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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)

FURTHER CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of **Icicle Group Holdings Limited** (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 November 2017 (the “**Prospectus**”) in relation to the listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited by way of share offer (the “**Share Offer**”); and the announcement of the Company dated 6 May 2020 in relation to the change in use of proceeds from the Share Offer (the “**2020 Announcement**”).

Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2020 Announcement.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS AS REVISED PURSUANT TO THE DISCLOSURE IN THE 2020 ANNOUNCEMENT

The Net Proceeds, after deduction of the professional fees, underwriting commissions and other fees payable by the Company in connection with the listing, were approximately HK\$43.8 million. As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the Net Proceeds for the following purposes: (i) enlarge our social media marketing production capability and offering; (ii) enhance our overall service offerings and expand the team across three categories; (iii) set up a studio and expand our work premises; (iv) business development; (v) staff development; and (vi) general working capital (the “**Objectives**”).

In the 2020 Announcement, the Company announced certain changes in the use of the Net proceeds which remained unutilised as at 6 May 2020 amounting to approximately HK\$21,881,000. The revised allocation of the Net Proceeds as disclosed in the 2020 Announcement was as follows:

- approximately HK\$2,070,000 for business development;
- approximately HK\$697,000 for staff development; and
- approximately HK\$3,800,000 for general working capital.

FURTHER CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK\$13,701,000 (the “Unutilised Net Proceeds”). In order to strengthen the use efficiency of the Unutilised Net Proceeds, the Board has resolved to change the use of the Unutilised Net proceeds by reallocating a total of HK\$11,000,000, which was earmarked for the purposes of enlarging the Group’s social media marketing production capability and offering, enhancing the Group’s overall service offerings and expanding the team across three categories, and staff development. Set out below are details of the planned use of the Net Proceeds from Share Offer, the revised allocation of the Net Proceeds as disclosed in the 2020 Announcement, the amount of the utilised Net Proceeds up to the date of this announcement, the amount of the unutilised Net Proceeds as at the date of this announcement, the further revised allocation of the Net Proceeds and the expected timeline for utilizing the Unutilised Net Proceeds.

	Planned use of Net Proceeds from Share Offer <i>HK\$’000</i>	Revised allocation of the Net Proceeds as disclosed in the 2020 Announcement <i>HK\$’000</i>	Approximate actual amount of utilised Net Proceeds up to the date of this announcement <i>HK\$’000</i>	Approximate amount of unutilised Net Proceeds as at the date of this announcement <i>HK\$’000</i>	Further revised allocation of the Net Proceeds <i>HK\$’000</i>	Expected timeline of application of the Unutilised Net Proceeds <i>(Note)</i>
Enlarge our social media marketing production capability and offering	8,000	5,943	1,294	4,649	649	From 6 May 2021 to 31 December 2021
Enhance our overall service offerings and expand the team across three categories	9,142	7,561	734	6,827	327	From 6 May 2021 to 31 December 2021
Set up a studio and expand our work premises	11,458	1,810	1,810	—	—	N/A
Business development	8,280	2,070	2,070	—	8,000	From 6 May 2021 to 31 December 2021
Staff development	3,120	697	112	585	85	From 6 May 2021 to 31 December 2021
General working capital	3,800	3,800	2,160	1,640	4,640	From 6 May 2021 to 31 December 2021
Total:	43,800	21,881	8,180	13,701	13,701	

Note: 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.

REASONS FOR THE FURTHER CHANGE IN USE OF PROCEEDS

The continued outbreak of COVID-19 since January 2020 has imposed a significant adverse impact on the wider economy, inducing rapid changes in the market needs in the space of digital and content marketing. The Group's core marketing production business, which used to be relying on the marketing budgets of large retailers making use of physical marketing production, has since suffered from this change of market demands. To keep up with the trends and be able to capture the new opportunities in the fast changing and dynamic marketing industry, the Group has pivoted the business direction for a more effective approach. Firstly, in terms of expanding our capacity and capabilities in our offer to meet the dynamic needs of the institutional clients, our core business has been growing and strengthening our network of consulting professionals, rather than leaning on just the in-house skills and experience of full time employees. Secondly, the Group has invested into a separate business model that targets the independent direct-to-consumers brands, who are fast emerging amidst the COVID-19 outbreak. These brands are digital native, yet looking for online-to-offline solutions. After conducting work on market research and a considerable proof of concept, the management believes the opportunity in that segment will continue to grow as the new generation of consumers are receptive to smaller brands with a niche positioning. Hence, the Group will allocate more resources and management focus on developing the product-market fit that will value-add to that segment more efficiently than traditional marketing agencies are also trying to tap into that market using the conventional agency model.

The further change in use of Net Proceeds as mentioned above, which were originally allocated for achieving the Objectives, to support the business development of the Group and the general working capital for the daily operation of the Company, is more beneficial to meeting the changing operation needs of the Group, increasing its financial effects, and providing a necessary buffer for the Company to cope with the continuous economic uncertainty in the immediate future. More importantly, the further change of use of proceeds will enable the Company to better meet the current business opportunities presented in the market with a change of consumer behaviour and the associated marketing landscape.

In view of the above, the Board considers that the development direction of the Company is still in line with the disclosure in the Prospectus in spite of such change in use of Net Proceeds as stated above. The aforesaid change in use of Net Proceeds is in the best interest of the Company and its Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group. The Board will continuously assess the plans for use of the Net Proceeds, and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance of the Group.

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

Hong Kong, 5 May 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, for which the Directors 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 of Hong Kong Limited 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.

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