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ACTIVATION GROUP

艾德韦宣

Activation Group Holdings Limited

艾德韦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 2021

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 2021 (“**FY2021**”), together with the comparative audited figures for the year ended 31 December 2020 (“**FY2020**”).

The Group is a leading interactive data performance marketing group for pan-fashion (泛時尚) brands in Greater China that focuses on the provision of i) experiential marketing, ii) digital and communication, and iii) intellectual property (“**IP**”) development. The Group has accumulated over 500 world-renowned brand clients including i) renowned mid-range and high-end fashion brands; ii) renowned mid-range and high-end automobile brands; and iii) Chinese local premium brands.

FINANCIAL HIGHLIGHTS

- The revenue of the Group for FY2021 recorded a substantial increase of about 97.4% from about RMB458.0 million for FY2020 to about RMB904.1 million for FY2021.
- The Group recorded a profit of about RMB102.6 million in FY2021 (FY2020: RMB25.2 million), an increase of about 307.1% and profit attributable to owners of the Company in FY2021 was about RMB92.5 million (FY2020: RMB23.4 million).
- Basic earnings per share were RMB12.51 cents (FY2020: RMB3.05 cents).
- Gross profit margin increased from 28.8% in FY2020 to 29.6% in FY2021, net profit margin increased from 5.5% in FY2020 to 11.3% in FY2021.
- The Group continues to have a robust financial position with cash and cash equivalents balance of approximately RMB405.8 million as at 31 December 2021 (31 December 2020: RMB302.9 million).

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK2.00 cents per share for FY2021 subject to the approval of the shareholders of the Company (“**Shareholders**”) at the forthcoming annual general meeting. This proposed pay-out, together with the interim dividend of HK1.03 cents per share and a special dividend of HK6.93 cents per share paid on 7 September 2021, would give a total dividend of HK9.96 cents per share for the whole financial year (FY2020: nil). Subject to the Shareholders’ approval at the annual general meeting of the Company to be held on Thursday, 2 June 2022, it is expected that the final dividend would be paid to the Shareholders on or before Thursday, 30 June 2022.

MARKET OVERVIEW

FY2021 continued to be a challenging year, during which the world economy struggled to move forward amid numerous obstacles, and the global effort on prevention and control of COVID-19 remained rigorous. Under the Chinese government’s control and resilience on the COVID-19 pandemic, China’s economy achieved a rapid recovery and rebound. During the year, most of the economic activities in China have restored and maintained steady growth with a notable trend of consumption upgrade.

Moreover, the State Council issued the “14th Five-Year Plan for Digital Economy Development”, restating both the development direction and the importance of development of the digital economy. As of the end of FY2021, the scale of China’s digital and related industries economy was expected to reach RMB42.4 trillion, representing an increase of 8.2% as compared to previous year. Digital economy has become an important driving force for social and economic growth, thereby creating more opportunities for the upgrade of the Group’s data interaction businesses. Meanwhile, “2021 China Luxury Market Report” released by Bain & Company indicated the size of China’s luxury goods market in FY2021 has nearly doubled from FY2019, expecting to increase by 36% in FY2021 compared to the increase of 48% in FY2020, reaching nearly RMB471 billion. Due to COVID-19-related travel restrictions, Chinese consumers for global luxury purchases within mainland China has increased to more than 90% in 2021, reaching its historical high. As a leading pan-fashion data interactive marketing group in Greater China, the Group’s experiential marketing and digital and communication businesses have thus benefited greatly and achieved significant growth.

OVERVIEW

The Group has achieved rapid growth with a record high for FY2021. The total revenue for FY2021 has reached RMB904.1 million, representing a substantial increase of 97.4% from RMB458.0 million in FY2020; the Group's gross profit margin was 29.6%, representing a year-on-year increase of 0.8 percentage points. The net profit was RMB102.6 million in FY2021, representing a significant increase of 307.1% from RMB25.2 million in FY2020; net profit margin was 11.3% in FY2021, representing a year-on-year increase of 5.8 percentage points; the profit attributable to equity shareholders of the Company was RMB92.5 million (FY2020: RMB23.4 million). The basic earnings per share were RMB12.51 cents (FY2020: RMB3.05 cents).

OUTLOOK AND STRATEGY

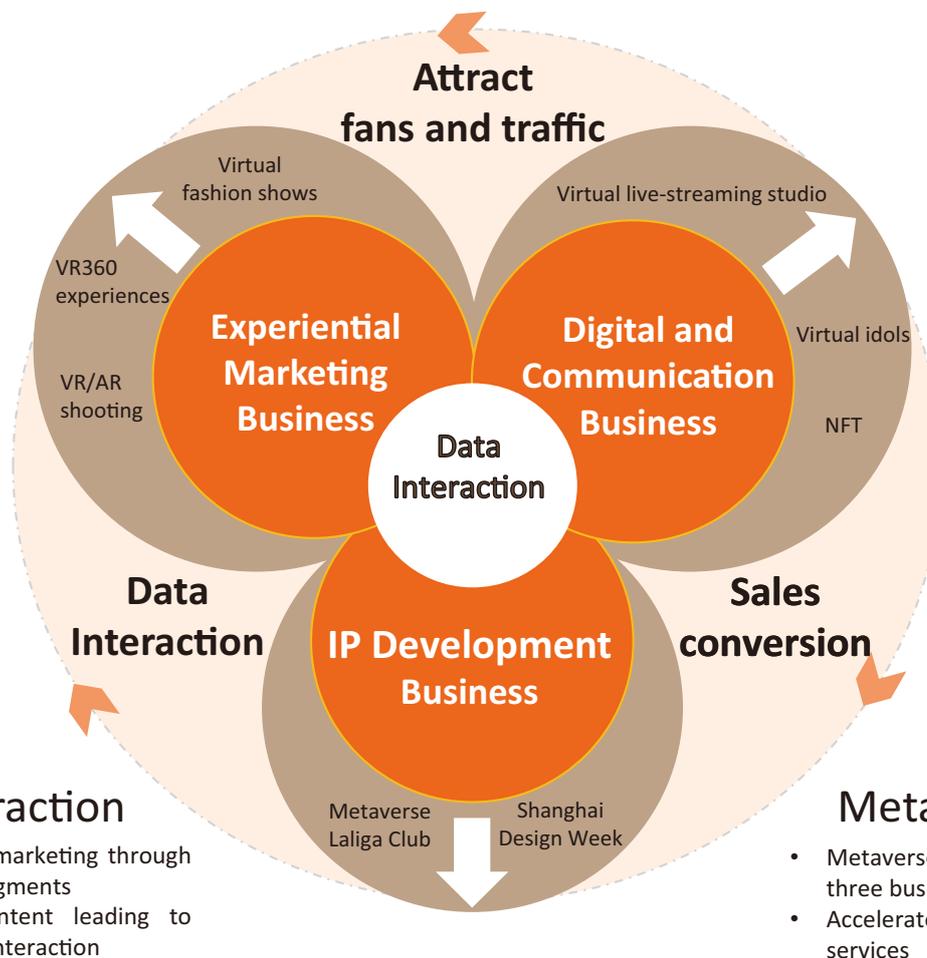
The Group adheres to the strategic development of “content + marketing + technology” and “endogenous growth + external merger & acquisition + diversified innovation”. The Group has expanded its layout in the fields of digitalisation and innovation to prepare for new opportunities. On 8 January 2022, Shanghai Municipal Commission of Economy and Information Technology (上海經信委) held a meeting for the planning of industrial and informatisation work in 2022. The meeting put emphasis on accelerating the building of a new path for digital economy, closely following the urban digital transformation, outlining a new path for the metaverse, developing application scenarios, and cultivating key enterprises. Bloomberg forecasts that the market size of the metaverse will reach US\$800 billion by 2024. PricewaterhouseCoopers forecasts the market size of the metaverse will reach US\$1.5 trillion by 2030. China Everbright Securities also states that the market size of metaverse market in China is expected to reach RMB640 billion in 2025.

Due to the massive opportunity in this market, on 16 January 2022, the Group has announced a new metaverse business with the concept of “immersion + engagement + sustainability” will be launched. The Group has made a strategic investment in Weikuai Technology Group (“**VeeR Group**”), a leading enterprise in the metaverse and virtual content production in China, and formed a joint venture with its subsidiary, Beijing Weikuai Technology Co., Ltd. (北京為快科技有限公司) (“**VeeR**”), to jointly create a new field of pan-fashion metaverse marketing, of which the Group holds 51% equity.

In the future, all businesses of the Group will focus on data interactive marketing as core model. The Group will constantly accelerate the overall marketing layout of digitalisation, so as to provide one-stop “offline + online + metaverse” comprehensive marketing service solutions for its clients and be “content + marketing + technology” oriented, striving to be the world’s leading pan-fashion data interactive marketing group.

Three business segments sustainable development strategies

Data interaction + Metaverse all round upgrading services create more digitalised value for brands



Data Interaction

- Data interactive marketing through three business segments
- High quality content leading to substantial data interaction

Metaverse

- Metaverse marketing supports the three business segments
- Accelerated upgrade of digitalisation services

Experiential marketing service model of “Content + Data Interaction + VR360”

A report issued by Bain & Company has stated that the size of China’s luxury goods market in FY2021 has increased by 36%, amounting to nearly RMB471 billion. The Group considered that the luxury brands are strongly intended to conduct massive advertising and promotion activities in the Chinese market, likewise the experiential marketing services offered by the Group will bring extensive online exposure to its customers through the effect of its data interactive marketing. Therefore, the Group expects its future experiential marketing activities will be steady and progressive; combined with the joint venture with VeeR, the Group can provide a complete marketing services of “offline events + online data interaction + metaverse” for the brands.

Increase investment in digital and communication sector, acquire e-commerce operation companies in the future

Bain & Company's report illustrates the growth rate of online sales of personal luxury goods in China in 2021 grew by approximately 56%, whereas offline sales grew at 30%. In addition, a report by iiMedia Research (艾媒諮詢) shows that the scale of live-streaming e-commerce is expected to exceed RMB4.9 trillion in 2023. The Group foresees its advantages to transform substantially in this aspect, expecting to become an important service partner in the business of e-commerce ecosystem. The Group will further increase its investment in the digital and communication services sector and actively explore acquisition opportunities for e-commerce operation companies. Moreover, the Group will further enhance its content planning ability in digital and communication services by strengthening its offline and online data interaction in a way to enhance and accumulate consumer behaviour and preference data of premium brand consumers. On the basis of foregoing, the Group is capable of assisting brands to make operational decisions. Therefore, the strategic value and reliance of the brand with the Group can be strengthened. Ultimately, the Group's profits and commissions can be increased through the growth in online sales volume of the brands.

Creating virtual idols and virtual live-streaming studio

A growing number of industries are linked with virtual idols as their commercial value is continuously explored. iiMedia Research (艾媒諮詢) indicated that the industry scale driven by virtual idols was RMB64.56 billion in 2020, and is predicted to hit RMB107.49 billion in 2021. Virtual idols have more opportunities and possibilities for the development of content and merchandise. With changes in trends and constant evolvement in different eras that define aesthetics in different phases, virtual idols have stronger influence in terms of in image creation and content development, which is beneficial to the continuous attraction of traffic flow, thereby increasing the level of realisation. Besides, since the cost of creating a virtual live-streaming studio can be significantly lower as compared to the construction cost of a physical studio, which is more effective in terms of cost control. By virtue of the Group being equipped with the capacity of cultivating virtual industries, which will be revealed through future collaborations with VeeR, combined with mature e-commerce operation experience with high performance in sales volume, the Group has full confidence and undoubted competitiveness to occupy an important position in the virtual industry.

Upgrading the operation of world-class IP

The Group has started its IP development business with each of LaLiga and Amaury Sport Organisation (world-class sports IPs in football and cycling, respectively) since 2016 for granting exclusive rights to organise events and other uses in marketing.

In February 2022, the Group has entered into a strategic co-creation partnership with Shanghai Design Week, which is highly valued and nurtured by the Shanghai Government, to fully participate in the brand promotion and operation of Shanghai Design Week and establish Designverse (design communication platform in metaverse).

Simultaneously, the establishment of the “LaLiga Club Metaverse (西甲俱樂部元宇宙)” ecosystem with LaLiga Club will be conducted as planned, which enables football fans to have access in watching football matches and purchase the related merchandise in metaverse world.

BUSINESS REVIEW

Geographical Review

The Group’s business is conducted in the Mainland China, Hong Kong and Singapore. The Group’s revenue in Hong Kong & Singapore for FY2021 has increased by approximately 323.5% compared with FY2020, and the business is gradually returning to its normal level. The increase in revenue for the Hong Kong and Singapore segment was primarily due to the increase in demand for experiential marketing services as a result of the recovery of the economy from the COVID-19 pandemic. The following table sets forth the breakdown of revenue by geographic region for the years indicated:

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Mainland China	852,162	94.3	445,745	97.3
Hong Kong & Singapore	51,895	5.7	12,254	2.7
Total	904,057	100.0	457,999	100.0

Business Segment Review

During the FY2021, revenues of the Group’s experiential marketing services segment, digital and communication services segment and the IP development segment were RMB686.0 million (FY2020: RMB311.4 million), RMB201.7 million (FY2020: RMB133.3 million) and RMB16.3 million (FY2020: RMB13.3 million) respectively.

The following table sets out the revenue of the Group by service line for FY2020 and FY2021.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Experiential marketing services	686,022	311,419
Digital and communication services	201,690	133,321
IP development	16,345	13,259
Total:	904,057	457,999

1. Experiential Marketing Business

Core business experienced strong recovery; offline content marketing led to huge online attention

Since 2021, China's economy has been continuing to recover steadily, in which mid-to-high-end consumption has been stimulated significantly, driving the rapid growth of luxury marketing industry. As a market leader in experiential marketing for premium brands, the Group's experiential marketing business has thus benefited greatly, with the Chinese government's ability to control and quickly respond to the pandemic, the Group's overall business and marketing activities have indeed enhanced. According to the research report by China Insights Industry Consultancy Limited, the Group continues to be the largest experiential marketing service provider for premium and luxury brands in Greater China in 2021, ranking first with a market share of 9.2%. The Group has actively promoted data interactive marketing business in FY2021. Fashion shows or exhibitions are now not only primary events with a number of guests in the scene, but also events which create contents that can be brought online for a secondary marketing, creating a massive amount of online exposure through data interactive services.

More than 200 offline events were completed throughout FY2021 including BOUCHERON "La Maison 2021" Event, CARTIER "Trees" Exhibition, CHANEL "2021 Shanghai Fragrance" Exhibition, CINDY CHAO "The Art Jewel" Exhibition, GUCCI "Garden Archetypes" Exhibition, GUCCI "Aria Collection" Fashion Show, LOUIS VUITTON "Haute Joaillerie" Event, MONCLER Exhibition & Show, PRADA "SS22 Womenswear" Fashion Show, TIFFANY & CO. "Schlumberger High Jewelry" Event, INFINITI "QX60" Launch and OPPO "Find X3" Launch and more.

The Group's experiential marketing business scope covers creative design, event planning, event management and event execution, rendering content services to the target consumers of the brands. The Group's clients would invite their most valuable customers to the event site for an in-depth experience on the products and culture of luxury goods.

Furthermore, the Group has entered into a strategic cooperation agreement in April 2021 with Lanvin Group, one of the largest independent luxury brands group in China and a subsidiary of Fosun International Limited (stock code: 00656.HK), and besides being one of its strategic shareholders, the Group also became the preferred marketing partner on all of its brand portfolios.

During FY2021, the revenue for experiential marketing business segment was RMB686.0 million, representing an increase of 120.3% from RMB311.4 million in FY2020. The experiential marketing business segment revenue accounted for 75.9% of the Group's total revenue.

2. Digital and Communication Business

Digital and communication went all out under effective multifaceted arrangement

The demand for digital marketing in China has been rising rapidly in 2021, while the pandemic has further accelerated the digitalisation process in China. The “stay-at-home economy” consumption model in 2021 stimulated the demand on digital marketing for brands in the China market. Meanwhile, as more brands have launched their online stores, e-commerce sales have become an increasingly significant portion of their total sales.

For FY2021, the revenue of the digital and communication business was RMB201.7 million, representing an increase of 51.3% as compared to RMB133.3 million in FY2020, and accounted for 22.3% of the Group's total revenue for the year.

The Group provides digital and communication integrated strategies and solutions (from strategic planning to campaign launch) to its clients, including branding, creative development, brand promotion, targeted marketing and advertising, ongoing platform management and client retaining services. Currently, the Group's digital and communication advertisements are distributed through mass media platforms such as WeChat Moments, WeChat Official Account, Xiaohongshu, Weibo, Douyin, Facebook, Youtube, Instagram, Tencent Video, Zhihu, Baidu, Jinri Toutiao and more. Through its marketing service team and multi-industry marketing expertise and advertising experience, the Group helps its clients to achieve their marketing goals efficiently.

During FY2021, the Group is the retainer agency of numerous brands, including BOBBI BROWN, FILA, GIVENCHY BEAUTY, HAMILTON, L'ARTISAN PARFUMEUR, L'OCCITANE, LOEWE PERFUME, MAXMARA, MAX&CO., SEPHORA, SK-II, TORY BURCH, and more. During FY2021, the Group has also launched a number of digital marketing campaigns, for instance: PORTS 60th Anniversary Social Campaign, L'OCCITANE Osmanthus Campaign, LEGO CNY Digital Campaign, BALABALA “Boundless Dream” Campaign and more.

In respect of Douyin live-streaming e-commerce, the Group formed a joint venture with Vision Entertainment in FY2021 with a majority shareholding. Vision Entertainment is responsible for operation, while the Group is responsible for providing and managing premium products and celebrities resources. During the six months ended 31 December 2021, the Group's Douyin live-streaming e-commerce business has made promising progress and achieved gross merchandise value (GMV) of approximately RMB473.9 million in the event of only two celebrities, Zhang Li and Chen Yanfei joining live-streaming e-commerce. In December 2021, the Group further introduced three new celebrities for this business, bringing it to a total of five celebrities by the end of FY2021, including a famous Hong Kong celebrity, Rosamund Kwan Chi Lam.

3. IP Development Business

Exclusive rights to use worldwide top-class IP in China

Despite the recurrence of the pandemic in China during FY2021, the Group has been actively promoting its IP development business. As the pandemic eased slightly in the first half of the year, the Group has successfully organised 2021 Tour de France Critérium Ride with nearly 2,000 participants in LinGang, Shanghai in May 2021. While for the LaLiga Club business, the Group has organized LaLiga El Clásico Match Viewing Night in FY2021.

It is noteworthy that a subsidiary of the Group has signed a memorandum of understanding with Hongkong Land's affiliated company, planning to establish a joint venture company to jointly carry out a long-term cooperation on operating relevant venues in West Bund Financial Hub in Xuhui District, Shanghai. The West Bund Financial Hub in Xuhui is expected to be a world-class waterfront landmark in Shanghai, featuring fashion & art, technology & finance, health & wellness, urban luxury travel and other themes, and will be a premier product launch venue for brands over around the world.

Being a strategic co-creation partner with Shanghai Design Week

Since Shanghai joined the United Nations Creative Cities Network in 2010, it has achieved remarkable results in building a "Design Capital". Equipped with strong experience in IP development and data interactive marketing for premium brands, the Group is committed to promote Shanghai as a world-class design capital. At the promotion conference inaugurated by mayor Gong Zheng in February 2022, the Group has entered into a strategic co-creation partnership with Shanghai Design Week to fully participate in the branding and operation of Shanghai Design Week. The Group is proud to be a co-creation partner with over 18 government agencies and industry leaders. The Group is planning to leverage its strong branding capabilities to promote the influence of Shanghai Design Week globally, through creating the Designverse (design communication platform in metaverse) to provide a virtual metaverse showcase for the event, sponsors and partners, allowing future users to visit, learn, shop, interact, and socialise through virtual reality access to experience the events.

During FY2021, the revenue for the IP development business was RMB16.3 million, representing an increase of 22.6% as compared to RMB13.3 million in FY2020, while the IP development business accounted for 1.8% of the Group's total revenue in FY2021.

FINANCIAL REVIEW

Cost of sales

The cost of sales of the Group increased from RMB326.3 million for FY2020 to RMB636.8 million for FY2021. Overall speaking, the increase in cost of sales was mainly caused by the increase in revenue. The fluctuations in cost of sales components were mainly dependent on the types and mix of projects carried out by the Group in the respective periods. 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 increased by 103.0% from RMB131.7 million in FY2020 to RMB267.3 million for FY2021, such increase was mainly caused by the increase in revenue. Its overall gross profit margin increased from 28.8% for FY2020 to 29.6% for FY2021. Such increase in gross profit margin was due to the fact that the Group has improved on project cost control.

Other income and gains

The Group's other income and gains decreased from RMB13.2 million for FY2020 to RMB12.7 million for FY2021. The decrease in other income and gains was mainly due to the decrease in government grants and subsidies.

Selling and distribution expenses

The Group's selling and distribution expenses increased from RMB61.1 million for FY2020 to RMB85.9 million for FY2021. Such increase were due to the increase in staff cost and marketing expenses, which was in line with the increase in revenue.

General and administrative expenses

The Group's general and administrative expenses increase from RMB41.6 million for FY2020 to RMB42.6 million for FY2021. Such increase was mainly due to the increase in professional fee expenses.

Other expenses, net

The Group's other expenses recorded a net increase from RMB0.6 million for FY2020 to RMB2.4 million for FY2021. The increase in other expenses was mainly due to the increase in impairment of trade receivables.

Finance costs

The Group's finance costs decreased from RMB2.5 million for FY2020 to RMB0.6 million for FY2021, as the Group did not have any bank borrowing in FY2021.

Net profit and net profit margin

The Group recorded a net profit of RMB102.6 million for FY2021 (FY2020: RMB25.2 million), an increase of 307.1%. Overall net profit margin increased from 5.5% for FY2020 to 11.3% for FY2021. Such increase in net profit margin was due to leveraging fixed cost and generate higher profits.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately RMB405.8 million (31 December 2020: RMB302.9 million).

Net proceeds from the Global Offering

The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on 16 January 2020. The net proceeds from the global offering of the Shares ("**Global Offering**") including the over-allotment of Shares were approximately HK\$345.0 million (the "**Net Proceeds**").

On 19 April 2021, the Board has resolved to change the use of net proceeds such that unutilised Net Proceeds of the Global Offering (the "**Unutilised Net Proceeds**") in the amount of HK\$224.5 million, originally allocated for the capital commitment for the establishment of the partnership, are to be reallocated for the capital commitment required for strategic investment in the pan-cultural sector due to the lapse of the limited partnership agreement. Please refer to the announcement of the Company dated 19 April 2021 for further details.

The following table sets out the breakdown on the revised utilisation of the Net Proceeds.

Designated use of the Net Proceeds	Original allocation of Net Proceeds <i>HK\$ million</i>	Unutilised Net Proceeds		Revised allocation of Unutilised Net Proceeds	Utilised Net Proceeds for the period from 1 January 2021 to 31 December 2021	Unutilised Net Proceeds as at 31 December 2021
		as at 31 December 2020 <i>HK\$ million</i>	Unutilised Net Proceeds as at 19 April 2021 <i>HK\$ million</i>	as at 19 April 2021 <i>HK\$ million</i>	31 December 2021 <i>HK\$ million</i>	31 December 2021 <i>HK\$ million</i>
Develop and expand the existing business of integrated marketing solutions and IP development	192.8	44.8	37.6	37.6	43.8	1.0
Cash reserve for strategic investment funds for suitable cooperation or investment opportunities	118.0	5.2	5.2	5.2	—	5.2
General working capital and general corporate purpose	34.2	—	—	—	—	—
Capital commitment required for the establishment of the partnership with SHIVC Investment and Shanghai Innovital Technology	—	224.5	224.5	—	—	—
Cash reserve for strategic investment in the pan-cultural sector	—	—	—	224.5	19.5	205.0
Total	345.0	274.5	267.3	267.3	63.3	211.2

As at 31 December 2021, the Company had utilised HK\$63.3 million of the Net Proceeds during FY2021. The Company is expected to utilise all unutilised Net Proceeds within the next year.

Borrowing and charges on the Group's assets

As at 31 December 2021, the Group did not have any interest-bearing borrowing (as at 31 December 2020: nil).

Gearing ratio

The gearing ratio as at 31 December 2021, calculated on the basis of bank and other borrowings over total equity, was nil (as at 31 December 2020: nil).

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.

Employees and remuneration policies

As at 31 December 2021, the total number of employees of the Group was approximately 285 (as at 31 December 2020: 274) and the employee benefit expenses including directors' emoluments were approximately RMB91.4 million (FY2020: RMB75.3 million).

The Group offers a comprehensive remuneration package to its employees which is reviewed by the 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.

Trade receivables and trade payables

The trade receivables of the Group increased from RMB222.7 million as at 31 December 2020 to RMB231.7 million as at 31 December 2021; and the trade payables of the Group increased from RMB143.5 million as at 31 December 2020 to RMB221.8 million as at 31 December 2021. Both increases were mainly due to the increase in revenue.

Contingent liabilities

The Group has no material contingent liabilities as at 31 December 2021.

Acquisition and disposal of subsidiary and associated companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during FY2021.

Capital commitment

As at 31 December 2021, the Group has a capital commitment of RMB25.1 million (as at 31 December 2020: nil) relating to the future capital contributions payable to a joint venture and an investment.

Significant investments

The Group had no significant investments, including investment in companies with a value of 5% or more of the Company's total assets as at 31 December 2021, during FY2021.

Foreign exchange risk

Most of the Group's income and expenditures are denominated in Renminbi, being the functional currency of the Group, and hence, the Group does not have any material foreign exchange exposures.

The Group will continue to adopt a proactive approach to closely monitor the foreign currency market, as well as exploring the domestic capital market for financing opportunities and consider other hedging arrangements if such need arises.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	4	904,057	457,999
Cost of sales		<u>(636,774)</u>	<u>(326,346)</u>
Gross profit		267,283	131,653
Other income and gains	4	12,661	13,238
Selling and distribution expenses		(85,870)	(61,090)
General and administrative expenses		(42,630)	(41,564)
Other expenses, net		(2,385)	(644)
Finance costs		(613)	(2,515)
Share of profits and losses of an associate and a joint venture		<u>(3,818)</u>	<u>(527)</u>
PROFIT BEFORE TAX	5	144,628	38,551
Income tax expense	6	<u>(42,074)</u>	<u>(13,321)</u>
PROFIT FOR THE YEAR		<u>102,554</u>	<u>25,230</u>
Attributable to:			
Owners of the parent		92,488	23,423
Non-controlling interests		<u>10,066</u>	<u>1,807</u>
		<u>102,554</u>	<u>25,230</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (RMB cents)		<u>12.51</u>	<u>3.05</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PROFIT FOR THE YEAR	102,554	25,230
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	<u>3,985</u>	<u>—</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(3,932)</u>	<u>(7,781)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>53</u>	<u>(7,781)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>102,607</u>	<u>17,449</u>
Attributable to:		
Owners of the parent	<u>92,541</u>	15,642
Non-controlling interests	<u>10,066</u>	1,807
	<u>102,607</u>	<u>17,449</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,299	1,881
Right-of-use assets		8,518	12,948
Goodwill		10,233	10,233
Intangible assets		426	351
Investment in a joint venture		—	156
Investment in an associate		—	5,129
Investment at fair value through other comprehensive income		19,998	—
Deferred tax assets		1,085	524
Total non-current assets		<u>45,559</u>	<u>31,222</u>
CURRENT ASSETS			
Trade receivables	9	231,692	222,702
Prepayments, deposits and other receivables		32,511	31,069
Pledged bank deposits		665	674
Cash and cash equivalents		405,817	302,935
Total current assets		<u>670,685</u>	<u>557,380</u>
CURRENT LIABILITIES			
Trade payables	10	221,755	143,459
Other payables and accruals		34,377	45,313
Lease liabilities		1,465	4,495
Tax payable		21,757	13,054
Total current liabilities		<u>279,354</u>	<u>206,321</u>
NET CURRENT ASSETS		<u>391,331</u>	<u>351,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>436,890</u>	<u>382,281</u>
NON-CURRENT LIABILITIES			
Lease liabilities		7,273	9,247
Deferred tax liabilities		203	197
Total non-current liabilities		<u>7,476</u>	<u>9,444</u>
Net assets		<u><u>429,414</u></u>	<u><u>372,837</u></u>

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	667	674
Reserves	405,648	359,255
	406,315	359,929
Non-controlling interests	23,099	12,908
Total equity	429,414	372,837

NOTES

Year ended 31 December 2021

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 shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 January 2020 (the "Listing").

The Company is an investment holding company. During FY2021, the Company's subsidiaries were involved in the following principal activities:

- provision of experiential marketing services;
- provision of digital and communication services; and
- IP development-management and operation of sport events

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 at fair value through other comprehensive income 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB300,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

3. OPERATING SEGMENT INFORMATION

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

- (a) Experiential marketing services segment
- (b) Digital and communication services segment
- (c) 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 other income and 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 2021/At 31 December 2021

	Experiential marketing services <i>RMB'000</i>	Digital and communication services <i>RMB'000</i>	IP development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue				
Sales to external customers	686,022	201,690	16,345	<u>904,057</u>
Segment results	121,501	30,943	627	153,071
<u>Reconciliation:</u>				
Corporate and other unallocated expenses, net				(7,903)
Interest income				73
Finance costs				<u>(613)</u>
Profit before tax				<u>144,628</u>
Segment assets	429,321	140,351	30,779	600,451
<u>Reconciliation:</u>				
Corporate and other unallocated assets				<u>115,793</u>
Total assets				<u>716,244</u>
Segment liabilities	211,704	29,953	5,313	246,970
<u>Reconciliation:</u>				
Corporate and other unallocated liabilities				<u>39,860</u>
Total liabilities				<u>286,830</u>
Other segment information				
Share of profits and losses of an associate and a joint venture	2,942	876	—	3,818
Depreciation and amortisation	412	505	24	941
Impairment of trade receivables, net	807	437	180	1,424
Capital expenditure*	3,684	773	—	4,457

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

Year ended 31 December 2020/At 31 December 2020

	Experiential marketing services <i>RMB'000</i>	Digital and communication services <i>RMB'000</i>	IP development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue				
Sales to external customers	311,419	133,321	13,259	<u>457,999</u>
Segment results	23,968	24,221	44	48,233
<u>Reconciliation:</u>				
Corporate and other unallocated expenses, net				(8,760)
Interest income				1,593
Finance costs				<u>(2,515)</u>
Profit before tax				<u>38,551</u>
Segment assets	333,341	50,710	36,843	420,894
<u>Reconciliation:</u>				
Corporate and other unallocated assets				<u>167,708</u>
Total assets				<u>588,602</u>
Segment liabilities	145,297	18,779	13,088	177,164
<u>Reconciliation:</u>				
Corporate and other unallocated liabilities				<u>38,601</u>
Total liabilities				<u>215,765</u>
Other segment information				
Share of profits and losses of an associate and a joint venture	383		144	527
Depreciation and amortisation	366	554	20	940
Impairment of trade receivables, net	(107)	503	98	494
Capital expenditure*	345	720	27	1,092
Investment in a joint venture	—	—	156	156
Investment in an associate	5,129	—	—	5,129

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

Geographical information

(a) Revenue from external customers

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China	852,162	445,745
Hong Kong/Singapore	51,895	12,254
	<u>904,057</u>	<u>457,999</u>

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

(b) Non-current assets

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China	15,958	12,621
Hong Kong/Singapore	—	5,129
	<u>15,958</u>	<u>17,750</u>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets, investment at fair value through other comprehensive income and right-of-use assets.

Information about major customers

Revenues from transactions with each customer or group of entities known to be under common control amounting to 10% or more of the Group's total revenue, which are reported in the experiential marketing services and digital and communication services segments, are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A	235,466	127,709
Customer B	93,783	—*
	<u>235,466</u>	<u>127,709</u>

* Contributing less than 10% to the total revenue of the Group in that year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Revenue from contracts with customers</u>		
Major service lines		
Experiential marketing services	686,022	311,419
Digital and communication services	201,690	133,321
IP development	16,345	13,259
	<u>904,057</u>	<u>457,999</u>

(i) Disaggregated revenue information

Geographical locations

Experiential marketing services

Mainland China	634,127	299,165
Hong Kong/Singapore	51,895	12,254
	<u>686,022</u>	<u>311,419</u>

Digital and communication services

Mainland China	201,690	133,321
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IP development

Mainland China	16,345	13,259
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Total revenue from contracts with customers	<u>904,057</u>	<u>457,999</u>
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Timing of revenue recognition

At a point in time	726,600	324,747
Over time*	177,457	133,252

Total revenue from contracts with customers	<u>904,057</u>	<u>457,999</u>
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* Included projects on 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 the reporting period:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Experiential marketing services	8,641	709
Digital and communication services	226	4
IP development	2,843	264
	<u>11,710</u>	<u>977</u>

An analysis of other income and gains is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Other income and gains</u>		
Bank interest income	1,675	2,206
Government subsidies*	6,977	9,873
Gain on termination of operating leases	—	150
Gain on deregistration of a subsidiary	704	—
Gain on deregistration of an associate	216	—
Others	3,089	1,009
	<u>12,661</u>	<u>13,238</u>

* 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 the Employment Support Scheme from the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies relating to these government subsidies.

5. PROFIT BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of services rendered	636,774	326,346
Depreciation of property, plant and equipment**	811	830
Depreciation of right-of-use assets**	5,256	6,083
Amortisation of intangible assets**	130	110
Lease payments not included in the measurement of lease liabilities**	819	129
Fair value loss on investment in entertainment projects*	—	480
Impairment of trade receivables, net*	1,424	494
Foreign exchange differences, net	242	(919)
	<u>643,436</u>	<u>334,319</u>

* 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% (2020: 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% (2020: 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% (2020: 17%) on the estimated assessable profits arising in Singapore during the year.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current — PRC		
Charge for the year	39,714	13,221
Under-provision in prior year	2,915	—
Current — Hong Kong/Singapore		
Charge for the year	—	—
Under-provision in prior year	—	114
Deferred	(555)	(14)
Total tax charge for the year	<u>42,074</u>	<u>13,321</u>

7. DIVIDENDS

The dividend declared by the Company to its shareholders during the year are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interim — HK1.03 cents (2020: nil) per ordinary share	6,455	—
Special — HK6.93 cents (2020: nil) per ordinary share	43,434	—
Proposed final — HK2.00 cents (2020: nil) per ordinary share	12,322	—
	<u>62,211</u>	<u>—</u>

The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 739,558,000 (2020: 768,821,000) in issue during the year, as adjusted to exclude the shares held under the share award scheme of the Company.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during those years.

9. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Billed receivables	156,869	123,091
Impairment	<u>(2,498)</u>	<u>(2,087)</u>
	154,371	121,004
Unbilled receivables	<u>77,321</u>	<u>101,698</u>
	<u><u>231,692</u></u>	<u><u>222,702</u></u>

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 generally ranges from 60 to 90 days from the date of invoice. 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, there is no significant concentration of credit risk. 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 month	69,250	98,285
1 to 3 months	50,889	16,008
Over 3 months	<u>34,232</u>	<u>6,711</u>
	<u><u>154,371</u></u>	<u><u>121,004</u></u>

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 month	179,031	121,751
1 to 3 months	22,793	2,802
Over 3 months	19,931	18,906
	<u>221,755</u>	<u>143,459</u>

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 FY2021, the Company exercised its powers under the general mandate granted by the Shareholders to the Board at the annual general meeting of the Company held on 3 June 2021 to repurchase Shares not exceeding 10% of the total number of Shares in issue as at the date of the meeting, which shall expire at the conclusion of the next annual general meeting of the Company, and repurchased a total of 7,118,000 Shares on the Stock Exchange at an aggregate consideration of HK\$5,996,440. As at the date of this announcement, all the Shares repurchased in 2021 have been cancelled.

Particulars of the repurchases made by the Company during FY2021 are as follows:

Trading Month	Number of Shares Repurchased	Highest Price Paid (HK\$)	Lowest Price Paid (HK\$)	Total Consideration Paid (HK\$)
January	5,802,000	0.89	0.76	4,861,500
February	312,000	0.88	0.86	273,760
March	72,000	0.82	0.80	58,280
April	766,000	0.89	0.81	662,040
May	130,000	0.88	0.83	110,660
June	36,000	0.85	0.83	30,200
Total	7,118,000			5,996,440

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during FY2021.

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 (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 in 2021 except from the deviation from the Code Provision C.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 C.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 FY2021. 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 C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company’s relevant employees has been noted during FY2021 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 FY2021, 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 FY2021 as set out in this 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 and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

Significant events after the reporting period

In January 2022, the Group made a strategic investment in businesses of the provision of leading digital marketing model for the metaverse in China.

Annual general meeting

The forthcoming annual general meeting will be held on Thursday, 2 June 2022 and its notice and all other relevant documents will be published and despatched to the Shareholders in April 2022.

Closure of register of members

(a) For determining the entitlement of the shareholders to attend and vote at the AGM

The register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, 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 2022 annual general meeting (the "AGM"). In order to be eligible to attend and vote at the 2022 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, 27 May 2022.

(b) For determining the entitlement to the proposed final dividend

The register of members of the Company will be closed from Monday, 13 June 2022 to Wednesday, 15 June 2022 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms 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 for registration no later than 4:30 p.m. on Friday, 10 June 2022.

Publication of 2021 annual results and annual report

This annual results announcement of the Group for FY2021 is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.activation-gp.com. The 2021 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 2022.

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, 7 March 2022

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.