

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

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 2023**

**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 RMB25.4 million for the year ended 31 December 2023, representing a decrease of approximately RMB43.6 million or 63.1% as compared to approximately RMB69.0 million for the year ended 31 December 2022.
- The Group’s gross profit margin increased from approximately -6.5% for the year ended 31 December 2022 to approximately 16.4% for the year ended 31 December 2023.
- Loss for the year ended 31 December 2023 amounted to approximately RMB84.6 million, representing an increase of loss of approximately RMB45.5 million as compared to the loss for the year ended 31 December 2022 of approximately RMB39.2 (restated) million.
- The Group recorded basic loss per share for the year ended 31 December 2023 of approximately RMB0.47 as compared with basic loss per share of approximately RMB0.22 for the year ended 31 December 2022.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: 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 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Revenue	4	25,424	68,969
Cost of sales		<u>(21,260)</u>	<u>(73,468)</u>
Gross profit/(loss)		4,164	(4,499)
Other income	5	588	663
Other net losses	5	(378)	(10)
Selling expenses		(4,321)	(4,231)
Administrative expenses		(8,600)	(10,883)
Impairment losses on property, plant and equipment	6(c)	(226)	–
Impairment losses on right-of-use assets	6(c)	(918)	–
Impairment of prepayments to suppliers	6(c)	(4,254)	–
Impairment losses on trade and other receivables under the expected credit loss model, net of reversal	6(c)	<u>(62,955)</u>	<u>(26,721)</u>
Loss from operations		(76,900)	(45,681)
Finance costs	6(a)	<u>(885)</u>	<u>(870)</u>
Loss before taxation	6	(77,785)	(46,551)
Income tax	7	<u>(6,862)</u>	<u>7,363</u>
Loss for the year attributable to equity shareholders of the Company		<u>(84,647)</u>	<u>(39,188)</u>
Loss per share (RMB)			
Basic	9(a)	<u>(0.47)</u>	<u>(0.22)</u>
Diluted	9(b)	<u>(0.47)</u>	<u>(0.22)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Loss for the year attributable to equity shareholders of the Company	<u>(84,647)</u>	<u>(39,188)</u>
Other comprehensive 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	<u>(10)</u>	<u>(46)</u>
Other comprehensive expense for the year	<u>(10)</u>	<u>(46)</u>
Total comprehensive expense for the year attributable to equity shareholders of the Company	<u><u>(84,657)</u></u>	<u><u>(39,234)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31/12/2023	31/12/2022	1/1/2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(restated)	(restated)
Non-current assets				
Property, plant and equipment		–	1,458	524
Right-of-use assets		–	7,240	10,420
Deferred tax assets		–	6,627	–
Other non-current assets		–	965	1,107
		<hr/>	<hr/>	<hr/>
Total non-current assets		–	16,290	12,051
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets				
Trade receivables	10	11,190	105,014	145,868
Other receivables, deposits and prepayments	11	1,416	5,635	21,991
Restricted deposits with a bank		7	7	7
Cash and cash equivalents		13,667	12,019	12,318
		<hr/>	<hr/>	<hr/>
Total current assets		26,280	122,675	180,184
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities				
Trade and other payables	12	19,260	27,396	55,266
Contract liabilities		12,464	10,119	8,035
Bank loans		5,000	20,000	–
Lease liabilities		973	4,707	3,519
Current taxation		2,886	2,707	7,825
		<hr/>	<hr/>	<hr/>
Total current liabilities		40,583	64,929	74,645
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net current (liabilities)/assets		(14,303)	57,746	105,539
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

	31/12/2023 <i>RMB'000</i>	31/12/2022 <i>RMB'000</i> (restated)	1/1/2022 <i>RMB'000</i> (restated)
Non-current liabilities			
Lease liabilities	–	3,682	7,153
Deferred tax liabilities	–	–	849
	<hr/>	<hr/>	<hr/>
Total non-current liabilities	–	3,682	8,002
	<hr/>	<hr/>	<hr/>
Net (liabilities)/assets	(14,303)	70,354	109,588
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital	1,596	1,596	1,596
Reserves	(15,899)	68,758	107,992
	<hr/>	<hr/>	<hr/>
Total (deficit)/equity	(14,303)	70,354	109,588
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 THE FINANCIAL STATEMENTS

For the year ended 31 December 2023, the Group recorded a loss of RMB84,647,000 which included impairment losses on trade and other receivables under the expected credit loss model, net of reversal, in the amount of RMB62,955,000. As at 31 December 2023, the Group’s net current liabilities and total deficit amounted to RMB14,303,000 and RMB14,303,000 respectively. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group’s ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the cash flow forecast of the Group which covers a period of at least 15 months from 31 December 2023. The directors of the Company have carefully considered the following measures for the assessment on the sufficiency of future working capital requirements:

- I. On 27 March 2024, the Group renewed its banking facilities of RMB4,500,000. As at the date of this announcement, the renewed bank facilities of RMB4,500,000 has not been drawn down as borrowing;
- II. On 31 January 2024, the Company entered into a placing agreement (the “Placing Agreement”) with placing agents. On 23 February 2024, the Company entered into the supplemental placing agreement (the “Supplemental Placing Agreement”) with placing agents for the change of placing price of placing shares and the change of long stop date. Completion of the placing of new shares took place on 15 March 2024. Pursuant to the Placing Agreement and the Supplement Placing Agreement, an aggregate of 36,000,000 placing shares were placed by the placing agents at the placing price of HK\$0.488 per placing share. The proceeds from the placing of new shares was approximately HK\$17,570,000 (equivalent to approximately RMB16,240,000) (before all relevant expenses). The directors of the Company will explore and consider other fund-raising options including but not limited to rights issue, further placing of new shares and issue of debt securities with a view to enhance the liquidity of the Group;
- III. 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 15 months from the date of issue of the consolidated financial statements.

After due and careful consideration of the above measures and the other possible downside effect on forecasting assumptions considered in the cash flow forecast of the Group, 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 for at least next 12 months from 31 December 2023. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 NEW AND AMENDMENTS TO HKFRSs

Application of new and amendments to HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts (including the October 2020 and February 2022 amendments to HKFRS 17)*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

Except as described below, the application of the new and amendments to HKFRSs listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and on the disclosures set out in the financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately.

Impacts of application of amendments to HKFRSs on the consolidated financial statements

The following table summarises the impacts of the changes in accounting policies as a result of application of the amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the Group's, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and loss per share for the year ended 31 December 2022:

	As previously reported RMB'000	Effect of amendments to HKAS 12 RMB'000	As restated RMB'000
Consolidated statement of profit or loss for the year ended 31 December 2022:			
Loss before taxation	(46,551)	–	(46,551)
Income tax credit	6,791	572	7,363
Loss for the year attributable to equity shareholders of the Company	(39,760)	572	(39,188)
Loss per share (RMB)			
– Basic	(0.22)	–	(0.22)
– Diluted	(0.22)	–	(0.22)
	<u>(39,760)</u>	<u>572</u>	<u>(39,188)</u>
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022:			
Total comprehensive expense for the year attributable to equity shareholders of the Company	(39,806)	572	(39,234)
	<u>(39,806)</u>	<u>572</u>	<u>(39,234)</u>

The following table summarises the impacts of the changes in accounting policies as a result of application of the amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the Group's consolidated statement of financial position as at 31 December 2022 and 1 January 2022:

	As previously reported <i>RMB'000</i>	Effect of amendments to HKAS 12 <i>RMB'000</i>	As restated <i>RMB'000</i>
Consolidated statement of financial position as at			
31 December 2022:			
Deferred tax assets	8,724	(2,097)	6,627
Total non-current assets	18,387	(2,097)	16,290
Net assets	72,451	(2,097)	70,354
Reserves	70,855	(2,097)	68,758
Total equity	<u>72,451</u>	<u>(2,097)</u>	<u>70,354</u>
	As previously reported <i>RMB'000</i>	Effect of amendments to HKAS 12 <i>RMB'000</i>	As restated <i>RMB'000</i>
Consolidated statement of financial position as at			
1 January 2022:			
Deferred tax assets	1,820	(1,820)	–
Total non-current assets	13,871	(1,820)	12,051
Deferred tax liabilities	–	(849)	(849)
Total non-current liabilities	(7,153)	(849)	(8,002)
Net assets	112,257	(2,669)	109,588
Reserves	110,661	(2,669)	107,992
Total equity	<u>112,257</u>	<u>(2,669)</u>	<u>109,588</u>

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 2023 and which have not been adopted 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 HKAS 1, Presentation of financial statements: <i>Classification of liabilities as current or non-current (“2020 amendments”)</i>	1 January 2024
Amendments to HKAS 1, Presentation of financial statements: <i>Non-current liabilities with covenants (“2022 amendments”)</i>	1 January 2024
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 16, Leases: <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability transaction</i>	1 January 2025

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. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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. 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
Traditional offline media advertising services		
– Indoor platforms (acting as a principal)	–	5,742
– Outdoor platforms (acting as a principal)	16,915	55,108
	<hr/>	<hr/>
Subtotal	16,915	60,850
	<hr/>	<hr/>
Online media advertising services		
– acting as a principal	5,501	3,870
– acting as an agent	100	447
Public relations, marketing campaigns and other services*		
– acting as a principal	2,908	3,802
	<hr/>	<hr/>
	25,424	68,969
	<hr/> <hr/>	<hr/> <hr/>

* Revenue from public relations, marketing campaigns includes revenue of sales of consumer goods.

The Group's total turnover before agency deductions amounted to RMB35,504,000 (2022: RMB91,623,000) for the year ended 31 December 2023. Agency deductions represented direct costs incurred for certain service contracts in which the Group acted as agent in providing services to customers and hence the amounts of agency deductions were excluded in arriving at 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	–	11,505
Customer B	–	10,860
Customer C	–	10,843
Customer D	–	7,963
Customer E	5,283	–
Customer F	3,432	N/A*
Customer G	3,261	–
	<u>11,976</u>	<u>41,171</u>

* Revenue from relevant customer was less than 10% of the Group's total revenue for the respective year.

(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; and
- Other services: operation of devising strategies, formulating advertising solutions, co-ordinating with media platforms as well as organising and executing campaigns.

(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, loss on write off of property, plant and equipment, finance costs, 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", 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 listing expenses, 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 2023 and 2022 is set out below.

For the year ended 31 December 2023

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	<u>15,650</u>	<u>4,867</u>	<u>665</u>	–	<u>21,182</u>
Reportable segment revenue	<u>16,915</u>	<u>5,601</u>	<u>2,908</u>	–	<u>25,424</u>
Reportable segment profit (adjusted EBITDA)	<u>6,826</u>	<u>196</u>	<u>1,129</u>	–	<u>8,151</u>
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 property, plant and equipment	–	–	–	158	158
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	<u>40,810</u>	<u>22,863</u>	<u>62</u>	<u>(780)</u>	<u>62,955</u>

For the year ended 31 December 2022

For the year ended 31 December 2022	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	–	2,090	1,184	–	3,274
Over time	60,850	2,227	2,618	–	65,695
Reportable segment revenue	<u>60,850</u>	<u>4,317</u>	<u>3,802</u>	<u>–</u>	<u>68,969</u>
Reportable segment profit/(loss) (adjusted EBITDA)	<u>13,062</u>	<u>(6,317)</u>	<u>1,486</u>	<u>–</u>	<u>8,231</u>
Amount included in the measure of segment profit (adjusted EBITDA)					
Depreciation of property, plant and equipment	255	168	–	–	423
Amounts regularly reported to the most senior executive management but not included in the measure of segment profit (adjusted EBITDA)					
Depreciation of property, plant and equipment	–	–	–	167	167
Depreciation of right-of-use assets	3,766	–	–	–	3,766
Impairment losses on trade and other receivables under the expected credit losses model, net of reversal	<u>23,754</u>	<u>2,772</u>	<u>195</u>	<u>–</u>	<u>26,721</u>

(ii) *Reconciliation of reportable segment profit*

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment profit	8,151	8,231
Depreciation		
– Property, plant and equipment	(158)	(167)
– Right-of-use assets	(2,218)	(3,766)
Loss on write off of property, plant and equipment	(788)	–
Finance costs	(885)	(870)
Other income	588	663
Other net losses	(378)	(10)
Selling expenses	(4,321)	(4,231)
Impairment losses on property, plant and equipment	(226)	–
Impairment losses on right-of-use assets	(918)	–
Impairment of prepayments to suppliers	(4,254)	–
Impairment losses on trade and other receivables under the expected credit loss model, net of reversal	(62,955)	(26,721)
Unallocated head office and corporate expenses and other expenses	(9,423)	(19,680)
	<hr/>	<hr/>
Consolidated loss before taxation	(77,785)	(46,551)
	<hr/> <hr/>	<hr/> <hr/>

(iii) *Geographic information*

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

5. OTHER INCOME AND OTHER NET LOSSES

Other income

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income	5	29
Government grants (<i>note (i)</i>)	441	177
Others	142	457
	<u>588</u>	<u>663</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 losses

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Gain arising from derecognition of right-of-use assets and lease liabilities upon early termination of leases	105	—
Compensation paid for early termination of leases	(456)	—
Forfeited rental deposit upon early termination of leases	(29)	—
Others	2	(10)
	<u>(378)</u>	<u>(10)</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	708	425
Interest on lease liabilities	177	445
	<u>885</u>	<u>870</u>
	885	870

(b) Staff costs (including directors' emoluments)

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and wages	7,556	11,921
Bonuses	467	703
Other benefits	588	1,481
Contributions to retirement schemes	1,410	1,368
	<u>10,021</u>	<u>15,473</u>
	10,021	15,473

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Media costs (<i>note (i)</i>)	16,471	61,219
Costs for public relations, marketing campaigns and other services	1,777	2,313
	<u>18,248</u>	<u>63,532</u>
Depreciation charge		
– Property, plant and equipment	518	590
– Right-of-use assets	2,218	3,766
	<u>2,736</u>	<u>4,356</u>
Recognition/(reversal) of impairment losses for		
– Trade receivables	63,735	26,721
– Other receivables	(780)	–
	<u>62,955</u>	<u>26,721</u>
– Property, plant and equipment	226	–
– Right-of-use assets	918	–
– Prepayments to suppliers	4,254	–
	<u>62,955</u>	<u>26,721</u>
Auditors' remuneration		
– audit services	620	1,680
	<u>620</u>	<u>1,680</u>
Loss on write off of property, plant and equipment	788	–
	<u>788</u>	<u>–</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.

7. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (restated)
Current tax expense/(credit)		
Provision for PRC income tax for the year	235	121
Over-provision for PRC income tax in respect of prior years	—	(8)
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	<u>6,627</u>	<u>(7,476)</u>
	<u><u>6,862</u></u>	<u><u>(7,363)</u></u>

8. DIVIDENDS

During the year ended 31 December 2023, no dividend has been proposed (2022: 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 RMB84,647,000 (2022: RMB39,188,000 (restated)) and the weighted average of 180,000,000 ordinary shares (2022: 180,000,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

During the years ended 31 December 2023 and 2022, there were no potential ordinary shares issued.

10. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current		
Trade debtors	106,292	136,381
Less: Impairment losses	<u>(95,102)</u>	<u>(31,367)</u>
	<u><u>11,190</u></u>	<u><u>105,014</u></u>

(a) Ageing analysis

As of 31 December 2023, 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	1,069	2,866
1 to 3 months	338	4,764
3 to 12 months	9,783	71,450
More than 1 year but less than 2 years	—	25,934
	<u>11,190</u>	<u>105,014</u>

Trade receivables are due 90 days to 180 days (2022: 90 days to 180 days) from the date of revenue recognition. Normally, the Group does not obtain collateral from customers.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Prepayments for media costs	<u>1,079</u>	<u>444</u>
Prepayments to suppliers (<i>note</i>)	4,254	4,254
Less: Impairment losses	<u>(4,254)</u>	<u>—</u>
Subtotal	<u>—</u>	<u>4,254</u>
Others	1,937	3,317
Less: Impairment losses	<u>(1,600)</u>	<u>(2,380)</u>
Subtotal	<u>337</u>	<u>937</u>
	<u>1,416</u>	<u>5,635</u>

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

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

12. TRADE AND OTHER PAYABLES

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	11,918	18,706
Other tax payables	160	219
Payroll payables	513	719
Receipts in advance	4,000	4,000
Other payables and accrued charges	2,669	3,752
	<u>19,260</u>	<u>27,396</u>

All of the trade and other payables as at 31 December 2023 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 (2022: 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	840	3,361
1 to 3 months	744	4,321
3 to 12 months	2,582	6,162
Over 12 months	7,752	4,862
	<u>11,918</u>	<u>18,706</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 2023 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 2023 (the “Year”), the Group recorded revenue of approximately RMB25.4 million, representing a year-on-year decrease of 63% as compared to 2022. A net loss of approximately RMB84.6 million was recorded during the Year (2022: approximately RMB39.2 million (as restated)). The increase in net loss was mainly attributable to (i) the Group’s increased provision of credit loss allowance in respect of the trade receivables with slow collection progress; and to a smaller extent attributable to (ii) the Group’s derecognised income tax assets for deductible temporary differences in the provision for credit losses on trade receivables after re-assessment.

PROSPECTS

Looking forward to 2024, 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 RMB25.4 million, representing a decrease of 63.1% (2022: RMB69.0 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 72.2% to approximately RMB17.0 million as compared to 2022.

Cost of sales

Cost of sales for the Year amounted to approximately RMB21.3 million (2022: RMB73.5 million). The decrease was mainly resulted from: (i) the reduced media costs from the decreased advertising services delivered; (ii) the improvement on project external procurement cost control; and (iii) the decreased staff costs due to the Company's organisational structure optimisation.

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

Gross profit amounted to approximately RMB4.2 million for the Year (2022: gross loss of RMB4.5 million). The increase was mainly due to: (i) the improvement on project external procurement cost control; and (ii) the staff cost decreased due to the Company's organisational structure optimisation. Gross profit margin amounted to approximately 16.4% for the Year (2022: gross loss margin of 6.5%).

Other revenue

Other revenue amounted to approximately RMB0.6 million for the Year (2022: RMB0.7 million). Other revenue for the Year mainly consisted of government grants of approximately RMB0.4 million (2022: RMB0.2 million).

Selling expenses

Selling expenses amounted to approximately RMB4.3 million for the Year (2022: RMB4.2 million).

Administrative expenses

Administrative expenses for the Year amounted to approximately RMB8.6 million (2022: RMB10.9 million). The decrease in administrative expenses for the Year resulted from the decrease in auditor's remuneration and consulting fee.

Impairment losses on trade and other receivables

Impairment losses on trade and other receivables for the Year amounted to approximately RMB63.0 million (2022: RMB26.7 million). The increase is due to the fact that the Group increased provision of credit loss allowance as the Group expects slow collection in trade receivables.

Finance costs

Finance costs amounted to approximately RMB0.9 million for the Year (2022: RMB0.9 million). The finance costs mainly comprised of interest expense for the Group's short-term bank loan of approximately RMB0.7 million (2022: RMB0.4 million) and interest expense recognised under Hong Kong Financial Reporting Standard 16 Leases of approximately RMB0.2 million (2022: RMB0.5 million).

Income tax

The Group recorded income tax expense of approximately RMB6.9 million for the Year (2022: income tax credit of approximately RMB7.4 million (as restated)). 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 RMB84.6 million (2022: RMB39.2 million (as restated)). The increase was mainly because the Group adopted a more cautious approach and increased provision of credit loss allowance as the Group expects slow collection in trade receivables.

Basic loss per share

The Company recorded basic loss per share for the year ended 31 December 2023 of approximately RMB0.47 as compared with basic loss per share of approximately RMB0.22 for the year ended 31 December 2022.

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 2023, the Group's net current liabilities amounted to approximately RMB14.3 million (as at 31 December 2022: net current assets of RMB57.7 million), and its liquidity as represented by current ratio (calculated by dividing current assets by current liabilities) was 0.7 times at 31 December 2023 (as at 31 December 2022: 1.9 times). Cash and cash equivalents amounted to approximately RMB13.7 million (as at 31 December 2022: approximately RMB12.0 million).

As at 31 December 2023, the Group had an outstanding bank loan with fixed interest rate of RMB5.0 million (as at 31 December 2022: RMB20.0 million). Therefore, gearing ratio of the Group, calculated by dividing bank loans by total equity, was -35.0% (as at 31 December 2022: 28.4% (as restated)).

CAPITAL STRUCTURE

There has been no changes in the capital structure of the Group during the Year. The share capital of the Company only comprises of ordinary shares.

As at 31 December 2023, the Company had 180,000,000 ordinary shares at par value of HK\$0.01 each (the “**Share(s)**”) in issue. The number of Shares in issue was increased to 216,000,000 Shares as at the date of this announcement. Please refer to “Events after Reporting Period” for details on changes in share capital.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have any significant capital commitment.

CONTINGENT LIABILITIES

As at 31 December 2023, 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 2023, the Group pledged accounts receivable with gross amount of RMB5.6 million (2022: 31.2 million) to secure RMB5 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 2023, the Group had 43 full-time employees (2022: 59 full-time employees), including the Directors. Total remuneration for the year ended 31 December 2023 was approximately RMB10.0 million (2022: RMB15.5 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 2023, 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 MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently has no other plan for material investments and capital assets.

EVENTS AFTER REPORTING PERIOD

Subsequent to the Year, on 31 January 2024, the Company entered into a placing agreement (the “**Placing Agreement**”), which was amended on 23 February 2024 by a supplemental placing agreement (the “**Supplemental Placing Agreement**”), with placing agents, pursuant to which the Company has agreed to place up to 36,000,000 new Shares at the amended placing price of HK\$0.488 per Share pursuant to the Supplemental Placing Agreement by way of placing to not less than six independent investors procured by the placing agents (the “**Placees**”) (the “**Placing**”).

All conditions precedent set out in the Placing Agreement and the Supplemental Placing Agreement were fulfilled and the Placing was completed on 15 March 2024 with 36,000,000 new Shares issued to not less than six Placees. The net proceeds from the issue of new Shares after deducting related transaction costs was approximately HK\$16.7 million for use as general working capital for the Group’s operating business.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2022: 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 2023, 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.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 of the consolidated financial statements, which stated that the Group incurred a net loss of RMB84,647,000 for the year ended 31 December 2023, and as at 31 December 2023, the Group’s net current liabilities and total deficit both amounted to RMB14,303,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

During the year ended 31 December 2023, 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 2023.

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 2023 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 2023.

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 2023 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 2023. The work performed by Fan, Chan & Co. Limited did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by Fan, Chan & Co. Limited on the preliminary announcement.

For and on behalf of
Icon Culture Global Company Limited
Chow Eric Tse To
Chairman and Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Chow Eric Tse To (Chairman), Ms. Liang Wei (Chief Executive Officer and Compliance Officer), Mr. Liu Biao and Mr. Yao Tong; 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.