ACTIVATION GROUP
艾德韦宣

Activation Group Holdings Limited
艾德韋宣集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9919)

PROFIT WARNING

This announcement is made by Activation Group Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited management accounts of the Group for the six months ended 30 June 2020 (the "**Period**") and assessment of the latest information currently available to the Board, the Group may record a net loss of approximately RMB20.00 million for the Period, as compared to the net profit of approximately RMB22.92 million for the six months ended 30 June 2019.

Based on the relevant information available, the Board considers that such loss in the Period was principally attributable to the combined effect of, amongst others, the slowdown in the business activities of the clients; the cancellation or postponement of brand events; and the temporary suspension of our customers' business operations under the quarantine and lockdown measures imposed by the government amid outbreak of the COVID-19 in early 2020 which resulted in the decrease in revenue of the Group in the segments of integrated marketing solution and intellectual property ("**IP**") development.

Despite the difficult operating environment, the Company has successfully been engaged by several luxury and premium brands to be the experiential marketing service provider in organising the brand events and IP development in the PRC in the second half of 2020. As our Group's business is subject to seasonality, it usually records lower sales during the first half of the financial year, which is in line with the seasonality trend of general marketing services for premium and luxury brands in the PRC. In last year record, the Group's revenue of 2019 interim (RMB273.05 million) was approximately of 41.3% of the 2019 annual revenue (RMB661.77 million) only.

The Group will continue to closely monitor the development of the COVID-19, whilst pursuing to recoup the Group's financial performance through various means.

The information contained in this announcement is only based on a preliminary assessment of the consolidated management accounts made available to the Board as at the date of the announcement and which have not been audited or reviewed by the Company's auditors or reviewed by the audit committee of the Company. Therefore, the actual results of the Group for the Period may differ from the information contained in this announcement. The interim results of the Group for the Period is expected to be released in late August 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company and read the announcement of the interim results of the Company for the Period carefully when it is published.

By order of the Board
Activation Group Holdings Limited
Lau Kam Yiu and Ng Bo Sing
Joint-Chairmen

Hong Kong, 24 July 2020

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lau Kam Yiu, Mr. Ng Bo Sing, Mr. Chan Wai Bun and Ms. Low Wei Mun and three independent non-executive Directors, namely, Ms. Cheung Siu Wan, Mr. Yu Longjun and Dr. Cheung Wah Keung.