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Icicle Group Holdings Limited

冰雪集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8429)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

UNAUDITED FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2020 (the “Unaudited Condensed Consolidated Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	Notes	For the three months ended 31 March	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	11,839	20,012
Other income and gains	3	315	410
Outsourced project costs		(4,351)	(7,203)
Materials and consumables		(807)	(1,477)
Depreciation and amortisation expenses		(1,729)	(1,780)
Employee benefits expenses		(3,565)	(4,438)
Rental expenses		(442)	(80)
Transportation fee		(1,831)	(2,865)
Other operating expenses		(1,633)	(1,710)
Finance cost		(101)	(177)
(Loss)/profit before income tax		(2,305)	692
Income tax expense	4	—	(75)
(Loss)/profit for the period		<u>(2,305)</u>	<u>617</u>
Attributable to:			
Owners of the Company		(1,985)	617
Non-controlling interests		(320)	—
(Loss)/profit for the period		<u>(2,305)</u>	<u>617</u>

	For the three months ended 31 March	
	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss)/profit for the period	(2,305)	617
Other comprehensive (expense)/income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(20)</u>	<u>170</u>
Other comprehensive (expense)/income for the period, net of income tax	<u>(20)</u>	<u>170</u>
Total comprehensive (expense)/income for the period	<u><u>(2,325)</u></u>	<u><u>787</u></u>
Attributable to:		
Owners of the Company	(2,007)	787
Non-controlling interests	<u>(318)</u>	<u>—</u>
Total comprehensive (expense)/income for the period	<u><u>(2,325)</u></u>	<u><u>787</u></u>
(Loss)/earnings per share attributable to the owners of the Company		
Basic and diluted (HK cents)	<u><u>(0.41)</u></u>	<u><u>0.13</u></u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Equity attributable to owners of the Company							Non- controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	Other reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2020 (audited)	4,800	53,131	11,993	(877)	7	14,511	83,565	(666)	82,899
Loss for the period	—	—	—	—	—	(1,985)	(1,985)	(320)	(2,305)
Other comprehensive (expense)/income:									
Exchange differences arising on translation of foreign operations	—	—	—	(22)	—	—	(22)	2	(20)
Total comprehensive expense for the period	—	—	—	(22)	—	(1,985)	(2,007)	(318)	(2,325)
As at 31 March 2020 (unaudited)	<u>4,800</u>	<u>53,131</u>	<u>11,993</u>	<u>(899)</u>	<u>7</u>	<u>12,526</u>	<u>81,558</u>	<u>(984)</u>	<u>80,574</u>
As at 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	—	—	—	—	—	(417)	(417)	—	(417)
As at 1 January 2019 (audited and restated)	4,800	53,851	11,993	(834)	—	16,042	85,852	—	85,852
Profit for the period	—	—	—	—	—	617	617	—	617
Other comprehensive income:									
Exchange differences arising on translation of foreign operation	—	—	—	170	—	—	170	—	170
Total comprehensive income for the period	—	—	—	170	—	617	787	—	787
As at 31 March 2019 (unaudited)	<u>4,800</u>	<u>53,851</u>	<u>11,993</u>	<u>(664)</u>	<u>—</u>	<u>16,659</u>	<u>86,639</u>	<u>—</u>	<u>86,639</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2020

1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 20 January 2017. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company (the “Shares”) are listed on GEM of the Stock Exchange since 8 December 2017 (the “Listing Date”) by way of share offer of 120,000,000 new Shares (“Share Offer”) offered by the Company at an offer price of HK\$0.55 per Share. The Company’s principal place of business is located at Unit 4, 12/F., 18 King Wah Road, North Point, Hong Kong.

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

2. BASIS OF PREPARATION AND PRESENTATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019.

The accounting policies adopted in the preparation of the Unaudited Condensed Consolidated Financial Statements are same as those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, except for the new and revised HKFRSs and interpretations issued by HKICPA that are first effective for the current accounting period of the Group. There has been no significant change to the accounting policy applied in these Unaudited Condensed Consolidated Financial Statements for the period presented as a result of adoption of these amendments.

The preparation of the Unaudited Condensed Consolidated Financial Statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgements in the process of applying the Group’s accounting policies. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements for the year ended 31 December 2019.

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

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s Audit Committee (the “Audit Committee”).

3. REVENUE AND OTHER INCOME AND GAINS

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

	For the three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Revenue from provision of marketing production services	11,804	20,012
Revenue from media and e-commerce business	<u>35</u>	<u>—</u>
	<u>11,839</u>	<u>20,012</u>
Other income and gains		
Administrative service income	—	15
Income from provision of art and calligraphy workshop	—	42
Income from sales of paper products and calligraphy stationery	—	8
Interest income	307	326
Net exchange gain	—	16
Sundry income	<u>8</u>	<u>3</u>
	<u>315</u>	<u>410</u>

4. INCOME TAX EXPENSE

	For the three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income tax expense comprises:		
Hong Kong Profits Tax		
— current tax for the period	<u>—</u>	<u>75</u>
Income tax expense	<u>—</u>	<u>75</u>

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax under these jurisdictions during the period (2019: Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits for the three months ended 31 March 2020. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the three months ended 31 March 2019, taking into account the tax concession granted by the Hong Kong Special Administrative Region Government for the period.

No provision for Enterprise Income Tax (“EIT”) has been made for the subsidiary established in the People’s Republic of China (the “PRC”) as the subsidiary did not have any assessable profits subject to EIT in the PRC during the period (2019: Nil).

The US corporate tax rate is 21% for the three months ended 31 March 2020 in accordance to the Tax Cuts and Job Act. The US income tax includes (a) federal income tax calculated at a fixed rate of 21% for the three months ended 31 March 2020 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.

Pursuant to the EIT Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise’s profits earned after 1 January 2008. As at 31 March 2020, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$1,499,000 (2019: HK\$1,031,000). Deferred tax liabilities of approximately HK\$75,000 (2019: HK\$52,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company is in a position to control the dividend policy of the PRC subsidiary and it has been determined that it is probable that undistributed profits of the PRC subsidiary will not be distributed in the foreseeable future.

5. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31 March 2020 (2019: Nil).

6. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per Share are based on the loss of approximately HK\$1,985,000 (2019: profit of approximately HK\$617,000) for the period attributable to the owners of the Company and the weighted average number of 480,000,000 (2019: 480,000,000) Shares in issue during the period.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group's business has been adversely affected by the social unrest in Hong Kong causing a rapid decline in market conditions and resulting in the slowing down of our clients' marketing activities. The business environment became even worse and challenging since the outbreak of the novel coronavirus (COVID-19) epidemic (the "COVID-19 Epidemic") in January 2020. The measures that are implemented by the Hong Kong government on travel restrictions, border control, quarantine and social distancing to prevent the spread of the COVID-19 Epidemic have led to drastically decline in the number of visitors to Hong Kong and the reduction in commuting of local residents. The business of our clients, especially those in hospitality and retail sectors, has been impacted significantly. Most of their marketing activities have been cancelled or on hold and therefore have caused the significant decrease in revenue of the Group for the three months ended 31 March 2020.

Looking ahead, the adverse impact on Group's business operation is expected to continue and affecting the operating performance for the rest of the year. Despite this, in order to help speedy recovery of our business under these challenges, the Group is transforming to adapt to the rapid changing world by (i) upgrading our team's skills and knowledge in media, digital and technology; (ii) refining business strategies to promote solutions for sustainable and purposeful consumption; and (iii) enhancing our operational efficiency and further strengthening our cost control measures. We will continue to commit all our effort aligning with our long term vision and striving for excellence.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of marketing production services, media and e-commerce business which are categorised into (i) physical marketing production; (ii) digital marketing production; and (iii) media and e-commerce. During the three months ended 31 March 2020, the Group's revenue decreased by approximately HK\$8.2 million, representing 40.8%, to approximately HK\$11.8 million (2019: HK\$20.0 million).

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

	For the three months ended 31 March			
	2020		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	(Unaudited)		(Unaudited)	
Physical marketing production	10,606	89.6	17,726	88.6
Digital marketing production	<u>1,198</u>	<u>10.1</u>	<u>2,286</u>	<u>11.4</u>
Sub-total	<u>11,804</u>	<u>99.7</u>	<u>20,012</u>	<u>100.0</u>
Media and e-commerce	<u>35</u>	<u>0.3</u>	<u>—</u>	<u>—</u>
Total	<u><u>11,839</u></u>	<u><u>100.0</u></u>	<u><u>20,012</u></u>	<u><u>100.0</u></u>

During the three months ended 31 March 2020, the revenue from physical marketing production services decreased by approximately 40.2% to approximately HK\$10.6 million (2019: HK\$17.7 million). The revenue from digital marketing production services decreased by approximately 47.6% to approximately HK\$1.2 million (2019: HK\$2.3 million). The significant decrease in revenue was directly attributable to the delays and cancellation of projects due to the outbreak of the COVID-19 Epidemic since January 2020.

During the three months ended 31 March 2020, the revenue from media and e-commerce was approximately HK\$35,000 for the period. Media and e-commerce business was not yet commenced during the three months ended 31 March 2019.

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs. During the three months ended 31 March 2020, the Group's outsourced project costs decreased by approximately HK\$2.9 million, representing 39.6%, to approximately HK\$4.4 million (2019: HK\$7.2 million). The decrease was in line with the decrease in revenue due to the impact from the outbreak of the COVID-19 Epidemic.

Materials and consumables

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the three months ended 31 March 2020, the Group's materials and consumables decreased by approximately HK\$0.7 million, representing 45.4%, to approximately HK\$0.8 million (2019: HK\$1.5 million). The decrease was in line with the decrease in revenue due to the impact from the outbreak of the COVID-19 Epidemic.

Employee benefits expenses

Employee benefits expenses primarily consist of salaries, allowances and benefits in kind, discretionary bonus and retirement benefit scheme contributions. During the three months ended 31 March 2020, the Group's employee benefits expenses decreased by approximately HK\$0.9 million, representing 19.7%, to approximately HK\$3.6 million (2019: HK\$4.4 million). The decrease was directly attributable to decrease in average number of staff.

Rental expenses

Rental expenses primarily represent the rental expenses for short-term leases for office premises and staff quarter and the variable lease payment for the printing machines for confidential data printing services. During the three months ended 31 March 2020, the Group's rental expenses increased by approximately HK\$0.3 million, representing 452.5%, to approximately HK\$0.4 million (2019: HK\$0.1 million). The significant increase was directly attributable to the short-term leases for staff quarter during the period.

Transportation fee

Transportation fee consists of fees paid to logistic service providers for (i) delivery of products to clients; and (ii) postage incurred in respect of the direct mailing services. During the three months ended 31 March 2020, the Group's transportation fee decreased by approximately HK\$1.0 million, representing 36.1%, to approximately HK\$1.8 million (2019: HK\$2.9 million). The decrease was in line with the decrease in revenue due to the impact from the outbreak of the COVID-19 Epidemic.

Other operating expenses

Other operating expenses primarily consist of consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the three months ended 31 March 2020, the Group's other operating expenses decreased by approximately HK\$0.1 million, representing 4.5%, to approximately HK\$1.6 million (2019: HK\$1.7 million). The decrease was primarily due to the decrease in marketing expenses during the period.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the three months ended 31 March 2020, the Group's finance cost decreased by approximately HK\$0.1 million, representing 42.9%, to approximately HK\$0.1 million (2019: HK\$0.2 million). The decrease was directly attributable to repayment on lease liabilities during the period.

(Loss)/profit for the period

During the three months ended 31 March 2020, the Group recorded loss of approximately HK\$2.3 million (2019: profit of approximately HK\$0.6 million). The significant change was mainly attributable to the significant decrease in revenue resulting from delays and cancellation of projects due to the outbreak of the COVID-19 Epidemic.

USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 31 March 2020:

	Total planned use of proceeds as stated in the Prospectus HK\$'000	Actual use of proceeds up to 31 March 2020 HK\$'000	Remaining unused net proceeds as at 31 March 2020 HK\$'000
Enlarge the social media marketing production capability and offering	8,000	1,914	6,086
Enhance the overall service offerings and expand the team across three service categories	9,142	1,553	7,589
Set up a studio and expand the work premises	11,458	9,648	1,810
Business development	8,280	4,074	4,206
Staff development	3,120	615	2,505
General working capital	3,800	3,800	—
Total	<u>43,800</u>	<u>21,604</u>	<u>22,196</u>

The business objectives, future plans and planned use of proceeds as stated in the prospectus of the Company dated 27 November 2017 (the “Prospectus”) were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group’s business and the industry.

The remaining unused net proceeds as at 31 March 2020 were placed as bank balances with licensed banks in Hong Kong and will be applied according to the intended usage stated in the Prospectus.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 31 March 2020, the Group had net current assets of approximately HK\$74.8 million (31 December 2019: HK\$76.9 million), including time deposits and cash and bank balances of approximately HK\$72.6 million (31 December 2019: HK\$71.2 million) mainly denominated in Hong Kong dollars.

The gearing ratio of the Group as at 31 March 2020 was 9.0% (31 December 2019: 10.7%). The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There has been no change in the capital structure of the Company during the three months ended 31 March 2020. The equity attributable to owners of the Company amounted to approximately HK\$81.6 million as at 31 March 2020 (31 December 2019: HK\$83.6 million).

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

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

PLEDGE OF ASSETS

As at 31 March 2020, the Group did not have any pledged assets (31 December 2019: Nil).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2020, the Group had capital commitment of approximately HK\$1.4 million to the private fund (31 December 2019: HK\$1.5 million).

As at 31 March 2020, the Group did not have any material contingent liability (31 December 2019: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group had 37 (31 December 2019: 43) full-time (including executive Director) employees. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. The Group has adopted a share option scheme and approved by the then shareholders of the Company (the "Shareholders") on 16 November 2017 (the "Share Option

Scheme”) for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group’s operations. The Group has also adopted other employee benefits including a mandatory provident fund retirement benefit scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in central pension scheme organised and governed by the relevant local governments for its employees in the PRC. In addition, discretionary bonus is offered to eligible employees by reference to the Group’s results and individual performance. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and the section headed “Use of Proceeds” of this announcement on page 11 the Group did not have other plans for material investments and capital assets.

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

During the three months ended 31 March 2020, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and affiliated companies.

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

During the three months ended 31 March 2020 and up to the date of this announcement, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 31 March 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

(i) *Interests in the Shares of the Company*

Name of Director	Nature of interest	Number of Shares held⁽¹⁾	Shareholding percentage
Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo") ⁽²⁾	Interest in a controlled corporation	277,200,000 (L)	57.75%
Mr. Chow Sai Yiu Evan ("Mr. Evan Chow") ⁽³⁾	Interest in a controlled corporation	82,800,000 (L)	17.25%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Explorer Vantage Limited ("Explorer Vantage") was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo. By virtue of the SFO, Ms. Bonnie Chan Woo is deemed to be interested in the Shares held by Explorer Vantage.
3. Hertford Global Limited ("Hertford Global") was incorporated in the BVI and is beneficially and wholly-owned by Mr. Evan Chow. By virtue of the SFO, Mr. Evan Chow is deemed to be interested in the Shares held by Hertford Global.

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

Name of Director	Name of associated corporation	Capacity	Number of Share(s) held⁽¹⁾	Shareholding percentage
Ms. Bonnie Chan Woo	Explorer Vantage ⁽²⁾	Beneficial owner	1 (L)	100%
	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 March 2020, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2020, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests in the Shares of the Company

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

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo.
3. Hertford Global was incorporated in the BVI and is beneficially and wholly-owned by Mr. Evan Chow.
4. Mr. Darrin Woo is the spouse of Ms. Bonnie Chan Woo. By virtue of the SFO, Mr. Darrin Woo is deemed to be interested in the Shares which are interested by Ms. Bonnie Chan Woo.

Save as disclosed above, as at 31 March 2020, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Share Option Scheme was adopted and approved by the then Shareholders on 16 November 2017. Details of the Share Option Scheme are set out in Appendix IV to the Prospectus. No share option has been granted pursuant to the Share Option Scheme since its adoption.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the three months ended 31 March 2020 and up to the date of this announcement, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for Shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above in the section “Share Option Scheme”, at no time during the three months ended 31 March 2020 and up to the date of this announcement was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the Shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the three months ended 31 March 2020 and up to the date of this announcement, none of the Directors, nor the substantial Shareholders nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

DEED OF NON-COMPETITION

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the “Model Code”) by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code during the three months ended 31 March 2020.

Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she was a Director.

COMPLIANCE ADVISER’S INTERESTS

As notified by Ballas Capital Limited (“Ballas”), compliance adviser of the Company, except for the compliance agreement (the “Compliance Agreement”) entered into between the Company and Ballas on the Listing Date which expired on 27 March 2020, 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 on or prior to the expiry of the Compliance Agreement.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established the Audit Committee, a nomination committee and a remuneration committee with specific written terms of reference. During the three months ended 31 March 2020 and up to the date of this announcement, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviation from code provision A.2.1 as detailed below.

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

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

Audit Committee and Review of Unaudited Condensed Consolidated Financial Statements

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

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

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

Hong Kong, 6 May 2020

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

This announcement will remain on the “Latest Company Announcements” page on the GEM website at <https://www.hkgem.com> for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at <https://www.iciclegroup.com>.