# 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 2017

## 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") 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 2017, together with comparative figures for the preceding financial year as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the year ended 31 December 2017*

| | *Notes* | **2017** **HK$'000** | 2016 HK$'000 |
|---|---|---|---|
| **Revenue** | *5* | **93,941** | 90,955 |
| Other income and gains | *5* | **784** | 777 |
| Outsourced project costs | | **(33,717)** | (31,832) |
| Materials and consumables | | **(10,716)** | (11,075) |
| Listing expenses | | **(12,474)** | (1,887) |
| Depreciation and amortisation expenses | | **(1,614)** | (1,610) |
| Employee benefits expense | | **(18,745)** | (17,485) |
| Rental expenses | | **(5,428)** | (4,780) |
| Transportation fee | | **(7,537)** | (7,200) |
| Other operating expenses | | **(4,686)** | (4,570) |
| **(Loss)/profit before income tax** | *6* | **(192)** | 11,293 |
| Income tax expense | *7* | **(2,155)** | (2,149) |
| **(Loss)/profit for the year attributable to the owners of the Company** | | **(2,347)** | 9,144 |
| **Other comprehensive income/(expense):** | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operation | | **445** | (618) |
| **Other comprehensive income/(expense) for the year, net of income tax** | | **445** | (618) |
| **Total comprehensive (expense)/income for the year attributable to the owners of the Company** | | **(1,902)** | 8,526 |
| **(Loss)/earnings per share attributable to the owners of the Company** | *9* | | |
| Basic and diluted (HK cents) | | **(0.64)** | 2.54 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2017*

| | *Notes* | **2017** **HK$'000** | 2016 *HK$'000* |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,940** | 1,052 |
| Intangible assets | | **357** | 935 |
| | | **2,297** | 1,987 |
| **Current assets** | | | |
| Inventories | | **335** | — |
| Trade and other receivables, deposits and prepayments | *10* | **32,389** | 17,541 |
| Amounts due from related companies | | **2,145** | 1,845 |
| Current tax recoverable | | **356** | — |
| Cash and cash equivalents | | **65,939** | 36,678 |
| | | **101,164** | 56,064 |
| **Current liabilities** | | | |
| Trade and other payables, accruals and deposits received | *11* | **19,385** | 14,429 |
| Current tax payable | | **—** | 913 |
| Provision of long service payment | | **194** | 577 |
| | | **19,579** | 15,919 |
| **Net current assets** | | **81,585** | 40,145 |
| **Net assets** | | **83,882** | 42,132 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **4,800** | — |
| Reserves | | **79,082** | 42,132 |
| **Total equity** | | **83,882** | 42,132 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2017*

| | Share capital | Share premium# | Capital reserve# | Translation reserve# | Retained earnings# | Total |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Balance at 1 January 2016 | — | — | 8,153 | (448) | 31,556 | 39,261 |
| Profit for the year | — | — | — | — | 9,144 | 9,144 |
| Other comprehensive expense: | | | | | | |
| Exchange differences arising on translation of foreign operation | — | — | — | (618) | — | (618) |
| Total comprehensive income for the year | — | — | — | (618) | 9,144 | 8,526 |
| Issue of shares by Icicle Group Limited ("Icicle Group") *(Note 2.1)* | — | — | 3,840 | — | — | 3,840 |
| Interim dividends to the then owners of the subsidiary of the Group prior to the listing *(Note 8(b))* | — | — | — | — | (9,495) | (9,495) |
| Balance at 31 December 2016 and 1 January 2017 | — | — | 11,993 | (1,066) | 31,205 | 42,132 |
| Loss for the year | **—** | **—** | **—** | **—** | **(2,347)** | **(2,347)** |
| Other comprehensive income: | | | | | | |
| Exchange differences arising on translation of foreign operation | **—** | **—** | **—** | **445** | **—** | **445** |
| Total comprehensive expense for the year | **—** | **—** | **—** | **445** | **(2,347)** | **(1,902)** |
| Issue of share upon incorporation | **—*** | **—** | **—** | **—** | **—** | **—*** |
| Issue of shares arising from the corporate reorganisation | **—*** | **—** | **—*** | **—** | **—** | **—** |
| Capitalisation issue of shares | **3,600** | **(3,600)** | **—** | **—** | **—** | **—** |
| Issue of shares upon share offering, net of listing expenses | **1,200** | **57,451** | **—** | **—** | **—** | **58,651** |
| Interim dividends to the then owners of the subsidiary of the Group prior to the listing *(Note 8(b))* | **—** | **—** | **—** | **—** | **(14,999)** | **(14,999)** |
| **Balance at 31 December 2017** | **4,800** | **53,851** | **11,993** | **(621)** | **13,859** | **83,882** |

* Less than HK$1,000

\# These reserves accounts comprise the consolidated reserves of HK$79,082,000 (2016: HK$42,132,000) in the consolidated statement of financial position.

## *Notes:*

### 1. GENERAL INFORMATION

Icicle Group Holdings Limited (the "Company", collectively with its subsidiaries, the "Group") was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 20 January 2017. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company (the "Shares") are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 December 2017. The Company's principal place of business is located at Unit 4, 12/F., 18 King Wah Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activity of the Group is provision of marketing production services.

### 2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION

#### 2.1 Group reorganisation

The companies comprising the Group underwent a reorganisation (the "Corporate Reorganisation") to rationalise the Group's structure in preparation for the listing of the Shares on GEM of the Stock Exchange (the "Listing"). The Corporate Reorganisation involved the followings:

*Incorporation of Explorer Vantage Limited ("Explorer Vantage")*

On 13 June 2016, Explorer Vantage was incorporated in the British Virgin Islands ("BVI"). Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo") subscribed for one ordinary share of United States dollar ("US$") 1.00 representing the entire issued share capital of Explorer Vantage and became its sole shareholder on 21 July 2016.

*Acquisition of Icicle Group by Explorer Vantage*

Pursuant to a sale and purchase agreement dated 28 July 2016 entered into between Gooseberries Limited (formerly known as Icicle Holdings Limited), the then shareholder of Icicle Group, as the vendor, and Explorer Vantage, as the purchaser, Explorer Vantage acquired 8,500 ordinary shares of US$0.01 each representing 75% of the entire issued share capital of Icicle Group at a consideration of HK$31,390,000, with reference to the net asset value of Icicle Group as at 31 March 2016.

On 28 July 2016, Ms. Bonnie Chan Woo transferred 1,133 ordinary shares of US$0.01 each representing 10% of the entire issued share capital of Icicle Group to Explorer Vantage at a consideration of HK$4,185,000, with reference to the net asset value of Icicle Group as at 31 March 2016.

Immediately upon completion of the acquisitions as mentioned above, Icicle Group was owned as to 85% by Explorer Vantage and 15% by Hertford Global Limited ("Hertford Global").

*Subscription by Hertford Global*

Icicle Group and Hertford Global entered into a subscription agreement on 22 December 2016 for the subscription of 1,177 new ordinary shares of US$0.01 each in the share capital of Icicle Group representing 9.4% of the enlarged share capital of Icicle Group for a consideration of HK$3,840,000, with reference to its investment cost in June 2013, which was paid in cash. Immediately upon completion of the subscription of shares, Icicle Group was owned as to approximately 77% by Explorer Vantage and approximately 23% by Hertford Global.

*Incorporation of the Company as a listing vehicle*

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 20 January 2017 to act as the listing vehicle. As at the date of incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, and one share was allotted and issued to Explorer Vantage, credited as nil paid.

*Transfer of Icicle Group to the Company*

On 16 November 2017, Explorer Vantage and Hertford Global transferred 9,633 ordinary shares and 2,877 ordinary shares of Icicle Group respectively, representing the entire issued share capital of Icicle Group, to the Company. In consideration of the transfer, the Company allotted and issued 76 ordinary shares and 23 ordinary shares of the Company to Explorer Vantage and Hertford Global, respectively. All the shares in issue (including the first subscriber share held by Explorer Vantage) will be credited as fully paid at par.

Following the above steps, the Company then became owned as to approximately 77% and 23% by Explorer Vantage and Hertford Global, respectively, and Icicle Group became the Company's direct wholly-owned subsidiary.

**2.2 Basis of preparation and presentation**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") 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 Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

Pursuant to the Corporate Reorganisation, the Company became the holding company of the companies now comprising the Group on 16 November 2017. The Group is regarded as a continuing entity resulting from the Corporate Reorganisation since the insertion of the Company as the new holding company at the top of Icicle Group has no commercial substance and does not form a business combination and all companies in the Group are considered to be under common control of Ms. Bonnie Chan Woo. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting as if the Corporate Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended 31 December 2017 and 2016 include the financial performance, changes in equity and cash flows of companies within the Group as if the current group structure had been in existence throughout the reporting periods, or since their date of establishment, incorporation or acquisition, where applicable. The consolidated statements of financial position of the Group as at 31 December 2017 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective date of establishment, incorporation or acquisition, where applicable.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Corporate Reorganisation.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

The consolidated financial statements have been prepared on historical cost basis. The 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.

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. ADOPTION OF NEW AND REVISED HKFRSs

The HKICPA has issued a number of new and revised HKFRSs which were relevant to the Group and had became effective during the year. In preparing the consolidated financial statements, the Group has applied all these new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the accounting period beginning on 1 January 2017.

| | |
|---|---|
| HKAS 7 Amendments | Disclosure Initiative |
| HKAS 12 Amendments | Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2014–2016 Cycle |

None of these amendments have had a material effect on how the Group's financial performance and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

| | | Effective for annual reporting periods beginning on or after |
|---|---|---|
| HKFRS 10 and HKAS 28 (2011) Amendments | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined* |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2014–2016 Cycle | 1 January 2018 |
| HKAS 40 Amendments | Transfers of Investment Property | 1 January 2018 |
| HKFRS 2 Amendments | Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| HKFRS 4 Amendments | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts | 1 January 2018 |
| HKFRS 9 | Financial Instruments | 1 January 2018 |
| HKFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| HKFRS 15 Amendments | Clarifications to HKFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| HK(IFRIC) Interpretation 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015–2017 Cycle | 1 January 2019 |
| HKFRS 9 Amendments | Prepayment Features with Negative Compensation | 1 January 2019 |
| HKFRS 16 | Leases | 1 January 2019 |
| HK(IFRIC) Interpretation 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| HKFRS 17 | Insurance Contracts | 1 January 2021 |

* On 6 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standards Board's equivalent amendments. This update defers/removes the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised 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 except for the following:

**HKFRS 9 "Financial Instruments"**

HKFRS 9 has introduced new requirements for (a) classification and measurement of financial assets; (b) impairment of financial assets; and (c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment. The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss. The Group currently does not have any financial liabilities designated at fair value through profit or loss and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. The management of the Group considered that the credit term and settlement period is relatively short, thus, they expect that the adoption of HKFRS 9 is unlikely to result in significant impact on the Group's financial performance.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced. The Group currently does not apply any hedge accounting and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

**HKFRS 15 "Revenue from Contracts with Customers"**

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Group expects that the adoption of HKFRS 15 is unlikely to result in significant impact on the Group's financial performance but it may affect related disclosures made in the Group's consolidated financial statements.

**HKFRS 16 "Leases"**

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties and office equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease. The total operating lease commitments of the Group in respect of leased properties and office equipment as at each of the reporting dates are set out in a note to the consolidated financial statements. The interest expense on the lease liability and the depreciation expense on the right-of-use asset under HKFRS 16 will replace the rental charge under HKAS 17. The operating lease commitments as shown in off-balance sheet item will be replaced by "right-of-use assets" and "lease liabilities" in the consolidated statement of financial position of the Group. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on the adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

## 4. 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, executive director of the

Company regularly reviewed the consolidated financial position, revenue from provision of marketing production services 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 which is provision of marketing production services. This operating segment comprises three service categories including (a) physical media production and management; (b) digital media production; and (c) cross media development. The following table sets forth the breakdown of the Group's revenue by service category during the year.

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Physical media production and management | | |
| — Printing, packaging and sourcing | **78,424** | 81,421 |
| — Visual merchandising, retail displays and venue decoration | **3,805** | 1,175 |
| | **82,229** | 82,596 |
| Digital media production | **6,423** | 3,043 |
| Cross media development | **5,289** | 5,316 |
| | **93,941** | 90,955 |

**Geographical information**

The Company is an investment holding company and 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 2017 and 2016, 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:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **85,981** | 82,221 |
| The People's Republic of China (the "PRC") | **2,075** | 2,687 |
| Others | **5,885** | 6,047 |
| | **93,941** | 90,955 |

**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:

| | 2017 | 2016 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Customer A | **22,850** | 20,569 |
| Customer B | **24,118** | 20,515 |

## 5. REVENUE AND OTHER INCOME AND GAINS

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

| | 2017 | 2016 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Revenue** | | |
| Revenue from provision of marketing production services | **93,941** | 90,955 |
| **Other income and gains** | | |
| Administrative service income | **96** | 697 |
| Gain on disposal of property, plant and equipment | **—** | 25 |
| Income from sales of paper products and calligraphy stationery | **306** | — |
| Income from provision of art and calligraphy workshop | **244** | — |
| Interest income | **23** | 24 |
| Net exchange gain | **105** | — |
| Sundry income | **10** | 31 |
| | **784** | 777 |

## 6. (LOSS)/PROFIT BEFORE INCOME TAX

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Amortisation of intangible assets | **651** | 764 |
| Auditor's remuneration | | |
| — Audit services | **420** | 130 |
| — Non-audit services *(Note)* | **868** | 32 |
| Cost of inventories sold | **17** | — |
| Depreciation of property, plant and equipment | **963** | 846 |
| Minimum lease payments under operating lease charges for: | | |
| — properties | **3,791** | 3,142 |
| — office equipment | **1,357** | 1,499 |
| Contingent rents for office equipment | **280** | 139 |
| Net exchange (gain)/loss | **(105)** | 630 |
| | | |
| Employee benefits expense | | |
| — Salaries, allowances and benefits in kind | **16,961** | 15,471 |
| — Discretionary bonus | **1,053** | 1,302 |
| — Retirement benefit scheme contributions | **731** | 712 |
| | **18,745** | 17,485 |

*Note:* Non-audit services represent the services provided by the Company's auditor for acting as the reporting accountants of the Company for the Listing. The amount represents part of the services' fee amounting to HK$1,200,000 for acting as the reporting accountants, which are expensed in the profit or loss.

## 7. INCOME TAX EXPENSE

| | 2017 | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Income tax expense comprise: | | |
| Hong Kong Profits Tax | | |
| — current tax for the year | **1,935** | 2,427 |
| — over-provision in prior years | **(3)** | (20) |
| | **1,932** | 2,407 |
| Other jurisdictions | | |
| — current tax for the year | **130** | 20 |
| — under-provision in prior years | **93** | — |
| | **223** | 20 |
| Deferred tax | **—** | (278) |
| Income tax expense | **2,155** | 2,149 |

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 BVI, the Group is not subject to any income tax under these jurisdictions during the year (2016: Nil).

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the subsidiary in the PRC is subject to the tax rate of 25% (2016: 25%) on the estimated assessable profits during the year.

No provision for income tax has been made for the subsidiaries located in the United Kingdom and Singapore as the subsidiaries did not have any estimated assessable profits subject to income tax in the United Kingdom and Singapore during the year ended 31 December 2016. The Group dissolved all the subsidiaries located in the United Kingdom and Singapore during the year ended 31 December 2016.

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 2017, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK$472,000 (2016: Nil). Deferred tax liabilities of approximately HK$24,000 (2016: Nil) 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

No dividend was paid or proposed to the owners of the Company during the year, nor has any dividend been proposed since the end of reporting period and up to the date when these consolidated financial statements are authorised for issue.

### (b) Dividends paid to the then owners of the subsidiary of the Group prior to the Listing

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim dividends | **14,999** | 9,495 |

Other than the above interim dividends paid or declared by the Company's subsidiary, Icicle Group, no dividend was paid or declared by the Company since its incorporation.

During the year ended 31 December 2016, interim dividends amounting to HK$9,495,000, representing dividends paid by the Company's subsidiary, Icicle Group, to its then shareholders for the year ended 31 December 2016, were approved by the written resolutions of directors dated 30 August 2016 and 21 December 2016.

During the year ended 31 December 2017, interim dividends of HK$14,999,000, representing dividends paid by the Company's subsidiary, Icicle Group, to its then owners for the year ended 31 December 2017, were approved by the written resolution of directors dated 30 March 2017.

The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

## 9. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share are based on the loss of approximately HK$2,347,000 (2016: profit of approximately HK$9,144,000) for the year attributable to the owners of the Company and the weighted average of 367,890,411 (2016: 360,000,000) shares in issue during the year.

The 360,000,000 shares used to calculate the basic earnings per share for the year ended 31 December 2016 represents the number of shares of the Company immediately prior to the Listing of the Company's shares on GEM as if the shares had been in issue throughout the year ended 31 December 2016.

The weighted average number of shares used to calculate the basic loss per share for the year ended 31 December 2017 includes the weighted average effect of 120,000,000 shares issued upon the share offering of the Company's shares on 8 December 2017, in addition to the aforementioned 360,000,000 shares used in the calculation of basic earnings per share for the year ended 31 December 2016.

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 years.

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **28,829** | 14,885 |
| Rental deposits | **2,525** | 521 |
| Prepayments *(Note)* | **860** | 2,006 |
| Other receivables | **175** | 129 |
| | **32,389** | 17,541 |

*Note:* As at 31 December 2017, prepayments for outsourced project costs amounting to HK$225,000 (2016: prepayments for listing expenses amounting to HK$1,075,000 and prepayments for outsourced project costs amounting to HK$825,000 respectively) were included in prepayments.

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (2016: 30 to 60 days) from the date of billing for the year.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The ageing analysis of the trade receivables based on invoice date is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 1 month | **11,330** | 8,919 |
| Over 1 month but less than 3 months | **12,380** | 3,964 |
| Over 3 months but less than 1 year | **4,987** | 1,962 |
| Over 1 year | **132** | 40 |
| | **28,829** | 14,885 |

## 11. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

| | 2017 | 2016 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Trade payables | **11,080** | 10,369 |
| Accruals *(Note)* | **5,447** | 1,145 |
| Deposits received | **411** | 328 |
| Other payables | **835** | 401 |
| Receipts in advance | **1,612** | 2,186 |
| | **19,385** | 14,429 |

*Note:* As at 31 December 2017, accrual for listing expenses amounting to HK$2,002,000 (2016: HK$150,000), accrued employee benefits expense amounting to HK$1,042,000 (2016: HK$748,000) and rental payable amounting to HK$921,000 (2016: HK$7,000) were included in accruals.

The credit period granted by suppliers of the Group is generally ranging from 30 to 90 days (2016: 30 to 90 days) for the year. The ageing analysis of the trade payables based on invoice date is as follows:

| | 2017 | 2016 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Within 1 month | **5,673** | 5,523 |
| Over 1 month but less than 3 months | **4,927** | 4,516 |
| Over 3 months but less than 1 year | **479** | 329 |
| Over 1 year | **1** | 1 |
| | **11,080** | 10,369 |

## 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 mutually agreed between both parties:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue from provision of marketing production services to celebratethemakers Limited ("CTM") *(Note (a))* | **103** | 930 |
| Revenue from provision of marketing production services to NewspaperDirect Limited *(Note (b))* | **482** | 694 |
| Revenue from provision of marketing production services to MCL Financial Group Limited *(Note (c))* | **17** | 18 |
| Revenue from provision of marketing production services to Woo Hon Fai Holdings Limited *(Note (d))* | **—** | 83 |
| Revenue from provision of marketing production services to close family members of Ms. Bonnie Chan Woo | **135** | 14 |
| Revenue from provision of marketing production services to Ms. Bonnie Chan Woo | **1** | — |
| Revenue from provision of marketing production services to Studio SV Limited *(Note (e))* | **2,191** | — |
| Acquisition of property, plant and equipment from CTM *(Note (a))* | **51** | — |
| Acquisition of intangible assets from CTM *(Note (a))* | **23** | — |
| Purchase of paper products and calligraphy stationery from CTM *(Note (a))* | **352** | — |
| Administrative service income received from CTM *(Note (a))* | **88** | 697 |
| Administrative service income received from NewspaperDirect Limited *(Note (b))* | **8** | — |

*Notes:*

(a) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, is the controlling member and one of the beneficial owners of this related company, and Mr. Chow Sai Yiu Evan, a non-executive director of the Company, is also one of the beneficial owners of this related company.

(b) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, is the controlling member and one of the beneficial owners of this related company.

(c) Mr. Chow Sai Yiu Evan, a non-executive director of the Company, is the controlling shareholder and the beneficial owner of this related company.

(d) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, is one of the directors of this related company.

(e) Explorer Vantage, the ultimate holding company of the Company, is one of the beneficial owners of this related company.

*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 remuneration are as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Directors' fee | **105** | — |
| Salaries, allowances and benefits in kind | **3,538** | 3,211 |
| Discretionary bonus | **353** | 311 |
| Retirement benefit scheme contributions | **111** | 98 |
| | **4,107** | 3,620 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

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

The Group is a marketing production company headquartered in Hong Kong with a focus on printing, packaging and sourcing. Our services include overall project management and marketing production services to meet clients' marketing and brand building requirements. We design, create and produce marketing and branding materials and contents in Hong Kong and the PRC to clients who are international and local brand owners, including global financial institutions, luxury brand retailers and local retail chain stores. Our marketing production services are categorised into the following three service categories:

(i) Physical media production and management;

(ii) Digital media production; and

(iii) Cross media development.

It is the Group's objective not only to maintain but to expand our market share by enhancing our service quality and attracting more brand owners to engage our services. Our business strategies are to:

— enlarge our social media marketing production capability and offering;

— enhance our overall service offering and expand the team across the three service categories;

— set up a studio and expand our work premises;

— enhance our business development in the PRC and sales and marketing activities; and

— enhance staff development and implementation of a real time management system.

In 2017, the Group has laid the foundation for a solid growth path going forward. In addition to maintaining our core business in physical media production and management, we have made significant progress in building and offering digital media service. We successfully launched our social media influencer marketing service in partnership with an international market leader in this segment and arrived at a satisfactory performance thus far. Following our listing, we have continued to seek ways to deepen co-operation with our existing partner, as well as explore any other potential opportunities or strategic partners to enlarge our capability and offering, and to firmly establish ourselves as a cutting-edge service provider in this segment of the market.

Looking forward, the Group is positive about the prospects of the marketing production market and continues to focus on our core business. In order to maximise the long-term returns of the shareholders of the Company (the "Shareholders"), the Group will devote resources in implementing the business strategies striving toward the growth of the business.

## FINANCIAL REVIEW

### Revenue

The Group's revenue is principally generated from the provision of the marketing production services. During the year, the Group's revenue increased by approximately 3.3% to approximately HK$93.9 million (2016: HK$91.0 million).

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

| | **2017** | | 2016 | |
|---|---|---|---|---|
| | ***HK$'000*** | ***%*** | *HK$'000* | *%* |
| Physical media production and management | | | | |
| — Printing, packaging and sourcing | **78,424** | **83.5** | 81,421 | 89.5 |
| — Visual merchandising, retail displays and venue decoration | **3,805** | **4.1** | 1,175 | 1.3 |
| Sub-total | **82,229** | **87.6** | 82,596 | 90.8 |
| Digital media production | **6,423** | **6.8** | 3,043 | 3.4 |
| Cross media development | **5,289** | **5.6** | 5,316 | 5.8 |
| Total | **93,941** | **100.0** | 90,955 | 100.0 |

During the year, the revenue from physical media production and management services were approximately HK$82.2 million (2016: HK$82.6 million) which was resulted by decrease in printing, packaging and sourcing net of increase in visual merchandising, retail displays and venue decoration. The decrease in printing, packaging and sourcing by approximately 3.7% was mainly attributable to the decrease in number of projects during the year. The significant increase in visual merchandising, retail displays and venue decoration by approximately 223.8% was mainly attributable to the increase in high-value projects during the year.

During the year, the revenue from digital media production services increased by approximately 111.1% to approximately HK$6.4 million (2016: HK$3.0 million). The significant increase was directly attributable to the increase in video production projects during the year.

During the year, the revenue from cross media development services remained stable at a level of approximately HK$5.3 million (2016: HK$5.3 million).

As at 31 December 2017, trade receivables increased significantly by approximately 93.3% to approximately HK$28.8 million (2016: HK$14.9 million) was mainly attributable to significant increase in revenue from two major clients in November and December 2017 by approximately HK$6.8 million as compared with that in 2016. And also, there was a general delay in settlement from certain clients as they took longer internal approval process to authorise the payment. The Directors are of the view that such trade receivables related to clients for whom there is no significant financial difficulty and based on our experience, no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality of those clients and such amounts were still considered recoverable based on historical experience. As of the date of this announcement, approximately 76% of trade receivables as at 31 December 2017 has been settled.

**Other income and gains**

Other income and gains comprised (i) administrative service income; (ii) income from sales of paper products and calligraphy stationery; (iii) income from provision of art and calligraphy workshop; (iv) interest income; (v) net exchange gain; (vi) gain on disposal of property, plant and equipment; and (vii) sundry income. During the year, the Group's other income and gains were approximately HK$0.8 million (2016: HK$0.8 million) which was relatively stable over the years.

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Administrative service income | **96** | 697 |
| Gain on disposal of property, plant and equipment | **—** | 25 |
| Income from sales of paper products and calligraphy stationery | **306** | — |
| Income from provision of art and calligraphy workshop | **244** | — |
| Interest income | **23** | 24 |
| Net exchange gain | **105** | — |
| Sundry income | **10** | 31 |
| Total | **784** | 777 |

Administrative service income includes employee benefits expense, rental, infrastructure support recharges for services we rendered to related companies. As one of the related companies ceased business in 2017, administrative service income decreased accordingly. Income from sales of paper products and calligraphy stationery relates to sales of inventories which acquired from a related company during the year. Income from provision of art and calligraphy workshop relates to income generated from the workshops organised by the Group which newly introduced during the year.

**Outsourced project costs**

Outsourced project costs consist of printing costs and other outsourced project costs such as video production costs. During the year, the Group's outsourced project costs increased by approximately 5.9% to approximately HK$33.7 million (2016: HK$31.8 million).

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Printing costs | **27,530** | 26,566 |
| Others | **6,187** | 5,266 |
| Total | **33,717** | 31,832 |

The increase in printing costs by approximately 3.6% was mainly because more printing jobs have been outsourced to subcontractors.

The increase in other costs by approximately 17.5% was directly attributable to the increase in revenue from video production projects under the digital media production services.

**Materials and consumables**

Materials and consumables are expenses on papers and other materials sourced by the Group for the marketing production. During the year, the Group's materials and consumables decreased by approximately 3.2% to approximately HK$10.7 million (2016: HK$11.1 million).

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Paper supply | **9,265** | 9,678 |
| Others | **1,451** | 1,397 |
| Total | **10,716** | 11,075 |

The decrease in paper supply by approximately 4.3% was mainly because more printing jobs have been outsourced to subcontractors.

**Listing expenses**

Listing expenses consist of fees paid/payable to various professionals for audit, financial advisory, legal and other professional services in preparation for the Listing. During the year, listing expenses of approximately HK$12.5 million (2016: HK$1.9 million) were charged to the profit or loss for the year.

**Depreciation and amortisation expenses**

Depreciation and amortisation expenses relate mainly to depreciation of the leasehold improvements, furniture, fixture and office equipment and amortisation of intangible assets which mainly include software for business operation, self-developed project management information system known as "Icicle Hub" and online marketing and purchasing platforms. During the year, the Group's depreciation and amortisation expenses were approximately HK$1.6 million (2016: HK$1.6 million) which was relatively stable over the years.

**Employee benefits expense**

Employee benefits expense primarily consists of salaries, allowances and benefits in kind, discretionary bonus and retirement benefit scheme contributions. During the year, the Group's employee benefits expense increased by approximately 7.2% to approximately HK$18.7 million (2016: HK$17.5 million). The increase was directly attributable to increase in average number of staff and salaries.

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Salaries, allowances and benefits in kind | **16,961** | 15,471 |
| Discretionary bonus | **1,053** | 1,302 |
| Retirement benefit scheme contributions | **731** | 712 |
| Total | **18,745** | 17,485 |

**Rental expenses**

Rental expenses primarily represent the rental expenses paid for office premises and warehouse in Hong Kong and the rents for the printing machines for confidential data printing services. During the year, the Group's rental expenses increased by approximately 12.5% to approximately HK$5.4 million (2016: HK$4.8 million). The increase was directly attributable to the leasing of the new office premises as the Group's Hong Kong headquarters.

**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 increased by approximately 4.2% to approximately HK$7.5 million (2016: HK$7.2 million). The increase was directly attributable to the overall increase in revenue of the Group.

**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 2.2% to approximately HK$4.7 million (2016: HK$4.6 million). The increase was primarily due to the increase in auditor's remuneration, compliance advisory fee, printing costs for financial reports and company secretarial fees.

**Income tax expense**

Income tax expense of the Group for the year was approximately HK$2.2 million (2016: HK$2.1 million) and such was consistent with the stable assessable profits over the years. Listing expenses incurred were not deductible for tax purpose.

**(Loss)/profit for the year**

The Group recorded loss of approximately HK$2.3 million for the year ended 31 December 2017 and profit of approximately HK$9.1 million for the year ended 31 December 2016. By excluding the effect of the one-off non-recurring listing expenses of approximately HK$12.5 million (2016: HK$1.9 million), the Group would have recorded profit after income tax of approximately HK$10.2 million (2016: HK$11.0 million) for the year ended 31 December 2017.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the Company's prospectus dated 27 November 2017 (the "Prospectus") with the Group's actual business progress up to 31 December 2017:

| Business objectives up to 31 December 2017 as set out in the Prospectus | Actual business progress up to 31 December 2017 |
|---|---|
| ***Enlarge the social media marketing production capability and offering*** | |
| — set up a team of two senior data analysts who will be responsible for analysing data generated from the social media platforms | The Group is in the process of looking for appropriate experienced personnel. |

| Business objectives up to 31 December 2017 as set out in the Prospectus | Actual business progress up to 31 December 2017 |
|---|---|
| ***Enhance the overall service offerings and expand the team across three service categories*** | |
| — extend the scope of service upstream to provide strategic brand development to clients by hiring one strategist and planner, who will be responsible for developing overall marketing concept and direction for client's brand building strategies | The Group has filled up this position through internal transfer. |
| — set up a team of two original content talents to develop marketing ideas and concepts for the production of motion contents which will be sold to the brand owners for their marketing and branding purposes | The Group is in the process of looking for appropriate experienced personnel. |
| — further expand our marketing production team for visual merchandising, retail displays and event decoration by hiring one retail display and event decoration talent, who will assist in retail displays and venue decoration for clients' marketing and branding events | The Group has recruited a specialist to support the retail displays and event decoration division. |
| ***Set up a studio and expand the work premises*** | |
| — add and upgrade equipment and production facilities for the staff including new computers, photographic and video production equipment | The Group has set up a studio in the new office premises. |
| — move to a new office premises as the Hong Kong headquarters | The Group has leased and moved to a new office premises as the Hong Kong headquarters. |
| ***Business development*** | |
| — marketing and promotion of the Group's business to existing and potential clients, including exploring business opportunities in managing online marketing activities in the PRC and providing digital media production services in the PRC for brands | The Group is in the process of looking for appropriate experienced personnel. |

| Business objectives up to 31 December 2017 as set out in the Prospectus | Actual business progress up to 31 December 2017 |
|---|---|
| — hire one marketing strategist for marketing and brand management to promote the Group and the new service offerings to existing and potential clients | The Group is in the process of looking for appropriate experienced personnel. |
| ***Staff development*** | |
| — additional senior management training and leadership development of our key staff to promote staff retention and support our business growth | The Group is in the process of exploring and identifying appropriate training and development program. |

## USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 31 December 2017:

| | Total use of proceeds as stated in the Prospectus up to 31 December 2019 *HK$000* | Planned use of proceeds as stated in the Prospectus up to 31 December 2017 *HK$000* | Actual use of proceeds up to 31 December 2017 *HK$000* |
|---|---|---|---|
| Enlarge the social media marketing production capability and offering | 8,000 | 504 | — |
| Enhance the overall service offerings and expand the team across three service categories | 9,142 | 1,350 | 20 |
| Set up a studio and expand the work premises | 11,458 | 459 | 2,538* |
| Business development | 8,280 | 976 | — |
| Staff development | 3,120 | — | — |
| General working capital | 3,800 | 760 | 760 |
| Total | 43,800 | 4,049 | 3,318 |

* The actual use of proceeds up to 31 December 2017 are much higher than planned as the Group moved to its new office premises earlier than initially expected.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

The remaining unused net proceeds as at 31 December 2017 were placed as bank balances with licensed banks in Hong Kong and will be applied according to the intended usage stated in the Prospectus.

## LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

During the year, the Group financed its operations by its internal resources. As at 31 December 2017, the Group had net current assets of approximately HK$81.6 million (2016: HK$40.1 million), including cash and cash equivalents balances of approximately HK$65.9 million (2016: HK$36.7 million) mainly denominated in Hong Kong dollars.

The gearing ratio of the Group as at 31 December 2017 was nil (2016: Nil) as the Group was not in need of any material debt financing during the year. The gearing ratio is calculated as total debt divided by total equity as at the respective year end.

There has been no change in the capital structure of the Company since the Listing. The equity attributable to owners of the Company amounted to approximately HK$83.9 million as at 31 December 2017 (2016: HK$42.1 million).

## PLEDGE OF ASSETS

As at 31 December 2017, the Group did not have any assets pledged for credit facilities.

## 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

As at 31 December 2017, the Group did not have any material capital commitment and contingent liability (2016: Nil).

## SEGMENTAL INFORMATION

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 53 (2016: 52) full-time (including executive Director) and 7 (2016: 7) part-time employees. 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. 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

Save for the corporate reorganisation (the "Corporate Reorganisation") arrangement undergone by the Group in the preparation for the Listing, the Group did not have any other significant investments, material acquisitions and disposals of subsidiaries and affiliated companies during the year. Details of the Corporate Reorganisation are set out in the section headed "History, reorganisation and corporate structure" of the Prospectus.

## FINAL DIVIDEND

The Board does do not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

## ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held on Wednesday, 20 June 2018. A notice convening the meeting will be issued and sent to the Shareholders in due course.

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 14 June 2018 to Wednesday, 20 June 2018, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 13 June 2018.

## 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. During the period from the date of the Listing (the "Listing Date") and up to the date of this announcement (the "Period"), 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 ("CEO") of the Company. 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 during the Period.

Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she was a Director.

## AUDIT COMMITTEE

The Audit Committee was established on 16 November 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises 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 auditors 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 Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2017 and was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

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

The Shares were first listed on GEM of the Stock Exchange on 8 December 2017. During the period from 8 December 2017 to 31 December 2017 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, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2017 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, 19 March 2018

*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.*