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天泓文创

Icon Culture Global Co.Ltd

Icon Culture Global Company Limited

天泓文創國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8500)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024
AND RESUMPTION OF TRADING**

**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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”, each a “**Director**”) of Icon Culture Global Company Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately RMB21.9 million for the year ended 31 December 2024, representing a decreased of approximately RMB3.5 million or 13.7% as compared to approximately RMB25.4 million for the year ended 31 December 2023.
- The Group's gross profit margin decreased from approximately 16.4% for the year ended 31 December 2023 to approximately -9.8% for the year ended 31 December 2024.
- Loss for the year ended 31 December 2024 amounted to approximately RMB17.8 million, representing a decrease of loss of approximately RMB66.8 million as compared to the loss for the year ended 31 December 2023 of approximately RMB84.6 million.
- The Group recorded basic loss per share for the year ended 31 December 2024 of approximately RMB0.06 as compared with basic loss per share of approximately RMB0.38 restated for the year ended 31 December 2023.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

The board of the Directors (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Revenue	4	21,948	25,424
Cost of sales		<u>(24,103)</u>	<u>(21,260)</u>
Gross (loss)/profit		(2,155)	4,164
Other income	5	200	588
Other net gains/(losses)	5	304	(378)
Selling expenses		(2,200)	(4,321)
Administrative expenses		(9,060)	(8,600)
Impairment losses on property, plant and equipment	6(c)	(299)	(226)
Impairment losses on right-of-use assets	6(c)	—	(918)
Impairment of prepayments to suppliers	6(c)	(1,082)	(4,254)
Impairment loss on trade and other receivables, and loan receivables under the expected credit loss model, net	6(c)	<u>(3,351)</u>	<u>(62,955)</u>
Loss from operations		(17,643)	(76,900)
Finance costs	6(a)	<u>(171)</u>	<u>(885)</u>
Loss before taxation	6	(17,814)	(77,785)
Income tax	7	<u>—</u>	<u>(6,862)</u>
Loss for the year attributable to equity shareholders of the Company		<u><u>(17,814)</u></u>	<u><u>(84,647)</u></u>
			(Restated)
Loss per share (RMB)			
Basic	9(a)	<u><u>(0.06)</u></u>	<u><u>(0.38)</u></u>
Diluted	9(b)	<u><u>(0.06)</u></u>	<u><u>(0.38)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Loss for the year attributable to equity shareholders of the Company	(17,814)	(84,647)
Other comprehensive income/(expense) for the year		
<i>Item that will be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of entities not having Renminbi (“RMB”) as functional currency	1,667	(10)
Other comprehensive income/(expense) for the year	1,667	(10)
Total comprehensive expense for the year attributable to equity shareholders of the Company	(16,147)	(84,657)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31/12/2024	31/12/2023
	Notes	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		652	—
Right-of-use assets		—	—
Total non-current assets		652	—
Current assets			
Trade receivables	10	2,316	11,190
Other receivables, deposits and prepayments	11	51,447	1,416
Loan receivables	11	—	—
Restricted deposits with a bank		7	7
Cash and cash equivalents		4,070	13,667
Total current assets		57,840	26,280
Current liabilities			
Trade and other payables	12	11,079	19,260
Contract liabilities		5,249	12,464
Bank loans		4,500	5,000
Lease liabilities		—	973
Current taxation		2,796	2,886
Total current liabilities		23,624	40,583
Net current assets/(liabilities)		34,216	(14,303)
Net assets/(liabilities)		34,868	(14,303)
Capital and reserves			
Share capital		3,906	1,596
Reserves		30,962	(15,899)
Total equity/(deficits)		34,868	(14,303)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In determining the appropriate basis of preparation of the financial statements, the directors of the Company have reviewed the Group’s cash flow projections prepared by management based on estimations of future revenue from integrated multimedia advertising services and other products, future media costs, cost of other services and cost of inventories, committed and planned capital expenditure, and the availability of financing, which cover a period of at least 17 months from 31 December 2024. In respect of availability of financing, a substantial shareholder of the Company has undertaken to provide financial support to the Group to the extent of RMB15,000,000 as necessary to ensure its continuing operation for a period of at least 18 months from the date of issue of the consolidated financial statements. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and committed future capital expenditure within the next twelve months from the end of the current reporting period and that there are no material uncertainties in this respect which individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

The consolidated financial statements are presented in RMB, rounded to the nearest thousand except share data, which is the functional currency of the major subsidiary of the Group in Mainland China.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management 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.

3. APPLICATION OF AMENDMENTS TO HKFRSs AND REVISED INTERPRETATION (“INT”)

Amendments to HKFRSs and revised Int that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs and revised Int issued by the HKICPA to these financial statements for the first time, which are mandatorily effective for the current annual period for the preparation of the consolidated financial statements:

- | | |
|--------------------------|---|
| • Amendments to HKAS 1 | <i>Presentation of financial statements – Classification of liabilities as current or non-current (“2020 amendments”) and amendments to HKAS 1, Presentation of financial statements – Non-current liabilities with covenants (“2022 amendments”)</i> |
| • Amendments to HKFRS 16 | <i>Leases – lease liability in a sale and lease back</i> |
| • Amendments to HKAS 7 | <i>Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements</i> |
| • HK – Int 5 (Revised) | <i>Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause</i> |

The application of the amendments to HKFRSs and revised Int in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been early applied in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
Amendments to HKFRS Accounting Standards, <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	1 January 2026
Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025
HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. Except for the new HKFRS as disclosed in the below, so far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7, Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are rendering of traditional offline media advertising, online media advertising, public relations, marketing campaigns and other services. During the year ended 31 December 2024, the Group initiated a new business for trading of goods; however, no revenue has been generated from this business yet. Further details regarding the Group's principal activities are disclosed in note 4(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
Traditional offline media advertising services		
– Outdoor platforms (acting as a principal)	10,881	16,915
– Outdoor platforms (acting as an agent)	22	–
	<hr/>	<hr/>
Subtotal	10,903	16,915
	<hr/>	<hr/>
Online media advertising services		
– acting as a principal	3,830	5,501
– acting as an agent	13	100
	<hr/>	<hr/>
Subtotal	3,843	5,601
	<hr/>	<hr/>
Public relations, marketing campaigns and other services*		
– acting as a principal	6,380	2,908
– acting as an agent	822	–
	<hr/>	<hr/>
Subtotal	7,202	2,908
	<hr/>	<hr/>
	21,948	25,424
	<hr/> <hr/>	<hr/> <hr/>

* Revenue from public relations, and marketing campaigns includes revenue of sales of consumer goods of Nil for the year ended 31 December 2024 (2023: RMB612,000).

The Group's total turnover before agency deductions amounted to RMB28,516,000 (2023: RMB35,504,000) for the year ended 31 December 2024. Agency deductions represented direct costs incurred for certain service contracts in which the Group is determined, for financial reporting purposes, to have acted as agent in providing services to customers and hence the amounts of agency deductions were excluded in arriving at the amounts recognised as revenue and cost of sales presented in the consolidated statement of profit or loss.

Disaggregation of revenue from contracts with customers by timing of recognition of revenue is disclosed in note 4(b)(i).

The Group's customers from whom revenue earned have exceeded 10% of the Group's revenue in the respective year are set out below:

	2024 RMB'000	2023 <i>RMB'000</i>
Customer A	3,906	—
Customer B	—	5,283
Customer C	3,410	3,432
Customer D	2,651	3,261
	<u>9,967</u>	<u>11,976</u>

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Traditional offline media advertising services: operation of media advertising services on indoor (such as television and other broadcasting channels, newspapers and journals) and outdoor (such as public transports, elevators and lifts) platforms;
- Online media advertising services: operation of media advertising services on selected websites, online social media groups and applications;
- Other services: operation of devising strategies, formulating advertising solutions, co-ordinating with media platforms as well as organising and executing campaigns;
- Others: trading of goods including plastic pellets and electronic consumer products. This is identified as a new operating segment of the Group after the Group initiated the new business of trading of goods during the year ended 31 December 2024.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and costs are allocated to the reportable segments with reference to sales generated by those segments and the costs incurred by those segments without allocation of unallocated depreciation of property, plant and equipment and right-of-use assets, gain on disposal of property, plant and equipment, loss on write-off of property, plant and equipment, finance costs, other net gains, other income, other net losses, selling expenses, impairment losses on current and non-current assets, and unallocated expenses (including corporate expenses). Assistance provided by one segment to another, including sharing of assets, is not measured.

The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before finance costs, interest income, taxes and depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on current and non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as staff costs, directors' and auditors' remuneration and other head office or corporate administration costs.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for each of the years ended 31 December 2024 and 2023 is set out below.

For the year ended 31 December 2024	Traditional offline media advertising services RMB'000	Online media advertising services RMB'000	Other services RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition						
Point in time	2,024	3,288	5,942	–	–	11,254
Over time	8,879	555	1,260	–	–	10,694
Reportable segment revenue	10,903	3,843	7,202	–	–	21,948
Reportable segment profit/(loss) (adjusted EBITDA)	3,766	(638)	(2,516)	–	–	612
Amounts included in the measure of segment profit/ (loss) (adjusted EBITDA)						
Depreciation of property, plant and equipment	–	–	–	–	–	–
Amounts regularly reported to the most senior executive management but not included in the measure of segment profit/(loss) (adjusted EBITDA)						
(Gain) on disposal of property, plant and equipment	(66)	–	–	–	–	(66)
Impairment of property, plant and equipment	299	–	–	–	–	299
Impairment of prepayments to suppliers for trading of goods	–	–	–	(1,082)	–	(1,082)
Reversal of impairment loss on trade and other receivables under the expected credit loss model, net	(7,264)	(2,560)	(4,799)	–	(35)	(14,658)

For the year ended 31 December 2023	Traditional offline media advertising services <i>RMB'000</i>	Online media advertising services <i>RMB'000</i>	Other services <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition					
Point in time	1,265	734	2,243	—	4,242
Over time	15,650	4,867	665	—	21,182
Reportable segment revenue	16,915	5,601	2,908	—	25,424
Reportable segment profit (adjusted EBITDA)	6,826	196	1,129	—	8,151
Amounts included in the measure of segment profit (adjusted EBITDA)					
Depreciation of property, plant and equipment	213	147	—	—	360
Amounts regularly reported to the most senior executive management but not included in the measure of segment profit (adjusted EBITDA)					
Depreciation of right-of-use assets	2,218	—	—	—	2,218
Loss on write-off of property, plant and equipment	788	—	—	—	788
Impairment of property, plant and equipment	226	—	—	—	226
Impairment of right-of-use assets	918	—	—	—	918
Impairment of prepayments to suppliers	4,254	—	—	—	4,254
Impairment losses on trade and other receivables under the expected credit losses model, net of reversal	40,810	22,863	62	(780)	62,955

(ii) *Reconciliations of reportable segment profit*

	2024 RMB'000	2023 RMB'000
Reportable segment profit	612	8,151
Depreciation		
– Property, plant and equipment	(96)	(158)
– Right-of-use assets	–	(2,218)
Gain on disposal/(loss on write-off) of property, plant and equipment	66	(788)
Finance costs	(171)	(885)
Other income	200	588
Other net gains/(losses)	238	(378)
Selling expenses	(2,200)	(4,321)
Impairment losses on property, plant and equipment	(299)	(226)
Impairment losses on right-of-use assets	–	(918)
Impairment of prepayments to suppliers	(1,082)	(4,254)
Reversal of impairment loss/(impairment losses) on trade and other receivables under the expected credit loss model, net	14,658	(62,955)
Impairment losses on deposits and loan receivables under the expected credit loss model	(18,009)	–
Unallocated head office and corporate expenses and other expenses	(11,731)	(9,423)
	<u>(11,731)</u>	<u>(9,423)</u>
Consolidated loss before taxation	<u>(17,814)</u>	<u>(77,785)</u>

(iii) *Geographic information*

All of the Group's revenue are generated in the PRC.

5. OTHER INCOME AND OTHER NET GAINS/(LOSSES)

Other income

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	86	5
Government grants (<i>note (i)</i>)	23	441
Others	91	142
	<u>200</u>	<u>588</u>

Note:

- (i) Government grants represent various forms of incentives and subsidies granted to the Group unconditionally by the local government authorities in the PRC.

Other net gains/(losses)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Gain arising from derecognition of right-of-use assets and lease liabilities upon early termination of leases	—	105
Gain on disposal of property, plant and equipment	66	—
Compensation paid for early termination of leases	—	(456)
Net exchange gain	238	—
Forfeited rental deposit upon early termination of leases	—	(29)
Others	—	2
	<u>304</u>	<u>(378)</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank loans	149	708
Interest on lease liabilities	22	177
	<u>171</u>	<u>885</u>

(b) Staff costs (including directors' emoluments)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries and wages	6,363	7,556
Bonuses	439	467
Other benefits	483	588
Contributions to retirement schemes	1,333	1,410
	<u>8,618</u>	<u>10,021</u>

Employees of the Group's PRC subsidiary are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiary contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligations for payments of pension benefits beyond the contributions to retirement schemes described above.

(c) Other items

	2024 RMB'000	2023 RMB'000
Media costs (<i>note (i)</i>)	11,615	16,471
Costs for public relations, marketing campaigns and other services	9,716	1,777
	<u>21,331</u>	<u>18,248</u>
Depreciation charge		
– Property, plant and equipment	96	518
– Right-of-use assets	–	2,218
	<u>96</u>	<u>2,736</u>
(Reversal)/recognition of impairment losses for		
– Trade receivables (<i>note ii</i>)	(14,623)	63,735
– Other receivables	(35)	(780)
– Deposits paid for acquisition of investments	7,934	–
– Loan receivables	10,075	–
	<u>3,351</u>	<u>62,955</u>
– Property, plant and equipment	299	226
– Right-of-use assets	–	918
– Prepayments to suppliers	1,082	4,254
	<u>1,082</u>	<u>4,254</u>
Auditors' remuneration		
– audit services	770	620
– overprovision in prior year	(58)	–
	<u>712</u>	<u>620</u>
Legal and professional expenses	2,835	1,239
(Gain on disposal)/loss on write-off of property, plant and equipment	(66)	788
	<u>(66)</u>	<u>788</u>

Note:

- (i) Amount mainly represented direct costs incurred for costs of advertising resources for display of advertisements, costs of online media platforms, costs of publishing services and costs of promotional materials and services. These direct costs are included in cost of sales.
- (ii) For the year ended 31 December 2024, reversal of impairment losses for trade receivables was mainly due to successful recovery of trade debts during the year.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2024 RMB'000	2023 RMB'000
Current tax expense		
Provision for PRC income tax for the year	—	235
Deferred tax expense		
Origination and reversal of temporary differences	—	6,627
	<u>—</u>	<u>6,862</u>

8. DIVIDENDS

For the year ended 31 December 2024, no dividend has been proposed (2023: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company for the year of RMB17,814,000 (2023: loss of RMB84,647,000) and the weighted average of 322,395,511 ordinary shares (2023 (restated): 224,324,324 ordinary shares) in issue during the year.

The weighted average number of ordinary shares for the year ended 31 December 2024 for the purpose of basic loss per share have been adjusted for the bonus element of the rights issue of shares during the year ended 31 December 2024 which was completed in August 2024. The basic loss per share for the year ended 31 December 2023 was restated as the weighted average number of ordinary shares has been retrospectively adjusted for the bonus element of the rights issue of shares in August 2024.

(b) Diluted loss per share

During the years ended 31 December 2024 and 2023, there were no potential ordinary shares in issue.

10. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current		
Trade debtors	82,795	106,292
Less: Impairment losses	<u>(80,479)</u>	<u>(95,102)</u>
	<u>2,316</u>	<u>11,190</u>

(a) Ageing analysis

As of 31 December 2024, the ageing analysis of trade receivables, based on the invoice date which approximates to the date of revenue recognition and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	598	1,069
1 to 3 months	368	338
3 to 12 months	<u>1,350</u>	<u>9,783</u>
	<u>2,316</u>	<u>11,190</u>

Trade receivables are due 90 days to 180 days from the date of revenue recognition (2023: 90 days to 180 days).

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS, AND LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments for media costs	6,949	1,079
Prepayments to suppliers for media services (<i>note 1</i>)	4,254	4,254
Less: Impairment losses	(4,254)	(4,254)
Subtotal	—	—
Prepayments to suppliers for trading of goods (<i>note 2</i>)	35,701	—
Less: Impairment losses	(1,082)	—
Subtotal	34,619	—
Deposits paid for acquisition of investments (<i>note 3</i>)	14,093	—
Less: Impairment losses	(7,934)	—
Subtotal	6,159	—
Others (<i>note 5</i>)	5,285	1,937
Less: Impairment losses	(1,565)	(1,600)
Subtotal	3,720	337
Total of other receivables, deposits and prepayments	51,447	1,416
Loan receivables (<i>note 4</i>)	10,075	—
Less: Impairment losses	(10,075)	—
Subtotal	—	—
	51,447	1,416

All of the other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

Note 1: This includes RMB4,000,000 (2023: RMB4,000,000) paid to the supplier of the advertising services in the contractual arrangement in which the Group acts as agent.

Note 2: At 31 December 2024, balance mainly represented advance payments to certain suppliers for purchases of goods for resale. The carrying amount (net of impairment losses) of prepayments to suppliers for the trading operation of the Group as at 31 December 2024 was RMB34,619,000 (2023: Nil). The carrying amount (net of impairment losses) has been determined based on a valuation, which adopted general approach for assessment of ECL, carried out by an independent valuer not connected with the Group. Accordingly, an impairment of RMB1,082,000 (2023: Nil) has been recognised in profit or loss during the year.

Included in the gross balance is an amount of RMB28,185,000 (2023: Nil) for advance payments to a supplier who is a shareholder of the Company holding approximately 9.26% (2023:nil) in the issued share capital of the Company as at 31 December 2024 and the corresponding amount of impairment loss recognised is RMB855,000 (2023: Nil).

Note 3: At 31 December 2024, balance mainly represented refundable deposits paid for potential investments in unlisted equities in various Hong Kong, non-Hong Kong and PRC entities. The carrying amount (net of impairment losses) of refundable deposits paid as at 31 December 2024 was RMB6,159,000 (2023: Nil). The carrying amount (net of impairment losses) has been determined based on a valuation, which adopted general approach for assessment of ECL, carried out by an independent valuer not connected with the Group. Accordingly, ECL of RMB7,934,000 (2023: Nil) has been recognised in profit or loss during the year.

Note 4: At 31 December 2024, balance mainly represented loans to various individuals. At 31 December 2024, the entire balance is unsecured, interest bearing at 2% per month and repayable within one year. Subsequent to the end of the reporting period, all loan receivables were defaulted. The carrying amount (net of impairment losses) of loan receivables as at 31 December 2024 was nil (2023: Nil). The carrying amount (net of impairment losses) has been determined based on a valuation, which adopted general approach for assessment of ECL, carried out by an independent valuer not connected with the Group. Accordingly, ECL of RMB10,075,000 (2023: Nil) has been recognised in profit or loss during the year.

Note 5: At 31 December 2024, included in the balance is an amount of RMB939,000 for an advance to an individual, which is unsecured, non-interest bearing and repayable within one year. Subsequent to the end of the reporting period, the amount is fully repaid. The carrying amount (net of impairment losses) of unsecured advance to an individual as at 31 December 2024 was RMB924,000 (2023: Nil). The carrying amount (net of impairment losses) has been determined based on a valuation, which adopted general approach for assessment of ECL, carried out by an independent valuer not connected with the Group. Accordingly, ECL of RMB15,000 (2023: Nil) has been recognised in profit or loss during the year.

12. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	4,179	11,918
Other tax payables	89	160
Payroll payables	547	513
Receipts in advance	4,000	4,000
Other payables and accrued charges	2,264	2,669
	<u>11,079</u>	<u>19,260</u>

All of the trade and other payables as at 31 December 2024 are expected to be settled within one year or are repayable on demand.

The credit period granted by the suppliers is between 30 and 180 days (2023: between 30 and 180 days).

As of the end of each of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	816	840
1 to 3 months	1,595	744
3 to 12 months	33	2,582
Over 12 months	1,735	7,752
	<u>4,179</u>	<u>11,918</u>

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW

The Group is an integrated multimedia advertising and marketing service provider based in Guangzhou, the PRC, providing advertising and marketing solutions to our brand customers. Services we provide include (i) traditional offline media, including Out-of-home (“OOH”) and indoor media platforms; (ii) online media, including web portals, e-commerce platforms and social seeding platforms; and (iii) integrated multimedia platforms, including creative design, public relations, campaigns and other services. We focus on offering our clients services such as developing marketing and advertising strategies, identifying and sourcing the most appropriate advertising resources and delivery formats, and providing integrated marketing and holistic operation in order to maximise the effectiveness of brand and product promotion for our clients, while at the same time, to facilitate our clients to realise a complete closed-loop promotion from brand awareness, marketing effectiveness to product sales volume and digital empowerment.

The year 2024 proved to be another challenging year. The Group’s operations continued to suffer from the impact of the scarring effect of the pandemic. For the financial year ended 31 December 2024 (the “Year”), the Group recorded revenue of approximately RMB21.9 million, representing a year-on-year decrease of 13.7% as compared to 2023. A net loss of approximately RMB17.8 million was recorded during the Year (2023: approximately RMB84.6 million). The decrease in net loss was mainly attributable to (i) the Group’s decreased provision of credit loss allowance in respect of the trade receivables.

PROSPECTS

Looking forward to 2025, adjustments to macroeconomic policy will likely intensify further to boost domestic demand. The Group is well-prepared to seize the opportunities arising from market recovery proactively. We will formulate a clear business strategy, adjust the team structure and flexibly respond to the changing market conditions and customer demands to turn these opportunities into driving forces for business growth and maintain the sustainable development of the Group. Specific strategies include:

1. We will consolidate and maintain traditional OOH, community and mass transportation media customer business opportunities, boldly develop social short videos, new media operations and AIGC innovative technology resources; profoundly develop technology, manufacturing, comprehensive health, liquor and other top industries, reinforce the foundation of the business and achieve steady growth in revenue.

2. We will explore and expand the scope and the extent of emerging services in line with the requirements of the national development strategy. With culture and creativity as our core genes and strengths, the Group will continue to integrate innovative marketing technologies and focus on nurturing a creative content team in order to build the Company into a full-service marketing company with the ability to continuously innovate content. We hope that the development of the new business will effectively diversify the Company's operational risks, enhance the core competitiveness of our team and create strong synergies with our existing business.
3. The Government of Hong Kong Special Administrative Region has recently strengthened the regulation of Web3 (the third generation of the World Wide Web) and virtual digital assets industries while heavily promoting their positive development. In view of this, the Group is also considering expanding into Web3, virtual digital assets and metaverse technological applications and actively exploring the marketisation of new technologies such as Web3, metaverse, virtual digital assets, AI (artificial intelligence) and RWA (real-world assets), which will yield new commercialisation of business opportunities.

FINANCIAL REVIEW

Revenue

For the Year, the Group's revenue amounted to RMB21.9 million, representing a decrease of 13.7% (2023: RMB25.4 million). As the development of macro-economic slowed down, a majority of brand customers cut their marketing budget during the Year. Revenue from traditional offline media advertising services decreased by 35.5% to approximately RMB10.9 million as compared to 2023.

Cost of sales

Cost of sales for the Year amounted to approximately RMB24.1 million (2023: RMB21.3 million). The increase was mainly resulted from the increase in cost of marketing campaigns and other services.

Gross profit/(loss) and gross profit/(loss) margin

Gross loss amounted to approximately RMB2.2 million for the Year (2023: gross profit of RMB4.2 million). Gross loss margin amounted to approximately 9.8% for the Year (2023: gross profit margin of 16.4%).

Other revenue

Other revenue amounted to approximately RMB0.2 million for the Year (2023: RMB0.6 million). Other revenue for the Year mainly consisted of government grants of approximately RMB0.02 million (2023: RMB0.4 million).

Selling expenses

Selling expenses amounted to approximately RMB2.2 million for the Year (2023: RMB4.3 million).

Administrative expenses

Administrative expenses for the Year amounted to approximately RMB9.1 million (2023: RMB8.6 million).

Impairment losses on trade and other receivables

Impairment losses on trade and other receivables for the Year amounted to approximately RMB3.4 million (2023: RMB63.0 million). The decrease is due to the fact that the Group decreased provision of credit loss allowance in trade and other receivables.

Finance costs

Finance costs amounted to approximately RMB0.2 million for the Year (2023: RMB0.9 million). The finance costs mainly comprised of interest expense for the Group's short-term bank loan of approximately RMB0.1 million (2023: RMB0.7 million).

Income tax

The Group recorded income tax expense of approximately RMB0 million for the Year (2023: income tax expense of approximately RMB6.9 million). The Group did not recognise deferred tax asset from the cumulative tax loss and cumulative expected credit losses on trade and other receivables until which would be utilised against future taxable profit, if any, within the coming five years.

Loss for the Year attributable to equity Shareholders of the Company

For the Year, the Group recorded loss attributable to equity Shareholders of the Company of RMB17.8 million (2023: RMB84.6 million). The decrease was mainly because the Group decreased provision of credit loss allowance in trade and other receivables.

Basic loss per share

The Company recorded basic loss per share for the year ended 31 December 2024 of approximately RMB0.06 as compared with basic loss per share of approximately RMB0.38 for the year ended 31 December 2023.

LIQUIDITY, FINANCIAL RESOURCES

The Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations and bank borrowings.

As at 31 December 2024, the Group's net current assets amounted to approximately RMB34.2 million (as at 31 December 2023: net current liabilities of RMB14.3 million), and its liquidity as represented by current ratio (calculated by dividing current assets by current liabilities) was 2.4 times at 31 December 2024 (as at 31 December 2023: 0.6 times). Cash and cash equivalents amounted to approximately RMB4.1 million (as at 31 December 2023: approximately RMB13.7 million).

As at 31 December 2024, the Group had an outstanding bank loan with fixed interest rate of RMB4.5 million (as at 31 December 2023: RMB5.0 million). Therefore, gearing ratio of the Group, calculated by dividing bank loans by total equity, was 12.9% (as at 31 December 2023: -35.0%).

CAPITAL STRUCTURE

There has been changes in the capital structure of the Group during the Year. Issue of new shares of 36,000,000 under placing were issued during the year and issue of new shares under rights issue of 216,000,000 were issued during the year. The share capital of the Company only comprises of ordinary shares.

As at 31 December 2024, the Company had 432,000,000 ordinary shares at par value of HK\$0.01 each (the "Share(s)") in issue.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group did not have any significant capital commitment.

CONTINGENT LIABILITIES

In respect of the contractual arrangement involving the service contract whereby the Group acts as agent as disclosed in note 28 in the Group's consolidated financial statements for the year ended 31 December 2023, as at 31 December 2024, the directors of the Company estimated that the possibility of legal claims from the supplier and possible obligation of the Group for an outflow of cash for an additional amount of RMB4,000,000, representing the balance of contract sum with the supplier under the contractual arrangement, may or may not materialise in future and are subject to one or more uncertain future events not wholly within the control by the Group, even though the Group considered that the supplier to the contractual arrangement had not satisfied all its performance obligations under the contract arrangement.

PLEDGE OF ASSETS

As at 31 December 2024, the Group pledged accounts receivable with gross amount of RMB12.1 million (2023: 5.6 million) to secure RMB4.5 million of bank borrowings of the Group. Save for the above, the Group did not have any charges on its assets.

EMPLOYEE INFORMATION

As at 31 December 2024, the Group had 36 full-time employees (2023: 43 full-time employees), including the Directors. Total remuneration for the year ended 31 December 2024 was approximately RMB8.6 million (2023: RMB10.0 million). 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.

FOREIGN CURRENCY EXPOSURE

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. As at 31 December 2024, the Group did not have a foreign currency hedging policy in respect of its foreign currency transactions, assets and liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND CAPITAL ASSETS

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates, joint ventures and capital assets during the Year.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

The Group currently has no other plan for significant of each investment and capital assets.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2023: nil).

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

Throughout the year ended 31 December 2024, the Company has complied with the code provisions as set out in the CG Code.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 December 2024.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares were held by the public as required under the GEM Listing Rules during the year ended 31 December 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Tam Hon Shan Celia, Mr. Tian Tao and Mr. Liu Lihan. Ms. Tam Hon Shan Celia possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, and she serves as the chairperson of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 December 2024.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Fan, Chan & Co. Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Fan, Chan & Co. Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Fan, Chan & Co. Limited on the preliminary announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on GEM of the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2025, pending the release of the annual results of the Company for the year ended 31 December 2024 contained in this announcement.

Upon the publication of this announcement, an application has been made to the Stock Exchange for the resumption of trading in the shares of the Company on GEM of the Stock Exchange with effect from 9:00 a.m. on 21 May 2025.

For and on behalf of
Icon Culture Global Company Limited
Yao Tong
Executive Director

Hong Kong, 20 May 2025

As at the date of this announcement, the executive Directors are Mr. Yao Tong, Ms. Liang Wei, Mr. Liu Biao and Ms. Li Chi Ying; the non-executive Director is Mr. Chen Zongxian, and the independent non-executive Directors are Ms. Tam Hon Shan Celia, Mr. Tian Tao and Mr. Liu Lihan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published and will remain on the website of the Company at www.iconspace.com.