

艾德韋宣集團控股有限公司

ACTIVATION GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock Code : 9919

2020 INTERIM REPORT

ACTIVATION GROUP

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Lau Kam Yiu
(Joint-Chairman & Chief Executive Officer)
 Mr. Ng Bo Sing
(Joint-Chairman & Chief Operating Officer)
 Mr. Chan Wai Bun
 Ms. Low Wei Mun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Cheung Siu Wan
 Mr. Yu Longjun
 Dr. Cheung Wah Keung

JOINT COMPANY SECRETARIES

Mr. Du Xiaozhou
 Ms. So Shuk Yi Betty

AUTHORISED REPRESENTATIVES

Mr. Ng Bo Sing
 Ms. So Shuk Yi Betty

AUDIT COMMITTEE

Ms. Cheung Siu Wan *(Chairlady)*
 Mr. Yu Longjun
 Dr. Cheung Wah Keung

REMUNERATION COMMITTEE

Ms. Cheung Siu Wan *(Chairlady)*
 Mr. Lau Kam Yiu
 Mr. Yu Longjun

NOMINATION COMMITTEE

Mr. Lau Kam Yiu *(Chairman)*
 Mr. Yu Longjun
 Dr. Cheung Wah Keung

CORPORATE GOVERNANCE COMMITTEE

Mr. Ng Bo Sing *(Chairman)*
 Ms. Cheung Siu Wan
 Dr. Cheung Wah Keung

IP DEVELOPMENT COMMITTEE

Mr. Lam Kam Yiu *(Chairman)*
 Mr. Ng Bo Sing
 Mr. Yu Longjun

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Ng Bo Sing *(Chairman)*
 Mr. Yu Longjun
 Dr. Cheung Wah Keung
 Mr. Du Xiaozhou

AUDITOR

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 Hong Kong

COMPLIANCE ADVISER

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CORPORATE INFORMATION

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LEGAL ADVISERS

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Cayman Islands

SHARE LISTING

The Stock Exchange of Hong Kong Limited
("SEHK")

STOCK CODE

SEHK: 9919

LISTING DATE

16 January 2020

INVESTOR AND MEDIA RELATIONS CONSULTANT

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COMPANY WEBSITE

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MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Activation Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 (“**1H2020**”) together with comparative figures for the six months ended 30 June 2019 (“**1H2019**”). These interim results have been reviewed by the Company’s Audit Committee.

RESULTS OF OPERATIONS OF THE GROUP

The revenue of the Group for the first half of 2020 declined to RMB71.8 million (1H2019: RMB273.0 million) and a gross profit of RMB25.8 million (1H2019: RMB87.7 million) was recorded. The loss attributable to equity shareholders of the Company amounted to RMB19.3 million (1H2019: profit of RMB17.6 million). Basic loss per share was RMB2.5 cents.

BUSINESS REVIEW AND OUTLOOK

The Group is a leading and fast-growing integrated marketing solutions provider that principally engaged in the provision of integrated marketing solutions and the intellectual property development. As a provider of the integrated marketing, the Group 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 the Greater China.

As the Group’s business is subject to seasonality, it usually records lower sales during the first half of the financial year, which is in line with the seasonality trend of general marketing services for premium and luxury brands in the People’s Republic of China (the “**PRC**”). But since the beginning of 2020, the business of the Group had been temporary negatively impacted by various factors. These factors include the China-United States trade war, the political unrest in Hong Kong and the outbreak of coronavirus disease (COVID-19) (“**Pandemic**”), which resulted in a decrease in the number of engagements for brand events.

The experiential marketing services and public relation services are evidently impacted by the Pandemic since both businesses are taking place offline, A number of premium and luxury brands events have been put on hold or postponed. Most of the large scale public events need to be approved in advance by the government, but after the outbreak of the Pandemic, a number of provinces in the PRC have taken various measures to prevent the spread of the Pandemic, including but without limitation to, temporary restriction of public gathering and events and travel restriction. The restriction was gradually loosened from April 2020, so it is expected that these two businesses will begin to recover in the second half of 2020. Meanwhile, the digital and brand communication business has not been affected by the Pandemic, and even achieved a slight growth as compared to 1H2019. Furthermore, some of the marketing budget were reallocated from offline to online events, creating a great opportunity for the digital marketing services sector.

Despite of the difficult operating environment, the Group has successfully been engaged by several luxury and premium brands to be the experiential marketing service provider in organising the brand events and intellectual property (“**IP**”) development in the PRC in the second half of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

On 2 June 2020, Shanghai Aideweixuan Sports Development Co., Ltd. (上海艾德韋宣體育發展有限公司), an indirect non-wholly owned subsidiary of the Company entered into a memorandum of understanding with Guangzhou Yuerun Information Technology Co., Ltd. (廣州悅跑信息科技有限公司) (“GYIT”) in respect of a possible co-operation to develop and operate a new online sports cycling mobile app. GYIT is a high-tech company focusing on the provision of a wide range of services for Chinese running enthusiasts through mobile internet applications and offline events. Please refer to the announcement of the Company dated 2 June 2020 for further details of the memorandum of understanding.

Thanks to the effective control on COVID-19 in the PRC, the business and marketing activities are getting back to normal in the second half of 2020, while the Pandemic continues to spread in the other countries and areas. It is believed that premium and luxury brand clients will turn to the PRC market due to relatively fast economic rebound and the Group will benefit from the situation. In July and August 2020, the Group had successfully held a series of fashion events, including the Dior “Designer of Dreams” Exhibition and Louis Vuitton Men’s Spring-Summer 2021 Show.

Geographical Review

Our business is conducted in the PRC, Hong Kong and Singapore. The following table sets forth our breakdown of revenue by geographic region for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (Unaudited)		RMB'000 (Unaudited)	
PRC	67,409	93.9%	252,794	92.6%
Hong Kong & Singapore	4,383	6.1%	20,255	7.4%
Total	<u>71,792</u>	<u>100.0%</u>	<u>273,049</u>	<u>100.0%</u>

Business Segment Review

During the 1H2020, revenues of the Group’s integrated marketing solutions segment and IP development segment were RMB70.8 million (1H2019: RMB253.6 million) and RMB1.0 million (1H2019: RMB19.4 million) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the projects we designed, organised and managed by the Group, our 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 after the outbreak of the Pandemic; and the first quarter of 2020 is usually a low season for premium and luxury brands in the PRC.

The revenue generated from such services decreased from RMB195.8 million in the 1H2019 to RMB20.0 million in the 1H2020.

(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, 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 the offline marketing events cannot be held in the first half of 2020, some of the brands have reallocated their marketing budgets to the online marketing activities.

As a result of the reason mentioned above, the revenue generated from such services increased from RMB45.4 million in the 1H2019 to RMB47.1 million in the 1H2020.

(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.

The revenue generated from such services decreased from RMB12.4 million in the 1H2019 to RMB3.7 million in the 1H2020.

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. Our IP development activities has been affected by the outbreak of the Pandemic, but is expected to recover in the second half of 2020, for example, the company is currently organising one Le Tour de France match in Yunnan Province scheduled to take place in the late October 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue generated from this service decreased from RMB19.4 million in 1H2019 to RMB1.0 million in the 1H2020.

The Group is planning to hold a number of IP development projects in the second half of 2020 and these will strengthen the sustainability of the IP development segment of the Group. Moreover, it is expected that the development of this segment led to more business opportunity in the integrated marketing solutions segment including experiential marketing and public relations services, creating synergy between different businesses within the Group.

FINANCIAL REVIEW

Cost of sales

The cost of sales of the Group decreased from RMB185.4 million for the 1H2019 to RMB46.0 million for the 1H2020. Overall speaking, the decrease in the Group's cost of sales was mainly caused by the decrease in our revenue. The fluctuations in the 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 decreased from RMB87.7 million in the 1H2019 to RMB25.8 million in the 1H2020. The Group's overall gross profit margin increased from 32.1% for the 1H2019 to 35.9% for the 1H2020. It was mainly due to the increase in gross profit margin of each segment of integrated marketing solutions and the proportions in revenue of public relations and digital and brand communication segments have increased in the 1H2020.

Other income and gains

The Group's other income and gains increased from RMB7.0 million for the 1H2019 to RMB8.8 million for the 1H2020. The increase in other income and gains was mainly due to the increase in interest income derived from proceeds.

Selling and distribution expenses

The Group's selling and distribution expenses decreased from RMB33.8 million for the 1H2019 to RMB30.1 million for the 1H2020. Such decrease was primarily due to the decrease in staff cost. In the 1H2020, the Group increased its investment in its business operations under the digital and brand communication segment while the decrease in the salary expenditure in other business segment.

General and administrative expenses

The Group's general and administrative expenses decreased from RMB25.4 million for the 1H2019 to RMB20.7 million for the 1H2020. Such decrease was primarily due to the decrease in staff costs, since the senior management of the Group has voluntarily lowered their salary to alleviate the impact of the Pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

Other expenses, net

The Group's other expenses, recorded a net decrease from RMB0.8 million for the 1H2019 to RMB0.3 million for the 1H2020. The decrease in other expenses was mainly due to the decrease of foreign exchange losses.

Finance costs

The Group's finance costs increased from RMB0.6 million for the 1H2019 to RMB1.9 million for the 1H2020, mainly due to interest generated from the one-off loan borrowed for the global offering of the Company in January 2020 ("IPO") which was repaid in March 2020.

Net loss

The Group recorded a net loss of RMB20.0 million for the 1H2020 (2019: net profit of RMB22.9 million). The loss was mainly due to the decrease in revenue.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the 1H2020.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents

As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately RMB332.4 million (31 December 2019: RMB129.5 million).

Net proceeds from the initial public offering of the Company (the "IPO")

The Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 16 January 2020. Pursuant to the allotment results announcement of the Company dated 15 January 2020, the net proceeds from the IPO were approximately HK\$345.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown of the utilisation of net proceeds from the IPO as at 30 June 2020.

Designated use of net proceeds	Percentage	Net Proceeds HK\$ million	Utilisation as at 30 June 2020 HK\$ million	Unutilised net proceeds as at 30 June 2020 HK\$ million
To develop and expand our existing business of integrated marketing solutions and IP development	55.9%	192.8	4.7	188.1
Cash reserve for strategic investment funds for suitable cooperation or investment opportunities	34.2%	118.0	0.0	118.0
General working capital and general corporate purpose	9.9%	34.2	34.2	0.0
Total	100.0%	345.0	38.9	306.1

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. For further details, please refer to the announcement of the Company dated 20 August 2020.

Borrowing and charges on the Group's assets

As at 30 June 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 IPO.

Gearing ratio

The gearing ratio as at 30 June 2020, calculated on the basis of bank and other borrowings over total equity, 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 on 31 December 2019 and increased the Group's current liabilities.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources

As at 30 June 2020, the total number of employees of the Group was approximately 276 and the employee benefit expenses including directors' emoluments were approximately RMB36.1 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.

Trade receivables and trade payables

The trade receivables of the Group decreased from RMB170.3 million as at 31 December 2019 to RMB78.1 million as at 30 June 2020; and the trade payables of the Group decreased from RMB149.7 million as at 31 December 2019 to RMB 57.7 million as at 30 June 2020.

In general, the decrease in trade receivables and trade payables were mainly due to: i) seasonality, the Group usually records lower sales in the first half of the financial year, which is in line with the seasonality trend of general marketing services for premium and luxury brands in the PRC; ii) the number of projects in automobile industry with longer billing period has lowered in the 1H2020, resulting in the overall decrease in the trade receivables; and iii) from 2019, the Group has been consciously improving its capital turnover efficiency and strengthened its receivables collection management.

Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2020.

Acquisition and disposal of subsidiary and associated companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during the 1H2020.

Foreign Exchange Risk

The Group operates in the PRC, Hong Kong and Singapore with transactions mainly denominated and settled in Renminbi. The income and bank deposits of the Group were substantially denominated in Renminbi to meet the Group's development and operation needs in the PRC. Other than the foreign currency denominated bank deposits, the Group does not have any other material exposure to foreign exchange risk.

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In order to respond to the latest market changes which are affected by China-United States trade war and Pandemic, the Group will take the following actions in the future:

1. Putting further efforts into brand customers in the Internet and consumer industries

After holding the anniversary celebration for the PRC internet giant Alibaba last year, the Group realised that the demand for experiential marketing services is growing for high-quality brands in the domestic Internet industry. The Group has set up an office in Hangzhou, the hub of Internet companies in PRC, aiming at a gradual expansion of the experience marketing business from fashion, jewelry and automobiles sectors to the Internet and other consumer industry markets.

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

The digital marketing is emerging in the PRC. With the outbreak of coronavirus disease (COVID-19) in the PRC, the real economy has been severely damaged, creating a good opportunity for the rapid development of the digital marketing. At the same time, the 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 marketing automation, big data, and self-media multi-channel network (MCN) companies.

3. Expanding the geographical coverage of experiential marketing business

For overseas market outside the PRC, the Group focuses on the mid-range and high-end consumer service market, and is identifying suitable international mergers and acquisitions targets, aiming at becoming one of the leading global integrated marketing solution service providers focusing on serving mid-range and high-end brands while further improving the competitiveness of the Group and expanding coverage of businesses outside Asia.

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

The increasing health awareness of consumers will facilitate 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 customers with the most suitable integrated marketing solutions, attract more premium partners and clients, and strengthen the expansion of 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 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.

OTHER INFORMATION AND CORPORATE GOVERNANCE

SUBSEQUENT EVENTS AFTER 1H2020

1. On 2 July 2020, Activation Group, an indirect non-wholly owned subsidiary of the Company, entered into a memorandum of understanding on strategic cooperation (the “**MOU**”) with HTC Corporation (宏達國際電子股份有限公司)(“**HTC**”) in respect of building up a long-term strategic relationship on the application of virtual reality (“**VR**”) in the event industry in PRC. Given the solid background of HTC in the provision of the VR solutions, the Board considers that the strategic partnership with HTC would enable the Company to lead in the market for event management and this can bring strategic benefit and new revenue streams to the Group. HTC is a world-renowned virtual reality equipment research and development, design and manufacturing company. Its Vive brand VR equipment has the world’s leading level. HTC has established offices in Shanghai, Beijing, Guangzhou and other large and medium-sized cities in the PRC, and its production base is located in Kangqiao, Pudong, the PRC. For details, please refer to the Company’s announcement dated 2 July 2020.
2. On 20 August 2020, the Group has entered into a limited partnership agreement with SHIVC Investment and Shanghai Innovital Technology Capital (Limited Partnership) (上海雙創科技投資中心(有限合夥)), both of them are the independent third parties, to establish a partnership. The purpose of the partnership shall invest in pan-cultural sector projects (including fashion, sports and entertainment industry, digital and creative marketing segment). As at the Latest Practicable Date, this transaction has not yet been completed. For details, please refer to the Company’s announcement dated 20 August 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE (“CG CODE”)

The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules. In the opinion of the Directors, the Company has fully complied with CG Code during the 1H2020 except for 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.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuer” (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Group’s senior management, and employees who are likely to be in possession of inside information in relation to the Group or the Company’s securities due to their positions.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the 1H2020. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the 1H2020.

OTHER INFORMATION AND CORPORATE GOVERNANCE

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Ng	Interest of a controlled corporation (Note 2)	117,669,156 Shares (L)	15.25%
Mr. Lau	Interest of a controlled corporation (Note 3)	154,413,522 Shares (L)	20.01%
Ms. Low	Interest of a controlled corporation (Note 4)	42,929,466 Shares (L)	5.56%

Notes:

- The letter “L” denotes our Directors’ long position in the shares of our Company or the relevant associated corporation.
- These 117,669,156 Shares are held by Activation Investment, which is ultimately controlled by Mr. Ng through NBS Holdings. Under the SFO, Mr. Ng is deemed to be interested in the Shares held by Activation Investment.
- These 154,413,522 Shares are held by Aurora Activation, which is ultimately controlled by Mr. Lau through Dashing Fortune. Under the SFO, Mr. Lau is deemed to be interested in the Shares held by Aurora Activation.
- These 42,929,466 Shares are held by Activation One, which is ultimately controlled by Ms. Low through Step Mind Enterprises Limited. Under the SFO, Ms. Low is deemed to be interested in the Shares held by Activation One.

OTHER INFORMATION AND CORPORATE GOVERNANCE

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As of 30 June 2020, to the best knowledge and belief of the Directors, as at the Latest Practicable Date, the following persons have interests or short positions in Shares or underlying Shares which will be required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholders	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Activation Investment	Beneficial owner (Note 2)	117,669,156 Shares (L)	15.25%
NBS Holdings	Interest of a controlled corporation (Note 2)	117,669,156 Shares (L)	15.25%
Mr. Ng	Interest of a controlled corporation (Note 2)	117,669,156 Shares (L)	15.25%
Chung Wing Ting (鍾穎婷)	Interest of spouse (Note 3)	117,669,156 Shares (L)	15.25%
Aurora Activation	Beneficial owner (Note 4)	154,413,522 Shares (L)	20.01%
Dashing Fortune	Interest of a controlled corporation (Note 4)	154,413,522 Shares (L)	20.01%
Mr. Lau	Interest of a controlled corporation (Note 4)	154,413,522 Shares (L)	20.01%
Li Meixuan (李美璇)	Interest of spouse (Note 5)	154,413,522 Shares (L)	20.01%
Brightly Sky	Beneficial owner (Note 6)	169,430,994 Shares (L)	21.96%
ACT Partners	Interest of a controlled corporation (Note 6)	169,430,994 Shares (L)	21.96%
ACT Holdings	Interest of a controlled corporation (Note 6)	169,430,994 Shares (L)	21.96%
Tricor Trust (Hong Kong) Limited ("Tricor Trust")	Trustee (Note 6)	169,430,994 Shares (L)	21.96%
Aide Zhongxin	Beneficial owner	61,014,906 Shares (L)	7.91%

OTHER INFORMATION AND CORPORATE GOVERNANCE

Name of Shareholders	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Activation One	Beneficial owner (Note 7)	42,929,466 Shares (L)	5.56%
Step Mind Enterprises Limited	Interest of a controlled corporation (Note 7)	42,929,466 Shares (L)	5.56%
Ms. Low	Interest of a controlled corporation (Note 7)	42,929,466 Shares (L)	5.56%

Notes:

- The letter "L" denotes the Shareholder's long position in the Shares.
- These 117,669,156 Shares are held by Activation Investment, which is ultimately owned by Mr. Ng through NBS Holdings. Under the SFO, Mr. Ng and NBS Holdings are deemed to be interested in the Shares held by Activation Investment.
- Ms. Chung Wing Ting is the spouse of Mr. Ng. Under the SFO, Ms. Chung Wing Ting is deemed to be interested in the same number of Shares which Mr. Ng is interested in.
- These 154,413,522 Shares are held by Aurora Activation, which is ultimately owned by Mr. Lau through Dashing Fortune. Under the SFO, Mr. Lau and Dashing Fortune are deemed to be interested in the Shares held by Aurora Activation.
- Ms. Li Meixuan is the spouse of Mr. Lau. Under the SFO, Ms. Li Meixuan is deemed to be interested in the same number of Shares which Mr. Lau is interested in.
- These 169,430,994 Shares are held by Brightly Sky, which is wholly owned by ACT Partners. ACT Partners is owned as to approximately 45.74% by ACT Holdings. ACT Holdings is held under a trust for the benefit of the executive Directors, senior management and other key personnel of the Group pursuant to awards to be granted by the Company at the discretion of the Board from time to time. Tricor Trust is the trustee of the trust. Under the SFO, ACT Partners, ACT Holdings and Tricor Trust are deemed to be interested in the Shares held by Brightly Sky.
- These 42,929,466 Shares are held by Activation One, which is ultimately owned by Ms. Low through Step Mind Enterprises Limited. By virtue of the SFO, Ms. Low and Step Mind Enterprises Limited are deemed to be interested in the Shares held by Activation One.

EMPLOYEES AND REMUNERATION

As at 30 June 2020, the total number of employees of the Group was approximately 276 and the employee benefit expenses including directors' emoluments were approximately RMB36.1 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.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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

During the 1H2020, the Company exercised its powers under the general mandate to repurchase Shares granted by the Shareholders to the Board, which shall be expired on the conclusion of the next annual general meeting of the Company (the "**Share Repurchase Plan**"), and repurchased a total of 28,438,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK\$24,237,000. All these repurchased shares were subsequently cancelled. As at 30 June 2020, a total of 5,066,000 Shares which were repurchased at a cost of approximately HK\$5,414,000 and have not yet been cancelled.

SHARE OPTION SCHEME

A share option scheme was adopted by the written resolutions of the Shareholders passed on 19 December 2019 (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. Since the date of adoption to the 16 January 2020 (the Listing Date), no share option was granted, exercised, outstanding, cancelled or lapsed under the Share Option Scheme.

SHARE AWARD PLAN

Reference is made to the Company's announcement dated 30 March 2020 (capitalized terms in this paragraph have the same meanings as those defined therein). The share award plan of the Company ("**Share Award Plan**") was approved and adopted by the Board on 30 March 2020.

The purpose of the Share Award Plan is to recognize and motivate the contributions by the employees and give incentives thereto in order to retain them, as well as to attract suitable personnel for further development of the Group. The Share Award Plan will be valid and effective for a term of 10 years commencing from the adoption date. The Shares in the share pool under the Share Award Plan will be purchased from the secondary market. The maximum number of Shares to be subscribed for and/ or purchased by the trustee by applying shall not exceed 15% of the total number of issued Shares as at the adoption date.

Since the date of adoption of the Share Award Plan, no Shares has been granted to participants. The Share Award Plan does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

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 unaudited interim results for the 1H2020, and confirms 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
REVENUE	4	71,792	273,049
Cost of sales		<u>(45,990)</u>	<u>(185,387)</u>
Gross profit		25,802	87,662
Other income and gains	4	8,781	6,972
Selling and distribution expenses		(30,102)	(33,827)
General and administrative expenses		(20,722)	(25,441)
Other expenses, net		(264)	(793)
Finance costs		(1,916)	(578)
Share of profits and losses of associates		<u>(254)</u>	<u>37</u>
PROFIT/(LOSS) BEFORE TAX	5	(18,675)	34,032
Income tax expense	6	<u>(1,277)</u>	<u>(11,117)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(19,952)</u>	<u>22,915</u>
Attributable to:			
Owners of the parent		(19,267)	17,621
Non-controlling interests		<u>(685)</u>	<u>5,294</u>
		<u>(19,952)</u>	<u>22,915</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (RMB cents)		<u>(2.47)</u>	<u>2.94</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
PROFIT/(LOSS) FOR THE PERIOD	(19,952)	22,915
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>5,794</u>	<u>(162)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(14,158)</u>	<u>22,753</u>
Attributable to:		
Owners of the parent	(13,473)	17,459
Non-controlling interests	<u>(685)</u>	<u>5,294</u>
	<u>(14,158)</u>	<u>22,753</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,972	1,873
Right-of-use assets		14,461	16,569
Goodwill		10,233	10,233
Intangible assets		212	268
Investment in associates		5,491	5,512
Deferred tax assets		547	551
Total non-current assets		<u>32,916</u>	<u>35,006</u>
CURRENT ASSETS			
Investments in entertainment projects		470	1,594
Trade receivables	10	78,116	170,322
Prepayments, deposits and other receivables		30,065	14,324
Pledged bank deposits		—	8,940
Cash and cash equivalents		332,363	129,493
Total current assets		<u>441,014</u>	<u>324,673</u>
CURRENT LIABILITIES			
Trade payables	11	57,720	149,673
Other payables and accruals		43,323	33,547
Interest-bearing bank and other borrowings		—	74,813
Lease liabilities		3,746	4,175
Tax payable		2,400	11,975
Total current liabilities		<u>107,189</u>	<u>274,183</u>
NET CURRENT ASSETS		<u>333,825</u>	<u>50,490</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>366,741</u>	<u>85,496</u>
NON-CURRENT LIABILITIES			
Lease liabilities		11,604	13,257
Deferred tax liabilities		219	210
Total non-current liabilities		<u>11,823</u>	<u>13,467</u>
Net assets		<u><u>354,918</u></u>	<u><u>72,029</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	<i>Notes</i>	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	683	88
Share premium		270,974	—
Reserves		71,809	59,804
		343,466	59,892
Non-controlling interests		11,452	12,137
		354,918	72,029

Lau Kam Yiu
Director

Ng Bo Sing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent												
	Issued capital	Share premium	Treasury shares	Other reserve	Capital reserve	Statutory reserve	Capital redemption reserve	Exchange fluctuation reserve	Shares held under share award scheme	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020 (audited)	88	—	—	(22,753)	14,023	22,778	—	(151)	—	45,907	59,892	12,137	72,029
Loss for the period	—	—	—	—	—	—	—	—	—	(19,267)	(19,267)	(685)	(19,952)
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	5,794	—	—	5,794	—	5,794
Total comprehensive income for the period	—	—	—	—	—	—	—	5,794	—	(19,267)	(13,473)	(685)	(14,158)
Issue of shares	616	357,158	—	—	—	—	—	—	—	—	357,774	—	357,774
Share repurchased	(21)	(50,848)	(4,944)	—	—	—	30,422	—	—	—	(25,391)	—	(25,391)
Purchase of shares held under share award scheme	—	—	—	—	—	—	—	—	(13,284)	—	(13,284)	—	(13,284)
Share issue expenses	—	(22,052)	—	—	—	—	—	—	—	—	(22,052)	—	(22,052)
Transfer from retained profits	—	—	—	—	—	4	—	—	—	(4)	—	—	—
At 30 June 2020 (unaudited)	683	284,258	(4,944)	(22,753)	14,023	22,782	30,422	5,643	(13,284)	26,636	343,466	11,452	354,918

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

Note	Attributable to owners of the parent							Non-controlling interests RMB'000	Total equity RMB'000
	Issued capital	Other reserve	Capital reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Total		
	RMB'000 (Note 12)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2019	—	36,514	14,023	17,560	(1,671)	54,700	121,126	21,476	142,602
Profit for the period	—	—	—	—	—	17,621	17,621	5,294	22,915
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(162)	—	(162)	—	(162)
Total comprehensive income for the period	—	—	—	—	(162)	17,621	17,459	5,294	22,753
Transfer from retained profits	—	—	—	1,505	—	(1,505)	—	—	—
Dividends declared by a subsidiary to the then shareholders	7	—	—	—	—	(33,544)	(33,544)	—	(33,544)
Dividends declared by subsidiaries to non-controlling shareholders	—	—	—	—	—	—	—	(6,456)	(6,456)
At 30 June 2019 (unaudited)	—	36,514	14,023	19,065	(1,833)	37,272	105,041	20,314	125,355

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(18,675)	34,032
Adjustments for:			
Finance costs		1,916	578
Share of profits and losses of associates		254	(37)
Interest income	4	(1,457)	(488)
Depreciation of property, plant and equipment	5	411	438
Depreciation of right-of-use assets	5	2,108	1,076
Amortisation of intangible assets	5	56	59
Impairment of trade receivables	5	850	767
Fair value gains/(losses) on investments in entertainment projects	5	511	(70)
		(14,026)	36,355
Decrease in trade receivables		91,356	49,763
Increase in prepayments, deposits and other receivables		(15,741)	(16,278)
Decrease in trade payables		(91,953)	(13,224)
Increase/(decrease) in other payables and accruals		9,776	(15,023)
		(20,588)	41,593
Cash generated from/(used in) operations		(10,748)	(16,622)
Taxes paid		(10,748)	(16,622)
		(31,336)	24,971
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,457	488
Purchases of items of property, plant and equipment	9	(516)	(460)
Purchases of intangible assets		—	(57)
Settlement of entertainment projects, net	14	613	2,646
Proceeds from disposal of an property, plant and equipment		6	—
Decrease in pledged bank deposits		8,940	—
		10,500	2,617
Net cash flows from investing activities		10,500	2,617

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,539)	(336)
New bank and other borrowings	—	9,000
Repayment of bank and other borrowings	(74,813)	(19,000)
Share repurchases	(27,033)	—
Share award	(13,284)	—
Proceeds from issue of shares	357,778	—
Share issue expenses	(22,052)	—
Principal portion of lease payments	(2,091)	(1,394)
Interest portion of lease payment	(377)	(242)
Net cash flows from/(used in) financing activities	<u>216,589</u>	<u>(11,972)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	195,753	15,616
Cash and cash equivalents at beginning of period	129,493	88,397
Effect of foreign exchange rate changes, net	<u>7,117</u>	<u>(161)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>332,363</u>	<u>103,852</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	332,363	102,978
Non-pledged time deposits with original maturity of less than three months when acquired	<u>—</u>	<u>874</u>
Cash and cash equivalents as stated in the statement of financial position	<u>332,363</u>	<u>103,852</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 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 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 the period ended 30 June 2020, the Company's subsidiaries were involved in the following principal activities:

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

There were no significant changes in the nature of the Group's principal activities during the period.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

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

Other than as further explained below regarding the impact of Amendment to HKFRS 16 *COVID-19 Related Rent Concessions*, the revised standards are not relevant to the preparation of the Group's unaudited interim condensed consolidated financial information. The nature and impact of the Amendment to HKFRS 16 are described below:

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 COVID-19 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 retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, no monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The amendment did not have any 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/(loss) 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 payable, tax payable, lease liabilities, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020 (Unaudited)

	Integrated marketing solutions <i>RMB'000</i>	IP development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
Sales to external customers	70,754	1,038	<u>71,792</u>
Segment results	(11,274)	(2,825)	(14,099)
<i>Reconciliation:</i>			
Corporate and other unallocated expenses, net (Finance costs)			<u>(2,660)</u> <u>(1,916)</u>
Loss before tax			<u>(18,675)</u>
Other segment information			
Depreciation and amortisation	411	56	467
Impairment of trade receivables	823	27	850
Capital expenditure*	516	—	516
As at 30 June 2020 (Unaudited)			
Segment assets	215,340	27,746	243,086
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>230,844</u>
Total assets			<u>473,930</u>
Segment liabilities	91,736	6,443	98,179
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>20,833</u>
Total liabilities			<u>119,012</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2019 (Unaudited)

	Integrated marketing solutions <i>RMB'000</i>	IP development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue <i>(note 5)</i>			
Sales to external customers	253,586	19,463	<u>273,049</u>
Segment results	41,994	1,484	43,478
<i>Reconciliation:</i>			
Corporate and other unallocated expenses, net			(8,868)
Finance costs			<u>(578)</u>
Profit before tax			<u>34,032</u>
Other segment information			
Depreciation and amortisation	494	3	497
Impairment of trade receivables	767	—	767
Capital expenditure*	517	—	517
As at 31 December 2019 (Audited)			
Segment assets	291,378	40,937	332,315
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>27,364</u>
Total assets			<u>359,679</u>
Segment liabilities	138,866	28,142	167,008
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>120,642</u>
Total liabilities			<u>287,650</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Mainland China	67,409	252,794
Hong Kong/Singapore	4,383	20,255
	71,792	273,049

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

(b) Non-current assets

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Mainland China	12,371	12,374
Hong Kong/Singapore	5,537	5,512
	17,908	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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

3. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue derived from sales to external customers by the integrated marketing solutions segment contributing over 10% to the total revenue of the Group for the periods ended 30 June 2020 and 2019 is as follows:

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Customer A	11,171	N/A*
Customer B	7,634	N/A*
Customer C	— [#]	30,812
	=====	=====

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

* Contributing less than 10% to the total revenue of the Group in the prior period

The Group has no transaction with this customer in the current period

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Major service lines		
<i>Integrated marketing solutions</i>		
Experiential marketing services	20,017	195,800
Digital and brand communication services	47,035	45,398
Public relations services	3,702	12,388
	<u>70,754</u>	<u>253,586</u>
<i>IP development</i>		
Sports and entertainment services	1,038	19,463
	<u>71,792</u>	<u>273,049</u>
(i) Disaggregated revenue information		
For the six months ended 30 June 2020		
Geographical locations		
<i>Integrated marketing solutions</i>		
Mainland China	66,371	233,331
Hong Kong/Singapore	4,383	20,255
	<u>70,754</u>	<u>253,586</u>
<i>IP development</i>		
Mainland China	1,038	19,463
	<u>71,792</u>	<u>273,049</u>
Total revenue from contracts with customers	<u>71,792</u>	<u>273,049</u>
Timing of revenue recognition		
At a point in time	21,055	215,263
Over time*	50,737	57,786
	<u>71,792</u>	<u>273,049</u>
Total revenue from contracts with customers	<u>71,792</u>	<u>273,049</u>

* Included projects on retainer basis

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) *Disaggregated revenue information (Continued)*

For the six months ended 30 June 2020

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

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Integrated marketing solutions	307	3,192
IP development	88	8,285
	395	11,477

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Experiential marketing services

The performance obligation is satisfied upon completion of the relevant event with all services rendered and payment is generally due within 60 to 90 days from the date of billing, whereas certain payments in advance are normally required.

Digital and brand communication services

The performance obligation is generally satisfied over time as services are rendered and payment is generally due based on terms agreed by the relevant parties as set out in respective agreements.

Public relations services

The performance obligation is generally satisfied over time as services are rendered and short-term advances are generally required before rendering the services. Public relations service contracts are for periods of one period or less, or are billed on monthly basis.

Sports and entertainment services

The performance obligation is generally satisfied upon completion of the relevant event or activity and payment is generally due within 60 to 90 days from the date of billing.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

For the six months ended 30 June 2020

An analysis of other income and gains is as follows:

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Other income and gains		
Bank interest income	1,457	488
Government grants and subsidies*	7,063	6,372
Others	261	112
	<u>8,781</u>	<u>6,972</u>

* Various government grants and subsidies have been received by certain subsidiaries from PRC's and Hong Kong'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. There were no unfulfilled conditions or contingencies relating to these government grants and subsidies.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Cost of services rendered	45,990	185,387
Depreciation of property, plant and equipment**	411	438
Depreciation of right-of-use assets**	2,108	1,076
Amortisation of intangible assets**	56	59
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries, bonuses and allowances	36,106	40,142
Pension scheme contributions (defined contribution schemes)	1,850	1,693
	<u>37,956</u>	<u>41,835</u>
Fair value losses/(gains) on investments in entertainment projects*	511	(70)
Impairment of trade receivables, net*	850	767
Foreign exchange differences, net*	(1,106)	(30)
	<u><u>(1,106)</u></u>	<u><u>(30)</u></u>

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

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 period.

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 profit tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, if any, except for those which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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 period, if any.

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current — PRC		
Charge for the period	1,264	9,861
Deferred	13	1,256
	<hr/>	<hr/>
Total tax charge for the period	1,277	11,117
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

7. DIVIDENDS

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

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividends	<u>—</u>	<u>33,544</u>

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share for the six months ended 30 June 2020 is based on the loss attributable to ordinary equity holders of the parent of (RMB19,267,000) (six months ended 30 June 2019: (profit attributable to ordinary equity holders of the parent of RMB17,621,000), and the weighted average number of the Company's ordinary shares of 779,187,044 (six months ended 30 June 2019: 600,000,000) in issue, comprising capitalisation issue, as if the respective shares were outstanding throughout the periods presented.

No adjustment has been made to the basic earnings/(loss) per share presented for the periods ended 30 June 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment with a cost of RMB516,000 (30 June 2019: RMB460,000). Assets with a net book value of RMB 8,400 were disposed of by the Group during the six months ended 30 June 2020 (30 June 2019: RMB Nil), resulting in a net gain on disposal of RMB59,600 (30 June 2019: RMB Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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10. TRADE RECEIVABLES

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

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Billed		
Within 1 month	19,736	57,894
1 to 3 months	7,278	33,179
Over 3 months	7,719	13,180
	34,733	104,253
Unbilled	43,383	66,069
	78,116	170,322

11. 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:

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Within 1 month	14,120	109,392
1 to 3 months	5,820	19,279
Over 3 months	37,780	21,002
	57,720	149,673

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

12. ISSUED CAPITAL

Shares

	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.001 each (31 December 2019: 10,000,000,000 ordinary shares of HK\$0.001 each)	<u>8,800</u>	<u>8,800</u>
Issued and fully paid:		
771,562,000 ordinary shares of HK\$0.001 each (31 December 2019: 100,000,000 ordinary shares of HK\$0.001 each)	<u>683</u>	<u>88</u>

A summary of movements in the Company's authorised and issued share capital is as follows:

	<i>Notes</i>	Number of shares	<i>RMB'000</i>
Authorised:			
3,800,000 ordinary shares of HK\$0.1 each on 27 February 2019 (date of incorporation)	<i>(a)</i>	3,800,000	334
Additional shares from share subdivision on 12 April 2019	<i>(b)</i>	376,200,000	—
Increase of 9,620,000,000 ordinary shares of HK\$0.001 each on 19 December 2019	<i>(c)</i>	<u>9,620,000,000</u>	<u>8,466</u>
At 31 December 2019 and 30 June 2020		<u>10,000,000,000</u>	<u>8,800</u>
Issued and fully paid:			
Issuance of 1 ordinary share of HK\$0.1 each on 27 February 2019 (date of incorporation)	<i>(a)</i>	1	—
Additional shares from share subdivision on 12 April 2019	<i>(b)</i>	99	—
Issuance of 99,999,900 ordinary shares of HK\$0.001 each on 22 July 2019	<i>(d)</i>	<u>99,999,900</u>	<u>88</u>
At 31 December 2019		<u>100,000,000</u>	<u>88</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12. ISSUED CAPITAL (Continued)

Shares (Continued)

	<i>Notes</i>	Number of shares	<i>RMB'000</i>
At 31 December 2019		100,000,000	88
Capitalisation of 500,000,000 ordinary shares of HK\$0.001 each on 16 January 2020	(e)	500,000,000	440
Issuance of 200,000,000 ordinary shares of HK\$0.001 each on 16 January 2020	(f)	200,000,000	176
Repurchases and cancellation 22,154,000 ordinary shares of HK\$0.001 each on 27 May 2020	(g)	(22,154,000)	(17)
Repurchases and cancellation 6,284,000 ordinary shares of HK\$0.001 each on 29 June 2020	(h)	<u>(6,284,000)</u>	<u>(4)</u>
At 30 June 2020		<u>771,562,000</u>	<u>683</u>

Notes:

- (a) On 27 February 2019, the Company was incorporated as an exempted company with limited liability incorporated in the Cayman Islands with authorised share capital of HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.1 each. Upon incorporation, 1 ordinary share of HK\$0.1 was issued at par for cash.
- (b) On 12 April 2019, each of the 3,800,000 shares of the Company in the authorised share capital was sub-divided into 100 ordinary shares such that the authorised share capital of the Company was HK\$380,000 divided into 380,000,000 ordinary shares of HK\$0.001 each.
- (c) Pursuant to a written resolution of the shareholders of the Company passed on 19 December 2019, the authorised share capital of our Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of 9,620,000,000 share with a par value of HK\$0.001 each.
- (d) On 22 July 2019, 99,999,900 ordinary shares of the Company was issued at HK\$0.001 per share.
- (e) Pursuant to the written resolutions of the shareholders of the Company passed on 19 December 2019, 500,000,000 ordinary shares of HK\$0.001 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the holders of shares whose names appeared on the register of members of the Company at the close of business on 16 January 2020. This allotment and capitalisation issue were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (f) below.
- (f) In connection with the Company's initial public offering, 200,000,000 ordinary shares of par value of HK\$0.001 each were issued at a price of HK\$2.02 per share for a total cash consideration, before share issue expenses, of approximately HK\$404,000,000. Dealings in the shares of the Company on the Stock Exchange commenced on 16 January 2020.
- (g) On 27 May 2020, the Company purchased 22,154,000 of its shares on the Hong Kong Stock Exchange for a total consideration of HK\$18,691,220, which was paid in accordance with section 257 of the Hong Kong Companies Ordinance. The Purchased shares were cancelled during the period and the total amount paid for the purchase of the shares of HK\$26,059,860 has been charged to capital redemption reserve of the Company.
- (h) On 29 June 2020, the Company purchased 6,284,000 of its shares on the Hong Kong Stock Exchange for a total consideration of HK\$5,545,950, which was paid in accordance with section 257 of the Hong Kong Companies Ordinance. The Purchased shares were cancelled during the period and the total amount paid for the purchase of the shares of HK\$7,147,760 has been charged to capital redemption reserve of the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

13. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with a related party during the period:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Related company:		
Expenses relating to short-term leases	<u>1,125</u>	<u>1,125</u>

Rentals were charged in accordance with tenancy agreements entered into between the relevant parties. A director of the Company during the period has a beneficial equity interest in the related company.

- (b) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' remuneration is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Short-term employee benefits	5,888	5,278
Post-employment benefits	<u>68</u>	<u>65</u>
Total compensation paid to key management personnel	<u>5,956</u>	<u>5,343</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts	
	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Financial assets		
Investment in entertainment projects	<u>470</u>	<u>1,594</u>
	Fair values	
	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Financial assets		
Investment in entertainment projects	<u>470</u>	<u>1,594</u>

At the end of the reporting period, the carrying amounts of the Group's other financial assets and financial liabilities reasonably approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings reasonably approximate to their carrying amounts largely because these instruments have short term maturities are repayable on demand or the effect of discounting is not material.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

For the investment in entertainment projects, their fair values are estimated with reference to the expected net proceeds receivable from those entertainment projects attributable to the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
As at 30 June 2020				
Financial assets at fair value through profit or loss:				
Investment in entertainment projects	—	—	470	470

	Fair value measurement using			Total (Audited) RMB'000
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	
As at 31 December 2019				
Financial assets at fair value through profit or loss:				
Investment in entertainment projects	—	—	1,594	1,594

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value: *(Continued)*

The movements in fair value measurements within Level 3 during the period are as follows:

	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Financial assets at fair value through profit or loss:		
At 1 January	1,594	7,200
Net gain recognised in profit or loss	—	704
Impairment	(511)	—
Settlements	(613)	(6,310)
	<u> </u>	<u> </u>
At 30 June	470	1,594
	<u> </u>	<u> </u>

The Group did not have any financial liabilities measured at fair value as at the period end.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets. (six months ended 30 June 2019: Nil).

15. IMPACT OF COVID-19

The Experiential Marketing services and Public Relation services are evidently impacted by the COVID-19 since both business are taking place offline. The offline event need to be approved in advance by the government, but after the explosion of the COVID-19, the government restrict any kind of people gathering event including the exhibition and shows in order to avoid the potential transmission of the virus. This kind restriction is gradually loosened from April 2020, so these two business will be recovered in the next half year of 2020. Meanwhile, the digital business are not impacted by the COVID-19, and even achieved slight growth compared to the previous year, since the marketing budget are reallocated to online marketing service.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

16. EVENTS AFTER THE REPORTING PERIOD

After June 30, the Company and its subsidiaries have achieved two equity transactions:

- Activation Group acquired 10% shares of Activation Sports Development from another shareholder “Mr ZOU Cheng” with a price of RMB200,000. Activation Group will hold 90% of the Activation Sports Development after this transaction.
- Activation Group acquired 40% shares of Activation Project 23 from another shareholder “Ms ZHANG Ying” with a price of RMB333,300. Activation Group will hold 100% of the Activation Project 23 after this transaction.

On 27 July, Activation Group announced the signing of a memorandum of understanding of a potential cooperation with SHIVC Investment to launch an industry fund of RMB1 billion for investing in the creative, culture and marketing area. This cooperation is subject to the shareholders’ approval of the Company.

DEFINITIONS

“1H2019”	six months ended 30 June 2019
“1H2020”	six months ended 30 June 2020
“ACT Holdings”	ACT Holdings Ltd., a company incorporated in the BVI with limited liability on 29 November 2018 which is held by a professional trustee under a trust for the benefit of the Company’s executive Directors, senior management and other key personnel of the Group pursuant to awards to be granted by the Company at the discretion of the Board from time to time
“ACT Partners”	ACT Partners Global Ltd., a company incorporated in the BVI with limited liability on 10 December 2018 which is beneficially owned by ACT Holdings and nine staff members including the Company’s executive Directors, senior management and other key personnel of the Group
“Activation Business Consultancy”	Shanghai Aideweixuan Business Consultancy Co., Ltd.* (上海艾德韋宣商務諮詢有限公司), a limited liability company established under the laws of the PRC on 22 November 2013, the predecessor company of Activation Group
“Activation Events”	a business unit of the Group which is responsible for organising, promoting and running experiential marketing events
“Activation Group”	Shanghai Aideweixuan Group Co., Ltd.* (上海艾德韋宣股份有限公司), a joint stock limited company converted from its predecessor company, Activation Business Consultancy, under the laws of the PRC on 15 December 2015 and an indirect non-wholly owned subsidiary of the Company
“Activation Investment”	Activation Investment Limited (艾特投資有限公司), a limited liability company incorporated in Hong Kong under the Companies Ordinance on 5 September 2013 which is ultimately wholly owned by Mr. Ng and was holding approximately 15.25% of the issued share capital of the Company as at the Latest Practicable Date
“Activation One”	Activation One Limited (艾特聯合有限公司), a limited company incorporated in Hong Kong under the Companies Ordinance on 4 September 2013, which is ultimately controlled by Ms. Low through Step Mind Enterprises Limited and was holding approximately 5.56% of the issued share capital of the Company as at the Latest Practicable Date
“Aide Zhongxin”	Aide Zhongxin (Shanghai) Investment Management Enterprise (Limited Partnership)* (艾德眾信(上海)投資管理企業(有限合夥)), a limited partnership established under the laws of the PRC on 14 March 2014 and was holding approximately 7.91% of the issued share capital of the Company as at the Latest Practicable Date

DEFINITIONS

“Articles” or “Articles of Association”	the amended and restated articles of association of the Company adopted on 19 December 2019 (as amended, supplemented or otherwise modified from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auditor”	Ernst & Young, Certified Public Accountants
“Aurora Activation”	Aurora Activation Holdings Limited (極光動力控股有限公司), a limited company incorporated in Hong Kong under the Companies Ordinance on 23 September 2013 which is ultimately wholly owned by Mr. Lau and was holding approximately 20.01% of the issued share capital of the Company as at the Latest Practicable Date
“Board” or “Board of Directors”	the board of Directors of the Company
“Brightly Sky”	Brightly Sky Company Limited (卓明遠達有限公司), a limited company incorporated in Hong Kong under the Companies Ordinance on 17 September 2013 which is wholly owned by ACT Partners and was holding approximately 21.96% of the issued share capital of the Company as at the Latest Practicable Date
“BVI”	British Virgin Islands
“Cayman Islands Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Activation Group Holdings Limited (艾德韋宣集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 27 February 2019 under the Companies Law
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of this interim report, means the controlling shareholders of the Company, being Mr. Ng, NBS Holdings, Activation Investment, Mr. Lau, Dashing Fortune and Aurora Activation
“Dashing Fortune”	Dashing Fortune International Limited (利高國際有限公司), a company incorporated in the BVI with limited liability on 15 April 2013 and wholly owned by Mr. Lau

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Greater China”	geographic area that shares commercial and cultural ties, including Hong Kong, Macau and China
“Group”	the Company and its subsidiaries, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IP”	intellectual property
“IP development”	also known as IP activation, the business which involves introducing, developing and growing an IP for clients
“Latest Practicable Date”	23 September 2020, the latest date prior to the printing of this interim report for ascertaining certain information in this interim report
“Listing”	the listing of the Company’s Shares on the Main Board of the Stock Exchange
“Listing Date”	16 January 2020, the date on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange and which is independent from and operated in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of the Company, conditionally adopted on 19 December 2019 (as amended, supplemented or otherwise modified from time to time)
“Mr. Du”	Mr. Du Xiaozhou (杜曉舟), a member of senior management of the Group, the secretary of the board of directors of Activation Group and the joint company secretary of the Company
“Mr. Lau”	Mr. Lau Kam Yiu (劉錦耀), an executive Director, the joint-chairman of the Board, the chief executive officer of the Group and a Controlling Shareholder

DEFINITIONS

“Mr. Ng”	Mr. Ng Bo Sing (伍寶星), an executive Director, the joint-chairman of the Board, the chief operating officer of the Group and a Controlling Shareholder
“Ms. Low”	Ms. Low Wei Mun (劉慧文), an executive Director and the general manager of Activation Events
“NBS Holdings”	NBS Holdings Limited, a company incorporated in the BVI with limited liability on 25 January 2007 and wholly owned by Mr. Ng
“PRC” or “China”	the People’s Republic of China which, for the purposes of this interim report excludes Hong Kong, Macau and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SHIVC Investment”	Shanghai Innovital Capital Investment Management Co., Ltd. (上海雙創投資管理有限公司), is principally engaged in equity investment and investment management in strategic emerging fields. SHIVC Investment and its ultimate beneficial owners are independent third parties and are not connected with the Company and its connected persons
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules