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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 2021

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 2021, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	51,385	56,282
Other income, gains and losses, net	5	2,517	2,909
Outsourced project costs		(19,086)	(20,684)
Materials and consumables		(5,980)	(5,158)
Depreciation and amortisation expenses		(6,001)	(6,773)
Employee benefits expenses	6	(16,259)	(12,005)
Rental expenses		(1,600)	(1,489)
Transportation fee		(6,318)	(7,950)
Allowance for/(reversal of) expected credit losses on trade receivables		(59)	610
Other operating expenses		(11,008)	(7,441)
Finance costs		(411)	(376)
Impairment loss on property, plant and equipment		(2,087)	—
Impairment loss on right-of-use assets		(956)	—
Impairment loss on intangible assets		(465)	—
Write-down of inventories		(593)	—
Loss before income tax	6	(16,921)	(2,075)
Income tax expense	7	(168)	(882)
Loss for the year		<u>(17,089)</u>	<u>(2,957)</u>
Attributable to:			
Owners of the Company		(13,491)	(620)
Non-controlling interests		(3,598)	(2,337)
Loss for the year		<u>(17,089)</u>	<u>(2,957)</u>
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		39	186
Other comprehensive income for the year, net of income tax		<u>39</u>	<u>186</u>
Total comprehensive expense for the year		<u>(17,050)</u>	<u>(2,771)</u>

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		(13,445)	(437)
Non-controlling interests		<u>(3,605)</u>	<u>(2,334)</u>
Total comprehensive expense for the year		<u>(17,050)</u>	<u>(2,771)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (HK cents)	9	<u>(2.81)</u>	<u>(0.13)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,578	3,003
Right-of-use assets		5,652	5,926
Intangible assets		—	606
Goodwill		—	—
Financial asset at fair value through profit or loss		955	841
Deposit and prepayment	10	<u>298</u>	<u>383</u>
		<u>8,483</u>	<u>10,759</u>
Current assets			
Inventories		8	562
Trade and other receivables, deposits and prepayments	10	17,694	17,836
Amount due from controlling shareholder		35	23
Amount due from related companies		231	12
Time deposits and cash and bank balances		<u>56,226</u>	<u>69,106</u>
		<u>74,194</u>	<u>87,539</u>
Current liabilities			
Trade and other payables and accruals	11	9,570	7,853
Contract liabilities	11	2,195	2,878
Amount due to a non-controlling shareholder of a subsidiary		56	56
Tax payable		814	980
Lease liabilities		<u>3,432</u>	<u>2,979</u>
		<u>16,067</u>	<u>14,746</u>
Net current assets		<u>58,127</u>	<u>72,793</u>
Total assets less current liabilities		<u>66,610</u>	<u>83,552</u>
Non-current liability			
Lease liabilities		<u>3,532</u>	<u>3,424</u>
Net assets		<u><u>63,078</u></u>	<u><u>80,128</u></u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CAPITAL AND RESERVES		
Share capital	4,800	4,800
Reserves	<u>64,883</u>	<u>78,328</u>
Total equity attributable to owners of the Company	69,683	83,128
Non-controlling interests	<u>(6,605)</u>	<u>(3,000)</u>
Total equity	<u><u>63,078</u></u>	<u><u>80,128</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Equity attributable to owners of the Company						Total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Translation reserve	Other reserves	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 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 and 1 January 2021	4,800	53,131	11,993	(694)	97	13,801	83,128	(3,000)	80,128
Loss for the year	—	—	—	—	—	(13,491)	(13,491)	(3,598)	(17,089)
Other comprehensive income/(expense):									
Exchange differences arising on translation of foreign operations	—	—	—	46	—	—	46	(7)	39
Total comprehensive income/(expense) for the year	—	—	—	46	—	(13,491)	(13,445)	(3,605)	(17,050)
Transfer to statutory reserve	—	—	—	—	85	(85)	—	—	—
Balance as at 31 December 2021	4,800	53,131	11,993	(648)	182	225	69,683	(6,605)	63,078

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

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 Act 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 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, operation of a café and content media business.

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. 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 2021.

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16

None of these amendments have had a material effect on 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.

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.

HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to AG 5	Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)	1 January 2022
Amendment to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
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 HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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

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, operation of a café and content media business and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group as a whole.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised at a point in time:		
Physical marketing production	44,784	50,162
Digital marketing production	3,588	5,858
E-commerce and retail	506	194
Income from operation of a café	1,268	68
Income from content media business	1,239	—
	<u>51,385</u>	<u>56,282</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 2021 and 2020, 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	48,147	53,274
The People's Republic of China ("PRC")	2,382	1,941
Others	856	1,067
	<u>51,385</u>	<u>56,282</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	14,085	19,058
Customer B	7,665	17,908
Customer C	<u>8,150</u>	<u>N/A (Note)</u>

Note: Revenue from customer C for the year ended 31 December 2020 contributed less than 10% of the total revenue of the Group for the respective year.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fair value change in financial asset at FVTPL	(62)	98
Net exchange gain	554	308
Interest income	639	1,008
Impairment loss on goodwill	—	(538)
Rent concession in relation to COVID-19 (<i>Note (i)</i>)	—	305
Government subsidies (<i>Note (ii)</i>)	100	1,664
Loss on write-off of property, plant and equipment	(8)	—
Loss on disposal of property, plant and equipment	(33)	—
Consignment income	656	34
Sundry income	<u>671</u>	<u>30</u>
	<u>2,517</u>	<u>2,909</u>

Notes:

- (i) The Group was granted a rent concession in relation to COVID-19 for an office premise during the year ended 31 December 2020. 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 2021 were the approved subsidies from the COVID-19 Anti-epidemic Fund under the Catering Business Subsidy Scheme (2020: 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):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amortisation of intangible assets	142	123
Auditor's remuneration		
— Audit services	425	360
Cost of inventories sold [#]	699	175
Depreciation of property, plant and equipment	1,551	916
Depreciation of right-of-use assets	4,308	5,734
Allowance for/(reversal of) expected credit losses ("ECLs") on trade receivables	59	(610)
Short-term lease expenses — properties	1,534	1,432
Variable lease payments not included in the measurement of lease liabilities	<u>66</u>	<u>57</u>
Employee benefits expenses (including directors' remuneration)		
— Salaries, allowances and benefits in kind	14,516	11,393
— Discretionary bonus	751	191
— Retirement benefit scheme contributions	<u>992</u>	<u>421</u>
	<u>16,259</u>	<u>12,005</u>

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

7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Income tax expense comprise:		
Hong Kong Profits Tax		
— current tax for the year	143	552
— (over)/under-provision in prior years	<u>(255)</u>	<u>29</u>
	(112)	581
The PRC Enterprise Income Tax (the "EIT")		
— current tax for the year	<u>280</u>	<u>301</u>
Income tax expense	<u>168</u>	<u>882</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 (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 year, 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 year.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% (2020: 8.25%) of the first HK\$2,000,000 of the estimated assessable profits and at 16.5% (2020: 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% (2020: 25%) on the estimated assessable profits during the year.

As at 31 December 2021, no deferred tax (2020: 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 2021, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$3,274,000 (2020: HK\$2,519,000). Deferred tax liabilities amounted to approximately HK\$164,000 (2020: HK\$126,000) 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.

8. DIVIDENDS

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

The board of directors does not recommend the payment of any dividend for the year (2020: Nil).

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

During the years ended 31 December 2021 and 2020, none of the final dividend in respect of the years ended 31 December 2020 and 2019 was approved and paid.

9. LOSS PER SHARE

The calculations of basic loss per share are based on the loss of approximately HK\$13,491,000 (2020: HK\$620,000) for the year attributable to owners of the Company and the weighted average of 480,000,000 (2020: 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	15,854	14,094
Less: Allowances of ECLs	<u>(312)</u>	<u>(253)</u>
Trade receivables, net (<i>Note (i)</i>)	15,542	13,841
Rental and other deposits (<i>Note (ii)</i>)	895	2,122
Prepayments	1,273	1,186
Other receivables	<u>282</u>	<u>1,070</u>
Total trade and other receivables, deposits and prepayments	<u>17,992</u>	<u>18,219</u>
Less:		
Non-current rental deposit	(298)	(174)
Non-current prepayment for intangible asset	<u>—</u>	<u>(209)</u>
Total non-current deposits and prepayments	<u>(298)</u>	<u>(383)</u>
Total current trade and other receivables, deposits and prepayments	<u>17,694</u>	<u>17,836</u>

Notes:

(i) Trade receivables

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
As at 1 January	253	863
Allowance for/(reversal of) ECLs made during the year	<u>59</u>	<u>(610)</u>
As at 31 December	<u>312</u>	<u>253</u>

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (2020: 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current (not past due)	4,454	6,197
Less than 1 month past due	1,366	4,078
Over 1 month but less than 3 months past due	7,433	2,703
Over 3 months but less than 1 year past due	2,349	1,034
Over 1 year past due	252	82
Less: allowance for ECLs	<u>(312)</u>	<u>(253)</u>
	<u>15,542</u>	<u>13,841</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	4,762	6,674
Over 1 month but less than 3 months	7,910	5,110
Over 3 months but less than 1 year	2,910	2,223
Over 1 year	272	87
Less: allowance for ECLs	<u>(312)</u>	<u>(253)</u>
	<u>15,542</u>	<u>13,841</u>

(ii) Rental and other deposits

Included in rental and other deposits, rental deposits of HK\$268,000 (2020: HK\$268,000) were paid to two (2020: two) 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (<i>Note (i)</i>)	5,693	4,508
Accruals (<i>Note (ii)</i>)	3,271	1,370
Other payables	<u>606</u>	<u>1,975</u>
Total trade and other payables and accruals	9,570	7,853
Contract liabilities (<i>Note (iii)</i>)	<u>2,195</u>	<u>2,878</u>
	<u>11,765</u>	<u>10,731</u>

Notes:

- (i) The credit period granted by suppliers of the Group is generally ranging from 30 to 90 days (2020: 30 to 90 days). The ageing analysis of the trade payables based on invoice date is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	3,152	3,195
Over 1 month but less than 3 months	2,277	1,123
Over 3 months but less than 1 year	264	190
	<u>5,693</u>	<u>4,508</u>

- (ii) As at 31 December 2021, consulting expense amounting to approximately HK\$484,000 (2020: HK\$60,000) and accrued employee benefits expenses amounting to approximately HK\$1,256,000 (2020: HK\$166,000) were included in accruals.

- (iii) Contract liabilities, representing receipt in advance from customers, are separately presented. Movement of contract liabilities is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January	2,878	2,096
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	(2,780)	(818)
Increased in contract liabilities as a result of receiving forward sales deposits and installments during the year	2,097	1,600
Balance at 31 December	<u>2,195</u>	<u>2,878</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from provision of marketing production services to MCL Financial Group Limited (<i>Note (a)</i>)	5	12
Revenue from sales of accessories and lifestyle products to Ms. Bonnie Chan Woo (<i>Note (b)</i>)	12	22
Short-term lease expense to 4L 108 Leonard LLC (<i>Note (c)</i>)	1,121	1,119
Repayment of lease liabilities (including capital and interest elements) to Gateway Engineering Limited (<i>Note (d)</i>)	<u>638</u>	<u>116</u>

Notes:

- (a) Mr. Chow Sai Yiu Evan, a non-executive director of the Company, is the controlling shareholder and the beneficial owner of this related company.
- (b) Ms. Bonnie Chan Woo is an executive director and the ultimate controlling shareholder of the Company.
- (c) 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.
- (d) Spouse of Mr. Bonnie Chan Woo, is the director and one of the beneficial owner of this related company. The leased properties are recognised as right-of-use assets with net carrying amount of HK\$ nil (2020: HK\$1,529,000) , with respective lease liabilities of HK\$1,057,000 (2020: HK\$1,631,000) as at 31 December 2021.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' fee	360	360
Salaries, allowances and benefits in kind	4,429	3,697
Discretionary bonus	107	124
Retirement benefit scheme contributions	<u>145</u>	<u>140</u>
	<u>5,041</u>	<u>4,321</u>

13. OTHER COMMITMENTS

The Group subscribed for the Unlisted Fund with a total committed capital contribution of US\$250,000. The remaining committed capital contribution outstanding as at 31 December 2021 amounted to US\$127,500 (equivalent to approximately HK\$991,000) (2020: US\$150,000 (equivalent to approximately HK\$1,163,000)). The Unlisted Fund was disposed subsequent to 31 December 2021.

During the year ended 31 December 2020, the Group recognised as prepayment for intangible asset for a license fee of US\$27,000 (equivalent to HK\$209,000) for obtaining an exclusive distribution right to produce and distribute marketing media programme in the PRC through internet under the brand name of a famous marketing media producer (the “Media Producer”), which stationed in the United States of America (the “USA”). According to the term sheet entered between the Group and the Media Producer, the Group is committed to invest in the co-operative project with the Media Producer with mutually approved budget of US\$1,800,000 (equivalent to HK\$13,953,000). On 28 April 2021, Shanghai Qixian Culture Communication Co., Ltd was incorporated in the PRC to commence the operation of such project. During the year, project costs of HK\$1,236,000 (equivalent to US\$167,000) was incurred by the Group for project. As at 31 December 2021, the other commitment in relation to the mutually approved budget is US\$1,633,000 (equivalent to HK\$12,717,000). 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) to the Media Producer and to invest in the co-operative project with the Media Producer with mutually approved budget of US\$1,200,000 (equivalent to approximately HK\$9,302,000).

During the years ended 31 December 2020 and 2021, 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 HK\$1,628,000). The pilot script writing charge incurred of US\$126,000 (equivalent to HK\$979,000) (2020: US\$42,000 (equivalent to 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\$42,000 (equivalent to HK\$326,000) (2020: US\$168,000 (equivalent to HK\$1,302,000)) as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

As the years-long COVID persists, most of the businesses emerge stronger from disruption, the market economy in Hong Kong has recovered gradually in 2021. However, for some business sectors such as retail, luxury brands, hospitality and insurance that are more reliant on tourists and physical flow of people, the border and travel restrictions continued to suffer. The uncertain business recovery from COVID has been imposing a pressure on our key clients in marketing spend. Also, the ways to achieve marketing promotion purpose have been changed to focusing on brand collaboration and integration. These caused prolonged impact on our traditional marketing production business. Revenue from marketing production services for the year ended 31 December 2021 decreased by 14% as compared with last year.

To master the fast-paced change in marketing industry, the Group has expanded its content 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 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 monetisation 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 has been launched in the fourth quarter of 2021. The revenue bringing to the Group from this content media business for the year ended 31 December 2021 was HK\$1.2 million. We see the great opportunity from this content media business and is investing in building a highly specialised content production and commercialisation team.

The Group's expanded e-commerce start-up business supplemented by operation of a café in Hong Kong has had a positive impact on revenue growth. The revenue from this business for the year ended 31 December 2021 was HK\$1.8 million which was 6.8 times of that as compared with last year. However, the business has yet to turn a profit and due to high operating costs and continued COVID-related challenges, the business is currently suspended, and accordingly the right-of-use assets, other fixed assets and inventories totaling of about HK\$4.1 million of the business have been written off in 2021.

The Group's revenue for the year ended 31 December 2021 decreased by 8.7% as compared with last year. The decrease in marketing production services revenue was offset by revenue generated by the new businesses. The Group's loss for the year ended 31 December 2021 increased significantly to 5.4 times as compared with last year. The significant increase in loss was mainly attributable to the expansion of the Group's new businesses in e-commerce and the content media business in order to cope with the fast-changing marketing trend from the traditional one.

Looking ahead, the 5th wave of COVID in Hong Kong would continue to impact our key clients and so as the Group's traditional marketing production business. Despite the decreased revenue, this business unit could still generate a modest profit resulting from very stringent cost control. Regarding the new content media business, the cost and effort investing in this business in 2021 has started to bring in some results of exciting business opportunities with few more deals secured as of the date of this annual results announcement. With the break-through of this new content media business, we believe that through the Group's 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.

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of the marketing production services, e-commerce and retail business, operation of a café and content media business. During the year, the Group's revenue decreased by approximately 8.7% to approximately HK\$51.4 million (2020: HK\$56.3 million).

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

	2021		2020	
	HK\$'000	%	HK\$'000	%
Physical marketing production	44,784	87.1	50,162	89.1
Digital marketing production	<u>3,588</u>	<u>7.0</u>	<u>5,858</u>	<u>10.4</u>
Sub-total	<u>48,372</u>	<u>94.1</u>	<u>56,020</u>	<u>99.5</u>
E-commerce and retail	506	1.0	194	0.4
Income from operation of a café	<u>1,268</u>	<u>2.5</u>	<u>68</u>	<u>0.1</u>
Sub-total	<u>1,774</u>	<u>3.5</u>	<u>262</u>	<u>0.5</u>
Income from content media business	<u>1,239</u>	<u>2.4</u>	<u>—</u>	<u>—</u>
Total	<u>51,385</u>	<u>100.0</u>	<u>56,282</u>	<u>100.0</u>

During the year, the revenue from physical marketing production services decreased by approximately 10.7% to approximately HK\$44.8 million (2020: HK\$50.2 million). The revenue from digital marketing production services decreased by approximately 38.8% to approximately HK\$3.6 million (2020: HK\$5.9 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 year.

During the year, the revenue from e-commerce and retail increased by approximately 2.6 times to approximately HK\$506,000 (2020: HK\$194,000). And the income from operation of a café increased by approximately 18.6 times to approximately HK\$1.3 million (2020: HK\$68,000). The significant increase in revenue of this business because the opening of the shop in Sham Shui Po was in full operation in 2021.

During the year, the Group started to have income from content media business in November 2021. The revenue mainly represented brand income on our original content.

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; (v) impairment losses and (vi) consignment income. During the year, the Group's other income, gains and losses, net decreased by approximately 13.5% to approximately HK\$2.5 million (2020: HK\$2.9 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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value change in financial asset at FVTPL	(62)	98
Net exchange gain	554	308
Interest income	639	1,008
Impairment loss on goodwill	—	(538)
Rent concession in relation to COVID-19	—	305
Government subsidies	100	1,664
Loss on write-off of property, plant and equipment	(8)	—
Loss on disposal of property, plant and equipment	(33)	—
Consignment income	656	34
Sundry income	<u>671</u>	<u>30</u>
Total	<u><u>2,517</u></u>	<u><u>2,909</u></u>

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs and costs for content media business. During the year, the Group's outsourced project costs decreased by approximately 7.7% to approximately HK\$19.1 million (2020: HK\$20.7 million).

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Printing costs	14,373	16,048
Others	<u>4,713</u>	<u>4,636</u>
Total	<u>19,086</u>	<u>20,684</u>

The decrease in outsourced project cost 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 material used for operation of a café and the cost of goods for retail sales. During the year, the Group's materials and consumables increased by approximately 15.9% to approximately HK\$6.0 million (2020: HK\$5.2 million). The increase during the year was directly attributable to the expansion of business of e-commerce and café.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Paper supply	3,870	3,655
Others	<u>2,110</u>	<u>1,503</u>
Total	<u>5,980</u>	<u>5,158</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 and platforms developed for business operation. During the year, the Group's depreciation and amortisation expenses decreased by approximately 11.4% to approximately HK\$6.0 million (2020: HK\$6.8 million). Such decrease was mainly due to the expiry of the lease of office in North Point since March 2021.

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 increased by approximately 35.4% to approximately HK\$16.3 million (2020: HK\$12.0 million). The significant increase was directly attributable to the expansion of business of e-commerce and café and also content media business.

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	14,516	11,393
Discretionary bonus	751	191
Retirement benefit scheme contributions	992	421
Total	<u>16,259</u>	<u>12,005</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 7.5%, to approximately HK\$1.6 million (2020: HK\$1.5 million). The increase was primarily attributable to the new short term lease for office premise in the PRC for the content media business 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 20.5% to approximately HK\$6.3 million (2020: HK\$8.0 million). The decrease was in line with the decrease in revenue from marketing production services.

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 increased by approximately 47.9% to approximately HK\$11.0 million (2020: HK\$7.4 million). The significant increase was primarily attributable to the removal and reinstatement costs for the office premise relocation and talent recruitment and consultancy fees in response to the expansion of the Group's business.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the year, the Group's finance cost increased by approximately HK\$35,000, representing 9.3%, to approximately HK\$0.4 million (2020: HK\$0.4 million). The increase was mainly due to addition to lease liabilities for new office premise during the year and the shop in Sham Shui Po.

Income tax expense

Income tax expense of the Group for the year was approximately HK\$0.2 million (2020: HK\$0.9 million). The provision was made for the marketing production services and has been taken into account the tax concession granted by the Hong Kong Special Administrative Region Government for the year of assessment of 2021–2022 and it was offset by the over-provision of income tax expense for the previous years.

Loss for the year

During the year, the Group recorded loss of approximately HK\$17.1 million (2020: HK\$3.0 million). The significant increase was mainly attributable to (i) decrease in client demand on marketing production services due to the slow-down of economic activities continued affecting by COVID; (ii) decrease in profit margin due to fierce competition; (iii) one-off removal and reinstatement costs for the office premise relocation; (iv) high operating costs and continued COVID-related challenges on the Group's e-commerce, retail and café start-up business in Hong Kong; and (v) increase in operating costs in expanded content media business.

USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 31 December 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 31 December 2021	Unutilised net proceeds as at 31 December 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	492	157	From 1 January 2022 to 31 December 2022
Enhance the overall service offerings and expand the team across three categories	9,142	1,581	7,561	7,561	734	6,827	327	327	—	N/A
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	4,695	3,305	From 1 January 2022 to 31 December 2022
Staff development	3,120	623	2,497	697	112	585	85	7	78	From 1 January 2022 to 31 December 2022
General working capital	3,800	3,800	—	3,800	2,160	1,640	4,640	3,800	840	From 1 January 2022 to 31 December 2022
Total:	43,800	21,919	21,881	21,881	8,180	13,701	13,701	9,321	4,380	

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.
- The unutilised net proceeds as at 31 December 2021 were placed as bank balances with licensed banks in Hong Kong.
- 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. The business strategy and development has been affected by the outbreak of COVID that has caused the delay in deployment of the use of proceeds.

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 2021, the Group had net current assets of approximately HK\$58.1 million (2020: HK\$72.8 million), including time deposits and cash and bank balances of approximately HK\$56.2 million (2020: HK\$69.1 million) mainly denominated in Hong Kong dollars, with approximately HK\$5.0 million (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.

The gearing ratio of the Group as at 31 December 2021 was 11.0% (2020: 8.0%). 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\$69.7 million as at 31 December 2021 (2020: HK\$83.1 million).

PLEDGE OF ASSETS

As at 31 December 2021, the Group did not have any pledged assets (2020: 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 2021, the Group did not have any material contingent liability (2020: 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 2021, the Group had 40 (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 United States. 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 (“Prospectus”) 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 2021 (2020: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on Thursday, 16 June 2022. The register of members of the Company will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022, 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 Friday, 10 June 2022.

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 (version up to 31 December 2021) as set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2021 except for the deviation from code provision A.2.1 (which has been re-numbered as C.2.1 since 1 January 2022) 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 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.

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 (which has been re-numbered as D.3 since 1 January 2022) 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. Arnold Ip, Mr. Alan Hung and Mr. Donald Man, Mr. Arnold Ip 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 2021 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

Saved as disclosed elsewhere in the consolidated financial statements, 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 2021 and consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 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, 23 March 2022

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.