



ICICLE

Icicle Group Holdings Limited

冰雪集團控股有限公司

INTERIM REPORT

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE

8429

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of 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 of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

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

Non-executive Director

Mr. Chow Sai Yiu Evan

Independent non-executive Directors

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

COMPLIANCE OFFICER

Ms. Woo Chan Tak Chi Bonnie

COMPANY SECRETARY

Ms. Tsui Sum Yi

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditor
801–806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION (CONTINUED)

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong (on or before 14 August 2022)

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong (with effect from 15 August 2022)

PRINCIPAL BANKERS

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

East West Bank
9300 Flair Drive, 4th Fl.
El Monte, CA 91731
The United States

STOCK CODE

8429

COMPANY WEBSITE

www.iciclegroup.com

UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2022 (the "Unaudited Condensed Consolidated Financial Statements"), together with the unaudited comparative figures for the corresponding periods in 2021 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	10,683	11,545	21,064	24,221
Other income and gains	4	499	590	1,553	821
Outsourced project costs		(3,531)	(4,178)	(6,405)	(8,047)
Materials and consumables		(697)	(1,877)	(1,555)	(3,570)
Depreciation and amortisation expenses		(1,016)	(1,315)	(1,955)	(3,342)
Employee benefits expenses		(3,971)	(5,230)	(7,774)	(8,914)
Rental expenses		(419)	(337)	(923)	(653)
Transportation fee		(1,235)	(1,200)	(2,600)	(2,854)
Other operating expenses		(3,062)	(2,369)	(4,423)	(4,844)
Finance cost		(62)	(110)	(134)	(220)
Loss before income tax	5	(2,811)	(4,481)	(3,152)	(7,402)
Income tax expense	6	(99)	(85)	(129)	(85)
Loss for the period		(2,910)	(4,566)	(3,281)	(7,487)
Attributable to:					
Owners of the Company		(2,662)	(3,738)	(3,221)	(6,117)
Non-controlling interests		(248)	(828)	(60)	(1,370)
Loss for the period		(2,910)	(4,566)	(3,281)	(7,487)
Loss per share attributable to the owners of the Company	8				
Basic and diluted (HK cents)		(0.55)	(0.78)	(0.67)	(1.27)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the three months and six months ended 30 June 2022

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the period	(2,910)	(4,566)	(3,281)	(7,487)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	131	25	46	16
Other comprehensive income for the period, net of income tax	131	25	46	16
Total comprehensive expense for the period	(2,779)	(4,541)	(3,235)	(7,471)
Attributable to:				
Owners of the Company	(2,539)	(3,713)	(3,169)	(6,099)
Non-controlling interests	(240)	(828)	(66)	(1,372)
Total comprehensive expense for the period	(2,779)	(4,541)	(3,235)	(7,471)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	37,006	1,578
Right-of-use assets		4,521	5,652
Intangible assets		691	—
Goodwill		—	—
Financial asset at fair value through profit or loss		—	955
Financial asset at fair value through other comprehensive income		390	—
Deposit and prepayment	10	298	298
		42,906	8,483
Current assets			
Inventories		21	8
Trade and other receivables, deposits and prepayments	10	14,348	17,694
Amount due from controlling shareholder	11	—	35
Amount due from related companies	11	27	231
Time deposits and cash and bank balances		18,571	56,226
		32,967	74,194
Current liabilities			
Trade and other payables and accruals	12	7,025	9,570
Contract liabilities	12	1,751	2,195
Amount due to a non-controlling shareholder of a subsidiary	11	56	56
Tax payable		845	814
Lease liabilities		2,793	3,432
		12,470	16,067
Net current assets		20,497	58,127
Total assets less current liabilities		63,403	66,610
Non-current liability			
Lease liabilities		1,964	3,532
Net assets		61,439	63,078
CAPITAL AND RESERVES			
Share capital	13	4,800	4,800
Reserves		61,714	64,883
Total equity attributable to owners of the Company		66,514	69,683
Non-controlling interests		(5,075)	(6,605)
Total equity		61,439	63,078

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating activities		
Cash generated from operations	1,797	3,787
Income tax paid	(59)	(72)
Net cash generated from operating activities	1,738	3,715
Investing activities		
Acquisition of property, plant and equipment	(35,884)	(1,915)
Additions of intangible assets	(759)	—
Purchase of financial assets at fair value through other comprehensive income	(390)	—
Proceeds from sales of financial assets at fair value through profit or loss	955	—
Decrease in time deposits with original maturity of more than three months	—	49,306
Other cash flows arising from investing activities	153	293
Net cash (used in)/generated from investing activities	(35,925)	47,684
Financing activities		
Principal elements of lease payments	(3,328)	(2,700)
Interest elements of lease payments	(134)	(220)
Net cash used in financing activities	(3,462)	(2,920)
(Decrease)/increase in cash and cash equivalents	(37,649)	48,479
Effect of foreign exchange rate changes	(6)	25
Cash and cash equivalents at beginning of the period	56,226	13,205
Cash and cash equivalents at end of the period	18,571	61,709
Analysis of cash and cash equivalents		
Cash and bank balances	18,571	61,709
Time deposits	—	6,595
Time deposits and cash and bank balances stated in the condensed consolidated statement of financial position	18,571	68,304
Less: Time deposits with original maturity of more than three months	—	(6,595)
Cash and cash equivalents in the condensed consolidated statement of cash flows	18,571	61,709

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Equity attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2022 (audited)	4,800	53,131	11,993	(648)	182	225	69,683	(6,605)	63,078
Loss for the period	—	—	—	—	—	(3,221)	(3,221)	(60)	(3,281)
Other comprehensive income/(expense): Exchange differences arising on translation of foreign operations	—	—	—	52	—	—	52	(6)	46
Total comprehensive income/(expense) for the period	—	—	—	52	—	(3,221)	(3,169)	(66)	(3,235)
Dissolution of a subsidiary	—	—	—	—	—	—	—	1,596	1,596
As at 30 June 2022 (unaudited)	4,800	53,131	11,993	(596)	182	(2,996)	66,514	(5,075)	61,439
As at 1 January 2021 (audited)	4,800	53,131	11,993	(694)	97	13,801	83,128	(3,000)	80,128
Loss for the period	—	—	—	—	—	(6,117)	(6,117)	(1,370)	(7,487)
Other comprehensive income/(expense): Exchange differences arising on translation of foreign operations	—	—	—	18	—	—	18	(2)	16
Total comprehensive income/(expense) for the period	—	—	—	18	—	(6,117)	(6,099)	(1,372)	(7,471)
As at 30 June 2021 (unaudited)	4,800	53,131	11,993	(676)	97	7,684	77,029	(4,372)	72,657

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Act of the Cayman Islands on 20 January 2017. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY-1108, Cayman Islands. The shares of the Company (the "Shares") are listed on GEM of the Stock Exchange since 8 December 2017 (the "Listing Date") by way of share offer of 120,000,000 new Shares ("Share Offer") at an offer price of HK\$0.55 per Share. The Company's principal place of business is located at Unit B, 9th Floor, Safety Godown Industrial Building, 56 Ka Yip Street, Chai Wan, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of marketing production services and content media business.

2. BASIS OF PREPARATION AND PRESENTATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

The accounting policies adopted in the preparation of the Unaudited Condensed Consolidated Financial Statements are same as those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations issued by HKICPA that are first effective for the current accounting period of the Company. There has been no significant change to the accounting policy applied in these Unaudited Condensed Consolidated Financial Statements for the period presented as a result of adoption of these amendments.

The preparation of the Unaudited Condensed Consolidated Financial Statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgements in the process of applying the Group's accounting policies. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2021.

The Unaudited Condensed Consolidated Financial Statements have been prepared on historical cost basis, except for financial asset at fair value through profit or loss that are measured at fair value at the end of each reporting period. The Unaudited Condensed Consolidated Financial Statements are presented in Hong Kong dollar ("HK\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee (the "Audit Committee").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

3. REVENUE AND SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive director of the Company, who is the chief operating decision maker, in order to allocate resources and assess performance of the segment. During the period, the executive director of the Company regularly reviewed the consolidated financial position, revenue from provision of marketing production services and content media business and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group as a whole. The Group's e-commerce start-up business supplemented by operation of a café in Hong Kong has been suspended due to high operating costs and continued COVID-related challenges.

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue recognised at a point in time:		
Marketing production	15,269	21,774
Income from content media business	5,786	—
E-commerce and retail	9	1,554
Income from operation of a café	—	893
	21,064	24,221

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. The geographical location of the specified non-current assets is based on the physical location of the asset, is set out below:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
	Specified non-current assets	
Hong Kong	5,508	6,937
The United States (the "US")	35,767	—
Others	943	293
	42,218	7,230

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

Revenue by geographical location of customers, which is based on the principal place of the customers' operation, is set out below:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Hong Kong	14,205	23,371
The People's Republic of China (the "PRC")	6,652	782
Others	207	68
	21,064	24,221

Information about major customers

The Group had transactions with the following customers, which contributed more than 10% of the Group's revenue for the period:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Customer A	4,744	6,804
Customer B	—	7,380
Customer C	4,587	—

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

4. OTHER INCOME AND GAINS

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Gain on termination of lease	—	—	829	—
Interest income	29	165	153	294
Government subsidies	400	—	450	100
Sundry income	70	425	121	427
	499	590	1,553	821

5. LOSS BEFORE INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Amortisation of intangible assets	28	35	57	71
Auditor's remuneration				
— Audit services	105	120	205	210
Cost of inventories sold	7	781	19	1,211
Depreciation of property, plant and equipment	271	400	445	721
Depreciation of right-of-use assets	736	880	1,453	2,549
Short-term lease expenses — properties	429	355	921	651
Variable lease payments not included in the measurement of lease liabilities	—	4	2	24
Net exchange loss/(gain)	609	(405)	398	(94)
Employee benefits expenses (including directors' remuneration)				
— Salaries, allowances and benefits in kind	3,857	5,027	7,515	8,577
— Retirement benefit scheme contributions	114	203	259	337
	3,971	5,230	7,774	8,914

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Income tax expense comprises:				
Hong Kong Profits Tax				
— current tax for the period	119	63	129	63
The PRC Enterprise Income Tax (the "EIT")				
— current tax for the period	(20)	22	—	22
Income tax expense	99	85	129	85

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax under these jurisdictions during the period (2021: Nil).

Under the two-tiered profits tax rates regime of the Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% (2021: 8.25%) during the period, and profits above HK\$2,000,000 will be taxed at 16.5% (2021: 16.5%). The profits of group entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5% (2021: 16.5%) during the period.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% of the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated profits above HK\$2,000,000, taking into account the tax concession granted by the Hong Kong Special Administrative Region Government during the periods.

No provision for EIT has been made for the subsidiaries established in the PRC as the subsidiaries did not have any assessable profits subject to EIT in the PRC for the six months ended 30 June 2022 and 2021.

No provision for the corporate income tax has been made for the subsidiaries incorporated in the US as the subsidiaries did not generate any assessable profits in the US during the periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

6. INCOME TAX EXPENSE (Continued)

Pursuant to the EIT Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. As at 30 June 2022, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK\$3,215,000 (30 June 2021: HK\$2,585,000). Deferred tax liabilities of approximately HK\$161,000 (30 June 2021: HK\$129,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company is in a position to control the dividend policy of the PRC subsidiary and it has been determined that it is probable that undistributed profits of the PRC subsidiary will not be distributed in the foreseeable future.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

8. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss attributable to owners of the Company	(2,662)	(3,738)	(3,221)	(6,117)
	2022 '000	2021 '000	2022 '000	2021 '000
Number of Shares: Weighted average number of ordinary Shares	480,000	480,000	480,000	480,000
	HK cents	HK cents	HK cents	HK cents
Basic and diluted loss per Share	(0.55)	(0.78)	(0.67)	(1.27)

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

9. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$35,884,000 (30 June 2021: HK\$1,915,000).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade receivables	8,871	15,542
Rental and other deposits	727	895
Prepayments	1,321	1,273
Other receivables	3,727	282
Total trade and other receivables, deposits and prepayments	14,646	17,992
Less:		
Non-current rental deposit	(298)	(298)
Total non-current deposit and prepayment	(298)	(298)
Total current trade and other receivables, deposits and prepayments	14,348	17,694

The credit period for trade receivables granted to its customers is generally ranging from 30 to 60 days (31 December 2021: 30 to 60 days) from the date of billing for the period.

The ageing analysis of the trade receivables, net of allowance for expected credit losses ("ECLs"), based on invoice date is as follows:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Within 1 month	3,209	4,762
Over 1 month but less than 3 months	3,119	7,910
Over 3 months but less than 1 year	2,712	2,910
Over 1 year	143	272
Less: allowance for ECLs	(312)	(312)
Total	8,871	15,542

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

11. AMOUNTS DUE FROM/(TO) CONTROLLING SHAREHOLDER, RELATED COMPANIES AND A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount due from related companies as at 30 June 2022 and 31 December 2021, represent the balances with Explorer Vantage Limited (“Explorer Vantage”), the ultimate holding company; and the balances with MCL Financial Group Limited, a company of which Mr. Chow Sai Yiu Evan, a non-executive director of the Company, is the controlling shareholder and the beneficial owner. The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

The amount due from controlling shareholder, who is Ms. Woo Chan Tak Chi Bonnie (“Ms. Bonnie Chan Woo”), an executive director of the Company, is non-trade in nature, unsecured, interest-free and repayable on demand. Pursuant to Section 383 of the Hong Kong Companies Ordinance and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G), the maximum amount of an amount due from Ms. Bonnie Chan Woo outstanding during the period amounted to approximately HK\$35,000 (31 December 2021: HK\$35,000).

The amount due to a non-controlling shareholder of a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Trade payables	2,769	5,693
Accruals	3,112	3,271
Other payables	1,144	606
Total trade and other payables and accruals	7,025	9,570
Contract liabilities	1,751	2,195
	8,776	11,765

The credit period granted by suppliers of the Group is generally ranging from 30 to 90 days (31 December 2021: 30 to 90 days) for the period. The ageing analysis of the trade payables based on invoice date is as follows:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Within 1 month	1,845	3,152
Over 1 month but less than 3 months	661	2,277
Over 3 months but less than 1 year	263	264
	2,769	5,693

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

13. SHARE CAPITAL

	Number of Shares	Share capital HK\$'000
Ordinary Shares of HK\$0.01 each		
Authorised:		
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	1,000,000,000	10,000
Issued and fully paid:		
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	480,000,000	4,800

14. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the unaudited condensed 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:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue from sales of accessories and lifestyle products to Ms. Bonnie Chan Woo (Note (a))	—	4
Short-term lease expense to 4L 108 Leonard LLC (Note (b))	470	559
Repayment of lease liabilities (including capital and interest elements) to Gateway Engineering Limited (Note (c))	58	348

Notes:

- (a) Ms. Bonnie Chan Woo is an executive director and the ultimate controlling shareholder of the Company.
- (b) Spouse of Ms. Bonnie Chan Woo, an executive director of the Company, and Ms. Bonnie Chan Woo, are the beneficial owners of this related company.
- (c) Spouse of Ms. Bonnie Chan Woo, is a director and one of the beneficial owners of this related company. The leased properties are recognised as right-of-use assets with net carrying amount of nil (31 December 2021: nil), with respective lease liabilities of nil (31 December 2021: HK\$1,057,000) as at 30 June 2022.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

14. 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:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Directors' fee	180	180
Salaries, allowances and benefits in kind	2,645	2,836
Retirement benefit scheme contributions	84	77
	2,909	3,093

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The market conditions in 2022 continued to be very challenging due to the prolonged and unstable COVID-19 situation in Hong Kong and mainland China. Our marketing production business which has traditionally been the core business of the Group continued to be severely negatively impacted since the initial outbreak of the COVID-19 in 2020 resulting from cutting of marketing budget and shifting of marketing channel to digital media by our key clients from retail, luxury brands, hospitality and insurance business sectors. Revenue from marketing production services for the six months ended 30 June 2022 decreased by 30% as compared with the same period last year.

To cope with the challenging market conditions, the Group is to extend our marketing production business to encompass activities with digital capabilities that its clients will increasingly require. The Group's expanded content media business, via a licensing deal with a US-based media company ("US IP Owner") which is active in the youth market segment, that was officially launched in mid-2021 in Mainland China, launching a brand-integrated content production entertainment business in Mainland China and targeting to bridge the Chinese and US brands has shown promising potential and the Group is seeing satisfactory developments in commercialisation based on the viewership and engagements to the content it produced. The business has since been expanding rapidly, earning over 500,000 combined social following with a strong pipeline of business opportunities, and projecting to contribute a substantial contribution to the Group's overall revenue by the end of the financial year 2022. Revenue from content media business for the six months ended 30 June 2022 was HK\$5.8 million.

The Group's e-commerce start-up business supplemented by operation of a café in Hong Kong has been suspended due to high operating costs and continued COVID-related challenges.

The Group's revenue for the six months ended 30 June 2022 decreased by 13% as compared with the same period last year. The impact of decrease in revenue from marketing production services and e-commerce and operation of cafe was mitigated by revenue generated from the content media business. Despite the decrease in revenue, the Group's loss for the six months ended 30 June 2022 decreased by 56% as compared with the same period last year that was benefited from cost control on operating costs and suspension of the e-commerce, retail and café business.

Looking ahead, despite the rebound of the COVID-19 situation in Hong Kong and Mainland China that would still impose uncertainties on the market conditions, our expanded content media business has a strong pipeline of business opportunities while the market production business can be maintained at the current level. We remain well capitalised and are ready to take advantage of many of the exciting opportunities emerging from the new digital economy.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Revenue

The Group's revenue is principally generated from the provision of marketing production services, content media business and e-commerce and retail and operation of a café which are categorised into (i) marketing production; (ii) income from content media business; and (iii) e-commerce, retail and operation of a café. During the six months ended 30 June 2022, the Group's revenue decreased by approximately HK\$3.2 million, representing 13.0%, to approximately HK\$21.1 million (2021: HK\$24.2 million).

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

	For the six months ended 30 June			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Marketing production	15,269	72.5	21,774	89.9
Income from content media business	5,786	27.4	—	—
E-commerce and retail	9	0.1	1,554	6.4
Income from operation of café	—	—	893	3.7
Sub-total	9	0.1	2,447	10.1
Total	21,064	100.0	24,221	100.0

During the six months ended 30 June 2022, the revenue from marketing production services decreased by approximately 29.9% to approximately HK\$15.3 million (2021: HK\$21.8 million). The decrease in revenue from marketing production services was mainly due to decrease in number of projects during the period.

During the period, the income from content media business was approximately HK\$5.8 million. The revenue mainly represented brand income on our original content. The content media business was not yet commenced during the six months ended 30 June 2021.

During the six months ended 30 June 2022, the revenue from e-commerce and retail was approximately HK\$9,000 and no income from operation of a café was generated. The significant decrease in revenue was due to the suspension of this business during the period.

Outsourced project costs

Outsourced project costs consist of printing costs and other outsourced project costs and costs for content media business. During the six months ended 30 June 2022, the Group's outsourced project costs decreased by approximately HK\$1.6 million, representing 20.4%, to approximately HK\$6.4 million (2021: HK\$8.0 million). The decrease was mainly attributable to the decrease in revenue from marketing production services.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Materials and consumables

Materials and consumables are costs on papers and other materials sourced by the Group for the marketing production and materials used for operation of a café and the cost of goods for retail sales. During the six months ended 30 June 2022, the Group's materials and consumables decreased by approximately HK\$2.0 million, representing 56.4%, to approximately HK\$1.6 million (2021: HK\$3.6 million). The decrease was directly attributable to the suspension of the e-commerce, retail and café business during the period.

Employee benefits expenses

Employee benefits expenses primarily consist of salaries, allowances and benefits in kind and retirement benefit scheme contributions. During the six months ended 30 June 2022, the Group's employee benefits expenses decreased by approximately HK\$1.1 million, representing 12.8%, to approximately HK\$7.8 million (2021: HK\$8.9 million). The decrease was directly attributable to the suspension of the e-commerce, retail and café business and offsetting by the increase effect from expansion of content media business.

Rental expenses

Rental expenses primarily represent the rental expenses for short-term leases for office premises and staff quarter and the variable lease payment for the printing machines for confidential data printing services. During the six months ended 30 June 2022, the Group's rental expenses increased by approximately HK\$0.3 million, representing 41.3%, to approximately HK\$0.9 million (2021: HK\$0.7 million). The increase was primarily attributable to the new short term lease for office premise in the PRC for the content media business.

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 six months ended 30 June 2022, the Group's transportation fee decreased by approximately HK\$0.3 million, representing 8.9%, to approximately HK\$2.6 million (2021: HK\$2.9 million).

Other operating expenses

Other operating expenses primarily consist of consultancy fee, professional fee, rates and building management fee, utilities and office expenses. During the six months ended 30 June 2022, the Group's other operating expenses decreased by approximately HK\$0.4 million, representing 8.7%, to approximately HK\$4.4 million (2021: HK\$4.8 million). The decrease was primarily attributable to the removal and reinstatement costs for the office premise relocation incurred during the period ended 30 June 2021 while there was no such expenses recognised during the period and offsetting by the increase of consultancy and legal and professional expenses attributable to the expansion of content media business.

Finance cost

Finance cost primarily represents the interest on lease liabilities. During the six months ended 30 June 2022, the Group's finance cost decreased by approximately HK\$86,000, representing 39.1%, to approximately HK\$0.1 million (2021: HK\$0.2 million). The decrease was mainly due to the early termination of the lease for the shop in Sham Shui Po.

Loss for the period

During the six months ended 30 June 2022, the Group recorded loss of approximately HK\$3.3 million (2021: HK\$7.5 million). The decrease in loss was mainly benefited from cost control on operating costs and suspension of the e-commerce, retail and operation of café business during the period, while offsetting by the costs incurred from expansion of content media business.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

USE OF PROCEEDS

The following table sets forth the status of the use of proceeds from the Share Offer up to 30 June 2022:

	Planned use of net proceeds from Share Offer	Actual use of net proceeds		Revised allocation of net proceeds as at 6 May 2020 (Note 1)	Actual use of net proceeds		Further revised allocation of net proceeds as at 5 May 2021 (Note 2)	Actual use of net proceeds from 6 May 2021 to 30 June 2022	Unutilised net proceeds as at 30 June 2022 (Note 3)	Expected timeline of application of the unutilised net proceeds (Note 4)
		from the Listing date to 6 May 2020	Unutilised net proceeds as at 6 May 2020		from 7 May 2020 to 5 May 2021	Unutilised net proceeds as at 5 May 2021				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Enlarge the social media marketing production capability and offering	8,000	2,057	5,943	5,943	1,294	4,649	649	649	—	N/A
Enhance the overall service offerings and expand the team across three categories	9,142	1,581	7,561	7,561	734	6,827	327	327	—	N/A
Set up a studio and expand the work premises	11,458	9,648	1,810	1,810	1,810	—	—	—	—	N/A
Business development	8,280	4,210	4,070	2,070	2,070	—	8,000	6,434	1,566	From 1 July 2022 to 31 December 2022
Staff development	3,120	623	2,497	697	112	585	85	31	54	From 1 July 2022 to 31 December 2022
General working capital	3,800	3,800	—	3,800	2,160	1,640	4,640	4,640	—	N/A
Total:	43,800	21,919	21,881	21,881	8,180	13,701	13,701	12,081	1,620	

Notes:

- In accordance with the announcement of change in use of proceeds dated 6 May 2020 (the "2020 Announcement"), due to the reasons and benefits mentioned in the 2020 Announcement, the unutilised net proceeds was re-allocated with effect from 6 May 2020. For more details, please refer to the 2020 Announcement.
- In accordance with the announcement of further change in use of proceeds dated 5 May 2021 (the "2021 Announcement"), due to the reasons and benefits mentioned in the 2021 Announcement, the unutilised net proceeds was further re-allocated with effect from 5 May 2021. For more details, please refer to the 2021 Announcement.
- The unutilised net proceeds as at 30 June 2022 were placed as bank balances with licensed banks in Hong Kong.
- The expected timeline of application of the unutilised net proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the Group's business and the market conditions. The business strategy and development has been affected by the outbreak of COVID that has caused the delay in deployment of the use of proceeds.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 30 June 2022, the Group had net current assets of approximately HK\$20.5 million (31 December 2021: HK\$58.1 million), including time deposits and cash and bank balances of approximately HK\$18.6 million (31 December 2021: HK\$56.2 million) mainly denominated in Hong Kong dollars, with approximately HK\$2.5 million (31 December 2021: HK\$5.0 million) denominated in renminbi which is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

The gearing ratio of the Group as at 30 June 2022 was approximately 7.7% (31 December 2021: 11.0%). The gearing ratio is calculated as total debt divided by total equity as at the respective period end.

There has been no change in the capital structure of the Company during the six months ended 30 June 2022. The equity attributable to owners of the Company amounted to approximately HK\$66.5 million as at 30 June 2022 (31 December 2021: HK\$69.7 million).

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

The majority of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the period, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the period. The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 June 2022, the Group did not have any pledged assets (31 December 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

During the year ended 31 December 2020, the Group obtained an exclusive distribution right to produce and distribute marketing media programme in the PRC under the brandname of a famous US-based media company active in the youth market (the “Media Partner”). According to the term sheet entered between the Group and the Media Partner, the Group is committed to invest in the co-operative project with the Media Partner with mutually approved budget of US\$1.8 million (equivalent to HK\$14.0 million) for phase 1 development. As of 30 June 2022, the total investment to this project, the Group’s expanded content media business, was approximately to US\$1.4 million (equivalent to HK\$10.7 million) and the remaining other commitment for phase 1 development of this project was approximately US\$0.4 million (equivalent to HK\$3.1 million). Also, according to the term sheet between the Group and the Media Partner, subject to further negotiation and to enter into an agreement, the Group is committed to pay further license fee of US\$63,000 (equivalent to HK\$491,000) to the Media Partner and to invest in this project with the Media Partner with mutually approved budget of US\$1.2 million (equivalent to approximately HK\$9.4 million) for phase 2 development.

As at 30 June 2022, the Group did not have any material contingent liability (31 December 2021: Nil).

EMPLOYEE AND REMUNERATION

As at 30 June 2022, the Group had 40 (31 December 2021: 40) full-time employees (including executive Director). The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. The Group has adopted a share option scheme and approved by the then Shareholders on 16 November 2017 (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group’s operations. The Group has also adopted other employee benefits including a mandatory provident fund retirement benefit scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in central pension scheme organised and governed by the relevant local governments for its employees in the PRC. 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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in the Prospectus and the section headed “Use of Proceeds” of this interim report, the Group did not have other plans for material investments and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

During the six months ended 30 June 2022, 8306 Skyline LLC, an indirect wholly-owned subsidiary of the Company, has entered into a transfer deed (the "Transfer Deed") for the acquisition (the "Acquisition") of the property (the "Property") located at the US at the consideration of US\$4,502,240 with Mr. Jong Lee (the "Vendor"), an independent third party of the Company. As disclosed in the Company's announcement dated 10 June 2022, as the Group intends to expand and develop its brand-integrated content production media business, many of the Group's content licensors, content producers and potential customers are based in Los Angeles, the US. The Group intends to use the Property as staff accommodation for employees of the Group travelling to Los Angeles for business, office, client and business associate entertainment or other business event venue after the completion of the Acquisition in accordance with the terms and conditions of the Transfer Deed.

For more details, please refer to the announcement of the Company dated 10 June 2022 and the circular of the Company dated 4 July 2022. Save as disclosed above, the Group did not have any significant investments, material acquisitions and disposal of subsidiaries and affiliated companies.

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

During the six months ended 30 June 2022 and up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Shares of the Company

Name of Director	Nature of interest	Number of Shares held ⁽¹⁾	Shareholding percentage
Ms. Bonnie Chan Woo ⁽²⁾	Interest in a controlled corporation	277,200,000 (L) ⁽²⁾	57.75%
	Interest held jointly with another person	34,850,000 (L) ⁽³⁾	7.26%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo. By virtue of the SFO, Ms. Bonnie Chan Woo is deemed to be interested in the Shares held by Explorer Vantage.
- Mirousky Limited ("Mirousky") holds 34,850,000 Shares. Mirousky is wholly-owned by Gain Smart Asia Limited ("Gain Smart") and Gain Smart is beneficially owned as to 50% by Ms. Bonnie Chan Woo and 50% by her spouse, Mr. Darrin Woo. By virtue of the SFO, Ms. Bonnie Chan Woo is deemed to be interested in the shares held by Mirousky.

(ii) Interests in associated corporation(s) of the Company

Name of Director	Name of associated corporation(s)	Capacity	Number of Share(s) held ⁽¹⁾	Shareholding percentage
Ms. Bonnie Chan Woo	Explorer Vantage ⁽²⁾	Beneficial owner	1 (L)	100%
	Papercom Limited ("Papercom") ⁽³⁾	Interest in a controlled corporation	10,000 (L)	100%

Notes:

- The letter "L" denotes the person's long position in the shares.
- Explorer Vantage is beneficially and wholly-owned by Ms. Bonnie Chan Woo.
- 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 30 June 2022, 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, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, to the knowledge of the Directors, Shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests in the Shares of the Company

Name	Type of interest	Number of Shares held ⁽¹⁾	Percentage of shareholding in the Company
Explorer Vantage	Beneficial owner	277,200,000 (L) ⁽²⁾	57.75%
Mr. Darrin Woo	Interest of spouse	277,200,000 (L) ⁽³⁾	57.75%
	Interests held jointly with another person	34,850,000 (L) ⁽⁴⁾	7.26%
Mirousky	Beneficial owner	34,850,000 (L) ⁽⁵⁾	7.26%
Gain Smart	Interest in a controlled corporation	34,850,000 (L) ⁽⁵⁾	7.26%
Ms. Chow Jacqueline Wai Ying ("Ms Chow")	Beneficial owner	35,950,000 (L) ⁽⁶⁾ 35,950,000 (S) ⁽⁶⁾	7.49%
Mr. Yang Zaiyong ("Mr. Yang")	Beneficial owner	47,950,000 (L) ⁽⁶⁾	9.99%

Notes:

- The letter "L" denotes the person's long position in the Shares. The Letter "S" denotes the person's short position in the Shares.
- Explorer Vantage was incorporated in the BVI and is beneficially and wholly-owned by Ms. Bonnie Chan Woo.
- Mr. Darrin Woo is the spouse of Ms. Bonnie Chan Woo. By virtue of the SFO, Mr. Darrin Woo is deemed to be interested in the Shares which are interested by Ms. Bonnie Chan Woo.
- Mirousky is wholly-owned by Gain Smart and Gain Smart is beneficially owned as to 50% by Mr. Darrin Woo and 50% by his spouse, Ms. Bonnie Chan Woo. By virtue of the SFO, Mr. Darrin Woo is deemed to be interested in the Shares held by Mirousky.
- Mirousky is wholly-owned by Gain Smart. Such 34,850,000 Shares belong to the same batch of Shares.
- As per the disclosure of interest form filed by Mr. Yang on 12 November 2021, Blockstone Ltd, which is beneficially owned by Mr. Yang, engaged the call option agreement on 4 November 2021 with Ms. Chow to have a right to take 35,950,000 Shares, which is now held by Ms. Chow, during the option period prescribed in the said agreement.

Save as disclosed above, as at 30 June 2022, 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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

SHARE OPTION SCHEME

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

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed above, at no time during the six months ended 30 June 2022 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for Shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above in the section “Share Option Scheme”, at no time during the six months ended 30 June 2022 and up to the date of this report was the Company, any of its subsidiaries, its associated companies or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the Shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2022 and up to the date of this report, none of the Directors, nor the substantial Shareholders nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

DEED OF NON-COMPETITION

The Deed of Non-Competition dated 16 November 2017 (as defined in the Prospectus) was entered into by Explorer Vantage and Ms. Bonnie Chan Woo in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed “Relationship with our Controlling Shareholders — Deed of Non-competition” and the non-competition undertaking has become effective from the Listing Date.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions (the "Model Code") by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors, all Directors have complied with the Model Code throughout the six months ended 30 June 2022.

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

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

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

In 2020, the Facility Limit has been adjusted to HK\$9,500,000 after the regular review by the Lender. Other than that, all terms and conditions under the Facility Letter remain unchanged. In July 2022, the Facility Letter has been cancelled.

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 the Audit Committee, a nomination committee and a remuneration committee with specific written terms of reference. During the six months ended 30 June 2022 and up to the date of this report, the Company has complied with all the code provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules except for the deviation from code provision C.2.1 as detailed below.

Code provision C.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.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

Therefore, the Board considers that the deviation from code provision C.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.

Audit Committee and Review of Unaudited Condensed Consolidated Financial Statements

The Audit Committee was established with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph D.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ip Arnold Tin Chee, Mr. Hung Alan Hing Lun and Mr. Man Ka Ho Donald and Mr. Ip Arnold Tin Chee is the chairman of the Audit Committee. The primary duties of the Audit Committee include reviewing and supervising the Group's financial reporting system, monitoring the internal control procedures and risk management, reviewing the Group's financial information and the relationship with the external auditor of the Company, ensuring compliance with the relevant laws and regulations. In addition, the Audit Committee is responsible for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management.

The Unaudited Condensed Consolidated Financial Statements have not been audited. The Audit Committee has reviewed with the management of the Group the Unaudited Condensed Consolidated Financial Statements, the interim report, the accounting principles and policies adopted by the Group, and other financial reporting matters. The Audit Committee is satisfied that the Unaudited Condensed Consolidated Financial Statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

Icicle Group Holdings Limited

Woo Chan Tak Chi Bonnie

Chairperson and Chief Executive Officer

Hong Kong, 3 August 2022

As at the date of this report, the Board comprises Ms. Woo Chan Tak Chi Bonnie as executive Director, Mr. Chow Sai Yiu Evan as non-executive Director and Mr. Ip Arnold Tin Chee, Mr. Hung Alan Hing Lun and Mr. Man Ka Ho Donald as independent non-executive Directors.