermined levels as agreed under the rental agreements.

Due to adoption of HKFRS 16, certain lease commitments were not set out and were recognised as lease liabilities as at 31 December 2019, details are set out in Note 25.

32. Capital Commitments

The Group had the following capital commitments at the end of the reporting period:-

	2019 HK$'000	2018 HK$'000
Contracted for, but not provided for:		
Investment in the unlisted fund	**1,499**	—
	1,499	—

33. Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the group's consolidated statement of cash flows as cash flows from financing activities:

	Amount due to a related company HK$'000	**Lease liabilities (Note 25)** HK$'000	**Amount due to a non-controlling shareholder of a subsidiary** HK$'000
At 1 January 2018 and 31 December 2018	—	—	—
Adjustment upon application of HKFRS 16 (Note 4)	—	14,998	—
As at 1 January 2019 (restated)	**—**	**14,998**	**—**
Changes from financing cash flows:			
Capital element of lease liabilities	**—**	**(6,153)**	**—**
Interest element of lease liabilities	**—**	**(595)**	**—**
Repayment to a related company	**(296)**	**—**	**—**
Total change from financing cash flows	**(296)**	**(6,748)**	**—**
Other changes:			
Interest expenses	**—**	**595**	**—**
Acquisition of a subsidiary (Note 29)	**576**	**—**	**118**
Decrease in amount due to a related company	**(11)**	**—**	**—**
Total other changes	**565**	**595**	**118**
As at 31 December 2019	**269**	**8,845**	**118**

34. Related Party Transactions

Other than disclosed in notes 11, 22, 28 and 29, the Group has the following transactions with its related parties in the normal course of its business and mutually agreed between both parties:

	2019 HK$'000	2018 HK$'000
Revenue from provision of marketing production services to NewspaperDirect Limited (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. 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 (Note (d))	**166**	5
Administrative service income received from NewspaperDirect Limited (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, the ultimate holding company of the Company, is one of the beneficial owner of this related company before the acquisition as detailed in note 29.

(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 on 2 May 2019 as described in note 28, Studio SV has granted WomanBoss and non-exclusive right and royalty-free license to use the trademark in relation to the business. The Group incurred share-based payment in respect of 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.

34. 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's remuneration is as follows:

	2019 HK$'000	2018 HK$'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

35. Financial Risk Management and Fair Values of Financial Instruments

The Group is exposed to a variety of risks including foreign currency risk, credit risk, liquidity risk and price risk through its use of financial instruments in its ordinary course of operations.

The Group does not have any written risk management policies and guidelines. The directors of the Company monitor the financial risk management and take such measures as considered necessary from time to time to minimise such financial risks.

(a) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk related primarily to the operations giving rise to bank balances that are denominated in US$, British Pound ("GBP") and RMB. The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's net financial assets denominated in a currency other than functional currency of the respective group entities at the end of each year are as follows:

	2019 HK$'000	2018 HK$'000
Overall net exposure		
US$	3,130	8,830
GBP	223	180
RMB	4	11

35. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(a) Foreign currency risk (Continued)

Since HK$ is pegged to US$, the relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis.

As the Group does not have significant exposure to foreign currency risk, the Group's income and operating cash flows are substantially independent of changes in foreign currency exchange rates.

(b) Credit risk and impairment assessment

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Bank balances of the Group are held with financial institutions of good standing. The carrying amount of debt securities at fair value through profit or loss, trade and other receivables and amounts due from related companies represent the Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carry a significant exposure to credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk. In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not obtain collateral from customers.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 44% (2018: 28%) and 81% (2018: 77%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

Except for debt securities at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment are summarised as below:

Trade receivables

The trade debtors presented in the consolidated statement of financial position are net of allowances for ECLs on trade receivables. In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the reporting date.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group has evaluation procedures to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9. In this regard, the directors of the Company consider that the Group's credit risk has significantly reduced.

35. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	Weighted average expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
	%	HK$'000	HK$'000	HK$'000
At 31 December 2019				
Current (not past due)	**2.43**	**7,331**	**(178)**	**7,153**
Less than 1 month past due	**0.55**	**5,235**	**(29)**	**5,206**
Over 1 month but less than 3 months past due	**0.76**	**1,574**	**(12)**	**1,562**
Over 3 months but less than 1 year past due	**0.06**	**1,606**	**(1)**	**1,605**
Over 1 year past due	**38.76**	**1,659**	**(643)**	**1,016**
		17,405	**(863)**	**16,542**
At 31 December 2018				
Current (not past due)	0.25	6,247	(16)	6,231
Less than 1 month past due	0.27	9,098	(24)	9,074
Over 1 month but less than 3 months past due	0.20	9,957	(20)	9,937
Over 3 months but less than 1 year past due	2.56	2,741	(7)	2,734
Over 1 year past due	100.00	137	(137)	—
		28,180	(204)	27,976

35. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

The following table shows the movement in lifetime ECL that has been recognised as trade receivables under simplified approach:

	2019 Lifetime ECL (non-credit impaired) HK$'000	2019 Lifetime ECL (credit impaired) HK$'000	Total HK$'000
At 1 January 2019	204	—	204
Increase in allowance recognised in profit or loss	659	1,593	2,252
Written off	—	(1,593)	(1,593)
As at 31 December 2019	863	—	863

	2018 Lifetime ECL (non-credit impaired) HK$'000	2018 Lifetime ECL (credit impaired) HK$'000	Total HK$'000
At 1 January 2018	184	—	184
Increase in allowance recognised in profit or loss	20	—	20
As at 31 December 2018	204	—	204

Other financial assets at amortised cost

ECL of deposits, other receivables and amount due from related parties are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

Other receivables and deposits are due to various group of debtors and the directors of the Company consider the credit risk of these parties is low.

As at 31 December 2018 and 2019, the Group has not provided any ECL for deposits, other receivables and amount due from related parties.

35. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and accruals and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's non-derivative financial liabilities at each reporting period, based on the contracted undiscounted payments, is as follows:

	Effective interest rate per annum	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Within 1 to 2 years	More 1 but less than 5 Years
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2019						
Trade and other payables and accruals	**N/A**	**8,834**	**8,834**	**8,834**	**—**	**—**
Lease Liabilities	**4.88**	**8,845**	**9,350**	**5,567**	**2,017**	**1,766**
Amount due to a related company	**N/A**	**269**	**269**	**269**	**—**	**—**
Amounts due to a non-controlling shareholder of a subsidiary	**N/A**	**118**	**118**	**118**	**—**	**—**
		18,066	**18,571**	**14,788**	**2,017**	**1,766**
As at 31 December 2018						
Trade and other payables and accruals	**N/A**	14,928	14,928	14,928	—	—

(d) Price risk

The Group is exposed to price risk from the unlisted debt investment.

Unlisted Fund (see Note 19) is held for strategic rather than trading purposes. The Group does not actively trade this investment.

Price risk sensitivity analysis

As at 31 December 2019, it is estimated that with all other variables held constant, a decrease/increase in net adjusted values of the Unlisted Fund by 10% would have increased/decreased the Group's loss after income tax by approximately HK$34,000/HK$34,000.

35. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(e) Fair values of financial instruments

The table below analyses the Group's assets carried at fair values as at 31 December 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:-

	2019			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets:				
Financial assets at FVTPL	—	—	**413**	**413**
	—	—	**413**	**413**

As described in note 19, the NAV of the Unlisted Fund is determined as at the close of business in the relevant market or markets on each reporting date by the application of the Adjusted NAV method under the cost approach. The adjusted net assets values is calculated based on the sum of the fair value of the Unlisted Fund's underlying assets for such investments as at the close of business in such place on the reporting date as of which such calculation is to be made, minus the value of the Unlisted Fund's liabilities on the reporting date.

35. Financial Risk Management and Fair Values of Financial Instruments (Continued)

(e) Fair values of financial instruments (Continued)

Significant unobservable input

The following table summarises the valuation technique and significant unobservable input used for the Unlisted Fund that are categorised in Level 3 of the fair value hierarchy as of 31 December 2019:

	Fair value at 31 December 2019 HK$'000	Valuation technique	Unobservable inputs	Sensitivity
Unlisted Fund	413	Adjusted NAV	Fair value of the underlying investee's net assets	Increase/decrease in the fair value of the underlying investee's net assets

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2019 and 2018.

Management has assessed that the fair values of cash and short-term deposits, trade receivables, deposits and other receivables, lease liabilities, amounts due from/(to) related companies, amount due to a non-controlling shareholder of a subsidiary, trade payables, other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

36. Financial Instruments by Category

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets measured at fair value through profit or loss	**413**	—
Financial assets measured at amortised cost		
— Trade and other receivables and deposits	**19,214**	30,203
— Amounts due from related companies	**40**	417
— Time deposits and cash and bank balances	**71,186**	68,406
	90,440	99,026
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and other payables and accruals	**8,834**	14,928
— Amount due to a related company	**269**	—
— Amount due to a non-controlling shareholder of a subsidiary	**118**	—
— Lease liabilities	**8,845**	—
	18,066	14,928

37. Capital Risk Management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the year.

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising share capital and reserves disclosed in the consolidated statement of changes in equity.

38. Immediate Holding Company and Ultimate Holding Company

In the opinion of the directors of the Company, the ultimate holding company is Explorer Vantage, a company incorporated in the BVI. Ms. Bonnie Chan Woo, being the major shareholder of Explorer Vantage, is the ultimate controlling shareholder during the years ended 31 December 2019 and 2018.

39. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the year is as follows:

	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	**21,643**	21,643
Current assets		
Prepayments and other receivables	**435**	367
Time deposits and cash and bank balances	**54,628**	53,487
	55,063	53,854
Current liabilities		
Accruals	**371**	144
Amounts due to subsidiaries	**10,558**	8,269
	10,929	8,413
Net current assets	**44,134**	45,441
Net assets	**65,777**	67,084
CAPITAL AND RESERVES		
Share capital	**4,800**	4,800
Reserves	**60,977**	62,284
Total equity	**65,777**	67,084

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 24 March 2020 and are signed on its behalf by:

Woo Chan Tak Chi Bonnie *Executive Director*	**Chow Sai Yiu Evan** *Non-executive Director*

39. Statement of Financial Position of the Company (Continued)

Details of the changes in the Company's individual components of reserves between the beginning and the end of the year are set out below:

	Share premium HK$'000	Contribution surplus* HK$'000	Accumulated losses HK$'000	Total HK$'000
1 January 2018	53,851	21,643	(12,513)	62,981
Loss and total comprehensive expense for the year	—	—	(697)	(697)
At 31 December 2018 and 1 January 2019	53,851	21,643	(13,210)	62,284
Dividend paid (note 13(b))	(720)	—	—	(720)
Loss and total comprehensive expense for the year	—	—	(587)	(587)
At 31 December 2019	**53,131**	**21,643**	**(13,797)**	**60,977**

* Contributed surplus of the Company represents the difference between the net asset value of the subsidiaries acquired pursuant to the Corporate Reorganisation and the nominal value of the shares issued by the Company in exchange therefor.

40. Events 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.

41. Comparative Figures

For the comparative figures in note 7 the service categories "digital media production and brand integration and business strategy and development" have been reclassified and integrated as "digital marketing production".

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's audited consolidated financial statements and the Prospectus, is set out below:

Results

	As at 31 December				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from continuing operation	**81,646**	91,478	93,941	90,955	85,676
(Loss)/profit before income tax from continuing operation	**(2,020)**	3,266	(192)	11,293	8,288
Income tax expense	**(460)**	(482)	(2,155)	(2,149)	(1,609)
(Loss)/profit for the year from continuing operation	**(2,480)**	2,784	(2,347)	9,144	6,679
Loss for the year from discontinued operation	**—**	—	—	—	(1,001)
(Loss)/profit for the year	**(2,480)**	2,784	(2,347)	9,144	5,678
Attributable to:					
Owners of the company	**(1,531)**	2,784	(2,347)	9,144	5,678
Non-controlling interests	**(949)**	—	—	—	—
	(2,480)	2,784	(2,347)	9,144	5,678

Assets and Liabilities

	As at 31 December				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**103,106**	103,345	103,461	58,051	52,493
Total liabilities	**(20,207)**	(17,076)	(19,579)	(15,919)	(13,232)
Net assets	**82,899**	86,269	83,882	42,132	39,261