

Icicle Group Holdings Limited

冰雪集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8429



ICICLE

2020

THIRD QUARTERLY REPORT

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*This report, for which the directors (the “Directors”) of Icicle Group Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”, “ICICLE”, “we” or “our”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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# CORPORATE INFORMATION

## Board of Directors

### Executive Director

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

### Non-executive Director

Mr. Chow Sai Yiu Evan

### Independent Non-executive Directors

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

### Compliance Officer

Ms. Woo Chan Tak Chi Bonnie

### Company Secretary

Ms. Tsui Sum Yi

### Authorised Representatives

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

### Audit Committee

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

## Remuneration Committee

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

## Nomination Committee

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

## Auditor

Moore Stephens CPA Limited  
801–806 Silvercord, Tower 1  
30 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

## Registered Office

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

## CORPORATE INFORMATION (CONTINUED)

### Headquarters and Principal Place of Business in Hong Kong

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

### Principal Share Registrar and Transfer Office in the Cayman Islands

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

### Hong Kong Share Registrar

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

### Principal Bankers

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

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

### Stock Code

8429

### Company Website

[www.iciclegroup.com](http://www.iciclegroup.com)

# UNAUDITED THIRD 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 and nine months ended 30 September 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 nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>13,137</b>	20,446	<b>36,663</b>	60,328
Other income and gains	3	<b>1,129</b>	515	<b>2,019</b>	1,329
Outsourced project costs		<b>(4,368)</b>	(8,506)	<b>(12,657)</b>	(22,812)
Materials and consumables		<b>(1,380)</b>	(1,810)	<b>(3,230)</b>	(5,535)
Depreciation and amortisation expenses		<b>(1,601)</b>	(1,721)	<b>(4,906)</b>	(5,260)
Employee benefits expenses		<b>(2,655)</b>	(4,164)	<b>(9,056)</b>	(12,726)
Rental expenses		<b>(298)</b>	(58)	<b>(1,176)</b>	(187)
Transportation fee		<b>(1,739)</b>	(2,305)	<b>(5,652)</b>	(8,055)
Other operating expenses		<b>(1,224)</b>	(3,683)	<b>(4,429)</b>	(7,680)
Finance cost		<b>(86)</b>	(139)	<b>(283)</b>	(474)
<b>Profit/(loss) before income tax</b>		<b>915</b>	(1,425)	<b>(2,707)</b>	(1,072)
Income tax expense	4	<b>(76)</b>	(110)	<b>(76)</b>	(220)
<b>Profit/(loss) for the period</b>		<b>839</b>	(1,535)	<b>(2,783)</b>	(1,292)
<b>Attributable to:</b>					
Owners of the Company		<b>1,277</b>	(1,147)	<b>(1,590)</b>	(895)
Non-controlling interests		<b>(438)</b>	(388)	<b>(1,193)</b>	(397)
<b>Profit/(loss) for the period</b>		<b>839</b>	(1,535)	<b>(2,783)</b>	(1,292)
<b>Earnings/(loss) per share attributable to the owners of the Company</b>					
Basic and diluted (HK cents)	6	<b>0.27</b>	(0.24)	<b>(0.33)</b>	(0.19)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the three months and nine months ended 30 September 2020

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Profit/(loss) for the period</b>	<b>839</b>	(1,535)	<b>(2,783)</b>	(1,292)
<b>Other comprehensive income/(expense):</b> <i>Item that may be reclassified subsequently to profit or loss:</i> Exchange differences arising on translation of foreign operations	<b>69</b>	(34)	<b>49</b>	(43)
<b>Other comprehensive income/(expense) for the period, net of income tax</b>	<b>69</b>	(34)	<b>49</b>	(43)
<b>Total comprehensive income/(expense) for the period</b>	<b>908</b>	(1,569)	<b>(2,734)</b>	(1,335)
<b>Attributable to:</b> Owners of the Company	<b>1,346</b>	(1,183)	<b>(1,543)</b>	(937)
Non-controlling interests	<b>(438)</b>	(386)	<b>(1,191)</b>	(398)
<b>Total comprehensive income/(expense) for the period</b>	<b>908</b>	(1,569)	<b>(2,734)</b>	(1,335)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

## Equity attributable to owners of the Company

	Share capital	Share premium	Capital reserve	Translation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>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	—	—	—	—	—	(1,590)	(1,590)	(1,193)	(2,783)
Other comprehensive income: Exchange differences arising on translation of foreign operations	—	—	—	47	—	—	47	2	49
Total comprehensive income/(expense) for the period	—	—	—	47	—	(1,590)	(1,543)	(1,191)	(2,734)
<b>At 30 September 2020 (unaudited)</b>	4,800	53,131	11,993	(830)	7	12,921	82,022	(1,857)	80,165
<b>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 16	—	—	—	—	—	(417)	(417)	—	(417)
<b>At 1 January 2019 (audited and restated)</b>	4,800	53,851	11,993	(834)	—	16,042	85,852	—	85,852
Loss for the period	—	—	—	—	—	(895)	(895)	(397)	(1,292)
Other comprehensive expense: Exchange differences arising on translation of foreign operations	—	—	—	(42)	—	—	(42)	(1)	(43)
Total comprehensive expense for the period	—	—	—	(42)	—	(895)	(937)	(398)	(1,335)
Dividends approved in respect of the previous year	—	(720)	—	—	—	—	(720)	—	(720)
Non-controlling interests arising from incorporation of a subsidiary	—	—	—	—	—	—	—	720	720
<b>At 30 September 2019 (unaudited)</b>	4,800	53,131	11,993	(876)	—	15,147	84,195	322	84,517

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 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 below and the new and revised HKFRSs and interpretations issued by the 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 September 2020

## 2. Basis of Preparation and Presentation (Continued)

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

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").

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 September 2020

## 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:

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Revenue</b>				
Revenue from provision of marketing production services	13,085	20,446	36,527	60,328
Revenue from media and e-commerce business	52	—	136	—
	13,137	20,446	36,663	60,328
<b>Other income and gains</b>				
Administrative service income	—	15	—	45
Government subsidies ( <i>Note</i> )	826	—	1,105	—
Gain on disposal of property, plant and equipment	10	—	10	—
Income from provision of art and calligraphy workshop	—	28	—	119
Income from sales of paper products and calligraphy stationery	—	6	—	44
Interest income	291	310	893	947
Sundry income	2	156	11	174
	1,129	515	2,019	1,329

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 September 2020

## 3. Revenue and Other Income and Gains (Continued)

Note: The government subsidies recognised for the nine months ended 30 September 2020 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China (the "Hong Kong Government").

## 4. Income Tax Expense

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Income tax expense comprises:				
Hong Kong Profits Tax				
— current tax for the period	55	110	55	220
Other jurisdictions				
— current tax for the period	21	—	21	—
Income tax expense	76	110	76	220

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 (the "BVI"), the Group is not subject to any income tax under these jurisdictions during the period (30 September 2019: Nil).

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 September 2020

## 4. Income Tax Expense (Continued)

Under the Enterprise Income Tax (the "EIT") Law of the People's Republic of China (the "PRC") (the "EIT Law") and the Implementation Regulation of the EIT Law, the subsidiary in the PRC is subject to the tax rate of 25% on the estimated assessable profits for the nine months ended 30 September 2020. No provision for 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 for the nine months ended 30 September 2019.

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 September 2020, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$1,775,000 (30 September 2019: HK\$936,000). Deferred tax liabilities of approximately HK\$89,000 (30 September 2019: HK\$47,000) 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 nine months ended 30 September 2020 (30 September 2019: Nil).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 September 2020

## 6. Earnings/(loss) Per Share

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

	Three months ended 30 September		Nine months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit/(loss) attributable to owners of the Company	1,277	(1,147)	(1,590)	(895)
	2020 '000	2019 '000	2020 '000	2019 '000
Number of shares: Weighted average number of ordinary Shares	480,000	480,000	480,000	480,000
	HK cents	HK cents	HK cents	HK cents
Basic and diluted earnings/(loss) per Share	0.27	(0.24)	(0.33)	(0.19)

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review and Outlook

During the nine months ended 30 September 2020, the COVID-19 epidemic (“COVID-19”) continued to negatively impact the global and local economic activities. The Hong Kong consumer markets remained sluggish and challenging. Our clients’ businesses, especially those in hospitality and the retail sector were hard hit. The third wave of COVID-19 set back the gradual recovery of the retail market in the third quarter of 2020 (“Q3”), though we did see general business activities started to pick up speed towards the end of Q3. The Group’s revenue for the nine months ended 30 September 2020 decreased by about 39% as compared with the same period last year due to such economic decline. That said, with severe cost cutting measures, government relief subsidies and the restructuring of internal resources, the Group was pleased to have achieved profitability in this quarter to catch up some of the losses from the first half of the year.

Looking ahead, subject to COVID-19 stabilising in Hong Kong, marketing activities are expected to resume for year end. Our Management is diligently monitoring our capacity, including access to freelance/part time/vendors’ resources to position the Group to be the most resourceful and ready to support our top clients to re-activate their marketing production in the swiftest manner. In addition to our core marketing production business, the Group is fast developing our digital marketing capabilities to capture the increased market opportunities online resulting from a shift of consumer behaviours, in turn causing the rise of new business models and digital transformation with more established businesses.

Last year, the Group seed-invested into a media-driven e-commerce start-up branded WOMANBOSS which launched its beta in November 2019. Since then, the start-up has made significant progress in rolling out the strategy with the aim of servicing next-generation consumer lifestyles, especially in the trending market space of mission-led consumer brands. Following the earlier launch in New York (USA), the business has since expanded to prepare for launching a physical store in Hong Kong in Q4 of 2020. The WOMANBOSS SHOP shall be a multi-purpose lifestyle space encompassing retail, gallery, event, food & beverage with a co-working function.

Meanwhile, our media/entertainment arm in the US and the PRC have also kick-started a significant project that is expected to release the first program in the first half of 2021.

The management is confident with the direction and the pace at which the business is developing with a long term view of the Group aiming to become a leading platform for integrating brands and contents across the most exciting consumer markets, effecting meaningful lifestyle change and promoting sustainable and purposeful consumption.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 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 nine months ended 30 September 2020, the Group's revenue decreased by approximately HK\$23.7 million, representing 39.2%, to approximately HK\$36.7 million (2019: HK\$60.3 million).

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

	For the nine months ended 30 September			
	2020		2019	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Physical marketing production	32,962	89.9	54,346	90.1
Digital marketing production	3,565	9.7	5,982	9.9
Sub-total	36,527	99.6	60,328	100.0
Media and e-commerce	136	0.4	—	—
Total	36,663	100.0	60,328	100.0

During the nine months ended 30 September 2020, the revenue from physical marketing production services decreased by approximately 39.3% to approximately HK\$33.0 million (2019: HK\$54.3 million). The revenue from digital marketing production services decreased by approximately 40.4% to approximately HK\$3.6 million (2019: HK\$6.0 million). The significant decrease in revenue was directly attributable to the delays and cancellation of projects due to COVID-19 since January 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the nine months ended 30 September 2020, the revenue from media and e-commerce was approximately HK\$136,000. Media and e-commerce business was not yet commenced during the nine months ended 30 September 2019.

### Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs. During the nine months ended 30 September 2020, the Group's outsourced project costs decreased by approximately HK\$10.2 million, representing 44.5%, to approximately HK\$12.7 million (2019: HK\$22.8 million). The decrease was in line with the decrease in revenue due to the impact from COVID-19.

### Materials and consumables

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the nine months ended 30 September 2020, the Group's materials and consumables decreased by approximately HK\$2.3 million, representing 41.6%, to approximately HK\$3.2 million (2019: HK\$5.5 million). The decrease was in line with the decrease in revenue due to the impact from COVID-19.

### Employee benefits expenses

Employee benefits expenses primarily consists of salaries, allowances and benefits in kind and retirement benefit scheme contributions. During the nine months ended 30 September 2020, the Group's employee benefits expenses decreased by approximately HK\$3.6 million, representing 28.8%, to approximately HK\$9.1 million (2019: HK\$12.7 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 nine months ended 30 September 2020, the Group's rental expenses increased by approximately HK\$1.0 million, representing 528.9%, to approximately HK\$1.2 million (2019: HK\$0.2 million). The significant increase was directly attributable to the addition of short-term lease of staff quarter during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### 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 nine months ended 30 September 2020, the Group's transportation fee decreased by approximately HK\$2.4 million, representing 29.8%, to approximately HK\$5.7 million (2019: HK\$8.1 million). The decrease was in line with the decrease in revenue due to the impact from COVID-19.

### Other operating expenses

Other operating expenses primarily consist of consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the nine months ended 30 September 2020, the Group's other operating expenses decreased by approximately HK\$3.3 million, representing 42.3%, to approximately HK\$4.4 million (2019: HK\$7.7 million). The decrease was primarily due to the implementation of stringent cost control and there was no share-based payment recognised during the nine months ended 30 September 2020.

### Finance cost

Finance cost primarily represents the interest on lease liabilities. During the nine months ended 30 September 2020, the Group's finance cost decreased by approximately HK\$0.2 million, representing 40.3%, to approximately HK\$0.3 million (2019: HK\$0.5 million). The decrease was directly attributable to repayment on lease liabilities during the period.

### Loss for the period

During the nine months ended 30 September 2020, the Group recorded loss of approximately HK\$2.8 million (2019: HK\$1.3 million). The increase was mainly attributable to the significant decrease in revenue resulting from delays and cancellation of projects due to COVID-19.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Use of Proceeds

The following table sets forth the status of the use of proceeds from the Share Offer up to 30 September 2020:

	Planned use of net proceeds from Share Offer	Actual use of net proceeds up to 6 May 2020	Unutilised net proceeds as at 6 May 2020	Revised allocation of net proceeds as at 6 May 2020 (Note 1)	Actual use of net proceeds from 7 May to 30 September 2020	Unutilised net proceeds as at 30 September 2020 (Note 2)	Expected timeline of application of the unutilised net proceeds (Note 3)
	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	844	5,099	From 1 October 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	173	7,388	From 1 October 2020 to 31 December 2021
Set up a studio and expand the work premises	11,458	9,648	1,810	1,810	1,305	505	From 1 October 2020 to 31 December 2020
Business development	8,280	4,210	4,070	2,070	780	1,290	From 1 October 2020 to 31 December 2021
Staff development	3,120	623	2,497	697	29	668	From 1 October 2020 to 31 December 2021
General working capital	3,800	3,800	—	3,800	760	3,040	N/A
<b>Total:</b>	<b>43,800</b>	<b>21,919</b>	<b>21,881</b>	<b>21,881</b>	<b>3,891</b>	<b>17,990</b>	

### 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 September 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Liquidity, Financial Resources, Gearing Ratio and Capital Structure

As at 30 September 2020, the Group had net current assets of approximately HK\$74.6 million (31 December 2019: HK\$76.9 million), including time deposits and cash and bank balances of approximately HK\$71.6 million (31 December 2019: HK\$71.2 million) mainly denominated in Hong Kong dollars, with approximately HK\$7.4 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 September 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 nine months ended 30 September 2020. The equity attributable to owners of the Company amounted to approximately HK\$82.0 million as at 30 September 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 September 2020, the Group did not have any pledged assets (31 December 2019: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Capital Commitments and Contingent Liabilities

As at 30 September 2020, the Group had capital commitment of approximately HK\$1.2 million to the private fund (31 December 2019: HK\$1.5 million).

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

## Employee and Remuneration

As at 30 September 2020, the Group had 35 (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" in this report, the Group did not have other plans for material investments and capital assets.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

During the nine months ended 30 September 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 nine months ended 30 September 2020 and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

### **Event After the Reporting Period**

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 September 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 <sup>(1)</sup>	Shareholding percentage
Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo")	Interest in a controlled corporation	277,200,000 (L) <sup>(2)</sup>	57.75%
	Interests held jointly with another person	34,850,000 (L) <sup>(3)</sup>	7.26%

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. Mirousky Limited ("Mirousky") holds 34,850,000 Shares. Mirousky is wholly-owned by Gain Smart Asia Limited ("Gain Smart") and Gain Smart is beneficially owned as to 50% by Ms. Bonnie Chan Woo and 50% by her spouse, Mr. Darrin Woo. By virtue of the SFO, Ms. Bonnie Chan Woo is deemed to be interested in the Shares held by Mirousky.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

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

Name of Director	Name of associated corporation(s)	Capacity	Number of Share(s) held <sup>(1)</sup>	Shareholding percentage
Ms. Bonnie Chan	Explorer Vantage <sup>(2)</sup>	Beneficial owner	1 (L)	100%
Woo	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 September 2020, none of the Directors or chief executive of the Company had 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, which were notified to the Company and the Stock Exchange.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

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

As at 30 September 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 <sup>(1)</sup>	Percentage of shareholding in the Company
Explorer Vantage	Beneficial owner	277,200,000 (L) <sup>(2)</sup>	57.75%
Mr. Darrin Woo	Interest of spouse	277,200,000 (L) <sup>(3)</sup>	57.75%
	Interests held jointly with another person	34,850,000 (L) <sup>(4)</sup>	7.26%
Mirousky	Beneficial owner	34,850,000 (L) <sup>(5)</sup>	7.26%
Gain Smart	Interest in a controlled corporation	34,850,000 (L) <sup>(5)</sup>	7.26%
Ms. Chow Jacqueline Wai Ying	Beneficial owner	47,950,000 (L)	9.99%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo.
- 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.
- Mirousky is wholly-owned by Gain Smart and Gain Smart is beneficially owned as to 50% by Mr. Darrin Woo and 50% by his spouse, Ms. Bonnie Chan Woo. By virtue of the SFO, Mr. Darrin Woo is deemed to be interested in the Shares held by Mirousky.
- Mirousky is wholly-owned by Gain Smart. Such 34,850,000 Shares belong to the same batch of Shares.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 30 September 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.

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### Rights to Acquire Shares or Debentures

Saved as disclosed above, at no time during the nine months ended 30 September 2020 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for Shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above in the section "Share Option Scheme", at no time during the nine months ended 30 September 2020 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the Shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

# DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

## Directors' Interest in Competing Business

During the nine months ended 30 September 2020 and up to the date of this report, none of the Directors, nor the substantial Shareholders nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

## Deed of Non-competition

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

## Directors' Securities Transactions

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

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

### 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, Icycle Production Company Limited ("Icycle 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 (the "Facility Limit") of HK\$10,000,000, which has been made available and will continue to be made available by Lender to Icycle 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 Icycle Production.

During the period, the Facility Limit has been adjusted to HK\$9,500,000 after the regular review by the Lender. Other than that, all terms and conditions under the Facility Letter remain unchanged.

# DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

## Corporate Governance Practices

The Company is committed to maintain 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 nine months ended 30 September 2020 and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviation from code provision A.2.1 as detailed below.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current structure of the Company, Ms. Bonnie Chan Woo is the Chairperson and the 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.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

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

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

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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 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, 4 November 2020

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