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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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 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 INTERIM RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2020 (the “Unaudited Condensed Consolidated Financial Statements”), together with the unaudited comparative figures for the corresponding periods in 2019 as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2020

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>	3	<b>11,687</b>	19,870	<b>23,526</b>	39,882
Other income and gains	4	<b>296</b>	404	<b>611</b>	814
Outsourced project costs		<b>(3,938)</b>	(7,103)	<b>(8,289)</b>	(14,306)
Materials and consumables		<b>(1,043)</b>	(2,248)	<b>(1,850)</b>	(3,725)
Depreciation and amortisation expenses		<b>(1,576)</b>	(1,759)	<b>(3,305)</b>	(3,539)
Employee benefits expenses		<b>(2,557)</b>	(4,124)	<b>(6,122)</b>	(8,562)
Rental expenses		<b>(436)</b>	(49)	<b>(878)</b>	(129)
Transportation fee		<b>(2,082)</b>	(2,885)	<b>(3,913)</b>	(5,750)
Other operating expenses		<b>(1,572)</b>	(2,287)	<b>(3,205)</b>	(3,997)
Finance cost		<b>(96)</b>	(158)	<b>(197)</b>	(335)
<b>(Loss)/profit before income tax</b>	5	<b>(1,317)</b>	(339)	<b>(3,622)</b>	353
Income tax expense	6	<b>—</b>	(35)	<b>—</b>	(110)
<b>(Loss)/profit for the period</b>		<b>(1,317)</b>	(374)	<b>(3,622)</b>	243
<b>Attributable to:</b>					
Owners of the Company		<b>(882)</b>	(365)	<b>(2,867)</b>	252
Non-controlling interests		<b>(435)</b>	(9)	<b>(755)</b>	(9)
<b>(Loss)/profit for the period</b>		<b>(1,317)</b>	(374)	<b>(3,622)</b>	243
<b>(Loss)/earnings per share attributable to the owners of the Company</b>	8				
Basic and diluted (HK cents)		<b>(0.18)</b>	(0.08)	<b>(0.60)</b>	0.05

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the period	(1,317)	(374)	(3,622)	243
<b>Other comprehensive expense:</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	<u>—</u>	<u>(179)</u>	<u>(20)</u>	<u>(9)</u>
<b>Other comprehensive expense for the period, net of income tax</b>	<u>—</u>	<u>(179)</u>	<u>(20)</u>	<u>(9)</u>
<b>Total comprehensive (expense)/income for the period</b>	<u>(1,317)</u>	<u>(553)</u>	<u>(3,642)</u>	<u>234</u>
<b>Attributable to:</b>				
Owners of the Company	(882)	(541)	(2,889)	246
Non-controlling interests	<u>(435)</u>	<u>(12)</u>	<u>(753)</u>	<u>(12)</u>
<b>Total comprehensive (expense)/income for the period</b>	<u>(1,317)</u>	<u>(553)</u>	<u>(3,642)</u>	<u>234</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	<i>Notes</i>	At 30 June 2020 <i>HK\$'000</i> (unaudited)	At 31 December 2019 <i>HK\$'000</i> (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	380	870
Right-of-use assets		6,104	7,763
Intangible assets		456	28
Goodwill		538	538
Financial asset at fair value through profit or loss		578	413
		<u>8,056</u>	<u>9,612</u>
<b>Current assets</b>			
Inventories		603	518
Trade and other receivables, deposits and prepayments	10	14,282	20,941
Amounts due from related companies	11	12	40
Current tax recoverable		—	809
Time deposits and cash and bank balances		75,723	71,186
		<u>90,620</u>	<u>93,494</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	12	12,200	10,930
Amount due to a related company	11	—	269
Amount due to a non-controlling shareholder of a subsidiary	11	56	118
Current tax payable		57	—
Lease liabilities		4,789	5,260
Provision for long service payment		45	45
		<u>17,147</u>	<u>16,622</u>
<b>Net current assets</b>		<u>73,473</u>	<u>76,872</u>
<b>Non-current liabilities</b>			
Lease liabilities		2,272	3,585
<b>Net assets</b>		<u>79,257</u>	<u>82,899</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	4,800	4,800
Reserves		75,876	78,765
<b>Total equity attributable to the owners of the Company</b>		<u>80,676</u>	83,565
Non-controlling interests		<u>(1,419)</u>	<u>(666)</u>
<b>Total equity</b>		<u>79,257</u>	<u>82,899</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Operating activities</b>		
Cash generated from operations	7,109	6,086
Income tax refunded/(paid)	<u>872</u>	<u>(32)</u>
<b>Net cash generated from operating activities</b>	<b>7,981</b>	<b>6,054</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(73)	(54)
Purchase of financial assets at fair value through profit or loss	(165)	—
Increase in time deposits with original maturity of more than three months	(10,860)	(1,867)
Other cash flows arising from investing activities	<u>129</u>	<u>594</u>
<b>Net cash used in investing activities</b>	<b>(10,969)</b>	<b>(1,327)</b>
<b>Financing activities</b>		
Principal elements of lease payments	(2,834)	(3,039)
Interest elements of lease payments	(197)	(335)
Other cash flows arising from financing activities	<u>(281)</u>	<u>—</u>
<b>Net cash used in financing activities</b>	<b>(3,312)</b>	<b>(3,374)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(6,300)</b>	<b>1,353</b>
<b>Effect of foreign exchange rate changes</b>	<b>(23)</b>	<b>(9)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b><u>22,096</u></b>	<b><u>11,711</u></b>
<b>Cash and cash equivalents at end of the period</b>	<b><u>15,773</u></b>	<b><u>13,055</u></b>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	15,773	13,055
Time deposits	<u>59,950</u>	<u>58,562</u>
Time deposits and cash and bank balances stated in the condensed consolidated statement of financial position	75,723	71,617
Less: Time deposits with original maturity of more than three months	<u>(59,950)</u>	<u>(58,562)</u>
<b>Cash and cash equivalents in the condensed consolidated statement of cash flows</b>	<b><u>15,773</u></b>	<b><u>13,055</u></b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Equity attributable to owners of the Company							Non-controlling interests	Total equity
	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
<b>As at 1 January 2020 (audited)</b>	4,800	53,131	11,993	(877)	7	14,511	83,565	(666)	82,899
Loss for the period	—	—	—	—	—	(2,867)	(2,867)	(755)	(3,622)
Other comprehensive expense:									
Exchange differences arising on translation of foreign operations	—	—	—	(22)	—	—	(22)	2	(20)
Total comprehensive expense for the period	—	—	—	(22)	—	(2,867)	(2,889)	(753)	(3,642)
<b>As at 30 June 2020 (unaudited)</b>	<u>4,800</u>	<u>53,131</u>	<u>11,993</u>	<u>(899)</u>	<u>7</u>	<u>11,644</u>	<u>80,676</u>	<u>(1,419)</u>	<u>79,257</u>
<b>As at 1 January 2019 (as previously reported)</b>	4,800	53,851	11,993	(834)	—	16,459	86,269	—	86,269
Impact on initial application of Hong Kong Financial Reporting Standard (“HKFRS”) 16	—	—	—	—	—	(417)	(417)	—	(417)
<b>As at 1 January 2019 (audited and restated)</b>	<u>4,800</u>	<u>53,851</u>	<u>11,993</u>	<u>(834)</u>	<u>—</u>	<u>16,042</u>	<u>85,852</u>	<u>—</u>	<u>85,852</u>
Profit/(loss) for the period	—	—	—	—	—	252	252	(9)	243
Other comprehensive expense:									
Exchange differences arising on translation of foreign operations	—	—	—	(6)	—	—	(6)	(3)	(9)
Total comprehensive income/(expense) for the period	—	—	—	(6)	—	252	246	(12)	234
Dividends approved in respect of the previous year	—	(720)	—	—	—	—	(720)	—	(720)
Non-controlling interests arising from incorporation of a subsidiary	—	—	—	—	—	—	—	720	720
<b>As at 30 June 2019 (unaudited)</b>	<u>4,800</u>	<u>53,131</u>	<u>11,993</u>	<u>(840)</u>	<u>—</u>	<u>16,294</u>	<u>85,378</u>	<u>708</u>	<u>86,086</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 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”) at an offer price of HK\$0.55 per Share. The Company’s principal place of business is located at Unit 4, 12/F., 18 King Wah Road, North Point, Hong Kong.

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

## 2. BASIS OF PREPARATION AND PRESENTATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 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 Company. There has been no significant change to the accounting policy applied in these Unaudited Condensed Consolidated Financial Statements for the period presented as a result of adoption of these amendments.

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 SEGMENT INFORMATION

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

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

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Revenue recognised at a point in time:</b>		
Physical marketing production	21,296	36,197
Digital marketing production	2,146	3,685
Media and e-commerce	84	—
	<u>23,526</u>	<u>39,882</u>

#### Geographical information

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

As at 30 June 2020 and 31 December 2019, non-current assets are mainly located in Hong Kong.

Revenue by geographical location of customers, which is based on the principal place of the customers' operation, is set out below:

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	22,914	38,378
The People's Republic of China (the "PRC")	340	1,158
Others	272	346
	<u>23,526</u>	<u>39,882</u>

### Information about major customers

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

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Customer A	7,702	10,939
Customer B	<u>8,034</u>	<u>14,094</u>

### 4. OTHER INCOME AND GAINS

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

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administrative service income	—	15	—	30
Income from provision of art and calligraphy workshop	—	49	—	91
Income from sales of paper products and calligraphy stationery	—	30	—	38
Interest income	295	311	602	637
Net exchange loss	—	(16)	—	—
Sundry income	<u>1</u>	<u>15</u>	<u>9</u>	<u>18</u>
	<u>296</u>	<u>404</u>	<u>611</u>	<u>814</u>

## 5. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Amortisation of intangible assets	27	43	43	101
Auditor's remuneration				
— Audit services	9	9	9	9
Cost of inventories sold	28	—	49	—
Depreciation of property, plant and equipment	240	316	553	639
Depreciation of right-of-use assets	1,309	1,400	2,709	2,799
Variable lease payments not included in the measurement of lease liabilities	2	11	38	53
Share-based payment	—	565	—	565
Net exchange (gain)/loss	(14)	40	122	24
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Employee benefits expenses (including directors' remuneration)				
— Salaries, allowances and benefits in kind	2,441	3,946	5,859	8,194
— Retirement benefit scheme contributions	116	178	263	368
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>2,557</u>	<u>4,124</u>	<u>6,122</u>	<u>8,562</u>

## 6. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income tax expense comprises:				
Hong Kong Profits Tax				
— current tax for the period	—	35	—	110
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income tax expense	<u>          </u>	<u>35</u>	<u>          </u>	<u>110</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 (30 June 2019: Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits for the six months ended 30 June 2020. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2019, taking into account the tax concession granted by the Hong Kong Special Administrative Region (“SAR”) Government for the period.

No provision for Enterprise Income Tax (“EIT”) has been made for the subsidiary established in the PRC as the subsidiary did not have any assessable profits subject to EIT in the PRC during the periods.

No provision for the corporate income tax has been made for the subsidiary incorporated in the United States (the “US”) as the subsidiary did not generate any assessable profits in the US during the periods.

Pursuant to the EIT Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise’s profits earned after 1 January 2008. As at 30 June 2020, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$1,440,000 (30 June 2019: HK\$954,000). Deferred tax liabilities of approximately HK\$72,000 (30 June 2019: HK\$48,000) 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.

## 7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company	<u>(882)</u>	<u>(365)</u>	<u>(2,867)</u>	<u>252</u>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>’000</b>	<b>’000</b>	<b>’000</b>	<b>’000</b>
Number of Shares:				
Weighted average number of ordinary Shares	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted (loss)/earnings per Share	<u>(0.18)</u>	<u>(0.08)</u>	<u>(0.60)</u>	<u>0.05</u>

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

## 9. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2020, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$73,000 (30 June 2019: HK\$54,000).

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	At 31 December 2019 HK\$'000 (audited)
Trade receivables	<b>10,327</b>	16,542
Rental and other deposits	<b>1,975</b>	2,029
Prepayments	<b>1,386</b>	1,727
Other receivables	<b>594</b>	643
	<b><u>14,282</u></b>	<u>20,941</u>

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (31 December 2019: 30 to 60 days) from the date of billing for the period.

The ageing analysis of the trade receivables, net of allowance for expected credit losses (“ECLs”), based on invoice date is as follows:

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	At 31 December 2019 HK\$'000 (audited)
Within 1 month	<b>4,629</b>	7,434
Over 1 month but less than 3 months	<b>3,104</b>	6,513
Over 3 months but less than 1 year	<b>2,284</b>	1,799
Over 1 year	<b>1,173</b>	1,659
Less: allowance for ECLs	<b>(863)</b>	(863)
	<b><u>10,327</u></b>	<u>16,542</u>

## 11. 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 of the Company and spouse of Ms. Woo Chan Tak Chi Bonnie (“Ms. Bonnie Chan Woo”), an executive director of the Company are the beneficial owners and controlling members.

The amounts due from related companies are trade in nature, unsecured, interest-free and have credit period of 30 days.

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.

## 12. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	At 31 December 2019 HK\$'000 (audited)
Trade payables	4,414	6,527
Accruals	1,436	1,478
Contract liabilities	3,938	2,096
Other payables	<u>2,412</u>	<u>829</u>
	<b><u>12,200</u></b>	<b><u>10,930</u></b>

The credit period granted by suppliers of the Group is generally ranging from 30 to 90 days (31 December 2019: 30 to 90 days) for the period. The ageing analysis of the trade payables based on invoice date is as follows:

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	At 31 December 2019 HK\$'000 (audited)
Within 1 month	3,607	5,065
Over 1 month but less than 3 months	643	1,341
Over 3 months but less than 1 year	<u>164</u>	<u>121</u>
	<b><u>4,414</u></b>	<b><u>6,527</u></b>

## 13. SHARE CAPITAL

	<b>Number of Shares</b>	<b>Share capital HK\$'000</b>
Ordinary Shares of HK\$0.01 each		
Authorised:		
<b>At 31 December 2019 (audited) and 30 June 2020 (unaudited)</b>	<b><u>1,000,000,000</u></b>	<b><u>10,000</u></b>
Issued and fully paid:		
<b>At 31 December 2019 (audited) and 30 June 2020 (unaudited)</b>	<b><u>480,000,000</u></b>	<b><u>4,800</u></b>

## 14. RELATED PARTY TRANSACTIONS

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

	<b>Six months ended 30 June</b>	
	<b>2020</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>2019</b> <i>HK\$'000</i> <b>(unaudited)</b>
Revenue from provision of marketing production services to NewspaperDirect Limited ( <i>Note (a)</i> )	—	176
Revenue from provision of marketing production services to MCL Financial Group Limited ( <i>Note (b)</i> )	<b>8</b>	11
Revenue from provision of marketing production services to close family members of Ms. Bonnie Chan Woo	—	29
Revenue from provision of marketing production services to Studio SV Limited ( <i>Note (c)</i> )	—	47
Administrative service income received from NewspaperDirect Limited ( <i>Note (a)</i> )	<u>—</u>	<u>30</u>

*Notes:*

- (a) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, is the controlling shareholder and one of the beneficial owners of this related company.
- (b) Mr. Chow Sai Yiu Evan (“Mr. Evan Chow”), a non-executive director of the Company, is the controlling shareholder and the beneficial owner of this related company.
- (c) Explorer Vantage, the ultimate holding company of the Company, is one of the beneficial owners of this related company before the acquisition by the Group on 10 December 2019.

### Compensation of key management personnel

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

	<b>Six months ended 30 June</b>	
	<b>2020</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>2019</b> <i>HK\$'000</i> <b>(unaudited)</b>
Directors' fee	<b>180</b>	180
Salaries, allowances and benefits in kind	<b>1,954</b>	2,392
Retirement benefit scheme contributions	<u><b>69</b></u>	<u>63</u>
	<u><b>2,203</b></u>	<u>2,635</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review and Outlook**

During the six months ended 30 June 2020, the outbreak of COVID-19 epidemic (the “COVID-19 Epidemic”) has caused a rapid decline in market conditions. Local consumption in Hong Kong fell drastically and a weak sentiment ensued which resulted in a significant adverse effect on our clients’ businesses, especially those in hospitality and the retail sectors, and a knock-on effect on their marketing activities. The measures on travel restrictions, border control, quarantine and social distancing implemented by the Hong Kong SAR Government have led to a sharp decline in the number of visitors in Hong Kong which further exacerbated the negative impact on retail activities. The Group’s revenue for the six months ended 30 June 2020 has suffered by about 41% as compared with the same period last year due to the economic crisis unleashed by the COVID-19 Epidemic.

Looking ahead, the adverse impact on the Group’s business operation is expected to continue in view of the third wave of COVID-19 Epidemic in Hong Kong, as well as the general uncertain market conditions elsewhere. In face of the challenging macro environment, the Group has sped up its business transformation strategy to focus on developing digital marketing capabilities, media/entertainment assets and our own e-Commerce offer, aiming to add value and purpose to next-generation consumer lifestyles, especially in the trending market space of mission-led consumer brands and wellness brands. During the first half of this year, our subsidiary, WOMANBOSS INC. (“WOMANBOSS”), a media-driven e-Commerce business founded in New York, US, has launched its offer to the Hong Kong market, providing shipping to Hong Kong and allowing customers to transact in Hong Kong dollars; in addition, WOMANBOSS launched a Youtube channel which has garnered over 59,000+ views since launch and continues to grow. On the B2B marketing production front, our wholly-owned subsidiary, ICICLE PRODUCTION COMPANY LIMITED (“ICICLE PRODUCTION”), introduced WhatsApp business solution to our enterprise clients in partnership with an award-winning artificial intelligence company in Hong Kong. Looking ahead, we remain optimistic in our long term view of the Group and we look forward to creating further synergies with our new business initiatives and partnerships to prepare our Group for taking full advantage of economic recovery when it comes.

## **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 six months ended 30 June 2020, the Group’s revenue decreased by approximately HK\$16.4 million, representing 41.0%, to approximately HK\$23.5 million (2019: HK\$39.9 million).

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

	<b>For the six months ended 30 June</b>			
	<b>2020</b>		<b>2019</b>	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Physical marketing production	<b>21,296</b>	<b>90.5</b>	36,197	90.8
Digital marketing production	<u><b>2,146</b></u>	<u><b>9.1</b></u>	<u>3,685</u>	<u>9.2</u>
Sub-total	<u><b>23,442</b></u>	<u><b>99.6</b></u>	<u>39,882</u>	<u>100.0</u>
Media and e-commerce	<u><b>84</b></u>	<u><b>0.4</b></u>	<u>—</u>	<u>—</u>
Total	<u><b>23,526</b></u>	<u><b>100.0</b></u>	<u>39,882</u>	<u>100.0</u>

During the six months ended 30 June 2020, the revenue from physical marketing production services decreased by approximately 41.2% to approximately HK\$21.3 million (2019: HK\$36.2 million). The revenue from digital marketing production services decreased by approximately 41.8% to approximately HK\$2.1 million (2019: HK\$3.7 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 six months ended 30 June 2020, the revenue from media and e-commerce was approximately HK\$84,000. Media and e-commerce business was not yet commenced during the six months ended 30 June 2019.

### **Outsourced project costs**

Outsourced project costs consist of printing costs and other outsourced project costs. During the six months ended 30 June 2020, the Group's outsourced project costs decreased by approximately HK\$6.0 million, representing 42.1%, to approximately HK\$8.3 million (2019: HK\$14.3 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 six months ended 30 June 2020, the Group's materials and consumables decreased by approximately HK\$1.9 million, representing 50.3%, to approximately HK\$1.9 million (2019: HK\$3.7 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 and retirement benefit scheme contributions. During the six months ended 30 June 2020, the Group's employee benefits expenses decreased by approximately HK\$2.4 million, representing 28.5%, to approximately HK\$6.1 million (2019: HK\$8.6 million). The decrease was directly attributable to the decrease in average number of staff and implementation of cost control.

## **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 six months ended 30 June 2020, the Group's rental expenses increased by approximately HK\$0.7 million, representing 580.6%, to approximately HK\$0.9 million (2019: HK\$0.1 million). The significant increase was directly attributable to the addition of short-term lease of 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 six months ended 30 June 2020, the Group's transportation fee decreased by approximately HK\$1.8 million, representing 31.9%, to approximately HK\$3.9 million (2019: HK\$5.8 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 six months ended 30 June 2020, the Group's other operating expenses decreased by approximately HK\$0.8 million, representing 19.8%, to approximately HK\$3.2 million (2019: HK\$4.0 million). The decrease was primarily due to the implementation of stringent cost control and there was no share-based payment recognised during these six months ended 30 June 2020.

## **Finance cost**

Finance cost primarily represents the interest on lease liabilities. During the six months ended 30 June 2020, the Group's finance cost decreased by approximately HK\$0.1 million, representing 41.2%, to approximately HK\$0.2 million (2019: HK\$0.3 million). The decrease was directly attributable to repayment on lease liabilities during the period.

## (Loss)/profit for the period

During the six months ended 30 June 2020, the Group recorded loss of approximately HK\$3.6 million (2019: profit of approximately HK\$0.2 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 30 June 2020:

	Planned use of net proceeds from Share Offer	Actual use of net proceeds from 1 January to 6 May 2020	Unutilised net proceeds as at 6 May 2020	Revised allocation of net proceeds as at 6 May 2020 <i>(Note 1)</i>	Actual use of net proceeds from 7 May to 30 June 2020	Unutilised net proceeds as at 30 June 2020 <i>(Note 2)</i>	Expected timeline of application of the unutilised net proceeds <i>(Note 3)</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Enlarge the social media marketing production capability and offering	8,000	2,057	5,943	5,943	388	5,555	From 1 July 2020 to 31 December 2021
Enhance the overall service offerings and expand the team across three categories	9,142	1,581	7,561	7,561	58	7,503	From 1 July 2020 to 31 December 2021
Set up a studio and expand the work premises	11,458	9,648	1,810	1,810	522	1,288	From 1 July 2020 to 31 December 2020
Business development	8,280	4,210	4,070	2,070	377	1,693	From 1 July 2020 to 31 December 2021
Staff development	3,120	623	2,497	697	7	690	From 1 July 2020 to 31 December 2021
General working capital	3,800	3,800	—	3,800	380	3,420	N/A
Total:	<u>43,800</u>	<u>21,919</u>	<u>21,881</u>	<u>21,881</u>	<u>1,732</u>	<u>20,149</u>	

### Notes:

1. In accordance with the announcement of change in use of proceeds dated 6 May 2020 (the “2020 Announcement”), due to the reasons and benefits mentioned in the 2020 Announcement, the unutilised net proceeds was re-allocated with effect from 6 May 2020. For more details, please refer to the 2020 Announcement.
2. The unutilised net proceeds as at 30 June 2020 were placed as bank balances with licensed banks in Hong Kong.
3. The expected timeline of application of the unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the Group’s business and the market conditions.

## **LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE**

As at 30 June 2020, the Group had net current assets of approximately HK\$73.5 million (31 December 2019: HK\$76.9 million), including time deposits and cash and bank balances of approximately HK\$75.7 million (31 December 2019: HK\$71.2 million) mainly denominated in Hong Kong dollars, with approximately HK\$7.3 million (31 December 2019: HK\$6.5 million) denominated in renminbi which is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

The gearing ratio of the Group as at 30 June 2020 was approximately 8.9% (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 six months ended 30 June 2020. The equity attributable to owners of the Company amounted to approximately HK\$80.7 million as at 30 June 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 30 June 2020, the Group did not have any pledged assets (31 December 2019: Nil).

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 June 2020, the Group had capital commitment of approximately HK\$1.3 million to the private fund (31 December 2019: HK\$1.5 million).

As at 30 June 2020, the Group did not have any material contingent liability (31 December 2019: Nil).

## **EMPLOYEE AND REMUNERATION**

As at 30 June 2020, the Group had 34 (31 December 2019: 43) 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 and also participated to contribute social security and medical as required by the local government for employees in the U.S.. In addition, discretionary bonus is offered to eligible employees by reference to the Group’s results and individual performance. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Saved as disclosed in the Prospectus and the section headed “Use of Proceeds” of this interim results announcement, the Group did not have other plans for material investments and capital assets.

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

During the six months ended 30 June 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 six months ended 30 June 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 30 June 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*

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of Shares held<sup>(1)</sup></b>	<b>Shareholding percentage</b>
Ms. Bonnie Chan Woo <sup>(2)</sup>	Interest in a controlled corporation	277,200,000 (L)	57.75%
Mr. Evan Chow <sup>(3)</sup>	Interest in a controlled corporation	82,800,000 (L)	17.25%

*Notes:*

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

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

<b>Name of Director</b>	<b>Name of associated corporation(s)</b>	<b>Capacity</b>	<b>Number of Share(s) held<sup>(1)</sup></b>	<b>Shareholding percentage</b>
Ms. Bonnie Chan Woo	Explorer Vantage <sup>(2)</sup>	Beneficial owner	1 (L)	100%
	Papercom Limited ("Papercom") <sup>(3)</sup>	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 30 June 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 30 June 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*

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

*Notes:*

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

Save as disclosed above, as at 30 June 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 of the Company on 16 November 2017. Details of the Share Option Scheme are set out in Appendix IV to the Prospectus. No share option has been granted pursuant to the Share Option Scheme since its adoption.

## **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Saved as disclosed above, at no time during the six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 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 throughout the six months ended 30 June 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, an indirect wholly-owned subsidiary of the Company, as the borrower, entered into a bank facility letter (the “Facility Letter”) with DBS Bank (Hong Kong) Limited as the lender (the “Lender”), pursuant to which the Lender agreed to make available a bank overdraft facility, with a maximum facility of HK\$10,000,000, which has been made available and will continue to be made available by Lender to Icicle Production on the terms and conditions therein contained. Pursuant to the Facility Letter, a specific performance covenant is imposed on Ms. Bonnie Chan Woo, the controlling Shareholder of the Company, to hold not less than 51% beneficial interest of the Company and Icicle Production.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining a high standard of corporate governance in emphasising a quality board of directors, sound internal control, transparency and accountability with a view to safeguard the interests of all the Shareholders. The Board has adopted the principles and the code provisions of Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules. In accordance with the requirements of the GEM Listing Rules, the Company has established the Audit Committee, a nomination committee and a remuneration committee with specific written terms of reference. During the six months ended 30 June 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 CEO. In view that Ms. Bonnie Chan Woo has been managing the Group’s business and overall strategic planning since August 2002, the Board believes that the vesting of the roles of the Chairperson of the Board and CEO in Ms. Bonnie Chan Woo is beneficial to the business operations and management of the Group as it provides a strong and consistent leadership to the Group, and the current management has been effective in the development of the Group and implementation of business strategies under the leadership of Ms. Bonnie Chan Woo. In allowing the two roles to be vested in the same person, the Board believes both positions require in-depth knowledge and considerable experience in the Group’s business, and Ms. Bonnie Chan Woo is the most suitable person to take up both positions for effective management of the Group.

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

### **Audit Committee and Review of Unaudited Condensed Consolidated Financial Statements**

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

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

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

Hong Kong, 5 August 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>.*