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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)

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

The board of Directors (the “Board”) of the Company is pleased to present the audited results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4	56,282	81,646
Other income, gains and losses, net	5	2,909	977
Outsourced project costs		(20,684)	(30,585)
Materials and consumables		(5,158)	(8,084)
Depreciation and amortisation expenses		(6,773)	(6,996)
Employee benefits expenses	6	(12,005)	(16,638)
Rental expenses		(1,489)	(441)
Transportation fee		(7,950)	(10,679)
Reversal of/(allowance for) expected credit losses on trade receivables		610	(2,252)
Share-based payments		—	(720)
Other operating expenses		(7,441)	(7,653)
Finance costs		(376)	(595)
Loss before income tax	6	(2,075)	(2,020)
Income tax expense	7	(882)	(460)
Loss for the year		<u>(2,957)</u>	<u>(2,480)</u>
Attributable to:			
Owners of the Company		(620)	(1,531)
Non-controlling interests		(2,337)	(949)
Loss for the year		<u>(2,957)</u>	<u>(2,480)</u>
Other comprehensive income/(expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		186	(43)
Other comprehensive income/(expense) for the year, net of income tax		186	(43)
Total comprehensive expense for the year		<u>(2,771)</u>	<u>(2,523)</u>

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		(437)	(1,574)
Non-controlling interests		<u>(2,334)</u>	<u>(949)</u>
Total comprehensive expense for the year		<u>(2,771)</u>	<u>(2,523)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (HK cents)	9	<u>(0.13)</u>	<u>(0.32)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		3,003	870
Right-of-use assets		5,926	7,763
Intangible assets		606	28
Goodwill		—	538
Financial asset at fair value through profit or loss		841	413
Deposit and prepayment	<i>10</i>	383	—
		10,759	9,612
Current assets			
Inventories		562	518
Trade and other receivables, deposits and prepayments	<i>10</i>	17,836	20,941
Amount due from controlling shareholder		23	—
Amount due from a related company		12	40
Current tax recoverable		—	809
Time deposits and cash and bank balances		69,106	71,186
		87,539	93,494
Current liabilities			
Trade and other payables and accruals	<i>11</i>	7,853	8,879
Contract liabilities	<i>11</i>	2,878	2,096
Amount due to a related company		—	269
Amount due to a non-controlling shareholder of a subsidiary		56	118
Tax payable		980	—
Lease liabilities		2,979	5,260
		14,746	16,622
Net current assets		72,793	76,872
Total assets less current liabilities		83,552	86,484
Non-current liability			
Lease liabilities		3,424	3,585
Net assets		80,128	82,899

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	4,800	4,800
Reserves	<u>78,328</u>	<u>78,765</u>
Total equity attributable to owners of the Company	83,128	83,565
Non-controlling interests	<u>(3,000)</u>	<u>(666)</u>
Total equity	<u><u>80,128</u></u>	<u><u>82,899</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Equity attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	Other reserves	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2019	4,800	53,851	11,993	(834)	—	16,042	85,852	—	85,852
Loss for the year	—	—	—	—	—	(1,531)	(1,531)	(949)	(2,480)
Other comprehensive expense:									
Exchange differences arising on translation of foreign operations	—	—	—	(43)	—	—	(43)	—	(43)
Total comprehensive expense for the year	—	—	—	(43)	—	(1,531)	(1,574)	(949)	(2,523)
Final dividends approved and paid in respect of the previous year (Note 8(b))	—	(720)	—	—	—	—	(720)	—	(720)
Acquisition of a subsidiary	—	—	—	—	—	—	—	(430)	(430)
Non-controlling interest arising from incorporation of a subsidiary	—	—	—	—	—	—	—	720	720
Deemed acquisition of non-controlling interests in a subsidiary	—	—	—	—	7	—	7	(7)	—
Balance as at 31 December 2019 and 1 January 2020	4,800	53,131	11,993	(877)	7	14,511	83,565	(666)	82,899
Loss for the year	—	—	—	—	—	(620)	(620)	(2,337)	(2,957)
Other comprehensive income:									
Exchange differences arising on translation of foreign operations	—	—	—	183	—	—	183	3	186
Total comprehensive income/(expense) for the year	—	—	—	183	—	(620)	(437)	(2,334)	(2,771)
Transfer to statutory reserve	—	—	—	—	90	(90)	—	—	—
Balance as at 31 December 2020	4,800	53,131	11,993	(694)	97	13,801	83,128	(3,000)	80,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. GENERAL INFORMATION

Icicle Group Holdings Limited (the “Company”, collectively with its subsidiaries, the “Group”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 20 January 2017. During the year, the registered office of the Company was changed from PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands to Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 8 December 2017. The Company’s principal place of business was located at Unit 4, 12/F., 18 King Wah Road, North Point, Hong Kong. On 1 March 2021, the Company’s principal place of business was changed to Unit B, 9th Floor, Safety Godown Industrial Building, 56 Ka Yip Street, Chai Wan, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of marketing production services, e-commerce and retail business and operation of a café. During the year, the Group has launched a physical store namely WOMANBOSS in Sham Shui Po Hong Kong that commenced the operation of retail and cafe since December 2020.

2. BASIS OF PREPARATION AND PRESENTATION

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

The consolidated financial statements have been prepared on historical cost basis, except for financial asset at fair value through profit or loss (“FVTPL”) that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

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

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

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

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The HKICPA has issued a number of amendments to HKFRSs and had become effective during the year. In preparing the consolidated financial statements, the Group has applied all applicable amendments to HKFRSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2020.

Amendments to HKAS 1 (Revised) and HKAS 8	Definition of Material
Amendments to HKFRS 3 (Revised)	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

None of these amendments have had a material effect on how the Group's financial performance and financial position for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

Further, the Group has early adopted Amendments to HKFRS 16 *Covid-19-Related Rent Concessions* which shall become effective for annual periods beginning on or after 1 June 2020 in preparing the consolidated financial statements for the first time.

HKFRS 16 requires lessees to assess whether changes to lease contracts are lease modifications as this term is defined in the standard and, if so, the lessee must remeasure the lease liability using a revised discount rate.

The amendment is intended to provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for some or all of these rent concessions as modifications.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply the practical expedient to all of the COVID-19-related rental concession it has obtained as lessee.

In applying the practical expedient, the Group has recognised a rent concession in profit or loss in the year of approximately HK\$305,000 under other income, gains and losses, net in Note 5.

As the rental concession have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings as at 1 January 2020 on initial application of the amendment.

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

		Effective for annual reporting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020	1 January 2022
HKFRS 17	Insurance Contracts and related amendments	1 January 2023
Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to HK Interpretation 5 (2020)	1 January 2023

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

4. REVENUE AND SEGMENT INFORMATION

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue recognised at a point in time:		
Physical marketing production	50,162	73,634
Digital marketing production	5,858	7,931
E-commerce and retail	194	81
Income from operation of a café	<u>68</u>	<u>—</u>
	<u>56,282</u>	<u>81,646</u>

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

Geographical information

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

As at 31 December 2020 and 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	53,274	77,262
The People's Republic of China ("PRC")	1,941	3,228
Others	<u>1,067</u>	<u>1,156</u>
	<u>56,282</u>	<u>81,646</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 year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	19,058	22,542
Customer B	<u>17,908</u>	<u>27,808</u>

5. OTHER INCOME, GAINS AND LOSSES, NET

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Administrative service income	—	60
Fair value change in financial asset at fair value through profit or loss	98	(38)
Income from sales of paper products and calligraphy stationery	—	44
Income from provision of art and calligraphy workshop	—	120
Net exchange gain/(loss)	308	(153)
Interest income	1,008	1,252
Impairment loss on intangible assets	—	(513)
Impairment loss on goodwill	(538)	—
Rent concession in relation to COVID-19 (<i>Note (i)</i>)	305	—
Government subsidies (<i>Note (ii)</i>)	1,664	—
Sundry income	<u>64</u>	<u>205</u>
	<u><u>2,909</u></u>	<u><u>977</u></u>

Notes:

- (i) The Group was granted a rent concession in relation to COVID-19 for an office premise during the year (2019: Nil). The Group applied the practical expedient in paragraph 46A of HKFRS 16 for its rent concession in relation to COVID-19, such that the Group elects not to assess whether the rent concession that meets the conditions in paragraph 46B of HKFRS 16 is a lease modification.
- (ii) The government subsidies recognised for the year ended 31 December 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 PRC. There are no unfulfilled conditions or other contingencies attached to these subsidies.

6. LOSS BEFORE INCOME TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Amortisation of intangible assets	123	131
Auditor's remuneration		
— Audit services	360	482
Cost of inventories sold [#]	175	55
Depreciation of property, plant and equipment	916	1,266
Depreciation of right-of-use assets	5,734	5,599
(Reversal of)/allowance for expected credit losses (“ECLs”)		
on trade receivables	(610)	2,252
Short-term lease expenses — properties	1,432	361
Variable lease payments not included in the measurement of lease liabilities	<u>57</u>	<u>80</u>
Employee benefits expenses (including directors' remuneration)		
— Salaries, allowances and benefits in kind	11,393	15,951
— Discretionary bonus	191	—
— Retirement benefit scheme contributions	<u>421</u>	<u>687</u>
	<u>12,005</u>	<u>16,638</u>

[#] Included in materials and consumables in the consolidated statement of comprehensive income.

7. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Income tax expense comprise:		
Hong Kong Profits Tax		
— current tax for the year	552	222
— under-provision in prior years	<u>29</u>	<u>28</u>
	581	250
The PRC Enterprise Income Tax (the “EIT”)		
— current tax for the year	<u>301</u>	<u>210</u>
Income tax expense	<u>882</u>	<u>460</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, the Group is not subject to any income tax under these jurisdictions during the year (2019: Nil).

Under the two-tiered profits tax rates regime of the Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% (2019: 8.25%) during the year, and profits above HK\$2,000,000 will be taxed at 16.5% (2019: 16.5%). The profits of group entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5% (2019: 16.5%) during the year.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% (2019: 8.25%) of the first HK\$2,000,000 of the estimated assessable profits and at 16.5% (2019: 16.5%) on the estimated profits above HK\$2,000,000, taking into account the tax concession granted by the Hong Kong Special Administrative Region Government during the year.

Under the EIT Law and the Implementation Regulation of the EIT Law, the subsidiary in the PRC is subject to the tax rate of 25% (2019: 25%) on the estimated assessable profits during the year.

The United States (“US”) corporate tax rate is 21% (2019: 21%) for the year in accordance to the Tax Cuts and Jobs Act. The US income tax includes (a) federal income tax calculated at a fixed rate of 21% (2019: 21%) for the year on the estimated US federal taxable income and (b) state income tax calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year. No US corporate tax has been provided for the year as the Group did not generate any estimated taxable income in the US during the year (2019: Nil).

As at 31 December 2020, no deferred tax (2019: Nil) has been recognised in these consolidated financial statements as the effect of temporary differences was considered insignificant.

Pursuant to the EIT Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise’s profits earned after 1 January 2008. As at 31 December 2020, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$2,519,000 (2019: HK\$1,705,000). Deferred tax liabilities amounted to approximately HK\$126,000 (2019: HK\$85,000) 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 controls 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.

As at 31 December 2020, all tax losses and deductible temporary differences of the Group have no expiry dates under the current tax legislation. The Group has taxable losses arising in Hong Kong of approximately HK\$6,295,000 (2019: HK\$4,294,000). The unused tax losses are subject to the approval by the respective local tax authorities. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profits streams.

8. DIVIDENDS

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

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

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

During the year ended 31 December 2020, none of the final dividend in respect of the year ended 31 December 2019 was approved and paid. During the year ended 31 December 2019, final dividend in respect of the year ended 31 December 2018 of HK0.15 cent per ordinary share, totaling HK\$720,000, was approved on 19 June 2019 and paid on 19 July 2019.

9. LOSS PER SHARE

The calculations of basic loss per share are based on the loss of approximately HK\$620,000 (2019: HK\$1,531,000) for the year attributable to owners of the Company and the weighted average of 480,000,000 (2019: 480,000,000) shares in issue during the year.

Diluted loss per share were same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the years.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	14,094	17,405
Less: Allowances of ECLs	<u>(253)</u>	<u>(863)</u>
Trade receivables, net (<i>Note (i)</i>)	13,841	16,542
Rental and other deposits (<i>Note (ii)</i>)	2,122	2,029
Prepayments	1,186	1,727
Other receivables	<u>1,070</u>	<u>643</u>
Total trade and other receivables, deposits and prepayments	<u>18,219</u>	<u>20,941</u>
Less:		
Non-current rental deposit	(174)	—
Non-current prepayment for intangible asset	<u>(209)</u>	<u>—</u>
Total non-current deposit and prepayment	<u>(383)</u>	<u>—</u>
Total current trade and other receivables, deposits and prepayments	<u>17,836</u>	<u>20,941</u>

Notes:

(i) Trade receivables

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
As at 1 January	863	204
(Reversal of)/allowance for ECLs made during the year	(610)	2,252
Written off during the year	<u>—</u>	<u>(1,593)</u>
As at 31 December	<u><u>253</u></u>	<u><u>863</u></u>

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (2019: 30 to 60 days) from the date of billing for the year. The ageing analysis of the trade receivables, net of allowance for ECLs, based on due date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current (not past due)	6,197	7,331
Less than 1 month past due	4,078	5,235
Over 1 month but less than 3 months past due	2,703	1,574
Over 3 months but less than 1 year past due	1,034	1,606
Over 1 year past due	82	1,659
Less: allowance for ECLs	<u>(253)</u>	<u>(863)</u>
	<u><u>13,841</u></u>	<u><u>16,542</u></u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	6,674	7,434
Over 1 month but less than 3 months	5,110	6,513
Over 3 months but less than 1 year	2,223	1,799
Over 1 year	87	1,659
Less: allowance for ECLs	<u>(253)</u>	<u>(863)</u>
	<u><u>13,841</u></u>	<u><u>16,542</u></u>

(ii) Rental and other deposits

Included in rental and other deposits, rental deposits of HK\$268,000 (2019: HK\$94,000) were paid to two (2019: one) related companies, in which Ms. Woo Chan Tak Chi Bonnie (“Ms. Bonnie Chan Woo”), an executive director of the Company, and/or her spouse have beneficiary interest. The rental deposit is repayable upon the termination of that lease.

11. TRADE AND OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables (<i>Note (i)</i>)	4,508	6,527
Accruals (<i>Note (ii)</i>)	1,370	1,478
Other payables	<u>1,975</u>	<u>874</u>
Total trade and other payables and accruals	7,853	8,879
Contract liabilities (<i>Note (iii)</i>)	<u>2,878</u>	<u>2,096</u>
	<u><u>10,731</u></u>	<u><u>10,975</u></u>

Notes:

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	3,195	5,065
Over 1 month but less than 3 months	1,123	1,341
Over 3 months but less than 1 year	<u>190</u>	<u>121</u>
	<u><u>4,508</u></u>	<u><u>6,527</u></u>

- (ii) As at 31 December 2020, consulting expense amounting to approximately HK\$60,000 (2019: HK\$240,000) and accrued employee benefits expenses amounting to approximately HK\$166,000 (2019: HK\$85,000) were included in accruals.
- (iii) Contract liabilities, representing receipt in advance from customers, are separately presented. Movement of contract liabilities is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance at 1 January	2,096	1,616
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(818)	(1,616)
Increased in contract liabilities as a result of receiving forward sales deposits and installments during the year	<u>1,600</u>	<u>2,096</u>
Balance at 31 December	<u><u>2,878</u></u>	<u><u>2,096</u></u>

12. RELATED PARTY TRANSACTIONS

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from provision of marketing production services to NewspaperDirect Limited (<i>Note (a)</i>)	—	387
Revenue from provision of marketing production services to MCL Financial Group Limited (<i>Note (b)</i>)	12	15
Revenue from provision of marketing production services to close family members of Ms. Bonnie Chan Woo (<i>Note (c)</i>)	—	36
Revenue from sales of accessories and lifestyle products to Ms. Bonnie Chan Woo (<i>Note (c)</i>)	22	18
Revenue from provision of marketing production services to Studio SV Limited (“Studio SV”) (<i>Note (d)</i>)	—	166
Administrative service income received from NewspaperDirect Limited (<i>Note (a)</i>)	—	60
Share-based payment to Studio SV (<i>Notes (d), (f)</i>)	—	565
Short-term lease expense to 4L 108 Leonard LLC (<i>Note (e)</i>)	1,119	94
Repayment of lease liabilities (including capital and interest elements) to Gateway Engineering Limited (<i>Note (g)</i>)	<u>116</u>	<u>—</u>

Notes:

- (a) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, is the controlling member and one of the beneficial owner of this related company.
- (b) Mr. Chow Sai Yiu Evan, a non-executive director of the Company, is the controlling shareholder and the beneficial owner of this related company.
- (c) Ms. Bonnie Chan Woo is an executive director and the ultimate controlling shareholder of the Company.
- (d) Explorer Vantage Limited, the ultimate holding company of the Company, is one of the beneficial owner of this related company before the acquisition of Studio SV.
- (e) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, and Ms. Bonnie Chan Woo, are the beneficial owners of this related company.
- (f) On incorporation of WomanBoss Limited (“WomanBoss”) on 2 May 2019, Studio SV has granted WomanBoss and non-exclusive right and royalty-free license to use the trademark in relation to the business, the Group incurred share-based payment in respect of services of approximately HK\$565,000 during the year ended 31 December 2019.
- (g) Spouse of Mr. Bonnie Chan Woo, is a director and one of the beneficial owners of this related company. The leased properties are recognised as right-of-use assets with net carrying amount of HK\$1,529,000 (2019: Nil), with respective lease liabilities of HK\$1,631,000 (2019: Nil) as at 31 December 2020.

Compensation of key management personnel

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Directors' fee	360	360
Salaries, allowances and benefits in kind	3,697	5,210
Discretionary bonus	124	—
Retirement benefit scheme contributions	<u>140</u>	<u>132</u>
	<u>4,321</u>	<u>5,702</u>

13. OTHER COMMITMENTS

On 29 September 2019, the Group subscribed for the early stage venture capital fund with a total committed capital contribution of US\$250,000. During the years ended 31 December 2020 and 2019, the Group partly paid the committed capital contribution of US\$42,500 (equivalent to approximately HK\$330,000) and US\$57,500 (equivalent to approximately HK\$451,000), respectively. The remaining committed capital contribution outstanding as at 31 December 2020 amounted to US\$150,000 (equivalent to approximately HK\$1,163,000) (2019: US\$192,500 (equivalent to approximately HK\$1,499,000)).

During the year, the Group recognised as prepayment for intangible asset for a license fee of US\$27,000 (equivalent to approximately HK\$209,000) (2019: Nil) for obtaining an exclusive distribution right to produce and distribute marketing media programme in the PRC through internet under the brandname of a famous marketing media producer (the "Media Producer"), which stationed in the US. According to the term sheet entered between the Group and the Media Producer, the Group is committed to finance the co-operative project with the Media Producer with mutually approved budget of US\$1,800,000 (equivalent to approximately HK\$13,953,000) (2019: Nil). Also, according to the term sheet between the Group and the Media Producer, subject to further negotiation and to enter into an agreement, the Group is committed to pay further license fee of US\$63,000 (equivalent to HK\$488,000) (2019: Nil) to the Media Producer and to finance the co-operative project with the Media Producer with mutually approved budget of US\$1,200,000 (equivalent to approximately HK\$9,302,000) (2019: Nil).

During the year, the Group appointed an independent third party to write a pilot script for a television series for a total fee of US\$210,000 (equivalent to approximately HK\$1,628,000) (2019: Nil). The pilot script writing charge incurred during the year of US\$42,000 (equivalent to approximately HK\$326,000) was charged to profit or loss during the year. The amount represented remaining commitment upon the completion of milestones by the pilot script writer amounted to US\$168,000 (equivalent to approximately HK\$1,302,000) (2019: Nil) as at 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The shares of the Company (the “Shares”) were listed on GEM of the Stock Exchange on 8 December 2017 (the “Listing”) by way of share offer of 120,000,000 new shares (“Share Offer”) offered by the Company at an offer price of HK\$0.55 per Share.

The Group is a multi-disciplined organisation that adds value and purpose to consumer lifestyles through e-Commerce, marketing and branding services. With 20 years’ marketing production experience, the Group has built an extensive and solid clientele which comprises international and local brand owners, including global financial institutions, luxury brand retailers and local retail chain stores. During the year, the Group has expanded its e-commerce start-up business, WOMANBOSS HONG KONG, by launching a physical store (“WOMANBOSS SHOP”) in Sham Shui Po, Hong Kong in the fourth quarter (“Q4”) of 2020. The WOMANBOSS SHOP is a multi-purpose lifestyle space encompassing retail, gallery, event, food & beverage with a co-working function.

During the year, the COVID-19 epidemic (“COVID-19”) imposed severe adverse impact on global and local economic activities. Our clients’ businesses, especially those in hospitality and the retail sector were hard hit. The travel restrictions, slowdown in social activities, job loss and household income reduction have resulted in low consumption appetite in Hong Kong. The unstable situation of COVID-19 has set back the recovery of the retail market in Hong Kong, though the general business activities of our clients have started to pick up gradually in Q4 of 2020. The opening of WOMANBOSS SHOP at Sham Shui Po, one of the trendiest spots in Hong Kong, has brought in many customers and boosted up the business of WOMANBOSS.

The Group’s revenue for the year decreased by about 31% which was directly impacted by the slowdown in marketing activities of our clients due to COVID-19, however, severe cost cutting measures, government relief subsidies and the restructuring of internal resources, have alleviated the loss from the significant drop in revenue, improving on the Group’s loss attributable to the owners of the Company for the year by 60%.

Looking ahead, the Hong Kong economy is expected to recover in 2021, but the recovery is subject to the high uncertainty associated with the COVID-19. Evolving China-US relations and geopolitical tensions are also risk factors that warrant attention. To cope with the uncertain challenge, we will continuously review our capacity and resources in order to be ready to support our top clients when they re-activate their marketing production in the swiftest manner. We are also equipping our team with digital marketing capabilities to capture the increased market opportunities online resulting from a shift of consumer behaviors; and continuing on cost control especially in lowering fixed operating cost an example of which is not renewing the expired lease for office space at a prime location.

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

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of the marketing production services, e-commerce and retail business and operation of a café. During the year, the Group's revenue decreased by approximately 31.1% to approximately HK\$56.3 million (2019: HK\$81.6 million).

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

	2020		2019	
	HK\$'000	%	HK\$'000	%
Physical marketing production	50,162	89.1	73,634	90.2
Digital marketing production	5,858	10.4	7,931	9.7
Sub-total	56,020	99.5	81,565	99.9
E-commerce and retail	194	0.4	81	0.1
Income from operation of a café	68	0.1	—	—
Total	56,282	100.0	81,646	100.0

During the year, the revenue from physical marketing production services decreased by approximately 31.9% to approximately HK\$50.2 million (2019: HK\$73.6 million). The revenue from digital marketing production services decreased by approximately 26.1% to approximately HK\$5.9 million (2019: HK\$7.9 million). The significant decrease in revenue was directly attributable to the delays and cancellation of projects due to COVID-19.

During the year, the revenue from e-commerce and retail increased by approximately 139.5% to approximately HK\$194,000 (2019: HK\$81,000). The e-commerce business was commenced in October 2019. The increase in revenue for the year was mainly benefited from the opening of WOMANBOSS SHOP in December 2020.

During the year, the Group started to have income from operating a café upon the opening of WOMANBOSS SHOP in December 2020.

Other income, gains and losses, net

Other income, gains and losses, net principally comprised (i) interest income; (ii) net exchange gain/(loss); (iii) government subsidies; (iv) rent concession in relation to COVID-19 and (v) impairment losses. During the year, the Group's other income, gains and losses, net increased significantly by approximately 197.7% to approximately HK\$2.9 million (2019: HK\$1.0 million) was mainly attributable to the government 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 PRC.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Administrative service income	—	60
Fair value change in financial asset at fair value through profit or loss	98	(38)
Income from sales of paper products and calligraphy stationery	—	44
Income from provision of art and calligraphy workshop	—	120
Net exchange gain/(loss)	308	(153)
Interest income	1,008	1,252
Impairment loss on intangible assets	—	(513)
Impairment loss on goodwill	(538)	—
Rent concession in relation to COVID-19	305	—
Government subsidies	1,664	—
Sundry income	<u>64</u>	<u>205</u>
Total	<u><u>2,909</u></u>	<u><u>977</u></u>

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs. During the year, the Group's outsourced project costs decreased by approximately 32.4% to approximately HK\$20.7 million (2019: HK\$30.6 million).

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Printing costs	16,048	23,251
Others	<u>4,636</u>	<u>7,334</u>
Total	<u><u>20,684</u></u>	<u><u>30,585</u></u>

The decrease in outsourced project cost 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 year, the Group's materials and consumables decreased by approximately 36.2% to approximately HK\$5.2 million (2019: HK\$8.1 million). The decrease was in line with the decrease in revenue due to the impact from COVID-19.

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Paper supply	3,655	5,507
Others	<u>1,503</u>	<u>2,577</u>
Total	<u><u>5,158</u></u>	<u><u>8,084</u></u>

Depreciation and amortisation expenses

Depreciation and amortisation expenses relate mainly to depreciation of the leasehold improvements, furniture, fixture and office equipment and right-of-use assets and amortisation of intangible assets which mainly include software for business operation, self-developed project management information system known as "Icicle Hub" and online marketing and purchasing platforms. During the year, the Group's depreciation and amortisation expenses decreased by approximately 3.2% to approximately HK\$6.8 million (2019: HK\$7.0 million). Such decrease was mainly due to certain items of property, plant and equipment were fully depreciated during the year.

Employee benefits expenses

Employee benefits expenses primarily consist of salaries, allowances and benefits in kind, discretionary bonus and retirement benefit scheme contributions. During the year, the Group's employee benefits expenses decreased by approximately 27.8% to approximately HK\$12.0 million (2019: HK\$16.6 million). The decrease was directly attributable to decrease in average number of staff and implementation of cost control.

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	11,393	15,951
Discretionary bonus	191	—
Retirement benefit scheme contributions	421	687
	<hr/>	<hr/>
Total	<u>12,005</u>	<u>16,638</u>

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 year, the Group's rental expenses increased by approximately HK\$1.1 million, representing 237.6%, to approximately HK\$1.5 million (2019: HK\$0.4 million). The significant increase was directly attributable to the addition of short-term lease of staff quarter during the year.

Transportation fee

Transportation fee consists of fees paid to logistic service providers for (i) delivery of products to clients; and (ii) postage incurred in respect of the direct mailing services. During the year, the Group's transportation fee decreased by approximately 25.6% to approximately HK\$8.0 million (2019: HK\$10.7 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 auditor's remuneration, consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the year, the Group's other operating expenses decreased by approximately 2.8% to approximately HK\$7.4 million (2019: HK\$7.7 million). The decrease was primarily due to the implementation of stringent cost control during the year.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the year, the Group's finance cost decreased by approximately HK\$0.2 million, representing 36.8%, to approximately HK\$0.4 million (2019: HK\$0.6 million). The decrease was directly attributable to repayment on lease liabilities during the year.

Income tax expense

Income tax expense of the Group for the year was approximately HK\$0.9 million (2019: HK\$0.5 million). The provision has been taken into account the tax concession granted by the Hong Kong Special Administrative Region Government for the year of assessment of 2020–2021.

Loss for the year

During the year, the Group recorded loss of approximately HK\$3.0 million (2019: HK\$2.5 million). The increase was mainly attributable to the significant decrease in revenue resulting from delays and cancellation of projects due to COVID-19.

USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 31 December 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 <i>(Note 1)</i>	Actual use of net proceeds from 7 May to 31 December 2020	Unutilised net proceeds as at 31 December 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	1,095	4,848	From 1 January 2021 to 31 December 2021
Enhance the overall service offerings and expand the team across three categories	9,142	1,581	7,561	7,561	532	7,029	From 1 January 2021 to 31 December 2021
Set up a studio and expand the work premises	11,458	9,648	1,810	1,810	1,810	—	N/A
Business development	8,280	4,210	4,070	2,070	2,070	—	N/A
Staff development	3,120	623	2,497	697	67	630	From 1 January 2021 to 31 December 2021
General working capital	3,800	3,800	—	3,800	1,360	2,440	N/A
Total:	<u>43,800</u>	<u>21,919</u>	<u>21,881</u>	<u>21,881</u>	<u>6,934</u>	<u>14,947</u>	

Notes:

- 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 31 December 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.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

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

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the year, the Group financed its operations by its internal resources. As at 31 December 2020, the Group had net current assets of approximately HK\$72.8 million (2019: HK\$76.9 million), including time deposits and cash and bank balances of approximately HK\$69.1 million (2019: HK\$71.2 million) mainly denominated in Hong Kong dollars, with approximately HK\$7.7 million (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 31 December 2020 was 8.0% (2019: 10.7%). The gearing ratio is calculated as total debt divided by total equity as at the respective year end.

There has been no change in the capital structure of the Company since the Listing. The equity attributable to owners of the Company amounted to approximately HK\$83.1 million as at 31 December 2020 (2019: HK\$83.6 million).

PLEDGE OF ASSETS

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

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

The majority of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the year, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year. The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performing

ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments of the Group is presented as disclosed in Note 13 to the consolidated financial statements in this announcement.

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

SEGMENTAL INFORMATION

Segmental information for the Group is presented as disclosed in Note 4 to the consolidated financial statements in this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 37 (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 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 US. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis.

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

The Group had no significant investments, material acquisitions and disposals of subsidiaries and affiliated companies during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus dated 27 November 2017 and the section headed “Use of Proceeds” of this announcement on page 24, the Group did not have other plans for material investments and capital assets.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting of the Company (“AGM”) will be held on 16 June 2021. The register of members of the Company will be closed from Thursday, 10 June 2021 to Wednesday, 16 June 2021, both dates inclusive, during which period no transfer of Shares could be registered for determination of entitlement of the Shareholders to attend and vote at the AGM. In order to qualify for attending and voting in the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with our Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 9 June 2021.

CORPORATE GOVERNANCE PRACTICES

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2020 and was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

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

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

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2020 and consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement of the Group have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

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

Hong Kong, 22 March 2021

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

This announcement will remain on the "Latest Company Announcements" page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.iciclegroup.com.