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)**

# ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board (the "**Board**") of Directors (the "**Directors**") of Activation Group Holdings Limited (the "**Company**", collectively with its subsidiaries, the "**Group**") is pleased to present the consolidated results of the Group for the year ended 31 December 2020 ("**FY2020**"), together with the comparative audited figures for the year ended 31 December 2019 ("**FY2019**").

The Group is a leading and fast-growing integrated marketing solutions provider that principally engaged in the provision of integrated marketing solutions and intellectual property ("**IP**") development. As a provider of integrated marketing solutions, the Group focuses on the provision of (i) experiential marketing, (ii) digital and brand communication, and (iii) public relations ("**PR**") services which mainly operates in Shanghai and Beijing with coverage in Greater China. The Group also focused on tapping into the sports and entertainment IP development sector. Since 2016, the Group has started its IP development business for sports market and entered into a cooperation agreement (the "**IP Cooperation Agreements**") with each of LaLiga Club and Amaury Sport Organisation for granting the Group exclusive rights to organise authorised events with LaLiga Club brand and Le Tour de France brand and other rights for marketing, sponsorship, merchandising and other uses in the PRC, subject to the terms of the respective IP Cooperation Agreements.

2020 was an extremely challenging year for the global and Hong Kong economies amid the COVID-19 pandemic (the "**Pandemic**") and the FY2020 results of the Company reflected the impact of the Pandemic.

## OVERVIEW

During FY2020, the Group's business demonstrated a strong rebound in the second half of the year due to the speedy recovery of the PRC's luxury market. Revenue and profit of the Group in the second half of FY2020 were RMB386.2 million and RMB45.2 million, respectively, against revenue of RMB71.8 million and loss of RMB20.0 million in the first half of FY2020. In the first half of 2020, the Group's experiential marketing services and public relation services were adversely affected by the Pandemic as a number of events for premium and luxury brands have been put on hold or postponed. Both businesses were operated offline. On the other hand, the Group's digital and brand communication business, focusing on online operations, achieved a growth compared to the level in FY2019, and contributed 33.4% of the Group's total gross profit in FY2020 as compared to only 22.1% in FY2019.

During FY2020, the Group's revenue was approximately RMB458.0 million (2019: RMB661.8 million) and gross profit of RMB131.7 million (2019: RMB198.1 million) was recorded. Profit attributable to equity shareholders of the Company amounted to RMB23.4 million (2019: profit of RMB30.0 million). Basic earnings per share of the Company ("**Share(s)**") were RMB3.05 cents (2019: earnings per share RMB4.99 cents). The Board did not recommend payment of any dividend for the FY2020 (2019: nil).

## OUTLOOK AND PROSPECTS

With the rebound of luxury consumption in the second half of 2020, the Group's experiential marketing and PR business services are resuming in 2021. In the first quarter of 2021, we are receiving requests for the provision of marketing events and PR business in China and Hong Kong. In 2020, we have also signed a strategic partnership agreement with HTC Corporation (2498.TW) ("**HTC**") on virtual reality ("**VR**") application in event industry which also helps our client on their digitalisation of marketing activities. The Group is expecting a significant bounce back in 2021.

For digital and brand communication services, besides the marketing service we provided to our clients, we have also launched three new services: (i) Activation Labs, which focus on the creativity and technology and connect offline consumers with big data system; (ii) Multi-Channel Network ("**MCN**") service (under the brand Avant Plus), under which the Group utilised its experience and resources in fashion industry and signed long-term contracts with several key opinion leaders ("**KOL**") and celebrities to help them build up their social network accounts and line up their business with clients in the fashion industry to better promote the brand and KOL at the same time; and (iii) Targeted marketing service, which was launched by the Group in 2020 in order to provide clients with a one-stop service on digital marketing. These scalable businesses are expected to enlarge the Group's revenue and profit in the coming year with its large client base.

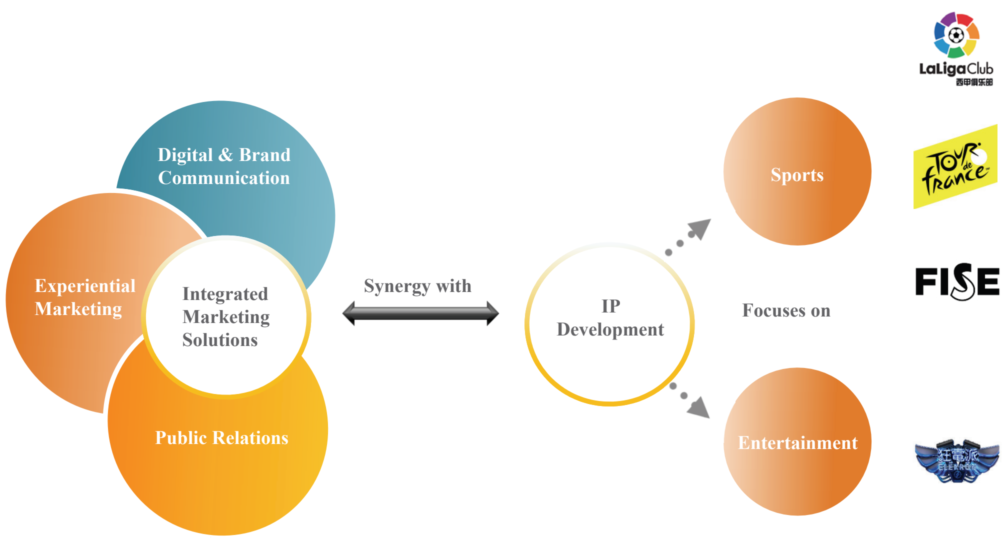
The Group is also exploring the possibilities for acquisitions and cooperation to strengthen its market position and enhance its competitiveness in the integrated marketing solutions industry of the PRC. The Group will seek competent business partners to join the Group so as to enrich its integrated marketing solutions business. In the PRC, the Group will diversify and foster the development of its digital marketing business through mergers and acquisitions. It is looking for acquisition targets in companies that specialise in E-commerce solution and marketing Software as a service ("**SaaS**") services. Internationally, the Group will seek acquisition targets worldwide in companies which engage in the provision of marketing services for mid-range and high-end consumer brands. The Group aspires to become a world-class leading integrated brand solution provider which focuses on luxury and premium brands.

Regarding its IP development business, the Group expects to resume its IP development in 2021, especially on the matches of Le Tour de France and LaLiga Club activities which were postponed in 2020. In addition, in 2020, the Group has signed two business cooperation agreements on IP business: (i) Cooperation agreement with FISE (the world famous X-games league under Hurrican Group) to develop the X-games matches/ground in China starting from 2021; and (ii) Strategic partner agreement with Jiu Shi Sports Group (one of largest state-owned sports group which owned the exclusive right to Formula 1, ATP Shanghai 1000, Shanghai Longines Global Champion Tour and other famous sports IP) to co-develop the IP owned by both parties in the PRC.

Moreover, the Group has launched a new Cycling App called "IMIN" in 2020 which targets cycling amateurs in the PRC with the aim of creating a social community and eco-system through cycling activities. In 2021, the Group is also planning to launch a LaLiga Club E-commerce site on Tmall and other platforms to merchandise products under the LaLiga Club brand in the PRC.

## BUSINESS REVIEW

The Group is one of the leading and fast-growing integrated marketing solutions providers that focuses on the provision of (i) experiential marketing; (ii) digital and brand communication; and (iii) public relations services which mainly operates in Shanghai and Beijing with coverage in Greater China. The Group also focused on tapping into the sports and entertainment IP development sector. Since 2016, the Group has started its IP development business for sports market where it entered into the IP Cooperation Agreements with each of LaLiga Club and Amaury Sport Organisation for granting the Group exclusive rights to organise authorised events with LaLiga Club brand and Le Tour de France brand and other rights for marketing, sponsorship, merchandising and other uses in the PRC, subject to the terms of the respective IP Cooperation Agreements. In 2017, the Group also established Stufish Asia Limited with Stufish Productions Limited, tapping into entertainment IP development business.




In 2020, the total revenue of the Group was RMB458.0 million (2019: RMB661.8 million), representing a decrease of 30.8% compared with that for FY2019. This decrease was mainly due to the impact of the Pandemic in the first half of FY2020, but for the second half, the Group has recorded a revenue of RMB386.2 million, which is almost the same as the second half of FY2019. The gross profit was RMB131.7 million in 2020 (2019: RMB198.1 million) and the overall gross profit margin has decreased slightly from 29.9% for FY2019 to 28.8% for FY2020.

The Group recorded a net profit of RMB25.2 million for FY2020 (2019: RMB40.9 million). The decrease in net profit was mainly due to the impact of the Pandemic. The Group recorded a net loss of RMB20.0 million in the first half, but made a significant recovery with a net profit of RMB45.2 million in the second half of FY2020.

**Geographical Review**

Geographically, the Group’s business in the mainland China in 2020 achieved revenue of RMB445.7 million (2019: RMB626.9 million), which accounted for 97.3% of the Group’s total revenue in 2020 (2019: 94.7%); business in Hong Kong and Singapore achieved revenue of RMB12.3 million in 2020 (2019: RMB34.9 million), which accounted for 2.7% of the Group’s total revenue in 2020 (2019: 5.3%), representing a decrease of 64.8% compared with RMB34.9 million for 2019, mainly due to the Pandemic which resulted in cancellation or postponement of public activities in 2020.

**Business Segment Review**

During FY2020, revenue of the Group’s integrated marketing solutions services was RMB444.7 million (2019: RMB616.6 million) and accounted for 97.1% (2019: 93.2%) of the Group’s total revenue. Profit in this segment was RMB48.2 million (2019: RMB90.8 million). The decrease in profit in this segment was mainly due to the decrease in revenue from experiential marketing and public relations services caused by the Pandemic. In terms of segments, the integrated marketing solutions segment contributed for most of the revenue in 2020, while IP development segment has only executed a few projects due to restrictions on social gathering to fight against the Pandemic. In 2020, the revenue generated from IP development segment was RMB13.3 million (2019: RMB45.2 million), representing a year-on-year decrease of 70.6%.

The main reason for the decline in revenue in 2020 was that offline events were not permitted by the government due to public health concerns. But the situation was soon reversed in the second half of 2020 due to: (1) the COVID-19 situation being controlled in the PRC; (2) the economy recovered fast and consumption was stimulated; and (3) local consumption of luxury goods increased rapidly as outbound shopping was no longer possible for Chinese consumers. Furthermore, since the overseas market and consumption were evidently impacted, most of the premium brands focus more on the China local market and allocate more budget to marketing within the PRC. Meanwhile, the revenue contribution and gross profit contribution of the Group’s digital and brand communication segment had further improved, thus enhancing the Group’s overall profitability.

The following table sets out the revenue of the Group by service line during FY2019 and FY2020:

| | **FY2020** | FY2019 |
|---|---|---|
| | ***RMB’000*** | *RMB’000* |
| *Integrated marketing solutions* | | |
| Experimental marketing solutions | **311,488** | 470,843 |
| Digital and brand communication services | **118,605** | 110,470 |
| Public relations service | **14,647** | 35,250 |
| *IP development* | | |
| Sports and entertainment services | **13,259** | 45,211 |
| **Total:** | **457,999** | 661,774 |

### *Integrated Marketing Solutions Segment*

*(a) Experiential Marketing*

The Group is an experiential marketing services provider to premium and luxury brands in Greater China by providing a comprehensive range of marketing solutions to our clients including event concept, event planning, productions and managements. Through projects designed, organised and managed by the Group, clients can expect to achieve significant brand building and promotional effect to mass public or targeted recipients. This kind of public activities has become more difficult to obtain approval from the government of the PRC after the outbreak of the Pandemic. In the second half of 2020, with the pandemic control measures, marketing events could take place in most cities in the PRC if the cities are not identified as middle/high risk area, causing the Group's experiential marketing business to recognise an increase as compared to the second half of 2019.

As a result of the reasons mentioned above, the revenue generated from such services decreased from RMB470.8 million in FY2019 to RMB311.5 million in FY2020.

*(b) Digital and Brand Communication*

The Group's digital and brand communication services usually help customers promote their brands and products on social media platforms such as Weibo, WeChat, Douyin, Bilibili, Kuaishou, Xiaohongshu, Facebook, Instagram, etc. The Group oversees the overall project implementation process, including creative strategy, management and coordination of parties involved in a project, devising detailed work plans, actualising the project until it goes online, as well as carrying out maintenance and on-going online services on a retainer basis. Since the majority of offline marketing events cannot be held in the first half of 2020, most brands have reallocated more budgets to the online market. Since online marketing and E-commerce were highly effective during the Pandemic, the Group's clients placed a larger portion of their budget on online marketing and the Group's digital marketing service had an increased demand from clients. Despite the impact in the first half of 2020, the Group continued to recruit new staff to enhance its digital and brand communication services. This trend is expected to continue in 2021. The Group will invest more resources in these services to seize the development opportunities.

In 2020, the Group launched three new services in digital marketing. For digital and communication services, besides the marketing service the Group provided to its clients, it has also launched three new services: (i) Activation Labs, which focus on creativity and technology to connect offline consumers with the big data system; (ii) MCN service (under the brand Avant Plus), under which the Group utilised its experience and resources in fashion industry and signed long-term contracts with several KOL and celebrities to help them build up their social network account and line up their business with clients in the fashion industry to better promote the brand and KOL at the same time; and (iii) Targeted marketing service, which was launched by the Group in 2020 in order to provide clients with one-stop service on digital marketing. These scalable businesses are expected to enlarge the Group's revenue and profit in the coming year with its large client base.

As a result of the reasons mentioned above, the revenue generated from such services increased from RMB110.5 million in 2019 to RMB118.6 million in 2020. Despite the impact of the Pandemic, the Group was able to maintain a reasonable gross profit of RMB44.0 million in FY2020, compared to RMB43.7 million in FY2019.

*(c) Public Relations*

The Group's public relations services typically involve marketing activities that help its clients to develop communication plans to reach out to their targeted consumers. The Group's services include public relations strategic consultancy services, day-to-day client communications, media relationship management, liaison and celebrity coordination services. Since these services primarily take place offline, business from these services experienced a decline in 2020.

The revenue generated from such services in 2020 was RMB14.6 million (2019: RMB35.3 million).

***IP Development Segment***

The Group has ventured into the area of IP development with a focus on sports and entertainment. These IP development brands, although relatively new in the PRC, have global appearances and superb publicity effect. The Board believes that coupling them with the Group's integrated marketing solutions segment will bring out massive business potential and will create many new business opportunities for our integrated marketing solutions segment. The Group's IP development activities had been affected by the outbreak of the Pandemic in 2020. As sports matches and activities were considered to be a risk of spreading the Pandemic, the government of the PRC had been very cautious on these events and there were restrictions in holding large scale public activities. The Group expects to resume the IP development in 2021, especially on the matches of Le Tour de France and LaLiga Club activities which were postponed in 2020. The Group has signed two business cooperation agreements on IP business, namely (i) Cooperation with FISE (the world famous X-games league under Hurrican Group) to develop the X-games matches/ground in China from 2021; and (ii) Strategic partner agreement with Jiu Shi Sports Group (one of largest state-owned sports group which owned the exclusive right to Formula 1, ATP Shanghai 1000, Shanghai Longines Global Champion Tour and other famous sports IP) to co-develop the IP owned by both parties.

Moreover, the Group has launched a new Cycling App called "IMIN" in 2020 which targets cycling amateurs in the PRC with the aim of creating a social community and eco-system through cycling activities. In 2021, the Group is also planning to launch a LaLiga Club E-commerce site on Tmall and other platforms to merchandise products under the LaLiga Club brand in the PRC.

As a result of the factors mentioned above, the revenue generated in this segment was RMB13.3 million in 2020 (2019: RMB45.2 million). Going forward, the Group is planning to host a number of IP development projects in 2021 and these will strengthen the sustainability of the IP development segment of the Group.

## MARKET REVIEW

In the first half of 2020, the Pandemic continuously caused severe impacts on both the PRC and global economy. Although the situation has been under control to a large extent with the effective prevention and control measures adopted by the PRC government, the global spread of the Pandemic without showing any sign of recovery will greatly dampen investors' and consumers' confidence. Financial markets and global economic activities have been in turmoil due to the Pandemic, which has curbed consumer demand for luxury goods within a short period of time. The Pandemic had also caused disruptions on outdoor sporting events.

Fortunately, various countries have introduced a number of measures to prevent the spread of the Pandemic, as well as certain large-scale monetary and fiscal stimulus packages to encourage consumption and guarantee employment. The economy shall gradually recover once the situation eases up, and the purchasing power on hold during the Pandemic will also be released. At that time, the demand for luxury goods will pick up again, driving the global consumer market to rebound.

In order to respond to the market changes, the Group will take the following actions in the future:

**1. Capture the opportunities of the market after the Pandemic**

The offline marketing market is severely hit by the Pandemic in the first half of 2020. Some of the small marketing agencies had to close down their business in 2020, and most market players were affected because of lack of cashflow. While the Pandemic is a negative event for the Group, it is also an opportunity to increase market share, hire more talents and strenghen the team after the Pandemic.

**2. Accelerating digital marketing business through mergers, acquisitions and cooperation**

The digital economy is emerging in the PRC. With the outbreak of the Pandemic in the PRC, the real economy has been severely damaged, creating a good opportunity for the rapid development of the digital economy. At the same time, advanced 5G development in the PRC has presented huge business opportunities to digital marketing. The Group will use customised software for big data analysis to improve operating efficiency and service types. In order to rapidly increase business volume and market share, the Group plans to accelerate the development of digital marketing business through mergers and acquisitions in the PRC, and is identifying acquisition targets such as E-commerce solution and SaaS companies.

3. **Attracting more quality partners and clients while strengthening and expanding integrated marketing and sports IP development business**

   The increasing health awareness has increased the demand on sports activities, bringing a new development opportunity for sports marketing. In response to the current market environment, the Group will adjust its integrated marketing strategy to provide clients with the most suitable integrated marketing solutions, attract more premium partners and clients, and strengthen and expand the sports IP business. The Group will respond to the challenges in the current economy with a positive attitude. The second half of the year is a traditional peak season for the sports industry. The Group hopes that as the Pandemic eases up and the economy gradually picks up, the demand for luxury goods is expected to recover, which will in turn bring a rebound in the consumer market. The Group will closely monitor the market conditions and seize the opportunity of market reversal.

## FINANCIAL REVIEW

### Cost of sales

The cost of sales of the Group decreased by 29.6%, from RMB463.6 million for FY2019 to RMB326.3 million for FY2020. Overall speaking, the decrease in the Group's cost of sales was mainly caused by the decrease in revenue. The fluctuations in the cost of sales components were mainly dependent on the types and mix of projects carried out by the Group. The cost of sales components mainly includes production cost, third party service cost, media cost and venue rental cost.

### Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased from RMB198.1 million in FY2019 to RMB131.7 million in FY2020. The Group's overall gross profit margin decreased from 29.9% for FY2019 to 28.8% for FY2020. The decrease in gross profit margin was mainly due to the marketing budget from clients had scaled down in FY2020 from the impact of the Pandemic.

### Other income and gains

The Group's other income and gains decreased from RMB19.1 million in FY2019 to RMB13.2 million in FY2020. The decrease in other income and gains was mainly due to the one off payment of RMB8.0 million received by the Group as a result of a court judgment granted in favour of the Group in FY2019.

### Selling and distribution expenses

The Group's selling and distribution expenses decreased from RMB76.9 million in FY2019 to RMB61.1 million in FY2020. Such decrease was primarily due to the decrease in staff cost, which was in line with the decrease in revenue.

### General and administrative expenses

The Group's general and administrative expenses mainly include staff cost, rental cost and third party professional fees. General and administrative expenses decreased from RMB68.2 million in FY2019 to RMB41.6 million in FY2020. Such decrease was due to the decrease in staff costs to alleviate the impact of the Pandemic and the decrease in listing expenses incurred during FY2020.

### Other expenses, net

The Group's expenses, recorded a net increase from RMB0.4 million in FY2019 to RMB0.6 million for FY2020. The increase in other expenses was mainly due to the compensation fee paid to an event venue supplier.

### Finance costs

The Group's finance costs decreased from RMB4.5 million in FY2019 to RMB2.5 million in FY2020 due to the decrease in interest paid for bank and other borrowings, which have been repaid in full during FY2020.

### Net profit

The Group recorded a net profit of RMB25.2 million in FY2020 (FY2019: net profit of RMB40.9 million). The decrease in net profit was mainly due to the decrease in revenue.

## DIVIDEND

The Board does not recommend the payment of any final dividend for FY2020.

## LIQUIDITY AND FINANCIAL RESOURCES

### Cash and cash equivalents

As at 31 December 2020, the Group's cash and cash equivalents amounted to approximately RMB302.9 million (31 December 2019: RMB129.5 million).

### Use of proceeds from the global offering

The Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 16 January 2020. As disclosed in the allotment results announcement of the Company dated 15 January 2020, the net proceeds from the global offering were approximately HK$345.0 million.

On 20 August 2020, the Board has resolved to change the use of the unutilised net proceeds such that approximately HK$224.5 million will be reallocated for the capital commitment required for the establishment of a partnership after due consideration on the current business environment and development needs of the Group. Please refer to the announcement of the Company dated 20 August 2020 for further details. The following table sets out the breakdown on the revised utilisation of net proceeds.

| | **Original allocation of Net Proceeds** | **Unutilised Net Proceeds as at 30 June 2020** | **Revised allocation of intended use of Net Proceeds** | **Utilised Net Proceeds up to 31 December 2020** | **Unutilised Net Proceeds as at 31 December 2020** |
|---|---|---|---|---|---|
| | *HK$ million* | *HK$ million* | *HK$ million* | *HK$ million* | *HK$ million* |
| Develop and expand the existing business of integrated marketing solutions and IP development | 192.8 | 188.1 | 81.1* | 36.3 | 44.8 |
| Cash reserve for strategic investment funds for suitable cooperation or investment opportunities | 118.0 | 118.0 | 5.2 | 0.0 | 5.2 |
| General working capital and other general corporate purpose | 34.2 | 0.0 | 34.2** | 34.2 | 0.0 |
| Capital commitment required for the establishment of the Partnership with 上海雙創投資管理有限公司 (Shanghai Innovital Capital Investment Management Co., Ltd) and 上海雙創科技投資中心（有限合伙）(Shanghai Innovital Technology Capital (Limited Partnership)) | — | — | 224.5 | 0.0 | 224.5 |
| **Total** | **345.0** | **306.1** | **345.0** | **70.5** | **274.5** |

* HK$6 million out of HK$81.1 million had been utilised before the revised utilisation of net proceeds announcement on 20 August 2020.

** HK$34.2 million out of HK$34.2 million had been utilised before the revised utilisation of net proceeds announcement on 20 August 2020.

As at 31 December 2020, the Company had utilised HK$70.5 million of net proceeds. The Company is expected to utilise all unutilised amounts within the next 2 years.

**Borrowing and charges on the Group's assets**

As at 31 December 2020, the Group did not have any interest-bearing borrowing (31 December 2019: RMB74.8 million). The decrease in borrowings was mainly due to repayments of all loans after the global offering.

**Gearing ratio**

The gearing ratio as at 31 December 2020 (calculated based on the total bank and other borrowings over total equity as at the end of the corresponding year), was nil as compared with 103.9% as at 31 December 2019. The decrease in the gearing ratio was mainly due to the one-off loans borrowed by the Group in 2019 to repurchase the equity held by part of the original shareholders of the Group. These repurchases reduced the Group's owner's equity and increased the Group's current liabilities as at 31 December 2019. These loans have been repaid in full during FY2020.

With the current level of cash and cash equivalents as well as available banking facilities, the Group's liquidity position remains strong and has sufficient financial resources to meet its current working capital requirement and future expansion.

## HUMAN RESOURCES

As at 31 December 2020, the total number of employees of the Group was 274 (2019: 343 employees) and the emoluments inclusive of directors' were approximately RMB75.3 million (2019: RMB92.3 million). The Group offers a comprehensive remuneration package which is reviewed by management on a regular basis. The Group also invests in continuing education and training programs for its management staff and other employees with a view to constantly upgrade their skills and knowledge. The Group values employees as its most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with employees at all levels is highly valued with the ultimate goal to enhance the efficiency in providing quality service to the clients.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December*

| | Notes | 2020 RMB'000 | 2019 RMB'000 |
|---|---|---|---|
| **REVENUE** | 4 | **457,999** | 661,774 |
| Cost of sales | | **(326,346)** | (463,646) |
| Gross profit | | **131,653** | 198,128 |
| Other income and gains | 4 | **13,238** | 19,142 |
| Selling and distribution expenses | | **(61,090)** | (76,881) |
| General and administrative expenses | | **(41,564)** | (68,206) |
| Other expenses, net | | **(644)** | (404) |
| Finance costs | | **(2,515)** | (4,515) |
| Share of profits and losses of associates and a joint venture | | **(527)** | (398) |
| **PROFIT BEFORE TAX** | 5 | **38,551** | 66,866 |
| Income tax expense | 6 | **(13,321)** | (25,995) |
| **PROFIT FOR THE YEAR** | | **25,230** | 40,871 |
| Attributable to: | | | |
| Owners of the parent | | **23,423** | 29,969 |
| Non-controlling interests | | **1,807** | 10,902 |
| | | **25,230** | 40,871 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | 8 | | |
| Basic and diluted (RMB cents) | | **3.05** | 4.99 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December*

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **PROFIT FOR THE YEAR** | **25,230** | 40,871 |
| **OTHER COMPREHENSIVE INCOME** | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **(7,781)** | 1,520 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **17,449** | 42,391 |
| Attributable to: | | |
| Owners of the parent | **15,642** | 31,489 |
| Non-controlling interests | **1,807** | 10,902 |
| | **17,449** | 42,391 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December*

| | Notes | 2020 RMB'000 | 2019 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **1,881** | 1,873 |
| Right-of-use assets | | **12,948** | 16,569 |
| Goodwill | | **10,233** | 10,233 |
| Intangible assets | | **351** | 268 |
| Investment in a joint venture | | **156** | — |
| Investment in associates | | **5,129** | 5,512 |
| Deferred tax assets | | **524** | 551 |
| Total non-current assets | | **31,222** | 35,006 |
| **CURRENT ASSETS** | | | |
| Investment in entertainment projects | | **—** | 1,594 |
| Trade receivables | *9* | **222,702** | 170,322 |
| Prepayments, deposits and other receivables | | **31,069** | 14,324 |
| Pledged bank deposits | | **674** | 8,940 |
| Cash and cash equivalents | | **302,935** | 129,493 |
| Total current assets | | **557,380** | 324,673 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | *10* | **143,459** | 149,673 |
| Other payables and accruals | | **45,313** | 33,547 |
| Interest-bearing bank and other borrowings | | **—** | 74,813 |
| Lease liabilities | | **4,495** | 4,175 |
| Tax payable | | **13,054** | 11,975 |
| Total current liabilities | | **206,321** | 274,183 |
| **NET CURRENT ASSETS** | | **351,059** | 50,490 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **382,281** | 85,496 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | | **9,247** | 13,257 |
| Deferred tax liabilities | | **197** | 210 |
| Total non-current liabilities | | **9,444** | 13,467 |
| Net assets | | **372,837** | 72,029 |

| | 2020 | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **EQUITY** | | |
| **Equity attributable to owners of the parent** | | |
| Issued capital | **674** | 88 |
| Reserves | **359,255** | 59,804 |
| | **359,929** | 59,892 |
| Non-controlling interests | **12,908** | 12,137 |
| Total equity | **372,837** | 72,029 |

## NOTES

*Year ended 31 December 2020*

## 1. CORPORATE AND GROUP INFORMATION

Activation Group Holdings Limited is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 8/F, No. 399A Liu Zhou Road, Xu Hui District, Shanghai, the People's Republic of China (the "**PRC**").

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the following principal activities:

- provision of integrated marketing solutions;
- management and operation of sport events; and
- investment in entertainment projects

## 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all 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.

They have been prepared under the historical cost convention, except for investment in entertainment projects which has been measured at fair value. The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 3 | *Definition of a Business* |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | *Interest Rate Benchmark Reform* |
| Amendment to HKFRS 16 | *Covid-19-Related Rent Concessions (early adopted)* |
| Amendments to HKAS 1 and HKAS 8 | *Definition of Material* |

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

(a) Integrated marketing solutions segment

(b) IP development segment

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that unallocated gains, finance costs and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, right-of-use assets, pledged bank deposits and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, dividend payables, tax payable, lease liabilities, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

**Year ended 31 December 2020/At 31 December 2020**

| | **Integrated marketing solutions** *RMB'000* | **IP development** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| **Segment revenue** | | | |
| Sales to external customers | **444,740** | **13,259** | **457,999** |
| **Segment results** | **48,189** | **44** | **48,233** |
| Reconciliation: | | | |
| Corporate and other unallocated expenses, net | | | **(7,167)** |
| Finance costs | | | **(2,515)** |
| Profit before tax | | | **38,551** |
| **Segment assets** | **384,051** | **36,843** | **420,894** |
| Reconciliation: | | | |
| Corporate and other unallocated assets | | | **167,708** |
| Total assets | | | **588,602** |
| **Segment liabilities** | **164,076** | **13,088** | **177,164** |
| Reconciliation: | | | |
| Corporate and other unallocated liabilities | | | **38,601** |
| Total liabilities | | | **215,765** |
| **Other segment information** | | | |
| Depreciation and amortisation | **920** | **20** | **940** |
| Impairment of trade receivables | **396** | **98** | **494** |
| Capital expenditure* | **1,065** | **27** | **1,092** |

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

**Year ended 31 December 2019/At 31 December 2019**

| | Integrated marketing solutions *RMB'000* | IP development *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **Segment revenue** | | | |
| Sales to external customers | 616,563 | 45,211 | 661,774 |
| **Segment results** | 90,844 | 9,308 | 100,152 |
| Reconciliation: | | | |
| Corporate and other unallocated expenses, net | | | (28,771) |
| Finance costs | | | (4,515) |
| Profit before tax | | | 66,866 |
| **Segment assets** | 291,378 | 40,937 | 332,315 |
| Reconciliation: | | | |
| Corporate and other unallocated assets | | | 27,364 |
| Total assets | | | 359,679 |
| **Segment liabilities** | 138,866 | 28,142 | 167,008 |
| Reconciliation: | | | |
| Corporate and other unallocated liabilities | | | 120,642 |
| Total liabilities | | | 287,650 |
| **Other segment information** | | | |
| Depreciation and amortisation | 975 | 12 | 987 |
| Impairment of trade receivables | 784 | 2 | 786 |
| Capital expenditure* | 1,037 | — | 1,037 |

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

**Geographical information**

**(a) Revenue from external customers**

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Mainland China | **445,744** | 626,915 |
| Hong Kong/Singapore | **12,255** | 34,859 |
| | **457,999** | 661,774 |

The revenue information above is based on the locations where the underlying services were rendered.

**(b) Non-current assets**

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Mainland China | **12,621** | **12,374** |
| Hong Kong/Singapore | **5,129** | **5,512** |
| | **17,750** | **17,886** |

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and right-of-use assets.

**Information about major customers**

Revenue from external customers derived from sales by the integrated marketing solutions segment contributing over 10% to the total revenue of the Group for the years ended 31 December 2020 and 2019 is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Customer | **127,709** | 73,593 |

Revenue from this customer include sales to a group of entities which are known to be under common control with these customers.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue from contracts with customers | | |
| **Major service lines** | | |
| *Integrated marketing solutions* | | |
| Experiential marketing services | **311,488** | 470,843 |
| Digital and brand communication services | **118,605** | 110,470 |
| Public relations services | **14,647** | 35,250 |
| | **444,740** | 616,563 |
| *IP development* | | |
| Sports and entertainment services | **13,259** | 45,211 |
| | **457,999** | 661,774 |

### (i) Disaggregated revenue information

| | **2020** | 2019 |
|---|---|---|
| **Geographical locations** | | |
| *Integrated marketing solutions* | | |
| Mainland China | **432,486** | 581,704 |
| Hong Kong/Singapore | **12,254** | 34,859 |
| | **444,740** | 616,563 |
| *IP development* | | |
| Mainland China | **13,259** | 45,211 |
| Total revenue from contracts with customers | **457,999** | 661,774 |
| **Timing of revenue recognition** | | |
| At a point in time | **324,747** | 516,054 |
| Over time* | **133,252** | 145,720 |
| Total revenue from contracts with customers | **457,999** | 661,774 |

* Included projects in retainer basis

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of each of the current reporting period:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Integrated marketing solutions | **713** | 5,712 |
| IP development | **264** | 8,364 |
| | **977** | 14,076 |

An analysis of other income and gains is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Other income and gains | | |
| Bank interest income | **2,206** | 606 |
| Government subsidies* | **9,873** | 6,819 |
| Compensation | **—** | 7,992 |
| Gain on disposal of an associate | **—** | 586 |
| Gain on termination of operating leases | **150** | 1,144 |
| Others | **1,009** | 1,995 |
| | **13,238** | 19,142 |

* The government subsidies mainly represented subsidies received by certain subsidiaries of the Group from PRC's local government authorities as incentives to support the Group's business development/ contribution to local economies/contribution for developing the cultural industry in specific cities and subsidies granted under Employment Support Scheme from the Government of Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies relating to these government grants.

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Cost of services rendered | **326,346** | 463,646 |
| Depreciation of property, plant and equipment** | **830** | 860 |
| Depreciation of right-of-use assets** | **6,083** | 3,355 |
| Amortisation of intangible assets** | **110** | 127 |
| Lease payments not included in the measurement of lease liabilities** | **129** | 2,728 |
| Fair value (gain)/loss on investment in entertainment projects* | **480** | (704) |
| Gain on disposal of investment in an associate | **—** | (586) |
| Impairment of trade receivables, net* | **494** | 786 |
| Reversal of impairment of other receivables* | **—** | (1,300) |
| Foreign exchange differences, net | **(919)** | 1,445 |

* Included in "Other expenses, net" in the consolidated statement of profit or loss.

** Included in "General and administrative expenses" in the consolidated statement of profit or loss.

## 6. INCOME TAX

Taxes on profits assessable in Mainland China have been calculated at the applicable PRC corporate income tax ("**CIT**") rate of 25% (2019: 25%) during the year.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

For those subsidiaries incorporated in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

For the subsidiary incorporated in Singapore, Singapore profits tax has been provided at the rate of 17% (2019: 17%) on the estimated assessable profits arising in Singapore during the year.

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current — PRC | | |
| Charge for the year | **13,221** | 22,927 |
| Current — Hong Kong/Singapore | | |
| Charge for the year | **—** | 1,225 |
| Under-provision in prior year | **114** | — |
| Deferred | **(14)** | 1,843 |
| Total tax charge for the year | **13,321** | 25,995 |

## 7. FINAL DIVIDEND

No dividend has been paid or declared by the Company since its incorporation.

The dividends declared by a subsidiary of the Company to its then shareholders during the year are as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Dividends | **—** | 33,544 |

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the year ended 31 December 2020 is based on the profit attributable to owner of the parent of RMB23,423,000 (2019: RMB29,969,000), and the weighted average number of the Company's ordinary shares of 768,821,000 (2019: 600,000,000) in issue, comprising 200,000,000 shares issued after the completion of the Global offering less share repurchase of 39,164,000 shares and 14,720,000 shares held under share award scheme during the year.

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during those years.

## 9. TRADE RECEIVABLES

| | 2020 | 2019 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Billed receivables | **123,091** | 106,457 |
| Impairment | **(2,087)** | (2,204) |
| | **121,004** | 104,253 |
| Unbilled receivables | **101,698** | 66,069 |
| | **222,702** | 170,322 |

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally ranging from 60 to 90 days from the date of invoice to these customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the billed receivables as at the end of the reporting period, based on the invoice date or equivalent and net of loss allowance, is as follows:

| | 2020 | 2019 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Within 1 month | **98,285** | 57,894 |
| 1 to 3 months | **16,008** | 33,179 |
| Over 3 months | **6,711** | 13,180 |
| | **121,004** | 104,253 |

## 10. TRADE PAYABLES

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

| | 2020 | 2019 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Within 1 month | **121,751** | **109,392** |
| 1 to 3 months | **2,802** | **19,279** |
| Over 3 months | **18,906** | **21,002** |
| | **143,459** | **149,673** |

The trade payables are non-interest bearing and are normally settled on terms ranging from 60 to 90 days.

## OTHER INFORMATION

### Purchase, sale or redemption of the Company's listed securities

During FY2020, the Company exercised its powers under the general mandate granted by the shareholders of the Company to the Board to repurchase the Shares granted by the shareholders of the Company to the Board, which shall expire at the conclusion of the next annual general meeting of the Company, and repurchased a total of 39,164,000 Shares on the Stock Exchange at an aggregate consideration of HK$34,214,100. As at the date of this announcement, all the Shares repurchased in 2020 were subsequently cancelled.

Particulars of the repurchases made by the Company during FY2020 were as follows:

| Trading Month | Number of Shares Repurchased | Highest Price Paid *(HK$)* | Lowest Price Paid *(HK$)* | Total Paid *(HK$)* |
|---|---|---|---|---|
| March | 128,000 | 0.56 | 0.53 | 69,340 |
| April | 10,782,000 | 0.93 | 0.58 | 9,037,760 |
| May | 14,090,000 | 0.88 | 0.80 | 12,021,560 |
| June | 8,504,000 | 1.09 | 0.84 | 8,522,340 |
| July | 1,040,000 | 0.93 | 0.85 | 940,520 |
| September | 424,000 | 0.80 | 0.74 | 331,100 |
| October | 1,828,000 | 0.82 | 0.77 | 1,448,220 |
| November | 816,000 | 0.81 | 0.74 | 637,060 |
| December | 1,552,000 | 0.79 | 0.76 | 1,206,200 |
| Total | 39,164,000 | | | 34,214,100 |

### Compliance with Corporate Governance Code

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

In the opinion of the Directors, the Company has fully complied with the CG Code during FY2020 except from the deviation from the Code Provision A.2.1 of the CG Code.

Mr. Lau Kam Yiu ("**Mr. Lau**") is currently performing the roles of joint-chairman of the Board and chief executive officer of the Group. Under code provision A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Taking into account Mr. Lau's extensive experience in the marketing industry, the Board considered that the roles of joint-chairman and chief executive officer being performed by Mr. Lau enables more effective business planning and implementation by the Group. In order to maintain good corporate governance and fully comply with the provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of joint-chairman and chief executive officer separately.

**Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company.

Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during FY2020.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during FY2020 after making reasonable enquiry.

**Audit Committee and review of financial statements**

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Cheung Siu Wan, Mr. Yu Longjun and Dr. Cheung Wah Keung. Ms. Cheung Siu Wan was appointed as the chairlady of the Audit Committee.

The Audit Committee has reviewed the Group's annual results for the FY2020, and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

**Auditor's procedures performed on this results announcement**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the FY2020 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on the preliminary announcement.

**Significant events after the reporting period**

The Group had no significant events after 31 December 2020 that are required to be disclosed.

**Annual general meeting**

The forthcoming annual general meeting will be held on Thursday, 3 June 2021 and its notice and all other relevant documents will be published and despatched to Shareholders in April 2021.

**Closure of register of members**

The register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive and during which no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2021 annual general meeting (the "**2021 AGM**"). In order to be eligible to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 pm on Friday, 28 May 2021.

**Publication of 2020 annual results and annual report**

This annual results announcement of the Group for FY2020 is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.activation-gp.com. The 2020 annual report containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in April 2021.

## APPRECIATION

On behalf of the Board, we would like to take this opportunity to express our gratitude to the management and staff of the Group for their commitment and contribution during the year. We would also like to express our appreciation to the guidance from the regulators and continued support from the Shareholders and customers.

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

Hong Kong, 26 March 2021

*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.*

*This announcement is available for viewing on the Company's website at www.activation-gp.com and the Stock Exchange's website at www.hkexnews.hk.*