

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

2021

THIRD QUARTERLY REPORT

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.

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This report, for which the directors (the "Directors") of Icube 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

CORPORATE INFORMATION (CONTINUED)

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 9th Floor
Safety Godown Industrial Building
56 Ka Yip Street
Chai Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
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

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 2021 (the "Unaudited Condensed Consolidated Financial Statements"), together with the unaudited comparative figures for the corresponding periods in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	3	11,041	13,137	35,262	36,663
Other income and gains	3	416	1,129	1,237	2,019
Outsourced project costs		(2,755)	(4,368)	(10,802)	(12,657)
Materials and consumables		(3,176)	(1,380)	(6,746)	(3,230)
Depreciation and amortisation expenses		(1,326)	(1,601)	(4,668)	(4,906)
Employee benefits expenses		(3,806)	(2,655)	(12,720)	(9,056)
Rental expenses		(440)	(298)	(1,093)	(1,176)
Transportation fee		(1,656)	(1,739)	(4,510)	(5,652)
Other operating expenses		(2,083)	(1,224)	(6,927)	(4,429)
Finance cost		(101)	(86)	(321)	(283)
(Loss)/profit before income tax		(3,886)	915	(11,288)	(2,707)
Income tax expense	4	(112)	(76)	(197)	(76)
(Loss)/profit for the period		(3,998)	839	(11,485)	(2,783)
Attributable to:					
Owners of the Company		(3,275)	1,277	(9,392)	(1,590)
Non-controlling interests		(723)	(438)	(2,093)	(1,193)
(Loss)/profit for the period		(3,998)	839	(11,485)	(2,783)
(Loss)/earnings per share attributable to the owners of the Company					
Basic and diluted (HK cents)	6	(0.68)	0.27	(1.96)	(0.33)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the three months and nine months ended 30 September 2021

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
(Loss)/profit for the period	(3,998)	839	(11,485)	(2,783)
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	3	69	19	49
Other comprehensive income for the period, net of income tax	3	69	19	49
Total comprehensive (expense)/income for the period	(3,995)	908	(11,466)	(2,734)
Attributable to:				
Owners of the Company	(3,269)	1,346	(9,368)	(1,543)
Non-controlling interests	(726)	(438)	(2,098)	(1,191)
Total comprehensive (expense)/income for the period	(3,995)	908	(11,466)	(2,734)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

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
At 1 January 2021 (audited)	4,800	53,131	11,993	(694)	97	13,801	83,128	(3,000)	80,128
Loss for the period	—	—	—	—	—	(9,392)	(9,392)	(2,093)	(11,485)
Other comprehensive income/ (expense):									
Exchange differences arising on translation of foreign operations	—	—	—	24	—	—	24	(5)	19
Total comprehensive income/(expense) for the period	—	—	—	24	—	(9,392)	(9,368)	(2,098)	(11,466)
At 30 September 2021 (unaudited)	4,800	53,131	11,993	(670)	97	4,409	73,760	(5,098)	68,662
At 1 January 2020 (audited)	4,800	53,131	11,993	(877)	7	14,511	83,565	(666)	82,899
Loss for the period	—	—	—	—	—	(1,590)	(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)
At 30 September 2020 (unaudited)	4,800	53,131	11,993	(830)	7	12,921	82,022	(1,857)	80,165

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

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 Windward 3, Regatta Office Park, PO Box 1350, 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 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.

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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 2020.

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 2020, except for 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 2021

2. BASIS OF PREPARATION AND PRESENTATION (Continued)

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 2020.

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 2021

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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue				
Revenue from provision of marketing production services	10,020	13,085	31,794	36,527
Revenue from e-commerce and retail	648	52	2,202	136
Revenue from operation of a café	373	—	1,266	—
	11,041	13,137	35,262	36,663
Other income and gains				
Government subsidies	91	826	191	1,105
Gain on disposal of property, plant and equipment	—	10	—	10
Interest income	179	291	473	893
Sundry income	146	2	573	11
	416	1,129	1,237	2,019

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 September 2021

4. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Income tax expense comprises:				
Hong Kong Profits Tax				
— current tax for the period	18	55	81	55
The People's Republic of China (the "PRC") Enterprise Income (the "EIT")				
— current tax for the period	94	21	116	21
Income tax expense	112	76	197	76

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 (2020: 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% (2020: 8.25%) during the period, and profits above HK\$2,000,000 will be taxed at 16.5% (2020: 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% (2020: 16.5%) during the period.

Accordingly, 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 2021

4. INCOME TAX EXPENSE (Continued)

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% on the estimated assessable profits for the nine months ended 30 September 2021 and 2020.

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 2021, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$2,867,000 (30 September 2020: HK\$1,775,000). Deferred tax liabilities of approximately HK\$143,000 (30 September 2020: HK\$89,000) 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.

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5. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2021 (30 September 2020: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine months ended 30 September 2021

6. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(Loss)/profit attributable to owners of the Company	(3,275)	1,277	(9,392)	(1,590)
	2021 '000	2020 '000	2021 '000	2020 '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 (loss)/earnings per Share	(0.68)	0.27	(1.96)	(0.33)

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Hong Kong economy continued to recover gradually in the third quarter, however, the economic recovery was still uneven among different industries. With border and travel restrictions remaining in place, the sectors more reliant on the physical flow of people — such as retail, hospitality, and insurance — have suffered significantly. Our key clients, who are in these sectors, have continued to operate with a reduced marketing budget and spend cautiously in the third quarter. Revenue from marketing production services for the nine months ended 30 September 2021 decreased by 13% as compared with the same period last year.

The Group's expanded its e-commerce start-up business in Hong Kong, which has had a positive impact on revenue growth. The revenue from the business for the nine months ended 30 September 2021 was 25.5 times of that as compared with the same period last year. However, the business has yet to turn a profit and due to high operating costs and continued Covid-related challenges in the global supply chain, the management team is currently reevaluating the scope and focus of the business to determine its long term viability.

The Group's expanded its marketing and media business via a licensing deal with US-based entertainment company, focused on popular and emerging trends in style, sneakers, food, music, sports and pop culture. The new business is known as 'Complex China'. The Group's strategy is to use the associated strong intellectual property and brand among trend setters in China to create an integrated entertainment and e-commerce offering, which resonate strongly with the Chinese youth market. This will provide monetization opportunities on several levels — domestic Chinese brands looking to grow their business among the next generation of Chinese shoppers, Western brands looking to enter the Chinese market, integrated e-commerce businesses, and live events. The first brand sponsorship deal was closed earlier this year and the original content is scheduled to be launched in the fourth quarter of 2021.

The Group's revenue for the nine months ended 30 September 2021 slightly decreased by 3.8% as compared with the same period last year. The decrease in marketing production services revenue was offset by revenue generated by the new businesses. The Group's loss for the nine months ended 30 September 2021 increased significantly to 4.1 times as compared with the same period last year. The increase in loss was mainly attributable to the expansion of the Group's new businesses in e-commerce and Complex China in order to adapt to the fast-changing and dynamic marketing industry.

Looking ahead, the scaling back of the Group's marketing production business has helped ameliorate the worst impacts of the economic downturn, and despite decreased revenue, the business unit has generated a modest profit. As the Hong Kong economy continues to gradually recover, the Group is diligently evaluating opportunities in growth sectors such as Complex China and blockchain application development. We believe that through its strategic partnerships and solid financial reserves, the Group is well positioned to capitalise on the new and lucrative opportunities that will emerge in the post-Covid world.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of marketing production services, e-commerce and retail business and operation of a café which are categorised into (i) physical marketing production; (ii) digital marketing production; (iii) e-commerce and retails; and (iv) income from operation of a café. During the nine months ended 30 September 2021, the Group's revenue decreased by approximately HK\$1.4 million, representing 3.8%, to approximately HK\$35.3 million (2020: HK\$36.7 million).

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

	For the nine months ended 30 September			
	2021		2020	
	HK\$'000 (Unaudited)	%	HK\$'000 (Unaudited)	%
Physical marketing production	29,034	82.4	32,962	89.9
Digital marketing production	2,760	7.8	3,565	9.7
Sub-total	31,794	90.2	36,527	99.6
E-commerce and retail	2,202	6.2	136	0.4
Income from operation of a café	1,266	3.6	—	—
Total	35,262	100.0	36,663	100.0

During the nine months ended 30 September 2021, the revenue from physical marketing production services decreased by approximately 11.9% to approximately HK\$29.0 million (2020: HK\$33.0 million). The revenue from digital marketing production services decreased by approximately 22.6% to approximately HK\$2.8 million (2020: HK\$3.6 million). The decrease in revenue from physical marketing production and digital marketing production was mainly due to decrease in number of projects and price during the period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the nine months ended 30 September 2021, the revenue from e-commerce and retail increased by approximately 1,519.1% to approximately HK\$2.2 million (2020: HK\$136,000). The significant increase in revenue for the period was mainly benefited from the opening of a shop in Sham Shui Po.

During the nine months ended 30 September 2021, the income from operation of a café was approximately HK\$1.3 million. The operation of a café was not yet commenced during the nine months ended 30 September 2020.

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs. During the nine months ended 30 September 2021, the Group's outsourced project costs decreased by approximately HK\$1.9 million, representing 14.7%, to approximately HK\$10.8 million (2020: HK\$12.7 million). The decrease was in line with the decrease in revenue from marketing production services.

Materials and consumables

Materials and consumables are costs on papers and other materials sourced by the Group for the marketing production and materials used for operation of a café and the cost of goods for retail sales. During the nine months ended 30 September 2021, the Group's materials and consumables increased by approximately HK\$3.5 million, representing 108.9%, to approximately HK\$6.7 million (2020: HK\$3.2 million). The significant increase during the period was directly attributable to the expansion of business of e-commerce and café and also marketing and media business.

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 2021, the Group's employee benefits expenses increased by approximately HK\$3.6 million, representing 40.5%, to approximately HK\$12.7 million (2020: HK\$9.1 million). The significant increase was directly attributable to the expansion of business of e-commerce and café and also marketing and media business to adapt to the fast changing and dynamic marketing industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2021, the Group's rental expenses decreased by approximately HK\$83,000, representing 7.1%, to approximately HK\$1.1 million (2020: HK\$1.2 million). The decrease was directly attributable to the termination of short term lease for office premise in the US in the mid of last 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 nine months ended 30 September 2021, the Group's transportation fee decreased by approximately HK\$1.1 million, representing 20.2%, to approximately HK\$4.5 million (2020: HK\$5.7 million). The decrease was in line with the decrease in revenue from marketing production services.

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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 2021, the Group's other operating expenses increased by approximately HK\$2.5 million, representing 56.4%, to approximately HK\$6.9 million (2020: HK\$4.4 million). The increase was primarily attributable to the removal and reinstatement costs for the office premise relocation during the period and the expansion of the Group's business.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the nine months ended 30 September 2021, the Group's finance cost increased by approximately HK\$38,000, representing 13.4%, to approximately HK\$0.3 million (2020: HK\$0.3 million). The increase was mainly due to addition to lease liabilities for new office premise during the period and the shop in Sham Shui Po.

Loss for the period

During the nine months ended 30 September 2021, the Group recorded loss of approximately HK\$11.5 million (2020: HK\$2.8 million). The increase was mainly attributable to the expansion of the Group's business and removal and reinstatement costs for the office premise relocation during the period.

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 2021:

	Planned use of net proceeds from Share Offer	Actual use of net proceeds from the Listing date 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 2020 to 5 May 2021	Unutilised net proceeds as at 5 May 2021	Further revised allocation of net proceeds as at 5 May 2021 (Note 2)	Actual use of net proceeds from 6 May 2021 to 30 September 2021	Unutilised net proceeds as at 30 September 2021 (Note 3)	Expected timeline of application of the unutilised net proceeds (Note 4)
	HK\$'000	HK\$'000	HK\$'000	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	1,294	4,649	649	237	412	From 1 October 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	734	6,827	327	165	162	From 1 October 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	—	8,000	2,578	5,422	From 1 October 2021 to 31 December 2021
Staff development	3,120	623	2,497	697	112	585	85	5	80	From 1 October 2021 to 31 December 2021
General working capital	3,800	3,800	—	3,800	2,160	1,640	4,640	2,000	2,640	From 1 October 2021 to 31 December 2021
Total:	43,800	21,919	21,881	21,881	8,180	13,701	13,701	4,985	8,716	

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.
- In accordance with the announcement of further change in use of proceeds dated 5 May 2021 (the "2021 Announcement"), due to the reasons and benefits mentioned in the 2021 Announcement, the unutilised net proceeds was further re-allocated with effect from 5 May 2021. For more details, please refer to the 2021 Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. The unutilised net proceeds as at 30 September 2021 were placed as bank balances with licensed banks in Hong Kong.
4. The expected timeline of application of the unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the Group's business and the market conditions.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 30 September 2021, the Group had net current assets of approximately HK\$59.5 million (31 December 2020: HK\$72.8 million), including time deposits and cash and bank balances of approximately HK\$62.5 million (31 December 2020: HK\$69.1 million) mainly denominated in Hong Kong dollars, with approximately HK\$6.3 million (31 December 2020: HK\$7.7 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.

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The gearing ratio of the Group as at 30 September 2021 was 11.5% (31 December 2020: 8.0%). The gearing ratio is calculated as total debt divided by total equity as at the respective period ends.

There has been no change in the capital structure of the Company during the nine months ended 30 September 2021. The equity attributable to owners of the Company amounted to approximately HK\$73.8 million as at 30 September 2021 (31 December 2020: HK\$83.1 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

PLEDGE OF ASSETS

As at 30 September 2021, the Group did not have any pledged assets (31 December 2020: Nil).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

On 29 September 2019, the Group subscribed for the early stage venture capital fund with a total committed capital contribution of US\$250,000. Up to 30 September 2021, the Group have paid the committed capital contribution of US\$122,500 (equivalent to approximately HK\$956,000). The remaining committed capital contribution outstanding as at 30 September 2021 amounted to US\$127,500 (equivalent to approximately HK\$992,000) (31 December 2020: US\$150,000 (equivalent to approximately HK\$1,163,000)).

Up to 30 September 2021, the Group recognised a license fee of US\$27,000 (equivalent to approximately HK\$209,000) (31 December 2020: prepayment of US\$27,000 (equivalent to approximately HK\$209,000)) 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) (31 December 2020: US\$1,800,000 (equivalent to approximately HK\$13,953,000)). 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) (31 December 2020: US\$63,000 (equivalent to HK\$488,000)) 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) (31 December 2020: US\$1,200,000 (equivalent to approximately HK\$9,302,000)). As of 30 September 2021, approximately US\$490,000 (equivalent to approximately HK\$3,800,000) has been spent in this project.

In 2020, 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). Up to 30 September 2021, the pilot script writing charge incurred was US\$157,500 (equivalent to approximately HK\$1,225,000). The amount represented remaining commitment upon the completion of milestones by the pilot script writer amounted to US\$52,500 (equivalent to approximately HK\$409,000) (31 December 2020: US\$168,000 (equivalent to approximately HK\$1,302,000)) as at 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 30 September 2021, the Group did not have any material contingent liability (31 December 2020: Nil).

EMPLOYEE AND REMUNERATION

As at 30 September 2021, the Group had 46 (31 December 2020: 37) 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 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.

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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.

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

During the nine months ended 30 September 2021, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and affiliated companies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

During the nine months ended 30 September 2021 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 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares of the Company

Name of Director	Nature of interest	Number of Shares held ⁽¹⁾	Shareholding percentage
Ms. Woo Chan Tak Chi	Interest in a controlled corporation	277,200,000 (L) ⁽²⁾	57.75%
Bonnie ("Ms. Bonnie Chan Woo")	Interests held jointly with another person	34,850,000 (L) ⁽³⁾	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 ⁽¹⁾	Shareholding percentage
Ms. Bonnie Chan	Explorer Vantage ⁽²⁾	Beneficial owner	1 (L)	100%
Woo	Papercom Limited ("Papercom") ⁽³⁾	Interest in a controlled corporation	10,000 (L)	100%

Notes:

1. The letter "L" denotes the person's long position in the shares.
2. Explorer Vantage is beneficially and wholly-owned by Ms. Bonnie Chan Woo.
3. Papercom is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.

Save as disclosed above, as at 30 September 2021, 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 was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be 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 2021, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests in the Shares of the Company

Name	Type of interest	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company
Explorer Vantage	Beneficial owner	277,200,000 (L) ⁽²⁾	57.75%
Mr. Darrin Woo	Interest of spouse	277,200,000 (L) ⁽³⁾	57.75%
	Interests held jointly with another person	34,850,000 (L) ⁽⁴⁾	7.26%
Mirousky	Beneficial owner	34,850,000 (L) ⁽⁵⁾	7.26%
Gain Smart	Interest in a controlled corporation	34,850,000 (L) ⁽⁵⁾	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 2021, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the nine months ended 30 September 2021 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 2021 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).

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the nine months ended 30 September 2021 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

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 2021.

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.

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

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

In 2020, 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 2021 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.

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, 3 November 2021

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.