

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

2021 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. Lau 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

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Quarry Bay
Hong Kong

COMPLIANCE ADVISER

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REGISTERED OFFICE

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HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Shanghai
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CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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LEGAL ADVISERS

As to Hong Kong law
Chiu & Partners
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Jingtian & Gongcheng
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Shanghai
PRC

As to Cayman Islands law
Conyers Dill & Pearman
Cricket Square
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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

SHARE LISTING

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

STOCK CODE

SEHK: 9919

LISTING DATE

16 January 2020

INVESTOR AND MEDIA RELATIONS CONSULTANT

Strategic Financial Relations Limited
Tel: (852) 2864 4895
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COMPANY WEBSITE

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HIGHLIGHTS OF THE YEAR

EXPERIENTIAL MARKETING



GUCCI 古馳

「Aria Collection」 Fashion Show

GUCCI 古馳
「Garden Archetypes」 Exhibition



CINDY CHAO

「Wu Jin Zhi Jing」 Exhibition

HIGHLIGHTS OF THE YEAR

EXPERIENTIAL MARKETING



Alexander McQueen 亞歷山大·麥昆
Autumn Winter 2021 Womenswear
Collection Launch Dinner

Mercedes 梅賽德斯
AMG GLA 35 & GLB 35
Hainan Driving Experience Journey



PRADA 普拉達
OUTDOOR Pop-up

HIGHLIGHTS OF THE YEAR

DIGITAL & BRAND COMMUNICATION



Avant Plus
Douyin Celebrity
Livestreaming E-commerce

CHRISTIAN LOUBOUTIN
克裏斯提·魯布托
Tmall Super Brand Day



CHRISTIAN DIOR 克里斯汀·迪奥
DIOR 2021 J'adore Infinissime Campaign



HIGHLIGHTS OF THE YEAR

DIGITAL & BRAND COMMUNICATION



LEGO 樂高

Chinese New Year Campaign

New Balance 新百倫
Noritake Campaign



Balabala 巴拉巴拉
Super Brand Day

HIGHLIGHTS OF THE YEAR

PUBLIC RELATIONS



L'Artisan Parfumeur 阿蒂仙
PR Retainer



JINGART



YU Prize
Exhibition & Gala Dinner

HIGHLIGHTS OF THE YEAR

IP DEVELOPMENT



Strategic Cooperation with JUSS EVENT
/ World Top Event Operation

Tour De FRANCE 環法自行車賽
China Series Lingang, Shanghai Station



LaLiga 西甲
/ Teenager Training Camp

AWARDS AND RECOGNITIONS

/ CAMPAIGN AWARD

- **BEST TRADE SHOW / EXHIBITION / CONFERENCE GOLD**

Christian Dior DESIGNER OF DREAMS Exhibition

- **BEST OUTDOOR EVENT GOLD**

Mercedes-Benz Go Beyond SUV Journey

- **BEST LIVE EVENT SILVER**

Louis Vuitton Spring Summer 2021 Menswear Show

- **BEST EXPERIENTIAL MARKETING SILVER**

Benz G-Class X Virgil Abloh Art Piece



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 2021 (“**2021 Interim**”) together with comparative figures for the six months ended 30 June 2020 (“**2020 Interim**”). These interim results have been reviewed by the Company’s audit committee.

INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK1.03 cents per ordinary share and an interim special dividend of HK6.93 cents per ordinary share for the six months ended 30 June 2021 (2020: nil), which amounted to HK\$60,076,000.

The record date for the interim dividend and interim special dividend is Thursday, 26 August 2021. The above dividends are expected to be distributed to the shareholders of the Company (the “**Shareholders**”) on or about Tuesday, 7 September 2021.

BUSINESS REVIEW

The Group is a leading and fast-growing integrated marketing solutions provider that focuses on the provision of experiential marketing, digital and brand communication, and public relations services which mainly operates in Greater China. The Group also focused on the sports and entertainment intellectual property (“**IP**”) development sector. Since 2016, the Group has started its IP development business for sports market where the Group entered into cooperation agreements with each of LaLiga and Amaury Sport Organisation for granting the Group exclusive rights to organise authorised events with LaLiga Club brand and Le Tour de France brand and other rights for marketing, sponsorship, merchandising and other uses in the PRC.

Integrated marketing solutions

After the impact of the pandemic in the first half of 2020, China’s economy has achieved rapid recovery and rebound, and this trend has continued in 2021. As a result of economic recovery, coupled with the impact of inflation, high-end consumption has been significantly stimulated, which has also driven the rapid growth of the luxury marketing industry. As a market leader in the luxury experiential marketing industry, our experiential marketing and public relations businesses have benefited greatly and achieved very significant growth. According to the research report of China Insights Industry Consultancy Limited, the Company is still the largest experiential marketing service provider in Greater China in 2020 and accounted for 7.0% of the total market share in 2020.

On the other hand, the pandemic has accelerated the digitalisation of business for Chinese brands. Brands have increased their budget in digital marketing while more and more brands have started to open stores on e-commerce platforms, and the proportion of e-commerce channels in the total sales of brands has been increasing. Therefore, in the first half of 2021, the Group decided to increase its investment in digital marketing and e-commerce, and upgrade its original digital marketing services to comprehensive digital marketing solutions which include the Multi-Channel Network (“**MCN**”) business and target media service.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has established a new business unit in the MCN sector named Avant Plus with a business focus on the fashion industry. As the date of this report, the Company has signed collaboration agreement with more than 10 key opinion leaders (“KOLs”) and celebrities in the fashion industry, including famous movie star Ms. Charmaine Sheh (佘詩曼), fashion blogger Boynam (江南) and fashion KOLs like Di Bai Nai Nai (迪拜奶奶). With the Group’s brand resources and digital marketing solutions, the Group has assisted them in building up their social media accounts, expanding their fan base, and supporting fashion labels in promotion and word-of-mouth marketing.

For the target media service launched by the Group this year, the Group has expanded its digital services from content production to the media and advertising, helping its clients reach their target customers in different social media platforms. This service was soon recognised by the Group’s clients and generated nearly RMB20 million in revenue in the first half of 2021.

Since the second half of 2020, live streaming e-commerce as a new marketing strategy and sales channel has become more and more popular among consumers while being recognised by brands. In July 2021, the Group had entered into a strategic cooperation with Vision Future (Shanghai) Media Technology Co., Ltd. (“**Vision Entertainment**”), a leading agency of Douyin e-commerce, and established a joint venture (which the Group holds 51% majority shareholding) to explore the huge potential of livestreaming e-commerce business which is at the forefront of digital marketing in mainland China. The cooperation is mainly to provide Douyin livestreaming e-commerce for stars and celebrities and Douyin store branding operation service for luxury and fashion labels. Combining the celebrities and brand resources of the Group as well as the extensive experience in livestreaming e-commerce of Vision Entertainment, the joint venture is committed to expand the online brand marketing and e-commerce in the Douyin market, and also cultivate Douyin Live streaming e-commerce to introduce more famous artists and celebrities to join livestream e-commerce. As at 31 July 2021, the joint venture has completed more than 20 star livestreaming sessions, resulting in gross merchandise volume (“**GMV**”) of brands exceeding RMB100 million. This joint venture is expected to be profitable and contribute to the growth of the Group’s revenue and profit. After Avant Plus, the Group will, through such cooperation with Vision Entertainment, strive to realise commercial brand advertising by the Douyin Star matrix, bringing customers’ products into livestreaming e-commerce and creating a new ecological model of star livestreaming and Douyin e-commerce. The Group will continue to look for suitable opportunities for merger and acquisition as well as cooperation in the field of livestreaming e-commerce and e-commerce operations.

IP development

The IP development segment has resumed and achieved significant growth in the first half of this year, with the Group completing one successful CRITERIUM RIDE race in the first half of the year and planning two to three more in the second half of 2021. During 2021 Interim, a subsidiary of the Group had signed a MOU of Cooperation Intent with Hongkong Land’s affiliated company, under which the parties plan to establish a JV company to jointly operate the relevant venues in West Bund Financial Hub in Xuhui District, Shanghai. The West Bund Financial Hub will 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 from around the world. In addition, the Group signed a strategic cooperation agreement in April 2021 with Fosun Fashion Group (one of the largest independent luxury groups in China), a subsidiary of Fosun International Limited (listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), stock code: 00656.HK), and became the preferred marketing partner and strategic shareholder of all its brand portfolios.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In light of the pandemic, after taking into in-depth consideration, the Group will create a new e-commerce marketing and MCN/KOL business department combined with the original public relations and experiential marketing and digital marketing services, strengthen its investments in digital marketing and e-commerce through the above series of strategic and equity cooperation, and implement business upgrades and strategic deployments, thereby strategically upgrading the Group as an interactive data performance marketing group for fashion brands. Therefore, the Group is expected to be more online-offline-integrated, more data-driven, and more sales-oriented in marketing, so as to strive for providing brands with high-quality marketing services in a more valuable and measurable way.

In the past, the Group's experiential marketing business provided not only event venue set-up and design services for brands, but also helped brands provide content services to their target consumers. 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. In many cases, such experience would be transformed into sales in a short time. Unlike mass consumer goods, luxury brands have a small group of target customers, so the offline marketing effect of luxury brands is more accurate. However, due to low frequency of experiential marketing and huge one-off investment, it is difficult to maintain frequent communication with precise target customer groups. Although the Group may obtain more understanding from consumers, the consumer reach and conversion rate is relatively low. Meanwhile, digital marketing is effective in maintaining precise target customer groups, which is why the Group has been increasing investment in digital marketing for many years.

As mentioned above, the pandemic has driven the birth of livestreaming e-commerce. The Group has noticed that the dissemination on online channels (especially social media channels) of offline experiential marketing interactive activities are able to attract public attention and effectively activate online data interaction. From 2020 to 2021, a number of brands livestreaming that the Group organised had over millions or ten millions of views. The next step of the Group's strategy will be to develop digital marketing technology and e-commerce, and to provide global e-commerce services. The establishment of joint venture with Vision Entertainment and Avant Plus, the MCN agency founded by the Group, are only the first step. It has shown that the Group has a broad future based on data interaction. The Group will further seize the opportunity for the brands to enter the Douyin e-commerce in the future to realise the seamless connection of online to offline marketing for the brands. As reported by media, the GMV generated from Douyin's E-commerce is estimated to reach RMB1,000 billion in 2021. The Group sees that its advantages can transform in this aspect, and is expected to become an important service partner in the business of Douyin e-commerce. The Group is also further improving its ability in e-commerce operations, and hopes to connect and realise offline and online consumer data, constantly improve and accumulate consumer behaviour and preference data of mid-to-high-end brand consumers, assist brands make operational decisions, enhance the strategic value and reliance on the Group by the brands, and ultimately increase the Group's profits by sharing the profit from the incremental e-commerce sales of the brands.

MANAGEMENT DISCUSSION AND ANALYSIS

Geographical Review

The Group's business is conducted in the PRC, Hong Kong and Singapore. The Group's revenue in Hong Kong for 2021 Interim has increased by more than 200% compared with 2020 Interim, and the business is gradually returning to its normal level. The following table sets forth the breakdown of revenue by geographic region for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	<i>RMB'000</i>		<i>RMB'000</i>	
	(Unaudited)		(Unaudited)	
PRC	370,008	96.1%	67,409	93.9%
Hong Kong & Singapore	15,180	3.9%	4,383	6.1%
Total	385,188	100.0%	71,792	100.0%

Business Segment Review

During the 2021 Interim, revenues of the Group's integrated marketing solutions segment and IP development segment were approximately RMB375.1 million (2020 Interim: RMB70.8 million) and approximately RMB10.1 million (2020 Interim: RMB1.0 million), respectively.

The following table sets out the revenue of the Group by service line for 2021 Interim and 2020 Interim:

	2021 Interim	2020 Interim	Increase
	<i>RMB million</i>	<i>RMB million</i>	%
<i>Integrated marketing solutions</i>			
Experiential marketing solutions	277.3	20.0	1,286.5
Digital and brand communication services	78.3	47.1	66.2
Public relations service	19.5	3.7	427.0
<i>IP development</i>			
Sports and entertainment services	10.1	1.0	910.0
Total	385.2	71.8	436.5

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 providing a comprehensive range of marketing solutions to its clients including event concept, event planning, productions and managements. Due to the rapid growth of luxury consumption in mainland China and the recovery of Hong Kong market from the impact of COVID-19, the Group has launched a number of events in the first half of 2021, such as CARTIER “Trees” Exhibition, GUCCI “Aria” Collection Launch Show, CINDY CHAO “The Art Jewel” Exhibition, GUCCI Garden “Archetypes” Exhibition, PRADA OUTDOOR POPUP, and MERCEDES-AMG GLA 35 & GLB 35 Extraordinary Journey.

All the events were successfully held and the media influence reached millions of targeted audience, and the revenue generated from such services has significantly increased by 1,286.5% from approximately RMB20.0 million for 2020 Interim to approximately RMB277.3 million for 2021 Interim.

(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. As mentioned in the business review, the Group expanded the original scope of service for digital marketing to comprehensive digital campaign offering which include the MCN and target media services. During 2021 Interim, the Group is the retainer agency of numerous brands, including MAXMARA, CLARINS, GIVENCHY BEAUTY, SK-II, TORY BURCH and LOEWE. During 2021 Interim, the Group has also launched a few digital marketing campaigns, for instance LEGO CNY Digital Campaign, BALABALA “Boundless Dream” Campaign and DIOR 2021 J’adore Infinissime MP Project.

Due to the expansion of digital and brand communication services offered to clients, the revenue generated from such services increased by 66.2% from approximately RMB47.1 million in the 2020 Interim to approximately RMB78.3 million in the 2021 Interim.

(c) *Public Relations*

The Group’s public relations services typically involve marketing activities that help its clients develop communication plans to reach out to their targeted consumers. These services include public relations strategic consultancy services, day-to-day client communications, media relationship management, liaison and celebrity coordination services. The Group is the retainer agency of DELVAUX, ROSEWOOD, L’ARTISAN and PENHALIGONS. Besides, the Group also carried out many PR events in the first half of 2021, such as CARTIER Tmall Super Brand Day Livestreaming, FENDI 21SS Couture Shanghai Event, LOUIS VUITTON Foundation Exhibition, BA 2021 New Collection Launch Show, etc.

Due to the launch of a number of sizeable PR events during 2021 Interim, the revenue generated from such services recorded a substantial increase of 427.0% from approximately RMB3.7 million for 2020 Interim to approximately RMB19.5 million for 2021 Interim.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the integrated marketing solutions segment. During 2021 Interim, the Group has organised the 2021 Critérium Ride Race in Lin-gang, Shanghai, which attracted more than 2,000 riders to join in.

As a result of the launch of the 2021 Critérium Ride Race during 2021 Interim, the revenue generated from this service increased significantly by 910.0% from approximately RMB1.0 million for 2020 Interim to approximately RMB10.1 million for 2021 Interim.

Currently, the Group has entered into two business cooperation agreements on IP business: (i) cooperation agreement with FISE (the world famous X-games league under Hurricane Group) to develop the X-games matches/ground in China in 2021; and (ii) strategic partner agreement with Jiu Shi Sports Group (one of largest state-owned sports group which owned the exclusive right to Formula 1, ATP shanghai 1000, Shanghai Longines Global Champion Tour and other famous sports IP) to co-develop the IP owned by both parties in the PRC.

FINANCIAL REVIEW

Cost of sales

The cost of sales of the Group increased from RMB46.0 million for 2020 Interim to RMB279.2 million for 2021 Interim. 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 include 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 310.9% from RMB25.8 million in 2020 Interim to RMB106.0 million for 2021 Interim. Its overall gross profit margin decreased from 35.9% for 2020 Interim to 27.5% for 2021 Interim. Such decrease in gross profit margin was due to the fact that marketing events could not be held in the first half of 2020; the digital marketing segment which carried a higher gross profit accounted for a relatively high proportion, resulting in a high gross profit margin. During 2021 Interim, the Group has expanded the scope of service for the digital marketing segment which included the target media marketing services. The revenue of this kind of business is sizable, but the gross profit margin is relatively low, which will also decrease the overall gross profit margin of the Group. The gross profit margin for 2021 Interim is very close to the gross profit margin for the year ended 31 December 2020, which was 28.8%.

Other income and gains

The Group's other income and gains decreased from RMB8.8 million for 2020 Interim to RMB5.1 million for 2021 Interim. The decrease in other income and gains was mainly due to the decrease in government grants and subsidies.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

The Group's selling and distribution expenses increased from RMB30.1 million for 2020 Interim to RMB32.5 million for 2021 Interim. Such increase was primarily due to the increase in staff cost.

General and administrative expenses

The Group's general and administrative expenses decreased from RMB20.7 million for 2020 Interim to RMB18.5 million for 2021 Interim. Such decrease was primarily due to the exclusion of expenses incurred from the initial public offering (the "IPO") of the shares of the Company (the "Shares") during 2020 Interim.

Other expenses, net

The Group's other expenses recorded a net increase from RMB0.3 million for 2020 Interim to RMB2.4 million for 2021 Interim. 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 RMB1.9 million for 2020 Interim to RMB0.3 million for 2021 Interim, as the Group did not have any bank borrowing during 2021 Interim.

Net profit

The Group recorded a net profit of RMB38.5 million for 2021 Interim (2020 Interim: net loss of RMB20.0 million) which was in line with the increase in revenue.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB300.4 million (31 December 2020: RMB302.9 million).

Net proceeds from the IPO

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

On 19 April 2021, the Board has resolved to change the use of net proceeds such that unutilised net proceeds of the IPO (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 because of the lapse of the limited partnership agreement. Please refer to the announcement of the Company dated 19 April 2021 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown on the revised utilisation of net proceeds.

Designated use of the Unutilised Net Proceeds	Original allocation of Net Proceeds HK\$ million	Unutilised Net Proceeds as at 31 December 2020 HK\$ million	Unutilised Net Proceeds as at 19 April 2021 HK\$ million	Revised	Utilised	Unutilised Net Proceeds as at 30 June 2021 HK\$ million
				allocation of Unutilised Net Proceeds as at 19 April 2021 HK\$ million	Net Proceeds for the period from 1 January 2021 to 30 June 2021 HK\$ million	
Develop and expand the existing business of integrated marketing solutions and IP development	192.8	44.8	37.6	37.6	20.7	24.1
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	40.2	234.3

As at 30 June 2021, the Company had utilised approximately HK\$110.7 million of the Net Proceeds. The Company is expected to utilise all the Unutilised Net Proceeds by the end of 2023.

Borrowing and charges on the Group's assets

As at 30 June 2021, the Group did not have any interest-bearing borrowing (31 December 2020: nil) or charge on its assets.

Gearing ratio

The gearing ratio as at 30 June 2021, calculated on the basis of bank and other borrowings over total equity, was nil (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 the Board is of the view that the Group has sufficient financial resources to meet its current working capital requirement and future expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Human Resources

As at 30 June 2021, the total number of employees of the Group was approximately 292 and the employee benefit expenses including directors' emoluments were approximately RMB39.7 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 RMB260.9 million as at 30 June 2021; and the trade payables of the Group increased from RMB143.5 million as at 31 December 2020 to RMB180.6 million as at 30 June 2021. Both increases were mainly due to the increase in revenue.

Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2021.

Acquisition and disposal of subsidiary and associated companies

Save as disclosed in this report, the Group had no significant investments held or material acquisitions and disposals of subsidiaries and associated companies during 2021 Interim.

Capital Commitment

As at 30 June 2021, the Group had commitment of RMB5.1 million (2020: nil) relating to the future capital contributions payable to a joint venture.

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.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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 2021 Interim 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 2021 Interim. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during 2021 Interim.

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 at 30 June 2021, 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)	15.59%
Mr. Lau	Interest of a controlled corporation (Note 3)	154,413,522 Shares (L)	20.46%
Ms. Low	Interest of a controlled corporation (Note 4)	42,929,466 Shares (L)	5.69%

Notes:

- The letter "L" denotes the Directors' long position in the shares of the 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 at 30 June 2021, to the best knowledge and belief of the Directors, 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)	15.59%
NBS Holdings	Interest of a controlled corporation (Note 2)	117,669,156 Shares (L)	15.59%
Mr. Ng	Interest of a controlled corporation (Note 2)	117,669,156 Shares (L)	15.59%
Chung Wing Ting (鍾穎婷)	Interest of spouse (Note 3)	117,669,156 Shares (L)	15.59%
Aurora Activation	Beneficial owner (Note 4)	154,413,522 Shares (L)	20.46%
Dashing Fortune	Interest of a controlled corporation (Note 4)	154,413,522 Shares (L)	20.46%
Mr. Lau	Interest of a controlled corporation (Note 4)	154,413,522 Shares (L)	20.46%
Li Meixuan (李美璇)	Interest of spouse (Note 5)	154,413,522 Shares (L)	20.46%
Brightly Sky	Beneficial owner (Note 6)	169,430,994 Shares (L)	22.45%
ACT Partners	Interest of a controlled corporation (Note 6)	169,430,994 Shares (L)	22.45%
ACT Holdings	Interest of a controlled corporation (Note 6)	169,430,994 Shares (L)	22.45%
Tricor Trust (Hong Kong) Limited ("Tricor Trust")	Trustee (Note 6)	169,430,994 Shares (L)	22.45%
Aide Zhongxin	Beneficial owner	61,014,906 Shares (L)	8.08%

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)	5.69%
Step Mind Enterprises Limited	Interest of a controlled corporation (Note 7)	42,929,466 Shares (L)	5.69%
Ms. Low	Interest of a controlled corporation (Note 7)	42,929,466 Shares (L)	5.69%

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.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to the interim dividend and the interim special dividend, the register of members of the Company will be closed from Tuesday, 24 August 2021 to Thursday, 26 August 2021, both days inclusive, during which period no transfer of Shares will be registered. As such, all transfers accompanied by the relevant share certificates must be lodged with the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by 4:30 p.m. on Monday, 23 August 2021.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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

During 2021 Interim, the Company exercised its powers under the general mandate to repurchase Shares granted by the Shareholders to the Board, 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 approximately HK\$5,996,440. 7,094,000 repurchased shares were cancelled during 2021 Interim. As at 30 June 2021, a total of 1,004,000 Shares which were repurchased at a cost of approximately HK\$861,180 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. During 2021 Interim, no share option was granted, exercised, outstanding, cancelled or lapsed under the Share Option Scheme.

SHARE AWARD PLAN

The share award plan of the Company ("**Share Award Plan**") was approved and adopted by the Board on 30 March 2020 ("**Adoption Date**").

The Share Award Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company within the meaning of Chapter 17 of the Listing Rules. Please refer to the announcement of the Company dated 30 March 2020 for details of the Share Award Plan.

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 is the chairlady of the Audit Committee.

The Audit Committee has reviewed the Group's unaudited interim results for 2021 Interim, 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	4	385,188	71,792
Cost of sales		(279,203)	(45,990)
Gross profit		105,985	25,802
Other income and gains	4	5,080	8,781
Selling and distribution expenses		(32,542)	(30,102)
General and administrative expenses		(18,488)	(20,722)
Other expenses, net		(2,436)	(264)
Finance costs		(302)	(1,916)
Share of losses of an associate and a joint venture		(567)	(254)
PROFIT/(LOSS) BEFORE TAX	5	56,730	(18,675)
Income tax expense	6	(18,235)	(1,277)
PROFIT/(LOSS) FOR THE PERIOD		38,495	(19,952)
Attributable to:			
Owners of the parent		35,499	(19,267)
Non-controlling interests		2,996	(685)
		38,495	(19,952)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted (RMB cents)		4.80	(2.47)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
PROFIT/(LOSS) FOR THE PERIOD	38,495	(19,952)
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>(2,146)</u>	<u>5,794</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>36,349</u>	<u>(14,158)</u>
Attributable to:		
Owners of the parent	33,353	(13,473)
Non-controlling interests	<u>2,996</u>	<u>(685)</u>
	<u>36,349</u>	<u>(14,158)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,798	1,881
Right-of-use assets		10,488	12,948
Goodwill		10,233	10,233
Intangible assets		398	351
Investment in a joint venture		408	156
Investment in an associate		4,810	5,129
Investment at fair value through other comprehensive income		16,013	—
Deferred tax assets		871	524
Total non-current assets		<u>45,019</u>	<u>31,222</u>
CURRENT ASSETS			
Trade receivables	9	260,874	222,702
Prepayments, deposits and other receivables		49,845	31,069
Pledged bank deposits		665	674
Cash and cash equivalents		300,352	302,935
Total current assets		<u>611,736</u>	<u>557,380</u>
CURRENT LIABILITIES			
Trade payables	10	180,610	143,459
Other payables and accruals		38,045	45,313
Lease liabilities		3,028	4,495
Tax payable		13,488	13,054
Total current liabilities		<u>235,171</u>	<u>206,321</u>
NET CURRENT ASSETS		<u>376,565</u>	<u>351,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>421,584</u>	<u>382,281</u>
NON-CURRENT LIABILITIES			
Lease liabilities		8,242	9,247
Deferred tax liabilities		190	197
Total non-current liabilities		<u>8,432</u>	<u>9,444</u>
Net assets		<u><u>413,152</u></u>	<u><u>372,837</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	<i>Notes</i>	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	11	668	674
Reserves		396,604	359,255
		397,272	359,929
Non-controlling interests		15,880	12,908
Total equity		413,152	372,837

Lau Kam Yiu
Director

Ng Bo Sing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent											Non-controlling interests	Total equity
	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		
	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 2021 (audited)	674	266,833	(643)	(22,753)	14,023	25,093	39,256	(7,932)	(22,140)	67,518	359,929	12,908	372,837
Profit for the period	—	—	—	—	—	—	—	—	—	35,499	35,499	2,996	38,495
Other comprehensive loss for the period:													
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(2,146)	—	—	(2,146)	—	(2,146)
Total comprehensive income for the period	—	—	—	—	—	—	—	(2,146)	—	35,499	33,353	2,996	36,349
Change in ownership interests of certain subsidiaries	—	—	—	—	—	—	—	—	—	104	104	(24)	80
Share repurchased	(6)	(12,684)	(75)	—	—	—	7,035	—	—	—	(5,730)	—	(5,730)
Refund	—	—	—	—	—	—	—	—	9,616	—	9,616	—	9,616
Transfer from retained profits	—	—	—	—	—	11,448	—	—	—	(11,448)	—	—	—
At 30 June 2021 (unaudited)	668	254,149	(718)	(22,753)	14,023	36,541	46,291	(10,078)	(12,524)	91,673	397,272	15,880	413,152

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent											Non-controlling interests	Total equity
	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		
	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)	<u>683</u>	<u>284,258</u>	<u>(4,944)</u>	<u>(22,753)</u>	<u>14,023</u>	<u>22,782</u>	<u>30,422</u>	<u>5,643</u>	<u>(13,284)</u>	<u>26,636</u>	<u>343,466</u>	<u>11,452</u>	<u>354,918</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		56,730	(18,675)
Adjustments for:			
Finance costs		302	1,916
Share of profits and losses of an associate and a joint venture		567	254
Interest income	4	(349)	(1,457)
Depreciation of property, plant and equipment	5	412	411
Depreciation of right-of-use assets	5	2,460	2,108
Amortisation of intangible assets	5	60	56
Impairment of trade receivables, net	5	2,107	850
Fair value losses on investments in entertainment projects	5	—	511
		62,289	(14,026)
Decrease/(increase) in trade receivables		(40,279)	91,356
Increase in prepayments, deposits and other receivables		(9,160)	(15,741)
Increase/(decrease) in trade payables		37,151	(91,953)
Increase/(decrease) in other payables and accruals		(7,268)	9,776
Cash generated from/(used in) operations		42,733	(20,588)
Taxes paid		(18,155)	(10,748)
Net cash flows from/(used in) operating activities		24,578	(31,336)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		349	1,457
Purchases of items of property, plant and equipment		(342)	(516)
Purchases of intangible assets		(107)	—
Settlement of entertainment projects, net		—	613
Proceeds from disposal of items of property, plant and equipment		13	6
Decrease in pledged bank deposits		—	8,940
Net cash flows from/(used in) investing activities		(87)	10,500

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	—	(1,539)
Investment at fair value through other comprehensive income	(16,013)	—
Investment in a joint venture	(500)	—
Repayment of bank loans	—	(74,813)
Repurchase of shares	(5,730)	(27,033)
Purchase of shares under the Share Award Scheme	—	(13,284)
Proceeds from issue of shares	—	357,778
Share issue expenses	—	(22,052)
Principal portion of lease payments	(2,470)	(2,091)
Interest portion of lease payment	(302)	(377)
Proceed from change in ownership interest of a subsidiary	80	—
	<hr/>	<hr/>
Net cash flows from/(used in) financing activities	(24,935)	216,589
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	302,935	129,493
Effect of foreign exchange rate changes, net	(2,139)	7,117
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	300,352	332,363
	<hr/> <hr/>	<hr/> <hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position	300,352	332,363
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 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 the period ended 30 June 2021, the Company's subsidiaries were involved in the following principal activities:

- provision of integrated marketing solutions; and
- management and operation of sports events.

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 2021 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 2020.

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 2020, 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 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)*

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

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, 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 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 amendment did not have 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 2021

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2021 (Unaudited)

	Integrated marketing solutions <i>RMB'000</i>	IP development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue <i>(note 4)</i>			
Sales to external customers	375,100	10,088	<u>385,188</u>
Segment results	56,575	2,569	59,144
<i>Reconciliation:</i>			
Corporate and other unallocated expenses, net			(2,112)
Finance costs			<u>(302)</u>
Profit before tax			<u>56,730</u>
Other segment information			
Depreciation and amortisation	458	14	472
Impairment of trade receivables	1,973	134	2,107
Capital expenditure*	449	—	449
As at 30 June 2021 (Unaudited)			
Segment assets	456,315	37,063	493,378
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>163,377</u>
Total assets			<u>656,755</u>
Segment liabilities	195,902	9,540	205,442
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>38,161</u>
Total liabilities			<u>243,603</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020 (Unaudited)

	Integrated marketing solutions RMB'000	IP development RMB'000	Total RMB'000
Segment revenue <i>(note 4)</i>			
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			(2,660)
Finance costs			<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 31 December 2020 (Audited)			
Segment assets	384,051	36,843	420,894
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>167,708</u>
Total assets			<u>588,602</u>
Segment liabilities	164,076	13,088	177,164
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>38,601</u>
Total liabilities			<u>215,765</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Mainland China	370,008	67,409
Hong Kong/Singapore	15,180	4,383
	<u>385,188</u>	<u>71,792</u>

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

(b) Non-current assets

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Mainland China	12,837	12,621
Hong Kong/Singapore/others	20,823	5,129
	<u>33,660</u>	<u>17,750</u>

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 2021

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 2021 and 2020 is as follows:

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Customer A	92,093	—*
Customer B	54,422	—#
Customer C	—#	11,171
Customer D	—*	7,634
	=====	=====

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 current/prior period

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

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	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Major service lines		
<i>Integrated marketing solutions</i>		
Experiential marketing services	277,343	20,017
Digital and brand communication services	78,299	47,035
Public relations services	19,458	3,702
	<u>375,100</u>	<u>70,754</u>
<i>IP development</i>		
Sports and entertainment services	10,088	1,038
	<u>385,188</u>	<u>71,792</u>
(i) Disaggregated revenue information		
Geographical locations		
<i>Integrated marketing solutions</i>		
Mainland China	359,920	66,371
Hong Kong/Singapore	15,180	4,383
	<u>375,100</u>	<u>70,754</u>
<i>IP development</i>		
Mainland China	10,088	1,038
Total revenue from contracts with customers	<u>385,188</u>	<u>71,792</u>
Timing of revenue recognition		
At a point in time	287,431	21,055
Over time*	97,757	50,737
Total revenue from contracts with customers	<u>385,188</u>	<u>71,792</u>

* Included projects on retainer basis

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

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

Revenue from contracts with customers *(Continued)*

(i) *Disaggregated revenue information (Continued)*

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

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Integrated marketing solutions	8,791	307
IP development	370	88
	9,161	395

(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 2021

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

Revenue from contracts with customers *(Continued)*

An analysis of other income and gains is as follows:

	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Other income and gains		
Bank interest income	349	1,457
Government grants and subsidies*	3,934	7,063
Others	797	261
	5,080	8,781

* 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 2021

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	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cost of services rendered	279,203	45,990
Depreciation of property, plant and equipment**	412	411
Depreciation of right-of-use assets**	2,460	2,108
Amortisation of intangible assets**	60	56
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries, bonuses and allowances	37,923	36,106
Pension scheme contributions (defined contribution schemes)	1,797	1,850
	39,720	37,956
Fair value losses on investments in entertainment projects*	—	511
Gain on disposal of property, plant and equipment	(1)	(60)
Impairment of trade receivables, net*	2,107	850
Foreign exchange differences, net*	(360)	(1,106)
	39,720	37,956

* 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 2021

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 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% (2020: 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 (2020: HK\$2,000,000) of assessable profits are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

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 period, if any.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current — PRC		
Charge for the period	18,589	1,264
Deferred	(354)	13
	<hr/>	<hr/>
Total tax charge for the period	18,235	1,277
	<hr/> <hr/>	<hr/> <hr/>

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

The calculation of the basic earnings per share for the six months ended 30 June 2021 is based on the profit attributable to ordinary equity holders of the parent of RMB35,499,000 (six months ended 30 June 2020: loss attributable to ordinary equity holders of the parent of RMB19,267,000), and the weighted average number of the Company's ordinary shares of 740,127,000 (six months ended 30 June 2020: 779,187,000) 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 2021 and 2020 as the Group had no potentially diluted ordinary shares in issue during those periods.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment at a cost of approximately RMB342,000 (30 June 2020: RMB516,000). Assets with a net book value of approximately RMB13,000 were disposed of by the Group during the six months ended 30 June 2021 (30 June 2020: RMB8,000), resulting in a net gain on disposal of approximately RMB1,000 (30 June 2020: RMB60,000).

9. 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 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Billed		
Within 1 month	70,384	98,285
1 to 3 months	2,369	16,008
Over 3 months	2,890	6,711
	75,643	121,004
Unbilled	185,231	101,698
	260,874	222,702

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:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 1 month	97,319	121,751
1 to 3 months	36,117	2,802
Over 3 months	47,174	18,906
	180,610	143,459

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

11. ISSUED CAPITAL

Shares

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.001 each	8,800	8,800
Issued and fully paid:		
754,722,000 ordinary shares of HK\$0.001 each (31 December 2020: 761,816,000 ordinary shares of HK\$0.001 each)	668	674

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

	<i>Notes</i>	Number of shares	Share capital RMB'000
At 1 January 2020		100,000,000	88
Capitalisation of 500,000,000 ordinary shares of HK\$0.001 each on 16 January 2020	<i>(a)</i>	500,000,000	440
Issuance of 200,000,000 ordinary shares of HK\$0.001 each on 16 January 2020, net of share issue expense	<i>(b)</i>	200,000,000	176
Repurchases and cancellation of 38,184,000 ordinary shares of HK\$0.001 during the year	<i>(c)</i>	(38,184,000)	(30)
At 31 December 2020 and at 1 January 2021		761,816,000	674
Repurchases and cancellation of 7,094,000 ordinary shares of HK\$0.001 each during the period	<i>(d)</i>	(7,094,000)	(6)
At 30 June 2021		754,722,000	668

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

11. ISSUED CAPITAL *(Continued)*

Shares *(Continued)*

- (a) 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.
- (b) 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. Share issue expense of RMB22,052,000 was charged to share premium account.
- (c) During the year ended 31 December 2020, the Company repurchased 39,164,000 of its shares on the Stock Exchange for an aggregate consideration of approximately RMB29,690,000, which was paid in accordance with section 257 of the Hong Kong Companies Ordinance and 38,184,000 shares repurchased were cancelled during the year. Upon the cancellation of 38,184,000 shares repurchased, the issued share capital and share premium account of the Company were reduced by approximately RMB30,000 and RMB68,273,000, respectively. The balance of remaining uncanceled 980,000 shares repurchased of approximately RMB643,000 was transferred to treasury shares of the Company. The difference between the aggregate consideration paid and the change in balances of issued capital, share premium account and treasury shares for the share repurchase was credited to the capital redemption reserve account of the Company.
- (d) During the six months ended 30 June 2021, the Company repurchased 7,118,000 of its shares on the Stock Exchange for an aggregate consideration of approximately RMB4,991,000, which was paid in accordance with section 257 of the Hong Kong Companies Ordinance and 7,094,000 shares repurchased were cancelled during the period. Upon the cancellation of 7,094,000 shares repurchased, the issued share capital and share premium account of the Company were reduced by approximately RMB6,000 and RMB12,684,000 respectively. The balance of remaining uncanceled 24,000 shares repurchased of approximately RMB75,000 was transferred to treasury shares of the Company. The difference between the aggregate consideration paid and the change in balances of issued capital, share premium account and treasury shares for the share repurchase was credited to the capital redemption reserve account of the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

12. COMMITMENT

The Group had the following capital commitment at the end of the reporting period:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Contracted, but not provided for:		
Capital contribution payable to a joint venture	5,100	—

13. DIVIDENDS

	For the six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Dividend declared after the end of the reporting period:		
Interim dividend for the six months ended 30 June 2021:		
HK1.03 cents (six months ended 30 June 2020: Nil) per ordinary share	6,455	—
Interim special dividend for the six months ended 30 June 2021:		
HK6.93 cents (six months ended 30 June 2020: Nil) per ordinary share	43,433	—
	49,888	—

Declaration of the interim dividend of HK1.03 cents per ordinary share in respect of the six months ended 30 June 2021 was approved by the Board on 3 August 2021. The interim special dividend of HK6.93 cents per ordinary share in respect of the six months ended 30 June 2021 was approved by the Board on 3 August 2021.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

14. 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	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Related company:		
Lease expenses	1,125	1,125

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	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Short-term employee benefits	5,728	5,888
Post-employment benefits	452	68
Total compensation paid to key management personnel	6,180	5,956

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

15. 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 2021 (Unaudited) RMB'000
Financial assets	
Investment at fair value through other comprehensive income	<u>16,013</u>
	Fair values 30 June 2021 (Unaudited) RMB'000
Financial assets	
Investment at fair value through other comprehensive income	<u>16,013</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:

The fair value of the unlisted equity investment at fair value through other comprehensive income have been estimated using the recent market transaction price.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

15. 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 2021				
Investment at fair value through other comprehensive income	—	—	16,013	16,013

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

15. 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:

	2021 (Unaudited) RMB'000
At 1 January	—
Purchases	16,013
Impairment	—
Settlements	—
	<hr/>
At 30 June	16,013

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 2020: Nil).

16. EVENTS AFTER THE REPORTING PERIOD

In July 2021, the Company had entered into a strategic cooperation with Vision Entertainment, a leading agency of Douyin e-commerce, and established a joint venture to explore the huge potential of livestreaming e-commerce business which is at the forefront of digital marketing in mainland China. The joint venture is expected to provide Douyin livestreaming e-commerce for stars and celebrities and Douyin store branding operation service for luxury and fashion labels. Please refer to the announcement of the Company dated 8 July 2021 for further details.

DEFINITIONS

“2020 Interim”	six months ended 30 June 2020
“2021 Interim”	six months ended 30 June 2021
“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 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 15.59% 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 5.69% 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 8.08% of the issued share capital of the Company as at the Latest Practicable Date
“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 20.46% 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 22.45% of the issued share capital of the Company as at the Latest Practicable Date

DEFINITIONS

“BVI”	British Virgin Islands
“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
“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”	17 September 2021, the latest date prior to the printing of this interim report for ascertaining certain information in this interim report
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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
“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
“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
“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
“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