Icicle Group Holdings Limited
冰雪集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8429

ICICLE

ANNUAL REPORT 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Ms. Woo Chan Tak Chi Bonnie
(Chairperson and Chief Executive Officer)

Non-executive Director

Mr. Chow Sai Yiu Evan

Independent non-executive Directors

Mr. Ip Arnold Tin Chee
Mr. Hung Alan Hing Lun
Mr. Man Ka Ho Donald

COMPLIANCE OFFICER

Ms. Woo Chan Tak Chi Bonnie

COMPANY SECRETARY

Ms. Tsui Sum Yi

AUTHORISED REPRESENTATIVES

Ms. Woo Chan Tak Chi Bonnie
Ms. Tsui Sum Yi

AUDIT COMMITTEE

Mr. Ip Arnold Tin Chee *(Chairman)*
Mr. Hung Alan Hing Lun
Mr. Man Ka Ho Donald

REMUNERATION COMMITTEE

Mr. Hung Alan Hing Lun *(Chairman)*
Mr. Ip Arnold Tin Chee
Mr. Man Ka Ho Donald
Ms. Woo Chan Tak Chi Bonnie

NOMINATION COMMITTEE

Mr. Man Ka Ho Donald *(Chairman)*
Mr. Ip Arnold Tin Chee
Mr. Hung Alan Hing Lun
Ms. Woo Chan Tak Chi Bonnie

COMPLIANCE ADVISER

Ballas Capital Limited
Unit 1802, 18/F
One Duddell Street
Central
Hong Kong

AUDITOR

Moore Stephens CPA Limited
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

REGISTERED OFFICE

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 4, 12/F
18 King Wah Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

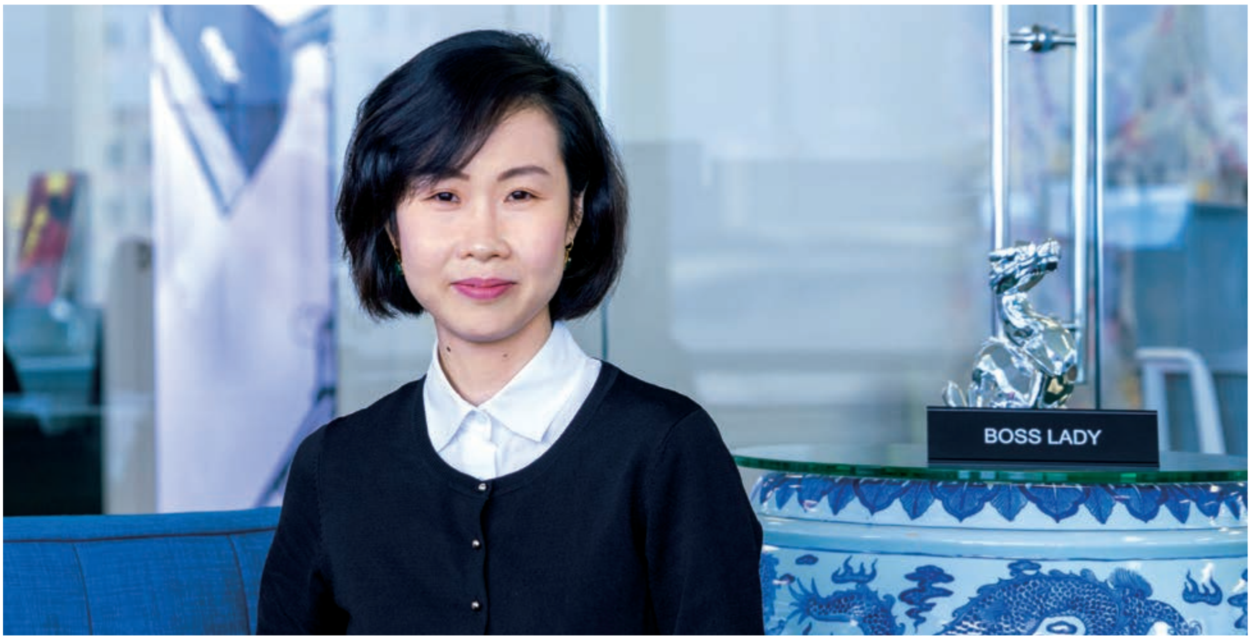
STOCK CODE

8429

COMPANY WEBSITE

www.iciclegroup.com

HOW WE DID IN 2017 AND WHERE WE ARE HEADING...



2017 was a milestone year for ICICLE. We laid the foundation for a solid growth path going forward. To highlight a few accomplishments, we successfully launched our social media influencer marketing service in partnership with an international market leader in the field; we also moved our headquarter in Hong Kong to a new office block with a much enhanced work environment for our increasingly sophisticated and high performing team; and last but not least, we listed the Company on GEM of the Stock Exchange on 8 December 2017, marking an important milestone for the 19 years of operation we have been in.

In 2017, we delivered 3.3% revenue growth, with significant increase in business for both visual merchandising, retail displays and venue decoration and digital media production. The major factors attributed to our performance include the rise in confidence of brand clients to entrust ICICLE for large scale visual merchandising production projects and the rapid increase in industry demand for digital production, as engagement level of consumers continue to rise across social media platforms.

The industry environment continues to be dynamic with brands rapidly evolving and adapting their marketing strategies to remain relevant, visible and effective in front of their fast-changing target markets. Many brands are actively seeking more efficient and effective solutions, departing from the old top-down advertising-led models, to keep up with the competition.

On this occasion of penning for our first annual report as a publicly listed company, I take this opportunity to explain why there is a need for a company like ICICLE in today's world of brands. Many people mistake us as a production house and still many more an advertising agency. We are neither. We are in a league of our own. We are a group of innovative marketers with production expertise working directly for ambitious brand owners, who are most often savvy, commercial and leading in their own category.

The reason the market needs a company like ICICLE more than ever is that the competitive landscape and the associated intensity of marketing and branding activities have turned up the dial in multiple folds within a space of a decade, thanks to the disruptive rise of search engine, social media, video-on-demand, experience marketing, mobile games and many more digital innovation. Brand organisations need to communicate brand messages across the plethora of media to maintain multiple touch points in order to access the same group of consumers that they used to be able to reach with a single production broadcasted over a handful of media in the past. The demand outstrips supply, causing the birth of many specialised agencies, which added to the headache of the brands with multiple suppliers and inconsistencies across media.

A company like ICICLE with varied production talents housed under a single roof offers a flexible and effective solution. Our talent-oriented approach also allows us to evolve with times in a much more speedy fashion. We are large enough to benefit from scale and agile enough to adapt our offer to fill the exact gap in the market efficiently and effectively. We work directly with brands at multiple levels from brand owners, c-suite to front line marketing executives. This multiple layers of market intelligence allows for our visionary planning to stay one step ahead of the market in our offering and advice to our brand clients.

With public shareholders come increased accountability, we are very excited about the new horizon of the Company's future. Looking ahead, we will stay ahead of the curve by attracting the best and the most flexible creative minds in the industry and evolve our service offering to capture the continuous seismic shift in the way brands access consumers. We will continue to deliver as an innovative company that evolves with times and embrace industry transformation. We work with the most visionary brands and grow with our talents.

Woo Chan Tak Chi Bonnie
Chairperson and Chief Executive Officer

Hong Kong, 19 March 2018


ICICLE

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

The Group is a 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 People's Republic of China (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 report, 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 **HK$'000**	2016 HK$'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 **HK$'000**	2016 HK$'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 HK$'000	2016 HK$'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 HK$'000	2016 HK$'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.
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.

Business objectives up to 31 December 2017 as set out in the Prospectus	Actual business progress up to 31 December 2017
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.
— 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 it 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.

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 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 of directors of the Company ("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 6 to the consolidated financial statements.

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.

EXECUTIVE DIRECTOR

Ms. Woo Chan Tak Chi Bonnie ("Ms. Bonnie Chan Woo"), aged 41, has been a director of the Group since January 2004. She was appointed as the executive Director on 20 January 2017 and appointed as the compliance officer of the Company on 3 April 2017. She was appointed as the chief executive officer of the Company ("CEO") and the chairperson of the Board ("Chairperson") on 16 November 2017. She was appointed as a member of both the remuneration and nomination committees on 8 December 2017. Ms. Bonnie Chan Woo is primarily in charge of the Group's overall corporate strategy and daily operations, including business development and overall management. Ms. Bonnie Chan Woo joined the Group on 1 August 2002 and she has over 15 years of experience in marketing production services and company business management based on her experience in the Group. Ms. Bonnie Chan Woo earned her bachelor of arts degree in philosophy, politics and economics and master of arts degree from the University of Oxford in October 1997 and June 2002, respectively. Since September 2011, she has been a vice chairman of the board of directors of the Hong Kong Design Centre, which is a non-profit organisation and a partner of the Hong Kong Government aiming to establish Hong Kong as a centre of design excellence in Asia.

Ms. Bonnie Chan Woo is also a director of Icicle Group Limited ("Icicle Group"), which is a direct wholly-owned subsidiary of the Company, Icicle Production Company Limited ("Icicle Production") and Icicle Print Management Limited ("Icicle Print Management"), the indirect wholly-owned subsidiaries of the Company, and the supervisor of 北京冰雪品牌管理有限公司 (Beijing Icicle Brand Management Company Limited* ("Icicle Beijing")), an indirect wholly-owned subsidiary of the Company. In addition, Ms. Bonnie Chan Woo is the sole shareholder and a director of Explorer Vantage Limited ("Explorer Vantage") which is the controlling Shareholder.

* *for identification purpose only*

NON-EXECUTIVE DIRECTOR

Mr. Chow Sai Yiu Evan ("Mr. Evan Chow"), aged 35, has been a director of the Group since June 2013 and was appointed as the non-executive Director on 20 January 2017. Mr. Evan Chow is primarily responsible for a consultative role in matters concerning the Group and will not be involved in the day-to-day management of the Group. Mr. Evan Chow is the ultimate beneficial owner of Hertford Global Limited ("Hertford Global"), who has been the long-term strategic investor of the Group since June 2013. Mr. Evan Chow graduated magna cum laude from Brown University in May 2004 receiving a Bachelor of Arts degree, with concentrations in Applied Mathematics-Economics and in Public and Private Sector Organizations and received departmental honors as well as being selected to Phi Beta Kappa in April 2004. Since graduation, Mr. Evan Chow has built over 12 years of experience in corporate finance and private equity investment. During the period between 2004 and 2009, Mr. Evan Chow has served various financial institutions in Hong Kong, including Citigroup Global Markets Asia Limited and Lehman Brothers Asia Limited. From April 2010 to December 2015, Mr. Evan Chow has acted as a director of a number of institutions registered under the Securities and Futures Ordinance (the "SFO") and since March 2013 he has been the managing director of MCL Financial Group Limited, a financial service provider. Apart from his career, Mr. Evan Chow is also involved in charity and social services. He is a committee member of Centum Charitas Foundation and a member of Young Presidents' Organization. Mr. Evan Chow is also a director of Icicle Group and Hertford Global which is one of the substantial shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ip Arnold Tin Chee ("Mr. Arnold Ip"), aged 55, was appointed as the independent non-executive Director on 16 November 2017 and is responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard conduct of the Company. He was appointed as the chairman of the audit committee ("Audit Committee") and member of the nomination committee ("Nomination Committee") and remuneration committee ("Remuneration Committee") of the Company on 8 December 2017. Mr. Arnold Ip earned his Bachelor of Arts degree and Master of Arts degree from the University of Cambridge in the United Kingdom in June 1984 and November 1988, respectively. Mr. Arnold Ip was also formerly a director at Standard Chartered Asia Limited. Mr. Arnold Ip also served Yuanta Securities (Hong Kong) Company Limited and had been a director until January 2001. In September 2000, Mr. Arnold Ip founded the group to which Altus Holdings Limited (stock code: 8149.hk) belongs. Mr. Arnold Ip is a founding member of the management team of several funds, part of which subsequently formed Saizen REIT, a real estate investment trust listed on the Singapore Exchange Securities Trading Limited from November 2007 to October 2017. Mr. Arnold Ip is currently licensed by the Securities and Futures Commission of Hong Kong (the "SFC") to act as a responsible officer to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He is also a principal of Altus Capital Limited, a corporation licensed by the SFC to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He was admitted to membership of The Institute of Chartered Accountants in England and Wales in July 1988.

Mr. Arnold Ip's directorships in other companies listed on the Stock Exchange are set out below:

Name of company	Stock code	Position	Length of service
Pioneer Global Group Limited	0224	Independent non-executive director	23 June 1999 to present
Pak Fah Yeow International Limited	0239	Independent non-executive director	8 September 2004 to present
Sam Woo Construction Group Limited	3822	Independent non-executive director	15 September 2014 to present
Altus Holdings Limited	8149	Executive director	14 December 2015 to present

Mr. Hung Alan Hing Lun ("Mr. Alan Hung"), aged 43, was appointed as the independent non-executive Director on 3 April 2017 and is responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard conduct of the Company. He was appointed as the chairman of the Remuneration Committee and members of the Audit Committee and Nomination Committee on 8 December 2017. Mr. Alan Hung has over 20 years of experience in the finance and investment industry. He started his career as an equity analyst at Credit Lyonnais Securities (Asia) Limited (now known as CITIC CLSA Capital Markets Limited) from February 1997 to April 1999. Thereafter, he co-founded Trading Guru Securities Limited (now know as Orient Securities Limited) and acted as its chairman overseeing the entire operation from or around May 1999 to July 2004. Mr. Alan Hung joined Kennen Investment Holdings Limited as a director overseeing investment projects in the PRC from January 2005 to January 2012. He is the co-founder of Keial Investment Holdings Limited overseeing the direction and investments since January 2012 and chief strategy officer of BWC Capital Markets Company Limited overseeing its business strategies in the PRC since February 2013. Mr. Alan Hung earned his Bachelor of Arts Degree with honours from Brown University with concentrations in history and organization, behavior and management (OBM) in May 1997. He is a Chartered financial analyst and a certified member of the institute of Certified Management Accountants of Australia.

Mr. Man Ka Ho Donald ("Mr. Donald Man"), aged 40, was appointed as the independent non-executive Director on 16 November 2017 and is responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard conduct of the Company. He was appointed as the chairman of the Nomination Committee and member of our Audit Committee and Remuneration Committee on 8 December 2017. Mr. Donald Man earned his Bachelor of Science degree in Business Studies from The City University London, now known as the City, University of London, in United Kingdom in July 1998. Mr. Donald Man worked at K. C. Ho & Fong as a registered foreign lawyer from February 2004 to October 2011. From August 2009 to January 2010, he worked at Bangkok Smartcard Company Limited as an executive director. From January 2007 to January 2010, Mr. Donald Man has worked at Hwa Kay Thai (Thailand) Company Limited as a director, VGI Global Media Limited as legal adviser and Bangkok Mass Transit System Public Company Limited as a legal adviser. Mr. Donald Man is currently a registered foreign lawyer at Ince & Co's Hong Kong office since November 2011. Mr. Donald Man was admitted as a solicitor of the Supreme Court of England and Wales since September 2003. Mr. Donald Man has been an independent non-executive director of Kiddieland International Limited (stock code: 3830) since 31 August 2017.

SENIOR MANAGEMENT

Ms. Cheung Suet Fun ("Ms. Cheung"), aged 44, joined the Group since February 1998 and is currently the head of operations management. She is primarily responsible for overseeing all revenue channels and business activities, supervising and managing the business development team of the Group. Ms. Cheung has been serving the Group for more than 18 years, witnessing our transformation from a print management company to a marketing production company. She earned a diploma in design (visual communication) from Institute of Vocational Education (Lee Wai Lee Technical Institute) in August 1995. Ms. Cheung is also a director of Icicle Production, Icicle Print Management and Icicle Beijing.

Ms. Chan Sze Wan Stephenie ("Ms. Chan"), aged 43, joined the Group in January 2018 as financial controller. Ms. Chan is responsible for overseeing the finance functions of the Group and assisting the Group in strategic planning, internal control, investor relations, corporate governance and regulatory compliance. Ms. Chan possesses over 18 years of experience in the accounting and auditing industry accumulated from working for various international accounting firms. Ms. Chan earned a master's degree in arts majoring in international accounting and a master's degree in science majoring in finance, respectively, from City University of Hong Kong, in November 2005 and November 2007, respectively. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Mr. Wong Tik Lam ("Mr. Wong"), aged 39, joined the Group since June 2006 and is currently the head of business development. He is primarily responsible for formulating business development plans in Hong Kong and supervising and managing our business development team in Hong Kong. Prior to joining the Group, Mr. Wong gained his experience in consultant services for approximately six years. Mr. Wong earned a Higher Diploma in Hotel and Tourism Management from the Swiss School of Hotel and Tourism Management in Switzerland in May 1999 and a Bachelor of Arts degree in Hotel and Hospitality Management from the University of Strathclyde in Glasgow, United Kingdom in June 2004.

Mr. Chan Wai Ngai ("Mr. Chan"), aged 44, joined the Group since May 2005 and is currently the head of printing, packaging and sourcing. He is primarily responsible for supervising and managing our sourcing team. Mr. Chan has been serving the Group for over 12 years and has participated in the development of the Group. Prior to joining the Group, Mr. Chan gained his experience in the printing industry from working in a printing company in Hong Kong for approximately eight years. He graduated from a secondary school in Hong Kong in 1994.

Mr. Lam Chi Fung ("Mr. Lam"), aged 36, joined the Group since June 2007 and is currently the head of infrastructure. He is primarily responsible for supervising and managing our infrastructure teams. Mr. Lam earned a Bachelor of Science degree in Information Systems from Anglia Polytechnic University in United Kingdom in 2004 and a Master of Science in Information System Management from Hong Kong University of Science and Technology — School of Business and Management in 2010.

COMPLIANCE OFFICER

Ms. Bonnie Chan Woo has been appointed as the compliance officer of our Company. Her biographical details are set out in section headed "Directors and Senior Management" in this report.

COMPANY SECRETARY

Ms. Tsui Sum Yi ("Ms. Tsui"), was appointed as the company secretary of the Company (the"Company Secretary") on 3 April 2017. Ms. Tsui is currently a senior associate, Corporate Services, at Vistra (Hong Kong) Limited, where she is responsible to provide a full range of company secretarial and compliance services to listed and private companies. Ms. Tsui earned her bachelor of business administration degree in corporate administration and a master of corporate governance degree from the Open University of Hong Kong in June 2010 and June 2013, respectively. Ms. Tsui is an associate member of The Institute of Chartered Secretaries and Administrators and an associate member of The Hong Kong Institute of Chartered Secretaries. Ms. Tsui has over 10 years of company secretarial experience. Ms. Tsui does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Ms. Tsui as the Company Secretary.

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 annual report (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 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 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.

BOARD OF DIRECTORS

Composition

As at the date of this annual report, the composition of the Board is as follows:

Executive Director

Ms. Bonnie Chan Woo *(Chairperson and CEO)*

Non-executive Director

Mr. Evan Chow

Independent non-executive Directors

Mr. Arnold Ip
Mr. Alan Hung
Mr. Donald Man

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the various guidelines set out in Rule 5.09 of the GEM Listing Rules.

The biographical details of all Directors are set out in the section "Directors and Senior Management" of this annual report. To the best of knowledge of the Company, there are no financial, business, family or other material or relevant relationships among members of the Board. With the various experience of the Directors and the nature of the Group's business, the Board considers that the Directors have a balance of skills and experience for the business of the Group.

Responsibilities

Responsibilities of the Board include but are not limited to (i) convening meetings of the Shareholders, reporting on the Board's work at these meetings, implementing the Shareholders' resolutions passed at these meetings; (ii) determining business operation, financial, capital and investment plans; (iii) determining internal management structure, setting down fundamental management rules; (iv) appointing and discharging members of senior management, determining Directors' remuneration and formulating the proposals for profit distributions and for the increase or reduction of registered capital; and (v) taking responsibilities pursuant to the relevant laws, regulation and the Articles of Association of the Company (the "Articles"). Pursuant to the code provision A.1.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules, the Board should meet regularly and board meetings should be at least four times every year at approximately quarterly intervals. The Board is also responsible for the corporate governance functions under code provision D.3.1 of the CG Code. The Board has reviewed and discussed the corporate governance policy of the Group, and was satisfied with the performance of the corporate governance policy.

The Board supervises the management of the business and affairs of the Company following the Board's formulated business strategies to ensure they are managed in the best interests of the Shareholders and the Company as a whole while taking into account the interest of other stakeholders. Execution of operational matters and the powers thereof are delegated to the management by the Board with clear directions. The Board is regularly provided with management reports to give a balanced and understandable assessment of the performance, position, recent development and prospect of the Group in sufficient details.

Appointment, Re-election and Removal of Directors

Each of the executive Director, non-executive Director and independent non-executive Directors of the Company has entered into a service contract or letter of appointment with the Company for a specific term. The non-executive Director and independent non-executive Directors have been initially appointed for a term of three years and automatically extended for successive term of one year upon the expiry of the current term unless and until it is terminated by either the Company or such Director. The term of appointment of each Director is subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles and the GEM Listing Rules.

Pursuant to the Articles, one-third of all Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation and re-election at each annual general meeting at least once every three years.

The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company or as an addition to the existing Board, shall hold office only until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election.

The Company may, in accordance with the Articles, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles or in any agreement between the Company and such Director.

Continuous Professional Development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

The Company received from the Directors the following records of the training attended during the Period

Name of Directors	Type of trainings
Executive Director	
Ms. Bonnie Chan Woo *(Chairperson and CEO)*	A, B
Non-executive Director	
Mr. Evan Chow	A, B
Independent non-executive Directors	
Mr. Arnold Ip	A, B
Mr. Alan Hung	A, B
Mr. Donald Man	A, B

A: attending seminars/conference/forums

B: reading relevant materials in relation to the business of the Group, directors' duties, latest development of the GEM Listing Rules and other applicable regulatory requirements.

BOARD COMMITTEES

The Board has established three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available on the Company's website (www.iciclegroup.com) and the Stock Exchange's website (www.hkexnews.hk).

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. Arnold Ip, Mr. Alan Hung and Mr. Donald Man and 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.

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.

Pursuant to the terms of reference of the Audit Committee, Audit Committee meeting shall be held at least twice every year or more frequently if circumstances require. However, due to the fact that the Company was listed on 8 December 2017, no Audit Committee meeting has been held during the period from the Listing Date to 31 December 2017.

Subsequent to 31 December 2017 and up to the date of this annual report, a meeting of Audit Committee was held on 19 March 2018 to review the annual results and the adequacy of the internal control system for the year ended 31 December 2017.

Remuneration Committee

The Remuneration Committee has been established on 16 November 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Remuneration Committee comprises one executive Director, Ms. Bonnie Chan Woo, and three independent non-executive Directors, namely Mr. Arnold Ip, Mr. Alan Hung and Mr. Donald Man. Mr. Alan Hung is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to review and make recommendation to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management and to establish a formal and transparent procedure for developing policy in relation to remuneration.

Pursuant to the terms of reference of the Remuneration Committee, Remuneration Committee meeting shall be held at least once every year. However, due to the fact that the Company was listed on 8 December 2017, no Remuneration Committee meeting has been held during the period from the Listing Date to 31 December 2017.

Subsequent to 31 December 2017 and up to the date of this annual report, a meeting of Remuneration Committee was held on 19 March 2018 to review and consider, among other things:

— review and recommendation to the Board regarding the fee of the Non-Executive Director; and

— review and recommendation to the Board regarding the fees of the Independent Non-Executive Directors

Details of the Directors' remuneration for the year are set out in Note 9 to the consolidated financial statements.

The remuneration of the senior management of the Group by band for the year ended 31 December 2017 is set out below:

Remuneration bands	Number of senior management
HK$1 to HK$1,000,000	6

Nomination Committee

The Nomination Committee has been established on 16 November 2017 with written terms of reference in compliance with paragraph A.5 of the CG code as set out in Appendix 15 to the GEM Listing Rules. The Nomination Committee comprises one executive Director, Ms. Bonnie Chan Woo and three independent non-executive Directors, namely Mr. Arnold Ip, Mr. Alan Hung and Mr. Donald Man. Mr. Donald Man is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition and diversity of the Board and make recommendations to the Board on the appointment of the Directors and management of Board successions.

Pursuant to the terms of reference of the Nomination Committee, Nomination Committee meeting shall be held at least once every year. However, due to the fact that the Company was listed on 8 December 2017, no Nomination Committee meeting has been held during the period from the Listing Date to 31 December 2017.

Subsequent to 31 December 2017 and up to the date of this annual report, a meeting of Remuneration Committee was held on 19 March 2018 to review and consider, among other things:

— the Board structure, size, composition and board diversity (including skills, knowledge and experience etc.);

— the effectiveness of the related Board Diversity Policy;

— the independence of independent non-executive directors; and

— the retirement and re-nomination of directors for re-election at the forthcoming annual general meeting of the Company (the "AGM").

Corporate Governance Function

The Board is responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of directors and senior management. The Board reviews the disclosures in the corporate governance report to ensure compliance.

The Board's responsibility in this regard includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Attendance Records of Meetings

The attendance of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting and general meeting during the year is set out in the following table:

	Board Meeting	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**General meeting**
Number of meetings held during the year	1	Nil	Nil	Nil	Nil
Name of Directors	**Number of meetings attended/Number of meetings entitled to attend**				
Executive Director					
Ms. Bonnie Chan Woo	1/1	—	—	—	—
Non-executive Director					
Mr. Evan Chow	1/1	—	—	—	—
Independent non-executive Directors					
Mr. Arnold Ip	1/1	—	—	—	—
Mr. Alan Hung	1/1	—	—	—	—
Mr. Donald Man	1/1	—	—	—	—

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company. In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process. In preparing the consolidated financial statements for the year ended 31 December 2017, the Board has selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Auditor's Remuneration

During the year ended 31 December 2017, the remuneration paid or payable to the Company's auditor, Messrs. Moore Stephens CPA Limited ("Moore Stephens"), in respect of their audit and non-audit services was as follows:

	HK$
Audit services	420,000
Non-audit services	1,200,000
Total	1,620,000

The remuneration for non-audit services represents the professional services as reporting accountants of the Company for the Listing.

COMPANY SECRETARY

The Company has appointed, externally, Ms. Tsui as the company secretary of the Company. Her biographical details are set out in the section "Directors and Senior Management" of this annual report. During the year ended 31 December 2017, Ms. Tsui has confirmed that she has taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules. Ms. Tsui's primary contact with the Company is Ms. Chan, the financial controller of the Company.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledged its overall responsibility to ensure that sound and effective risk management and internal controls are maintained, while the senior management is charged with the responsibility to design and implement an internal controls system to manage risks. A sound system of risk management and internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal Controls

The Group has maintained internal control policies to provide sufficient guidelines for the management staff and employees of the Company to work efficiently under a standardised work procedure. The internal control policies cover various operating processes from risk assessment, financial reporting, cost management, pricing for projects, staff recruitment and training to IT system control. The internal control system is generally overseen by the executive Director and senior management. During the year ended 31 December 2017, for the purpose of the Listing, the Group has engaged an independent external consulting firm as the Group's internal control consultant to review the effectiveness of the Group's internal control measures. The Board concluded that the Group has maintained effective internal control measures to ensure that the operations of the Group would be in full compliance with the applicable laws and regulations. As at 31 December 2017, the Group does not have an internal audit function. However, by taking into account the Group's current circumstances, such as focused market, relatively simple operating structure, close involvement and supervision of the management in daily operation, which could provide sufficient risk management and internal control for the Group, corporate culture of sound business ethics and accountability through the implementation of "whistle-blowing" arrangements and procedure manuals with defined roles, responsibilities and reporting lines, the Board is of the opinion that the existing control mechanism could justify the absence of internal audit function for the time being. Nonetheless, the Board will review the need for an internal audit function on an annual basis.

Risk Management

In the course of conducting the business of the Group, the Company is exposed to various types of risks, including business risks, financial risks, operation and other risks. The Board is ultimately responsible for the risk management of the Group. At operational level, a risk management team is in place to carry out risk identification, risk evaluation and its management procedures. The risk management team consists of the senior management. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses. The risk management process of the Group would involve, among others, (i) a quarterly risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) a quarterly review of the implementation of the risk management plans and fine tune when necessary. The Board considered that the risk management process of the Group were effective and adequate for the year ended 31 December 2017.

Procedures and Internal Controls for Handling and Dissemination of Insider Information

In handing and dissemination of inside information, the Group:

— will conduct immediate dissemination once inside information is available and/or respective decision is made, except the inside information falling into the Safe Harbours of SFC that allow non-disclosure;

— complies with applicable laws, rules and guidelines on disclosure of inside information issued by SFC;

— decides and implements monitoring procedures regarding dissemination of inside information; and

— communicates with relevant persons about corporate information disclosure practices with respective training.

SHAREHOLDERS' RIGHTS

Rights to convene Extraordinary General Meeting

As one of the measures to safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, and the poll voting results will be posted on the websites of the Stock Exchange and the Company after the relevant Shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company or by such Shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to the Articles. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal place of business of the Company in Hong Kong.

Procedures for a Shareholder of the Company to propose a person for election as a Director

Subject to the Articles and the Companies Law of the Cayman Islands (as amended from time to time), the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.

Article 113 of the Articles provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the Head Office (as defined in the Articles) or at the Registration Office (as defined in the Articles). The period for lodgment of the notices required under this Article will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served at the Company's principal place of business in Hong Kong at Unit 4, 12/F, 18 King Wah Road, North Point, Hong Kong or at the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, including (i) a notice signed by the Shareholder for which such notice is given of his/her intention to propose a candidate for election; and (ii) a notice signed by the proposed candidate of the candidate's willingness to be elected together with (a) that candidate's information as required to be disclosed under Rule 17.50(2) of the GEM Listing Rules, and (b) the candidate's written consent to the publication of his/her personal data.

Right to Put Enquires to the Board

Shareholders have the right to put their enquiries about the Company to the Board. Shareholders could send their enquiries to Unit 4, 12/F, 18 King Wah Road, North Point, Hong Kong.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of quarterly, interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

Change in Constitutional Documents

The Company had passed special resolution on 16 November 2017 to adopt an amended and restated memorandum and articles of association which came into effective from the Listing Date. Save as the above mentioned, there were no significant changes in the constitutional documents of the Company for the year ended 31 December 2017.

REPORT OF DIRECTORS

The Directors are pleased to present their first report and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

LISTING ON THE GEM OF THE STOCK EXCHANGE AND REORGANISATION

The Company was incorporated in the Cayman Islands on 20 January 2017 as an exempted company with limited liability. In preparation for the Listing of the Company's Shares on GEM of the Stock Exchange by way of Share Offer, the Group underwent the Corporate Reorganisation in 2017. Pursuant to the Corporate Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Corporate Reorganisation are set out in the section headed "History, reorganisation and corporate structure" of the Prospectus. On 8 December 2017, the Shares were listed on GEM of the Stock Exchange.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's principal subsidiaries are set out in Note 24 to the consolidated financial statements.

BUSINESS REVIEW

A business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, can be found in the Management Discussion and Analysis set out on pages 7 to 16 of this annual report. In addition, an indication of likely future developments in the Group's business and stakeholder relationship can be found in "How we did in 2017 and where we are heading…" and "Environmental, Social and Governance Report" of this annual report on pages 4 to 5 and pages 43 to 49, respectively. Details of the Group's environmental policies and compliance with laws and regulations can be found in the Environmental, Social and Governance Report set out on pages 43 to 49 of this annual report. The discussion and the report form part of this report of the Directors.

KEY PERFORMANCE INDICATORS ("KPIs") WITH THE STRATEGY OF THE GROUP

An analysis of the Group's performance during the year using financial KPIs is provided in the section headed "Management Discussion and Analysis — Financial Review" on pages 8 to 12 of this annual report and in Note 6 to the consolidated financial statements.

PRINCIPAL RISK AND UNCERTAINTIES

Details of principal risks and uncertainties are set out in the section headed "Management Discussion and Analysis" of this annual report on page 15.

FINANCIAL PERFORMANCE AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2017 is set out in the consolidated statement of comprehensive income on page 55 of this annual report.

Other than the payment of interim dividends of approximately HK$14,999,000 paid to the then owners of the subsidiary of the Group prior to Listing, the Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The AGM will be held on 20 June 2018. 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.

DEED OF NON-COMPETITION

The Deed of Non-Competition dated 16 November 2017 (as defined in the Prospectus) became effective from the date of Listing. The Controlling Shareholders (as defined in the Prospectus) have confirmed that, save as disclosed in this annual report, at any time during the year ended 31 December 2017, they have not whether as principal or agent and whether undertaken directly or indirectly (including through any close associate, subsidiary, partnership, joint venture or other contractual arrangement of theirs) and whether for profit or otherwise, carry on, participate or be interested, engage or otherwise be involved in or acquire or hold shares or interests in any business which is in competition, directly or indirectly, or is likely to be in competition, directly or indirectly, with the business of marketing production services referred to in the Prospectus that is carried on by the Group in Hong Kong, the PRC and such other territories that the Group may conduct or carry on business from time to time. The Controlling Shareholders have also confirmed that they have fully complied with the undertakings contemplated under the Deed of Non-Competition during the year ended 31 December 2017.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition for the year ended 31 December 2017. The independent non-executive Directors have reviewed the Controlling Shareholders compliance with the Deed of Non-Competition for the year ended 31 December 2017.

THREE YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last three financial years, as extracted from the audited consolidated financial statements and the Prospectus of the Company, is set out on page 102 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

SHARES ISSUED IN THE YEAR

Details of the shares issued in the year are set out in Note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2017, the Company's reserves available for distribution to the Shareholders amounted to approximately HK$67,710,000 (2016: HK$31,205,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

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 report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer contributed 25.7% (2016: 22.6%) of the total revenue for the year while the Group's five largest customers accounted for 62.5% (2016: 59.8%) of the total revenue for the year. The Group's largest supplier contributed 15.6% (2016: 12.0%) of the aggregation of cost of services (including outsourced project costs and materials and consumables) for the year while the Group's five largest suppliers accounted for 47.5% (2016: 48.6%) of the aggregation of cost of services (including outsourced project costs and materials and consumables) for the year. To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined in the GEM Listing Rules) or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

SHARE OPTION SCHEME

Icicle Group adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") on 4 March 2014 for the purpose of providing incentive or rewards to the eligible participants of Icicle Group and its subsidiaries (collectively, the "IG Group") who contribute to the success of the Group's operations.

According to the terms and conditions of the share options granted, the share options should vest when IG Group is able to achieve certain performance target for the years ended 31 December 2014 and 2015 and service condition. During the year and prior years, no share option under the Pre-IPO Share Option Scheme was vested. On 16 March 2017, the grantees signed cancellation letters, agreed to cancel all share options held by them. Pursuant to the written resolution of directors and then shareholders of Icicle Group on 16 March 2017, the directors and then shareholders of Icicle Group agreed to terminate the Pre-IPO Share Option Scheme.

The Share Option Scheme was adopted and approved by the then Shareholders on 16 November 2017. No share option has been granted pursuant to the Share Option Scheme since its adoption.

The following is a summary of the principal terms of the Share Option Scheme. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group.

Eligible participants of the Share Option Scheme include:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries; and

(iii) any advisers, consultants, agents, customers and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 48,000,000 Shares, representing 10% of the issued share capital of the Company. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date.

Upon acceptance of an option to subscribe for Shares granted pursuant to the Share Option Scheme (the "Option"), the eligible participant shall pay HK$1.00 to the Company as consideration for the grant. The subscription price of a Share in respect of the Option granted shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the Options, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the Options; and

(iii) the nominal value of a Share.

DIRECTORS

The Directors during the year ended 31 December 2017 and up to the date of this report were:

Executive Director

Ms. Bonnie Chan Woo *(Chairperson and CEO) (appointed on 20 January 2017)*

Non-executive Director

Mr. Evan Chow *(appointed on 20 January 2017)*

Independent non-executive Directors

Mr. Arnold Ip *(appointed on 16 November 2017)*
Mr. Alan Hung *(appointed on 3 April 2017)*
Mr. Donald Man *(appointed on 16 November 2017)*

Pursuant to the Articles, one-third of the Directors (whether executive or non-executive) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and senior management are set out in the section "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service agreement with the Company for an initial term of three years commencing from the date of Listing unless terminated by not less than three months prior written notice or otherwise in accordance with the service agreement. The non-executive Director and independent non-executive Directors have each signed a letter of appointment with the Company for an initial term of three years subject to early removal from office, retirement and re-election provisions in accordance with the Articles. None of the Directors (including those proposed for re-election at the forthcoming annual general meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence. The Nomination Committee has assessed the independence of the independent non-executive Directors and affirmed that all independent non-executive Directors remained independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares of the Company

Name of Director	Nature of interest	Number of Shares held[1]	Shareholding percentage
Ms. Bonnie Chan Woo[2]	Interest in a controlled corporation	277,200,000 (L)	57.75%
Mr. Evan Chow[3]	Interest in a controlled corporation	82,800,000 (L)	17.25%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo. By virtue of the SFO, Ms. Bonnie Chan Woo is deemed to be interested in the Shares held by Explorer Vantage.

3. Hertford Global was incorporated in the BVI and is beneficially and wholly-owned by Mr. Evan Chow. By virtue of the SFO, Mr. Evan Chow is deemed to be interested in the Shares held by Hertford Global.

(ii) Interests in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of Share(s) held	Shareholding percentage
Ms. Bonnie Chan Woo	Explorer Vantage[1]	Beneficial owner	1	100%
	Omelas Foundation Limited ("OFL")[2]	Interest in a controlled corporation	5	100%
	Gooseberries Limited ("GL")[3]	Interest in a controlled corporation	10,000	100%
	Papercom Limited ("Papercom")[4]	Interest in a controlled corporation	10,000	100%

Notes:

1. Explorer Vantage is beneficially and wholly-owned by Ms. Bonnie Chan Woo.

2. OFL is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.

3. GL is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.

4. Papercom is beneficially and wholly-owned by Explorer Vantage. Under the SFO, Ms. Bonnie Chan Woo is deemed to be interested in all the shares held by Explorer Vantage.

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(a) Interests in the Shares of the Company

Name	Type of interest	Number of Shares held[1]	Percentage of shareholding in the Company
Explorer Vantage[2]	Beneficial owner	277,200,000 (L)	57.75%
Hertford Global[3]	Beneficial owner	82,800,000 (L)	17.25%
Mr. Darrin Woo[4]	Interest of spouse	277,200,000 (L)	57.75%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo.

3. Hertford Global was incorporated in the BVI and is beneficially and wholly-owned by Mr. Evan Chow.

4. Mr. Darrin Woo is the spouse of Ms. Bonnie Chan Woo. By virtue of the SFO, Mr. Darrin Woo is deemed to be interested in the Shares which are interested by Ms. Bonnie Chan Woo.

Save as disclosed above, as at 31 December 2017, to the knowledge of the Directors, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the year ended 31 December 2017 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above and in the section "Share Option Scheme" of this annual report, at no time during the year ended 31 December 2017 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Since the date of Listing and up to the date of this report, none of the Directors, nor the substantial Shareholders nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or (prior to completion of the Corporate Reorganisation) its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 26 to the consolidated financial statements, there were no other transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the year ended 31 December 2017, save as mentioned in the sections "Related Party Transactions" and "Continuing Connected Transactions", there had been no contract of significance between the Company or any of its subsidiaries and a Controlling Shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2017 are set out in Note 26 to the consolidated financial statements. Save as mentioned in the section "Continuing Connected Transactions" below, other related party transactions did not constitute connected transactions and continuing connected transactions under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2017, certain transactions entered into by the Group with the connected persons (as defined below) constituted continuing connected transactions (the "CCTs") exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules are as follows:

Continuing connected transactions	Connected Persons	Annual cap	Actual amount for the year ended 31 December 2017	Note
Print-on-demand production management and administrative services	NewspaperDirect Limited ("NewspaperDirect")	HK$1,000,000	HK$490,000	(i)
Marketing and video production services	Studio SV Limited ("Studio SV")	HK$2,500,000	HK$2,191,000	(ii)

Notes:

(i) NewspaperDirect is a company owned by Mr. Darrin Woo, the spouse of Ms. Bonnie Chan Woo, the Chairperson, CEO, executive Director and a Controlling Shareholder, as to 51%. Accordingly, NewspaperDirect, being an associate of Ms. Bonnie Chan Woo, is a connected person of our Company upon Listing under Rule 20.07(4) of the GEM Listing Rules.

NewspaperDirect is principally engaged in the distribution of out-of-market newspapers. The Group has been providing, among other things, print-on-demand production management and administrative services to NewspaperDirect. On 16 November 2017, the Group entered into a service agreement with NewspaperDirect, pursuant to which the Group has agreed to provide the print-on-demand production management and administrative services to NewspaperDirect for a term commencing from the Listing to 31 December 2019.

(ii) Studio SV is a company owned as to 50% by Explorer Vantage and thus indirectly 50% owned by Ms. Bonnie Chan Woo, the Chairperson, CEO, executive Director and a Controlling Shareholder. Accordingly, Studio SV, being an associate of Ms. Bonnie Chan Woo, is a connected person of our Company upon Listing under Rule 20.07(4) of the GEM Listing Rules.

Studio SV is principally engaged in the business of creating, producing, financing, licencing original TV content, format and intellectual property rights for a global market. The Group has been providing marketing and video production services to Studio SV. On 16 November 2017, the Group entered into a service agreement with Studio SV, pursuant to which the Group has agreed to provide the marketing and video production services to Studio SV for a term commencing from the Listing to 31 December 2019.

Review of Continuing Connected Transactions by Independent Non-Executive Directors

In compliance with Rule 20.53 of the GEM Listing Rules, the independent non-executive Directors have reviewed the CCTs and confirmed that the CCTs have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms and on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(3) according to the agreements governing them on the terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Assurance Engagement on Continuing Connected Transactions

In compliance with Rule 20.54 of the GEM Listing Rules, the Company has engaged its auditor, Moore Stephens, to report on the Group's CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740, *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the HKICPA.

CORPORATE GOVERNANCE

The Company has complied with all applicable principles and the code provisions of the CG Code contained in Appendix 15 to the GEM Listing Rules during the Period (except for the deviation from CG code provision A.2.1).

Details of the Company's corporate governance practices are set out in the section "Corporate Governance Report" of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to support environmental protection to ensure business development and sustainability. The Group has implemented green office practices to reduce the consumption of energy and natural resources. These practices include the use of recycled paper, reduce energy consumption by switching off idle lightings, computers and electrical appliances and the use of environmentally friendly products whenever possible.

The Environmental, Social and Governance Report are set out in the section headed as the same in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS AND RELATIONSHIPS WITH KEY SHAREHOLDERS

The Company has complied with all applicable laws and regulations in all material respects and maintained good relationship with its customers, suppliers, employees and investors. During the year ended 31 December 2017, there were no material and significant dispute between the Group and its employees, customers and/or suppliers.

COMPLIANCE ADVISER'S INTERESTS

As notified by Ballas Capital Limited ("Ballas"), compliance adviser of the Company, neither Ballas nor any of its close associates and none of the directors or employees of Ballas had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

PERMITTED INDEMNITY PROVISIONS

The Articles provide that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or willful defaults.

The Company has arranged for appropriate insurance coverage in respect of potential legal actions against its Directors and senior management.

EMOLUMENT POLICY

The remuneration policy of the Group is to reward its employees and executives based on, among other things, the Group's operating results, individual performance and comparable market statistics. Remuneration package typically comprises of salaries, contribution to pension schemes and discretionary bonuses.

The Remuneration Committee will review annually the remuneration of all the Directors to ensure that it is attractive enough to attract and retain a competent team of executive members. The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' remuneration and the five highest paid individuals for the year ended 31 December 2017 are set out in Note 9 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of at least 25% of the issued Shares as at the latest practicable date prior to the issue of this annual report as required under the GEM Listing Rules.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

AUDITOR

Moore Stephens will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

There has been no change of auditor of the Company since the Listing Date.

By order of the Board
Woo Chan Tak Chi Bonnie
Chairperson and Chief Executive Officer

Hong Kong, 19 March 2018

INTRODUCTION

The Group is committed to promoting sustainable development of the business to create long term value for the Group's shareholders, clients, employees, other stakeholders, general public as well as the environment. The Group concerns about the environmental, social and governance impacts when conducting business operation. While making effort to pursue sustainable growth of the business, the Group strives to balance the interests of all stakeholders. To be environmentally and socially responsible, we have established policies and procedures to identify and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. We strive to provide a safe and healthy workplace for our employees and conserve the environment for the benefit of the community. We encourage environmental protection and promote awareness towards environmental protection to the employees.

This report is prepared based on the Environmental, Social and Governance ("ESG") Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 20 of the GEM Listing Rules issued by the Stock Exchange. This ESG report complies with the "comply or explain" provisions set out in the ESG Reporting Guide for the financial year ended 31 December 2017 by making general disclosures on environmental and social information and environmental key performance indicators ("KPIs") which are considered to be relevant and material to the Group's businesses and operations.

SCOPE OF THE REPORT

The scope of this ESG report covers the marketing production services in Hong Kong and provides ESG information related to the production site directly controlled by the Group, and its Hong Kong office. The reporting period of this report covers the financial year of 2017 (from 1 January 2017 to 31 December 2017), which is the same as the reporting period of the Group's annual report. ESG data from our vendors or service providers is not included as such data is difficult to verify with available resources.

MATERIALITY ASSESSMENT

The Group maintains regular communication with many stakeholders which helps to identify the major expectations of the stakeholders, and facilitates the Group to actively respond to them in a timely manner. The Group's success relies on the support of major stakeholders including clients, employees, suppliers, service providers, regulators and shareholders.

As a marketing production company headquartered in Hong Kong with a focus on printing, packaging and sourcing business, we have identified the following areas of concern from the stakeholders' perspectives:

Environment

- Use of sustainable raw materials
- Environmental impact of the production process
- Energy use efficiency

Social Responsibility

- Protection of minors and provision of fair employment opportunities
- Employee compensation and benefits
- Health and safety in the working environment
- Training and career advancement opportunities
- Pleasant working environment

Governance

- Ethical conduct with business partners
- Protection of clients' confidential data
- Prevention and reporting of misconduct

ENVIRONMENT

The Group strives to uphold the spirit of creating and maintaining a clean and safe environment. It is our environmental policy to have full compliance with all applicable environmental legislation, and to continuously improve our processes and increase client satisfaction. This is achieved through controlling and mitigating our environmental impact, utilising the resources efficiently within our operations, and requesting the same from our supply chain partners.

Emissions and energy consumption

Given the Group's business portfolio, there are air pollutants inevitably produced in the printing processes as printing inks can generate volatile organic compounds ("VOCs"). We are mindful in sourcing more environmental friendly printing inks (e.g. soy oil-based processing inks) aiming to reduce VOC emissions. We have installed air-conditioners and filtering devices at the production site.

The direct energy consumption arising from the use of petrol, diesel and gas is minimal since the Group does not maintain vehicles and has engaged logistic service providers for the delivery of products. Employees such as salespersons who need to travel frequently are encouraged to take public transport.

We consider electricity consumption as a major source of our indirect greenhouse gas ("GHG") emission. In 2017, our total electricity consumption in our Hong Kong office and warehouse is 232,615 KWh.

We pursue to utilise energy efficiently and as the major means to reduce our GHG emission. In order to continuously improve our energy performance and lower our carbon footprint, monitoring our energy usage is crucial. In the ordinary course of business, we have gradually implemented various energy-saving, emission and waste reduction measures as follows:

- Keep indoor air-conditioning temperature at 25°C;
- Encourage staff to shut down computers after work and switch off lights if the employees are expected to be away from the room for more than one hour;
- Encourage staff to switch office equipment, such as printers and computers, to energy saving mode (the equipment will enter the sleep mode under the standby condition);
- Replace the lighting system in the office by LED gradually.

Apart from the energy saving in operation process, we always look for possible energy-saving opportunities, especially on choosing environmental friendly equipment and facilities of the Group. In the procurement of office equipment, we always opt for the model with higher energy efficiency.

Water management

We endeavour to implement an effective water management through efficient water use. Our primary goal is to reduce the water consumption by measuring our water use and promoting water-saving behaviours to all staff. For example, staff are encouraged to fully empty any containers before washing, to turn off water taps promptly, to check faucets and pipes for leaks, and to adopt water saving appliances.

Paper usage

Paper is the major raw material in our business. The Group is the holder of the Chain of Custody Certificate accredited by the Forest Stewardship Council ("FSC") since 2007, a certificate which certifies the management system of the Group is able to ensure the original source of materials of the papers comes from responsibly managed forests. Although not all of the clients of the Group understand the benefits of using FSC paper, the Group strongly supports the use of FSC paper and actively promotes the product to its clients. All the scrap paper generated from production sites are collected for paper recycling which amounting to around 199.58 tonnes.

To promote green office and reduce the amount of paper usage, we encourage staff to be mindful when printing documents and make use of double sided printing where possible. Non-essential items should be used in e-format instead of printing out and any documents that are no longer in use should be shredded and recycled.

Waste management

Apart from scrap paper, toner cartridges is the key waste produced by the Group from the physical media production business segment. We classified the toner cartridges as key hazardous waste of our business production. We have arranged all 380 used toner cartridges being collected by the printer service provider for recycling to minimise the impact to environment and manage to reduce our hazardous waste to 0 tonne.

The non-hazardous waste produced by the Group mainly consists of scrap paper generated from production process and packaging materials such as carton boxes and wrapping paper, all of which are recovered by professional recycling firms.

The packaging of products mainly consists of carton boxes. The Group encourages its clients to return the carton boxes for reuse.

The Environment and Natural Resources

The Group considers environmental protection and preserving natural resources as an indispensable component of our sustainable and responsible business, we have established policies with respect to reduce the impacts of operational activities on the environment, optimise the use of natural resources and implement environmental protection measures.

In the future, we will continue our commitment to environmental protection and strive to build a greener and healthier environment to fulfil our responsibilities as a member of the community we all live in.

SOCIAL RESPONSIBILITY

Employment and labour standards

Employees are our valuable asset and one of the important stakeholders. Employment conditions relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare are set out in the staff handbook.

We strive to provide a pleasant working environment to retain talents. We offer talents with competitive remuneration and benefits, training and appraisal. We support diversity in our staff combination and ensure they are not discriminated on race, age, gender, marital status, religion or belief. We do not force any staff to work overtime and we provide travel allowance and meal allowance for the staff work overtime. We also offer compensation leave for all approved overtime allowance.

We enforce zero tolerance towards child labour and forced labour and strictly follow applicable labour laws. Procedures are established to ensure that recruiting process and daily operation are in par with the standard. During the year, we did not identify any issue with child labour and forced labour within the Group.

Health and safety

Providing a healthy and safe working environment is essential to sustain our operation. We are required to comply with various safety laws and regulations in Hong Kong. Our operations are also subject to occupational health and safety regulations issued by the relevant occupational health and safety authorities in Hong Kong. We have taken measures to promote occupational health awareness and safety at workplace. All employees are provided with needed job information, guidance, training and supervision. During the year, we had not experienced any significant workplace accident. We also provide medical insurance to the employees.

Staff development and training

The Group strives to assist employees' development by providing them with opportunities to advance their careers. To this end, we provide orientation for employees to understand our business operation and culture. We also provide our employees, from time to time, with technical and operational on-the-job training, and sponsor our employees to attend external trainings and courses. To allow employees to interact and to strengthen their bonding, we organise recreational activities, such as team building activities and annual dinner. An appraisal system is set up to assess employees' performance based on their contribution, attitude and cooperativeness to the Group. This also provides an opportunity for us to communicate so that we can understand employees' expectations and assist their career development.

GOVERNANCE

Supply chain management

Material and service suppliers are an integral part of our business. Our suppliers and subcontractors include suppliers of papers and other packaging and sourcing materials, logistic service providers, printing companies, photo and video shooting service providers, freelancers for digital media production and translators. In order to provide quality, safe and responsible products to the clients, the Group has formulated strict procedures for selecting suppliers and sub-contractors to work with. In addition to the selection criteria such as legal operating licenses, good service quality and price, the Group also pays attention to the environmental and social performance of the suppliers. During its selection process for potential suppliers, on-site assessments are carried out.

Product responsibility

Client satisfaction and day-to-day quality control are essential to our business. Our project managers take the primary responsibility for day-to-day monitoring of our services in terms of quality and time efficiency in delivery. We keep close contact with our clients to take instructions, report work status and provide advices from time to time. Creative design and other important documents throughout the critical workflow processes are subject to our strict quality control to ensure our work is done in accordance with the standard and the specifications of our clients. To optimise the marketing performance of our digital production services for the achievement of the marketing objectives of the brand owners, we constantly collect feedback from target audiences, monitor public responses and produce evaluation reports for evaluation and fine-tuning purposes.

For projects involving printing, our marketing production team will check the artwork files received from our clients and conduct quality check of colour separation and film output before bulk printing. For all new clients or upon request by our clients, our marketing production team will conduct production monitoring at the production sites of our suppliers. We also closely monitor the product quality delivered by our suppliers.

For projects involving confidential data printing and direct mailing service, we have a strict internal data handling procedures to ensure that the confidentiality of privacy data is protected. All relevant work processes are done on a printer server with no internet access and no removable storage device is allowed to be used throughout the process. All data are encrypted and only relevant project handlers are provided with the unique login indentify to access to the data. Project handlers are required to check and confirm the printing sample with our clients before bulk printing and lettershopping. Prior to delivery of the letters for postage, our staff will count the number of letters to ensure it matches with the total number of data recorded. All printed sheets containing confidential data and the relevant records of quality control are required to be destroyed within one month after the project is completed.

To further enhance our overall service quality, any incident of a project would be reported instantly and recorded and shared on our management information system among different teams. A monthly meeting will be held to review any incident being reported and the relevant rectification measures, and make recommendations to improve the working procedures. Minutes of these meetings, together with any improvement proposals, will be passed to the management team for further discussion and approval.

Client satisfaction survey will be automatically sent to our clients through our project management information system "Icicle Hub" randomly to collect clients' feedback for evaluation and improvement.

The Group has established a systematic and efficient mechanism for handling client complaints. Whenever it receives any client complaints about the products, the corresponding staff is required to report to the senior management who will respond immediately and measures are taken to correct and prevent the occurrence of similar events in the future.

During the year, the Group did not experience any complaint from our clients which had materially and adversely affect our business nor did the Group make any material compensation to our clients.

Anti-corruption

The Group is committed to doing business with integrity and will not tolerate any bribery or other misconduct. All employees must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. All employees not only have responsibility to understand and comply with the above regulations, but also have obligation to report violation to the fit and appropriate person. Whistle blower policies and procedures are in place and disclosed to all employees. Any misconduct can be reported to the Chairperson or Independent Non-Executive Directors, further investigation would then be carried out. The Group strictly complies with the laws and regulations relevant to anti-corruption and there was no incident reported on bribery, extortion, fraud, and money laundering during the year.

Community involvement

We care about our community as our business cannot grow without good employees, resources and facilities from the community. We encourage our employees to participate in voluntary work for the benefit of the community. We donate to charitable bodies whom we believe are best place to provide care for those in need. We have made long-term commitments to work with community organisations in Hong Kong. Our partners include Homeless World Cup, Hong Kong Design Centre, PARA|SITE and Design Trust.

Since 2006, we have been supporting the Homeless World Cup Fundraising Tournament annually in Hong Kong which is organised by Street Soccer Hong Kong Limited and co-organised by Wofoo Social Enterprises and Society for Community Organisation, which are non-profit organisations. Homeless World Cup is a social movement which uses football to inspire homeless people to change their own lives.

In the coming future, the Group will continue to attach great importance to community services, and will encourage our employees to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

Environmental performance indicators

Aspect A1: Emissions

Performance indicator		2017 Data	HKEx ESG Reporting Guide KPI
Emission	Total Greenhouse gases ("GHG") emission (Scope 1, 2, 3) (tonnes)	188.22	KPI A1.1, A1.2
	Total GHG emission per million HKD of goods sold (tonnes)	2.00	KPI A1.1, A1.2
	Total GHG emission per number of employee (tonnes)	3.55	KPI A1.1, A1.2
	Indirect Emission (Scope 2, 3)		
	— Electricity (tCO_2)	183.77	KPI A1.1, A1.2
	— Paper waste in production disposed at landfills (tCO_2)	—	KPI A1.1, A1.2
	— Paper waste in general office disposed at landfills (tCO_2)	4.46	KPI A1.1, A1.2
Non-hazardous waste	Total non-hazardous waste disposed to landfill (tonnes)	2.43	KPI A1.4
	Total non-hazardous waste produced per million HKD of goods sold (tonnes)	0.03	KPI A1.4
	Total non-hazardous waste produced per number of employee (tonnes)	0.05	KPI A1.4
	— General office waste disposed to landfill (tonnes)	2.43	KPI A1.4

Aspect A2: Use of resources

Performance indicator		2017 Data	HKEx ESG Reporting Guide KPI
Energy	Total energy consumption (Kwh)	232,615.00	KPI A2.1
	Total energy consumed per million HKD of goods sold (Kwh)	2,476.18	KPI A2.1
	Total energy consumed per number of employee (Kwh)	4,388.96	KPI A2.1
	Indirect energy consumption (Kwh)		
	— Electricity (Kwh)	232,615.00	KPI A2.1
Water	Total water consumption (M^3)	116.00	KPI A2.2
	Total water consumption per number of employee (M^3)	2.19	KPI A2.2
Packaging material	Total packaging materials — carton box and wrapping paper (tonnes)	30.00	KPI A2.5
	Total packaging materials consumed per million HKD of goods sold (tonnes)	0.32	KPI A2.5

Notes:

1. Energy and water usage includes the general office usage and resources used in production sites and warehouse.

2. GHG calculation and waste calculation calculated based on the general office usage and disposed wastage generate from production.

INDEPENDENT AUDITOR'S REPORT

MOORE STEPHENS

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moorestephens.com.hk

大華馬施雲
會計師事務所有限公司

To the Shareholders of **Icicle Group Holdings Limited**
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Icicle Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 55 to 101, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Impairment assessment of trade receivables *Refer to Notes 4.4, 5 and 16 to the consolidated financial statements* As at 31 December 2017, the Group had trade receivables with the aggregate carrying amount amounting to approximately HK$28,829,000. The Group has not provided any impairment loss on receivables for the year ended 31 December 2017. In determining whether there is objective evidence of impairment loss, the management of the Company considers the historical settlement pattern, creditworthiness and working relationship with customers in evaluating the recoverability of the trade receivables. We have identified management's impairment assessment of the trade receivables as a key audit matter because the amounts involved are significant and the assessment requires significant management judgement.	Our key procedures to address the matter included: — Discussed with the management of the Company for the procedures for granting of credit periods to its customers; — Obtained an ageing analysis of the trade receivables from the management of the Company and discussed with the management of the Company whether the amounts are recoverable; — Challenged the management's assessment of the recoverability of long outstanding and overdue trade receivables; and — Checked subsequent settlements of trade receivables on a sample basis.

Key audit matter	How the matter was addressed in our audit
Revenue recognition *Refer to Notes 4.9, 5 and 7 to the consolidated financial statements* As set out in Note 7 to the consolidated financial statements, the Group recognised revenue amounting to approximately HK$93,941,000 from provision of marketing production services for the year ended 31 December 2017. The Group's accounting policy in recognising such revenue was when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. In particular, revenue from provision of marketing production services is recognised when the services are performed to the satisfaction of the customers, which is evidenced when the end products created by these services are delivered to the satisfaction of the customers. We have identified revenue recognition as a key audit matter because the determination of the revenue recognition revenue requires significant management judgement. It is also a key component in the consolidated financial statements.	Our key procedures to address the matter included: — Obtained the understanding of revenue cycle of the Group; — Challenged appropriateness of timing of revenue recognition adopted by the Group and checked consistency of the revenue recognition policies and methods adopted by the Group; — Performed test of details on revenue transactions on sample basis to verify the revenue was recognised appropriately; — Performed cut off test on revenue transactions on sample basis to verify whether revenue was recognised in appropriate reporting period; and — Performed analytical review on the fluctuation of the revenue when compared with prior reporting period to identify any unusual transactions.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report for the year ended 31 December 2017 of the Company other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee of the Company assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore Stephens CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419

Hong Kong, 19 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	**93,941**	90,955
Other income and gains	7	**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	8	**(192)**	11,293
Income tax expense	10	**(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	12		
Basic and diluted (HK cents)		**(0.64)**	2.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**1,940**	1,052
Intangible assets	14	**357**	935
		2,297	1,987
Current assets			
Inventories	15	**335**	—
Trade and other receivables, deposits and prepayments	16	**32,389**	17,541
Amounts due from related companies	17	**2,145**	1,845
Current tax recoverable		**356**	—
Cash and cash equivalents	18	**65,939**	36,678
		101,164	56,064
Current liabilities			
Trade and other payables, accruals and deposits received	19	**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	21	**4,800**	—
Reserves	22	**79,082**	42,132
Total equity		**83,882**	42,132

The financial statements on pages 55 to 101 were approved and authorised for issue by the Board of Directors on 19 March 2018 and are signed on its behalf by:

Woo Chan Tak Chi Bonnie
Executive Director

Chow Sai Yiu Evan
Non-executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital HK$'000 (Note 21)	Share premium# HK$'000 (Note 22)	Capital reserve# HK$'000 (Note 22)	Translation reserve# HK$'000 (Note 22)	Retained earnings# HK$'000	Total HK$'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 11(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 (Note 21(a))	—*	—	—	—	—	—*
Issue of shares arising from the corporate reorganisation (Note 21(c))	—*	—	—*	—	—	—
Capitalisation issue of shares (Note 21(d))	**3,600**	**(3,600)**	—	—	—	—
Issue of shares upon share offering, net of listing expenses (Note 21(e))	**1,200**	**57,451**	—	—	—	**58,651**
Interim dividends to the then owners of the subsidiary of the Group prior to the listing (Note 11(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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(192)**	11,293
Adjustments for:			
Amortisation of intangible assets	8	**651**	764
Depreciation of property, plant and equipment	8	**963**	846
Gain on disposal of property, plant and equipment	7	**—**	(25)
Interest income	7	**(23)**	(24)
Net exchange (gain)/loss	8	**(105)**	630
Reversal of provision of long service payment		**(374)**	—
Operating profit before working capital changes		**920**	13,484
Increase in inventories		**(335)**	—
(Increase)/decrease in trade and other receivables, deposits and prepayments		**(14,743)**	2,071
Increase in amounts due from related companies		**(300)**	(697)
Increase in trade and other payables, accruals and deposits received		**4,956**	2,557
Payments of long service payment		**(9)**	—
Cash (used in)/generated from operations		**(9,511)**	17,415
Income tax paid		**(3,424)**	(2,019)
Net cash (used in)/generated from operating activities		**(12,935)**	15,396
Cash flows from investing activities			
Interest received		**23**	24
Proceeds from disposal of property, plant and equipment		**—**	25
Acquisition of property, plant and equipment		**(1,849)**	(213)
Additions of intangible assets		**(73)**	(38)
Repayment from an immediate holding company		**—**	980
Net cash (used in)/generated from investing activities		**(1,899)**	778

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from financing activities			
Dividends paid to the then owners of the subsidiary of the Group prior to the listing	11	**(14,999)**	(9,495)
Proceeds from issuance of shares by Icicle Group		**—**	3,840
Proceeds from issuance of shares upon share offering, net of listing expenses		**58,651**	—
Net cash generated from/(used in) financing activities		**43,652**	(5,655)
Net increase in cash and cash equivalents		**28,818**	10,519
Cash and cash equivalents at beginning of the year		**36,678**	26,776
Effect of foreign exchange rate changes		**443**	(617)
Cash and cash equivalents at end of the year		**65,939**	36,678
Analysis of cash and cash equivalents			
Bank balances and cash in hand		**65,939**	36,678

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 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 of the Company 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 Limited ("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").

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION (Continued)

2.1 Group reorganisation (Continued)

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.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION (Continued)

2.2 Basis of preparation and presentation (Continued)

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in Note 5 "Significant accounting judgements and 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.

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

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.

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

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.

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 16 "Leases" (Continued)

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 Note 25. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Basis of consolidation and subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries comprising the Group for the reporting periods. As explained in Note 2 above, the Corporate Reorganisation is accounted for using merger basis of accounting.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual asset, as follows:

Leasehold improvements	33% per annum, or over the term of the leases if shorter
Plant and machinery	33% per annum
Furniture, fixtures and office equipment	16% to 33% per annum

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

4.3 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Intangible assets (Continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

— the technical feasibility of completing the intangible asset so that it will be available for use or sale;

— the intention to complete the intangible asset and use or sell it;

— the ability to use or sell the intangible asset;

— how the intangible asset will generate probable future economic benefits;

— the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

— the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is charged to consolidated statement of comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

4.4 Financial instruments

Financial assets

The Group's financial assets include trade and other receivables, deposits, amounts due from related companies and cash and cash equivalents are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period, subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Financial instruments (Continued)

Financial assets (Continued)

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. The loss arising from impairment is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

The Group's financial liabilities include trade and other payables and accruals. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at fair value, net of transactions costs incurred and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

4.5 Impairment of non-financial assets

Where an indication of impairment exists (other than inventories), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the consolidated statement of comprehensive income in the year in which it arises.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges

Where the Group has use of assets held under operating leases, payments made under the leases are charged to the profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to the profits or loss in the accounting period in which they are incurred.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

4.8 Inventories

Inventories, which consist of finished goods, are stated at the lower of cost and net realisable value. Cost is determined using first-in, first-out basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, as follows:

Revenue from provision of marketing production services is recognised when the services are performed to the satisfaction of the customers, which is evidenced when the end products created by these services are delivered to the satisfaction of the customers.

Income from sales of paper products and calligraphy stationery is recognised on the transfer of risk and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Income from provision of art and calligraphy workshop and administrative service income are recognised when the services are performed.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

4.10 Income taxes

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

— when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of taxable temporary differences associated with investment in a subsidiary, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Income taxes (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

— when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— in respect of deductible temporary differences associated with investment in a subsidiary, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.11 Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item. The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their income and expense items are translated into HK$ at the weighted average exchange rates for the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Foreign currency translation (Continued)

The resulting exchange differences are recorded in other comprehensive income and the cumulative balance is included in translation reserve in the consolidated statement of changes in equity.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

4.12 Employee benefits

(i) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

(ii) Defined contribution retirement plan obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the subsidiaries within the Group which operate in the People's Republic of China (excluding Hong Kong, Taiwan and Macau) (the "PRC") are required to participate in the central pension scheme operated by the local municipal government. The PRC subsidiary is required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

(iii) Employee long service payment

The provision for long service payment is provided based on the employees' basic salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Employee benefits (Continued)

(iv) Share-based payments

The fair value of share options granted to employees is recognised as employee benefits with a corresponding increase in equity. The fair value is measured at grant date taking into account the terms and market conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the equity. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to equity). The equity amount is recognised until either the option is exercised (when it is transferred to share capital and share premium accounts) or the option expires (when it is released directly to retained earnings).

4.13 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.14 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent;

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.15 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive director of the Company for her decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive director are determined following the Group's major operations.

The measurement policies of the Group uses for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following items are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

The principal activities of the Group are provision of marketing production services for the production of branding materials and contents, gearing towards connecting the consumer markets to the brands. The services encompass a wide spectrum of coverage, including concept development, art and design, design engineering, sourcing, production, quality control, overall project management and consultancy services.

The end products created by the services provided are unique, specified to each customer and involved high personal preference. As such, before the acceptance of the end products by the customers, it is uncertain that the Group would have the right to receive consideration from the customers. As such, the management considered that revenue recognised based on the stage of completion does not best fit their business operation. In the light of the relatively short duration of each project, the directors of the Company have determined that it is more appropriate to defer recognition of revenue until the end products are delivered to the satisfaction of the customers, which is the time when the directors of the Company believe that it is probable that the related economic benefits will flow to the Group.

Capitalisation of intangible assets

Cost incurred on development projects are recognised as intangible assets when it is probable that the projects will be successful considering the criteria set out in Note 4.3. The Group's development activities are tracked by its information technology department and documented to support the basis of determining if and when the criteria were met.

Estimated impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that non-financial assets with definite lives may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets in accordance with the accounting policy stated in Note 4.5. In assessing whether there is any indication that non-financial assets may be impaired, the Group considers indications from both internal and external sources of information such as evidence of obsolescence or decline in economic performance of the assets, changes in market conditions and economic environment. These assessments are subjective and require management's judgements and estimations.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual values. The Group reviews the estimated useful lives of the assets regularly. The estimated useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

Estimated impairment of financial assets

The Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer/debtor credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required.

Provision for income taxes

The Group is subject to income taxes in jurisdictions in which the group entities operate. Significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the reporting periods based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

6. 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.

6. SEGMENT INFORMATION (Continued)

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 HK$'000	2016 HK$'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 HK$'000	2016 HK$'000
Hong Kong	**85,981**	82,221
The PRC	**2,075**	2,687
Others	**5,885**	6,047
	93,941	90,955

6. SEGMENT INFORMATION (Continued)

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

7. 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 HK$'000	2016 HK$'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

8. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2017 HK$'000	2016 HK$'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 (including directors' remuneration (Note 9(a))		
— 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.

9. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

(a) Directors and chief executive emoluments

Pursuant to the GEM Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the entities comprising the Group to the directors of the Company are as follows:

	Directors' fees HK$'000	**Salaries, allowances and benefits in kind** HK$'000 (Note (i))	**Retirement benefit scheme contributions** HK$'000	**Total** HK$'000
Year ended 31 December 2017				
Executive director				
Ms. Bonnie Chan Woo (Note (ii))	**—**	**480**	**18**	**498**
Non-executive director				
Mr. Chow Sai Yiu Evan	**—**	**—**	**—**	**—**
Independent Non-executive directors				
Mr. Hung Alan Hing Lun	**89**	**—**	**—**	**89**
Mr. Ip Arnold Tin Chee	**8**	**—**	**—**	**8**
Mr. Man Ka Ho Donald	**8**	**—**	**—**	**8**
	105	**480**	**18**	**603**
Year ended 31 December 2016				
Executive director				
Ms. Bonnie Chan Woo (Note (ii))	—	180	9	189
Non-executive director				
Mr. Chow Sai Yiu Evan	—	—	—	—
	—	180	9	189

Notes :

(i) Salaries, allowances and benefits in kind are generally emoluments paid in respect of the directors' other services in connection with the management of the affairs of the subsidiaries of the Company.

(ii) Ms. Bonnie Chan Woo is the chief executive of the Company. For the year ended 31 December 2016, Ms. Bonnie Chan Woo received emoluments of HK$189,000 from a subsidiary now comprising the Group for her appointment as a director of that subsidiary.

9. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (Continued)

(a) Directors and chief executive emoluments (Continued)

Ms. Bonnie Chan Woo and Mr. Chow Sai Yiu Evan were appointed as an executive director and a non-executive director of the Company on 20 January 2017 respectively. Mr. Hung Alan Hing Lun was appointed as an independent non-executive director of the Company on 3 April 2017. Mr. Ip Arnold Tin Chee and Mr. Man Ka Ho Donald were appointed as independent non-executive directors of the Company on 16 November 2017.

The Company did not have any executive directors, non-executive directors and independent non-executive directors at any time before 20 January 2017 since the Company was only incorporated on 20 January 2017.

The emoluments shown above represent emoluments received or receivable from the Group by these directors in their capacity as directors of companies comprising the Group during the year.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid individuals emoluments

The emoluments of the five highest paid individuals for the year, none of them are directors of the Company (2016: Nil), are analysed below:

	2017 HK$'000	2016 HK$'000
Salaries, allowances and benefits in kind	2,806	2,835
Discretionary bonus	401	337
Retirement benefit scheme contributions	84	87
	3,291	3,259

The emoluments of the non-director highest paid individuals are within the following bands:

	2017	2016
Nil to HK$1,000,000	5	5

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

9. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT (Continued)

(c) Senior management emoluments

The number of senior management (excluding the directors of the Company) whose remuneration fell within the following band is as follows:

	2017	2016
Nil to HK$1,000,000	6	7

10. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'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 (Note 20)	—	(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.

10. INCOME TAX EXPENSE (Continued)

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.

The income tax expense for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of comprehensive income as follows:

	2017 HK$'000	2016 HK$'000
(Loss)/profit before income tax	**(192)**	11,293
Tax calculated at the rates applicable to (loss)/profit before income tax in the tax jurisdiction concerned	**2,115**	2,174
Tax effect of non-taxable income	**(21)**	(4)
Tax effect of non-deductible expenses	**119**	113
Under/(over)-provision in prior years	**90**	(20)
Others	**(148)**	(114)
Income tax expense	**2,155**	2,149

11. 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 **HK$'000**	2016 HK$'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.

12. (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.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
Cost				
At 1 January 2016	2,676	996	2,811	6,483
Additions	20	27	166	213
Disposals	—	(700)	—	(700)
Exchange adjustment	—	—	(3)	(3)
At 31 December 2016 and 1 January 2017	2,696	323	2,974	5,993
Additions	**998**	**308**	**543**	**1,849**
Disposals	**—**	**—**	**(16)**	**(16)**
Exchange adjustment	**—**	**—**	**2**	**2**
At 31 December 2017	**3,694**	**631**	**3,503**	**7,828**
Accumulated depreciation				
At 1 January 2016	1,581	919	2,297	4,797
Charge for the year	494	53	299	846
Elimination on disposal	—	(700)	—	(700)
Exchange adjustment	—	—	(2)	(2)
At 31 December 2016 and 1 January 2017	2,075	272	2,594	4,941
Charge for the year	**576**	**70**	**317**	**963**
Elimination on disposal	**—**	**—**	**(16)**	**(16)**
At 31 December 2017	**2,651**	**342**	**2,895**	**5,888**
Net carrying amount				
At 31 December 2017	**1,043**	**289**	**608**	**1,940**
At 31 December 2016	621	51	380	1,052

As at 31 December 2017, certain items of property, plant and equipment were fully depreciated but are still in use, the gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately HK$4,209,000 (2016: HK$3,719,000).

14. INTANGIBLE ASSETS

	Computer software HK$'000
Cost	
At 1 January 2016	3,622
Additions	38
At 31 December 2016 and 1 January 2017	3,660
Additions	**73**
At 31 December 2017	**3,733**
Accumulated depreciation	
At 1 January 2016	1,961
Charge for the year	764
At 31 December 2016 and 1 January 2017	2,725
Charge for the year	**651**
At 31 December 2017	**3,376**
Net carrying amount	
At 31 December 2017	**357**
At 31 December 2016	935

Intangible assets represent (i) computer software acquired; and (ii) direct costs incurred in the development of new computer software by the Company.

Intangible assets are amortised on straight line basis over their estimated useful lives of 3 to 5 years.

At 31 December 2017, the management considers there are no indication of impairment on the intangible assets.

15. INVENTORIES

	2017 HK$'000	2016 HK$'000
Paper products and calligraphy stationery	**335**	—

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 HK$'000	2016 HK$'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. The ageing analysis of the trade receivables based on due date is as follows:

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	**9,645**	7,536
Less than 1 month past due	**7,112**	3,912
Over 1 month but less than 3 months past due	**7,623**	2,435
Over 3 months but less than 1 year past due	**4,317**	995
Over 1 year past due	**132**	7
	28,829	14,885

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

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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 HK$'000	2016 HK$'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

17. AMOUNTS DUE FROM RELATED COMPANIES

The related companies represent entities of which Explorer Vantage, the ultimate holding company, spouse of Ms. Bonnie Chan Woo, an executive director of the Company, and/or Mr. Evan Chow Sai Yiu Evan, a non-executive director of the Company, are the beneficial owners and controlling members. The amounts due from related companies are trade in nature, unsecured, interest-free and have credit period of 30 days.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents bank balances and cash in hand.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2017, the Group has cash and cash equivalents denominated in Renminbi ("RMB") amounting to approximately HK$7,527,000, (2016: HK$8,085,000) and were kept in the PRC. RMB 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.

As at 31 December 2017, the Group's cash and cash equivalents of HK$1,323,000 (2016: HK$15,571,000) were deposited in an account for general banking facility of the Group. As at 31 December 2017, such general banking facility was not utilised by the Group (2016: Nil).

19. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2017 HK$'000	2016 HK$'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 HK$'000	2016 HK$'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

20. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements during the year:

	Accelerated tax depreciation HK$'000
At 1 January 2016	278
Credited to profit or loss for the year (Note 10)	(278)
At 31 December 2016, 1 January 2017 and 31 December 2017	—

21. SHARE CAPITAL

	Number of Shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 20 January 2017 (date of incorporation of the Company) (Note (a))	38,000,000	380
Increase in authorised share capital on 16 November 2017 (Note (b))	962,000,000	9,620
At 31 December 2017	**1,000,000,000**	**10,000**
Issued and fully paid:		
At 20 January 2017 (date of incorporation of the Company)	—	—
Issue of share upon incorporation (Note (a))	1	—*
Issue of shares arising from the Corporate Reorganisation (Note (c))	99	—*
Capitalisation issue of shares (Note (d))	359,999,900	3,600
Issue of shares upon share offering (Note (e))	120,000,000	1,200
At 31 December 2017	**480,000,000**	**4,800**

* Less than HK$1,000

Notes:

(a) On 20 January 2017, the Company was incorporated in the Cayman Islands with authorised share capital of HK$380,000 divided into 38,000,000 shares of par value of HK$0.01 each. On the date of incorporation, 1 share of the Company was allotted and issued at HK$0.01 to the initial subscriber, who then immediately transferred such share to Explorer Vantage.

(b) Pursuant to a resolution made at the meeting of the Board of Directors held on 16 November 2017, the authorised share capital was increased from HK$380,000 to HK$10,000,000 by creation of an additional 962,000,000 ordinary shares of par value of HK$0.01 each.

(c) On 16 November 2017, the Company acquired the entire issued share capital of Icicle Group from Explorer Vantage and Hertford Global (Note 2.1). In exchange, the Company allotted and issued 76 and 23 ordinary shares to Explorer Vantage and Hertford Global respectively.

(d) Pursuant to a resolution made at the meeting of the Board of Directors held on 16 November 2017, 359,999,900 ordinary shares were allotted and issued at par value of HK$0.01 each to Explorer Vantage and Hertford Global as fully paid at par, on a pro rata basis, by way of capitalisation of the sum of HK$3,600,000 debited to the share premium account.

(e) Pursuant to the share offering on 8 December 2017, 120,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.55 per share for a total consideration (before listing expenses) of HK$66,000,000. Accordingly, the Company's share capital increased by HK$1,200,000 and the balance of the proceeds of approximately HK$57,451,000, after deducting the listing expenses that are eligible to be charged in equity of approximately HK$7,349,000, was credited to the share premium account.

22. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity.

Share premium

The share premium account of the Group includes the premium arising from the issue of new shares pursuant to the share offering net of listing expenses.

Capital reserve

The capital reserve comprises of (i) the share capital and share premium of Icicle Group which would be eliminated when the Company becomes the holding company of Icicle Group upon completion of the Corporate Reorganisation; and (ii) the difference between the nominal value of the share capital of subsidiaries acquired by Icicle Group in prior years and the consideration paid to the then shareholders of those subsidiaries.

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Company's functional currency.

23. EQUITY-SETTLED SHARE-BASED PAYMENTS

Icicle Group adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") on 4 March 2014 for the purpose of providing incentive or rewards to the eligible participants of Icicle Group and its subsidiaries (collectively, the "IG Group") who contribute to the success of the Group's operations.

The Pre-IPO Share Option Scheme is ending on the date falling 10 years from the date of adoption.

The subscription price, shall, subject to any adjustments made pursuant to the terms of the Pre-IPO Share Option Scheme, be a price determined by the directors of Icicle Group and shall not be less than the nominal value of a share of Icicle Group. The maximum number of shares granted and to be granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed 15% of the issued share capital of Icicle Group on 14 March 2014.

The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme are 224 shares and 309 shares which were granted on 30 April 2014 and 4 February 2015 respectively with the subscription price of US$0.01 per share.

23. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

Each option granted under the Pre-IPO Share Option Scheme has a vesting period and vesting condition as detailed below:

Options granted to the grantees	Number of options	Vesting condition	Vesting period
— on 30 April 2014	224	IG Group achieved minimum of 75% of HK$132,000,000 in revenue and HK$12,000,000 in earning before interest expenses, taxation, depreciation and amortisation ("EBITDA") for the year ended 31 December 2014, options would be vested in proportion to the percentage of actual EBITDA performed to the EBITDA target.	One third of the total number of options on 1 January 2015, 2016 and 2017
— on 4 February 2015	309	IG Group achieved minimum of 90% of HK$126,000,000 in revenue and HK$14,000,000 in EBITDA for the year ended 31 December 2015, options would be vested in proportion to the percentage of actual EBITDA performed to the EBITDA target.	One third of the total number of options on 1 April 2016, 1 January 2017 and 2018

According to the terms and conditions of the share options granted above, the share options should vest when IG Group is able to achieve certain performance target for the years ended 31 December 2014 and 2015 and service condition. On and subsequent to the date of grant, in the opinion of the directors of Icicle Group, after considering the performance of IG Group, no equity-settled share-based payment expense is recognised as the likelihood of IG Group able to achieve the performance target is not probable. On 16 March 2017, the grantees signed cancellation letters, agreed to cancel all share options held by them. Pursuant to the written resolution of directors and then shareholders of Icicle Group on 16 March 2017, the directors and then shareholders of Icicle Group agreed to terminate the Pre-IPO Share Option Scheme.

During the year, no share option under the Pre-IPO Share Option Scheme was vested (2016: Nil).

23. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

The number and exercise prices of the share options are as follows:

				Number of options			
Type of grantee	**Date of grant**	**Exercisable period**	**Exercise price**	**Balance at 1 January 2017**	**Granted during the year**	**Cancelled during the year**	**Balance at 31 December 2017**
Executive director							
Ms. Bonnie Chan Woo	30 April 2014	30 April 2014 to 29 April 2024	US$0.01	**112**	**—**	**(112)**	**—**
	4 February 2015	4 February 2015 to 3 February 2025	US$0.01	**103**	**—**	**(103)**	**—**
				215	**—**	**(215)**	**—**
Employees	4 February 2015	4 February 2015 to 3 February 2025	US$0.01	**103**	**—**	**(103)**	**—**
				318	**—**	**(318)**	**—**

				Number of options			
Type of grantee	Date of grant	Exercisable period	Exercise price	Balance at 1 January 2016	Granted during the year	Lapsed during the year	Balance at 31 December 2016
Executive director							
Ms. Bonnie Chan Woo	30 April 2014	30 April 2014 to 29 April 2024	US$0.01	112	—	—	112
	4 February 2015	4 February 2015 to 3 February 2025	US$0.01	103	—	—	103
				215	—	—	215
Employees	30 April 2014	30 April 2014 to 29 April 2024	US$0.01	112	—	(112)	—
	4 February 2015	4 February 2015 to 3 February 2025	US$0.01	206	—	(103)	103
				318	—	(215)	103
				533	—	(215)	318

The options outstanding at 31 December 2016 had a weighted average remaining contractual life of 7.8 years, of which none of them are exercisable. The weighted average exercise price for the outstanding options as at 31 December 2016 was US$0.01 per share.

24. INTERESTS IN SUBSIDIARIES

As at the date when these consolidated financial statements are authorised for issue, the Company has direct and indirect interests in the following subsidiaries, all of which are companies with limited liability. The particulars of which are set out as follows:

Name of the subsidiary	Place and date of incorporation/ establishment	Particulars of issued and fully paid-up share capital/registered capital	Attributable equity interest to the Group as at 31 December		Principal activities and place of operation
			2017	2016	
Directly held:					
Icicle Group	The BVI 29 May 2013	US$113	**100%**	100%	Investment holding
Indirectly held:					
Icicle Production Company Limited	Hong Kong 23 April 1991	HK$1,000,010	**100%**	100%	Provision of marketing production services in Hong Kong
Icicle Print Management Limited	Hong Kong 8 November 2007	HK$10	**100%**	100%	Investment holding
Beijing Icicle Brand Management Company Limited*# (北京冰雪品牌管理有限公司)	The PRC 31 July 2008	HK$1,000,000	**100%**	100%	Provision of brand management and print consulting services in the PRC

Icicle Europe Limited and Icicle Pte. Ltd. were dissolved on 8 March 2016 and 5 December 2016 respectively.

* The English name of the subsidiary established in the PRC represents management's best effort at translating the Chinese name of such subsidiary as no English name has been registered.

\# The subsidiary is a wholly-owned foreign enterprise.

25. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017		2016	
	Properties HK$'000	Office equipment HK$'000	Properties HK$'000	Office equipment HK$'000
Within 1 year	**3,616**	**1,028**	2,870	1,349
Over 1 year but less than 5 years	**8,074**	**1,476**	651	2,251
Over 5 years	**—**	**—**	—	69
	11,690	**2,504**	3,521	3,669

The Group rents a number of properties and office equipment under operating leases. The agreements run for an initial period of three months to six years. Certain agreements include the term of extension option. For the operating lease of the office equipment, contingent rent was charged by the lessors if the usage of the office equipment exceeded the predetermined levels as agreed under the rental agreements.

26. 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 HK$'000	2016 HK$'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.

26. RELATED PARTY TRANSACTIONS (Continued)

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 HK$'000	2016 HK$'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

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group is exposed to a variety of risks including foreign currency risk, credit risk and liquidity risk through its use of financial instruments in its ordinary course of operations.

The Group does not have any written risk management policies and guidelines. The directors of the Company monitor the financial risk management and take such measures as considered necessary from time to time to minimise such financial risks.

(a) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk related primarily to the operations giving rise to bank balances that are denominated in US$, British Pound ("GBP") and RMB. The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's financial assets denominated in a currency other than functional currency of the respective group entities at the end of each year are as follows:

	2017 HK$'000	2016 HK$'000
Overall net exposure		
US$	**3,524**	11,463
GBP	**60**	396
RMB	**5**	14

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Foreign currency risk (Continued)

Since HK$ is pegged to US$, the relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis.

As the Group does not have significant exposure to foreign currency risk, the Group's income and operating cash flows are substantially independent of changes in foreign currency exchange rates.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Bank balances of the Group are held with financial institutions of good standing. The carrying amount of trade and other receivables and amounts due from related companies represent the Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carry a significant exposure to credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

As at 31 December 2017, the Group has a certain concentration of credit risk as 36% (2016: 15%) of trade receivables was due from the Group's largest customer respectively, while 66% (2016: 55%) of trade receivables was due from the Group's five largest customers respectively.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and accruals and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's non-derivative financial liabilities at each reporting period, based on the contracted undiscounted payments, is as follows:

	Carrying amount HK$'000	**Total contractual undiscounted cash flow** HK$'000	**Within 1 year or on demand** HK$'000
As at 31 December 2017			
Trade and other payables and accruals	**17,362**	**17,362**	**17,362**
As at 31 December 2016			
Trade and other payables and accruals	11,915	11,915	11,915

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair values of financial instruments

All financial assets and liabilities are carried at amount not materially different from their fair values as a 31 December 2017 and 2016.

28. FINANCIAL INSTRUMENTS BY CATEGORY

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables		
— Trade and other receivables and deposits	31,529	15,535
— Amounts due from related companies	2,145	1,845
— Cash and cash equivalents	65,939	36,678
	99,613	54,058
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and other payables and accruals	17,362	11,915

29. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the year.

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising share capital and reserves disclosed in the consolidated statement of changes in equity.

30. IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

During the year ended 31 December 2016 and before the Corporate Reorganisation described in Note 2.1, in the opinion of the directors of the Company, the ultimate holding company is Gooseberries Limited, a company incorporated in Hong Kong. Immediately after the Corporate Reorganisation, in the opinion of the directors of the Company, the ultimate holding company is changed to Explorer Vantage, a company incorporated in the BVI. Ms. Bonnie Chan Woo, being the controlling shareholder of Gooseberries Limited and Explorer Vantage, is the ultimate controlling shareholder during the years ended 31 December 2017 and 2016 and before and after the Corporate Reorganisation.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the year is as follows:

	2017 HK$'000
ASSETS AND LIABILITIES	
Non-current asset	
Investments in subsidiaries	21,643
Current assets	
Prepayments	494
Amount due from a subsidiary	14,092
Cash and cash equivalents	47,870
	62,456
Current liability	
Amounts due to subsidiaries	16,318
Net current assets	46,138
Net assets	67,781
EQUITY	
Share capital	4,800
Reserves	62,981
Total equity	67,781

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 19 March 2018 and are signed on its behalf by:

Woo Chan Tak Chi Bonnie
Executive Director

Chow Sai Yiu Evan
Non-executive Director

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital HK$'000	Share premium# HK$'000	Contribution surplus**# HK$'000	Accumulated losses# HK$'000	Total HK$'000
At 20 January 2017 (date of incorporation of the Company)	—	—	—	—	—
Loss and total comprehensive income for the year	—	—	—	(12,513)	(12,513)
Issue of share upon incorporation (Note 21(a))	—*	—	—	—	—*
Issue of shares arising from the Corporate Reorganisation (Note 21(c))	—*	—	21,643	—	21,643
Capitalisation issue of shares (Notes 21(d))	3,600	(3,600)	—	—	—
Issue of shares upon on share offering, net of listing expenses (Note 21(e))	1,200	57,451	—	—	58,651
At 31 December 2017	**4,800**	**53,851**	**21,643**	**(12,513)**	**67,781**

* Less than HK$1,000

** Contributed surplus of the Company represents the difference between the net asset value of the subsidiaries acquired pursuant to the Corporate Reorganisation and the nominal value of the shares issued by the Company in exchange therefor.

\# These reserves accounts comprise the reserves of the Company of HK$62,981,000 in the statement of financial position of the Company.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last three financial years, as extracted from the Company's audited consolidated financial statements and the Prospectus, is set out below:

RESULTS

	Year ended 31 December		
	2017 **HK$'000**	2016 HK$'000	2015 HK$'000
Revenue from continuing operation	**93,941**	90,955	85,676
(Loss)/profit before income tax from continuing operation	**(192)**	11,293	8,288
Income tax expense	**(2,155)**	(2,149)	(1,609)
(Loss)/profit for the year from continuing operation	**(2,347)**	9,144	6,679
Loss for the year from discontinued operation	**—**	—	(1,001)
(Loss)/profit for the year attributable to the Shareholders	**(2,347)**	9,144	5,678

ASSETS AND LIABILITIES

	As at 31 December		
	2017 **HK$'000**	2016 HK$'000	2015 HK$'000
Total assets	**103,461**	58,051	52,493
Total liabilities	**(19,579)**	(15,919)	(13,232)
Net assets	**83,882**	42,132	39,261