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

2024 ANNUAL REPORT

CONTENTS

HIGHLIGHTS OF THE YEAR

EXPERIENTIAL MARKETING



BMW 寶馬

2024 BMW M Festival

CARTIER 卡地亞

Cartier “the Power of Magic” Exhibition





CHANEL 香奈兒

CHANEL 2024/25 Métiers D'Art
Fashion Show Hangzhou

HIGHLIGHTS OF THE YEAR

EXPERIENTIAL MARKETING

LACOSTE 拉科斯特

Lacoste “Play Big”

LOUIS VUITTON 路易威登

High Jewelry Collection and VIC Dinner

MERCEDES-BENZ
梅賽德斯-賓士

2024 Mercedes-Benz "Go Beyond" SUV Tour

EXPERIENTIAL MARKETING


MONCLER 盟可睞

Moncler Genius "The City of Genius"

ROLLS-ROYCE 勞斯萊斯

ROLLS-ROYCE Brand Gala

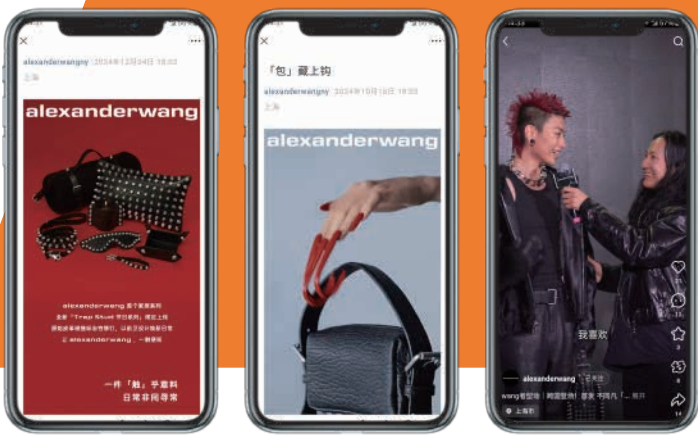



VAN CLEEF & ARPELS
梵克雅寶

"The Art of Movement: Van Cleef & Arpels, Living Moments, Eternal Forms" Exhibition

HIGHLIGHTS OF THE YEAR

DIGITAL & COMMUNICATION

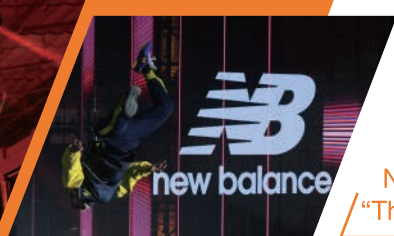


ALEXANDER WANG 亞曆山大王

Social Media Operations

EVISU

Social Media Operations



NEW BALANCE 新百倫

New Balance

“The Craft of Running”

HIGHLIGHTS OF THE YEAR

IP DEVELOPMENT

SHANGHAI DESIGN WEEK
上海設計周

2024 Shanghai Summer International Consumption Season

MADE IN SHANGHAI
上海製造佳品匯

WEST BUND ORBIT 西岸漩心

Exhibition centre jointly operated with Hongkong Land

AWARDS AND RECOGNITIONS

COMPANY AWARDS

- Forbes Asia “2024 The Region’s Top 200 Small and Midsize Companies” Awards
- BEST SMALL-MEDIUM MARKET VALUE COMPANIES 2024
  The 9th Zhitong Finance and Economics listed companies selected
- GBA Listed Companies ESG100 Green Advancement Awards – Aspiring Excellence Award
- Best Investor Relations Listed Company in TMT sector
- HKCT Business Awards 2024 Best Corporate Governance and ESG

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Board is pleased to present the consolidated results of the Group for FY2024, together with the comparative audited figures for FY2023. These annual results have been reviewed by the Company's audit committee.

The Group is a leading marketing group for pan-fashion (泛時尚) brands in Greater China that mainly focuses on the provision of (i) experiential marketing, (ii) digital and communication, and (iii) intellectual property ("**IP**") development in Greater China. The Group has accumulated over 550 world-renowned brand clients including (i) renowned mid-range and high-end fashion brands; (ii) renowned mid-range and high-end automobile brands; and (iii) Chinese local premium brands. According to China Insights Industry Consultancy Limited, the Group continues to be the largest experiential marketing service provider for premium and luxury brands in Greater China with a market share of 13.8% in 2024.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK3.70 cents per Share and a final special dividend of HK3.30 cents per Share for FY2024, which amounted to a total of approximately HK$52.1 million, subject to the approval of the Shareholders at the forthcoming annual general meeting (the "**2025 AGM**"). This proposed pay-out, together with the interim dividend of HK2.00 cents per Share paid on 17 September 2024, would give a total dividend of HK9.00 cents per Share for FY2024 (FY2023: HK12.58 cents per Share). Subject to the Shareholders' approval at the 2025 AGM to be held on Thursday, 15 May 2025, it is expected that the final dividend and the final special dividend shall be paid to the Shareholders on or before Wednesday, 18 June 2025.

OVERVIEW

The Group is a leading marketing group for pan-fashion (泛時尚) brands in Greater China that mainly focuses on the provision of (i) experiential marketing, (ii) digital and communication, and (iii) intellectual property ("**IP**") development in Greater China. The Group has accumulated over 550 world-renowned brand clients including (i) renowned mid-range and high-end fashion brands; (ii) renowned mid-range and high-end automobile brands; and (iii) Chinese local premium brands. According to China Insights Industry Consultancy Limited, the Group continues to be the largest experiential marketing service provider for premium and luxury brands in Greater China with a market share of 13.8% in 2024.

The global economic recovery has noticeably slowed down in 2024, with external uncertainties continuing to weigh heavily. Geopolitical risks, ongoing adjustments to the monetary policies of major economies, and heightened volatility in financial markets have combined to create a challenging environment for businesses worldwide. At the same time, China's economy is gradually transitioning through a post-pandemic recovery and adjustment phase. While the overall growth has stabilized, the rebound in consumer confidence and high-end consumption has fallen short of expectations. Against this backdrop, China's luxury goods market has also entered a phase of temporary slowdown. According to Bain & Company's latest report, growth in the global luxury market is projected to decrease to single digit in 2024, with China's growth rate seeing a particularly sharp deceleration. That said, from a long-term perspective, China remains an indispensable growth engine for the global luxury industry. The spending power of high-net-worth individuals, coupled with the rapid expansion of localized consumption, continues to provide critical growth opportunities for luxury brands in the Chinese market.

CHAIRMAN'S STATEMENT

In today's complex macroeconomic landscape, luxury brands are shifting their marketing strategies from broad-based approaches to more targeted and precise engagement. The focus is increasingly on building deeper relationships with high-net-worth customers and fostering long-term brand loyalty. This shift has opened up new opportunities for the integrated marketing industry, where the Company has built a strong foundation. While some clients have adjusted their budgets in response to evolving market conditions, they are increasingly prioritizing efficiency and seeking more refined and effective marketing solutions. Backed by years of experience, deep client relationships, and proven expertise in engaging high-end customers, the Company has successfully navigated these challenges. The Company continues to demonstrate resilience and adaptability, positioning itself as a trusted partner for clients seeking impactful and results-driven strategies.

Despite the challenging environment, the Group has continued to demonstrate its resilience and industry leadership through successful execution of high-profile events for globally renowned luxury brands. In 2024, the Group completed several landmark events, including the CHANEL 2024/25 Métiers d'art fashion show in Hangzhou and MONCLER GENIUS "The City of Genius" fashion show in Shanghai, which have set new benchmarks for experiential marketing in the luxury sector. These events not only showcased the Group's exceptional expertise in delivering world-class marketing campaigns but also reinforced its position as a trusted partner for the world's leading luxury brands.

The Group's revenue for FY2024 was approximately RMB847.8 million, representing a decrease of 12.3% as compared to RMB967.2 million for FY2023. The net profit of the Group for FY2024 was approximately RMB87.4 million, representing a decrease of 26.2% compared to RMB118.4 million for FY2023; and the net profit margin for the Group was about 10.3% in FY2024, representing a decrease of 1.9 percentage points compared to 12.2% in FY2023. The profit attributable to equity shareholders of the Group was RMB79.2 million (FY2023: RMB108.0 million). The basic earnings per Share were RMB10.88 cents (FY2023: RMB14.80 cents).

MARKET OPPORTUNITIES

China remains one of the most strategically important markets for the global luxury industry. According to Bain & Company's "2023 China Luxury Market Report", Chinese consumers are poised to capture 35-40% of global luxury spending by 2030, with the domestic market's share projected to reach 24-26%. This cements China's position as the largest and most influential luxury market globally. Despite short-term market fluctuations, the structural trends driving China's luxury market remain intact, supported by a growing pool of middle-class and affluent consumers, evolving preferences from younger generations, and the increasing importance of experiences and cultural resonance within the luxury space.

According to latest Bain & Company "2024 China Luxury Goods Market: Navigating Turbulent Waters" report, the global significance of Chinese consumers is further underscored by the fact that they already accounted for 40% of global luxury spending in 2024, with overseas shopping showing strong recovery. Spending in Europe reached 50% of 2019 levels, while Asia-Pacific spending exceeded pre-pandemic levels, reaching 120% of 2019 levels, driven by favorable exchange rates and pricing advantages in key destinations such as Japan. This highlights the continued dominance of Chinese consumers in shaping global luxury demand.

CHAIRMAN'S STATEMENT

This trend indicates that, as the Chinese consumer market expands, China is set to emerge as one of the world's predominant luxury goods markets. Major luxury brands globally are intensifying their efforts to capture the attention of Chinese consumers. After years of development, the luxury goods market in Mainland China has witnessed significant changes in consumer recognition of brand value and pursuit of high-quality living, which have become key drivers propelling the market towards positive growth. Therefore, for luxury brands, continuous innovation and effective marketing strategies will play a decisive role on the brand's long-term development. This approach not only helps strengthen the connection between the brand and consumers but also establishes and deepens consumer loyalty to the brand. In light of these developments, the Group anticipates that luxury brands will continue to actively engage in large-scale marketing and promotional activities in the Chinese market in the coming years.

Beyond the luxury sector, China's premium and high-end market is experiencing rapid growth, driven by consumption upgrades and an increasing demand from consumers for products that offer a balance of quality, design, and cultural relevance. This segment, which sits between mass-market goods and luxury products, is becoming a key area of opportunity as middle-class consumers seek to elevate their lifestyles without fully entering the luxury space.

One of the most significant drivers of this growth is the rise of cultural and lifestyle trends. Domestic high-end brands are increasingly embedding cultural elements and modern aesthetics into their products, resonating strongly with younger consumers who value products that reflect their local identity and personal values. This trend aligns with a broader movement toward culturally inspired products that seamlessly blend tradition with modernity. According to the 2024 China Guochao Economic Development and Consumer Behavior Report, the "Guochao" (China-chic) economy reached RMB2.05 trillion in 2023, growing at 9.44% year-on-year, and is projected to exceed RMB3.0 trillion by 2028.

Through competitive pricing and brand narratives rooted in Chinese culture, these brands have successfully expanded their influence in Southeast Asian and Western markets. Digital platforms and e-commerce have played a crucial role in this international expansion, enabling Chinese brands to connect directly with global consumers and establish a strong brand presence in overseas. These efforts have not only enhanced the international visibility of Chinese high-end brands but also demonstrated their ability to compete globally by offering unique, culturally rich products at attractive price points.

As Chinese consumers continue to pursue quality lifestyles and consumer preferences evolve, the high-end market is expected to further expand. This growth complements the luxury sector, offering broader opportunities for both domestic and international brands to capture market share. By focusing on product quality, cultural storytelling, and innovative design, brands can position themselves as leaders in this dynamic and rapidly growing market.

OUTLOOK AND STRATEGY

Looking ahead, the Group remains confident in its ability to navigate the complexities of the global macroeconomic environment. As part of its 2025 strategy, the Group will continue to prioritize operational efficiency and resource optimization to further enhance profitability. At the same time, the Group aims to expand its client base beyond the luxury sector, targeting high-growth categories such as sportswear, beauty, and premium alcoholic beverages. These sectors represent significant opportunities as consumer preferences evolve and brands seek to differentiate themselves in increasingly competitive markets.

CHAIRMAN'S STATEMENT

In addition, the Group has strengthened its geographic presence with the establishment of a new office in Singapore in late 2024. This move reflects the Group's commitment to capturing growth opportunities in Southeast Asia, a region that is emerging as a key hub for high-end consumption. With these initiatives, the Group is well-positioned to drive sustainable growth and deliver long-term value to its stakeholders.

In 2025, the Group is navigating an increasingly complex macroeconomic environment, particularly in China, where the post-pandemic recovery is entering a period of adjustment. Challenges such as weaker-than-expected rebounds in consumer confidence and high-end consumption have posed significant headwinds for the luxury market. However, amidst these challenges, the Group remains steadfast in its commitment to delivering value to clients and stakeholders through proactive strategies, operational excellence, and innovation.

The Group's efforts in 2025 will focus on four core strategic priorities:

Continuing to advance one-stop integrated marketing services

The Group remains committed to investing in its one-stop online and offline marketing solutions, which have proven highly effective in enhancing brand influence and fostering deeper connections with consumers. A key focus area is experiential marketing, where the Group creates immersive, content-rich, and sensory-driven experiences that help brands form emotional connections with their target audiences.

To further enhance these efforts, the Group has integrated cutting-edge artificial intelligence ("**AI**") tools into its marketing approach, making digital transformation a central pillar of its strategy. AI-driven solutions such as MidJourney, Stable Diffusion, and ComfyUI enable the rapid creation of high-quality visual concepts, allowing brands to visualize creative directions in real-time. These tools are critical in producing 3D renderings, spatial visualizations, and AI-generated videos, offering clients immersive previews of event concepts, venue layouts, or booth designs. This innovation significantly accelerates decision-making while ensuring better alignment with client expectations.

In the digital space, the Group continues to expand its use of platforms such as Douyin, Xiaohongshu, Instagram, and YouTube, leveraging these channels to amplify the reach of offline events and generate significant online traffic. Furthermore, the Group is adopting youth-centric strategies to engage the post-85, post-90, and post-2000 generations, who are driving the transformation of China's consumption landscape. By utilizing data-driven, personalized marketing campaigns, the Group is effectively reaching these key demographics and creating long-term value for its clients.

By combining AI-powered creative solutions with data-driven, personalized marketing campaigns, the Group is effectively reaching key demographics and creating long-term value for its clients. These efforts ensure that the Group remains at the forefront of digital marketing innovation, delivering measurable results while maintaining relevance in an increasingly digital-first world.

Strengthening Operational Efficiency

In response to evolving market conditions, the Group is implementing an "efficiency-first" strategy aimed at optimizing resources and controlling costs while maintaining high service quality. To achieve this, the Group has been streamlining internal processes to improve operational efficiency, leveraging advanced technologies and data-driven insights to enhance marketing impact, and proactively managing costs without compromising the quality of service delivery.

CHAIRMAN'S STATEMENT

A key driver of this operational efficiency is the Group's investment in AI tool experts to enhance creative and pitching processes. Led by a small team — "ACTIVATION IDEA" specializes in using AI tools to accelerate content production and improve client engagement. For example:

- Client A: Faced with a tight deadline for multiple venue visualizations, AI tools generated renderings in less than one hour, significantly speeding up the decision-making process.

- Client B: AI-enabled video generation provided a stunning 3D representation of their key assets, meeting the client' s creative demands efficiently.

- Client C: AI tools delivered multiple booth design iterations in a short timeframe, offering diverse creative options to the client.

These AI-driven solutions not only save time but also enhance the quality of deliverables, ensuring a seamless and engaging client experience. By integrating tools like MidJourney and Stable Diffusion, the Group can explore diverse creative directions and offer alternative insights — capabilities that traditional methods might not achieve.

The Group aims to further enhance its operational resilience and profitability through ongoing resource allocation improvements, cost management strategies, and the expanded use of AI tools to deliver exceptional results for clients.

Expanding and Diversifying Client Base

The Group recognizes the importance of diversifying beyond traditional luxury clients to mitigate risks and seize growth opportunities in emerging high-potential sectors. Building on its strong foundation in the luxury market, the Group is actively expanding its client portfolio to include several dynamic sectors. In the sportswear market, the Group is addressing the growing demand for premium products driven by the global health and wellness trend. In the beauty industry, the Group is tapping into the fast-growing sector where consumer preferences for personalization and premium offerings are driving significant demand. Additionally, in the high-end alcoholic beverages category, the Group is leveraging its expertise in experiential and digital marketing to deliver customized solutions for premium brands.

In addition to these international growth sectors, the Group is also actively collaborating with China's emerging mid-to-high-end brands. By applying luxury marketing strategies, the Group supports these brands in enhancing their image, building deeper connections with consumers, and elevating their market positioning. This demonstrates the Group's commitment to fostering the growth of domestic Chinese brands in an increasingly competitive landscape.

As Chinese consumers place greater emphasis on quality, brand storytelling, and personalized experiences, the Group's expertise in luxury marketing positions it as a unique bridge between local brands and high-end consumers. By combining experiential marketing campaigns, digital transformation strategies, and precision engagement with key consumer demographics, the Group has established itself as a critical partner in helping both international and domestic clients adapt to evolving market demands. This diversified approach not only reduces reliance on any single sector or region but also enables the Group to capture opportunities in new, high-growth categories and markets.

CHAIRMAN'S STATEMENT

Expanding Geographic Reach

As part of its long-term growth strategy, the Group has taken a significant step in expanding its geographic footprint with the establishment of a new office in Singapore. Positioned as a strategic hub for Southeast Asia, Singapore offers access to a region with increasing high-end consumption and substantial growth potential. The Group's newly appointed Singapore business manager will lead efforts to strengthen relationships with international clients and luxury brands seeking to expand in Southeast Asia.

Additionally, the Group plans to customize marketing solutions tailored to regional consumer preferences, ensuring its services are aligned with local market dynamics. At the same time, the Group is exploring cross-border opportunities to enhance its market presence beyond Greater China. By combining its expertise in the Greater China region with its expanding presence in Southeast Asia, the Group is well-positioned to drive sustainable growth and unlock new revenue streams in a rapidly evolving global market.

ACKNOWLEDGEMENT

I would like to take this opportunity to once again express my sincere gratitude to my fellow Directors as well as our management team, staff, business partners and Shareholders for their unwavering support for the Company.

Lau Kam Yiu
Joint-Chairman and Chief Executive Officer
Hong Kong
12 March 2025

BOARD AND COMMITTEES

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. Law Kwok Chun

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Below are the brief profiles of the Directors and senior management of the Group and the date of this report.

DIRECTORS

The Board currently consists of the following seven Directors:

Executive Directors

Mr. Lau Kam Yiu
Mr. Ng Bo Sing
Mr. Chan Wai Bun
Ms. Low Wei Mun

Independent non-executive Directors

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

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Kam Yiu (劉錦耀), aged 49, the joint-chairman of the Board and the chief executive officer of the Group who is responsible for the overall strategic development, and leading the business development of the Group. He is an executive Director since 2019. He joined the Group in 2014 as the managing director of Activation Group. Mr. Lau is one of the Controlling Shareholders and a director of certain subsidiaries of the Group. Mr. Lau obtained a bachelor's degree of business administration from the Chinese University of Hong Kong in 1998. He also obtained a master's degree of technology management in information technology from the Hong Kong University of Science and Technology in 2002. He completed the Global CEO Program for China jointly from China Europe International Business School, IESE Business School and Harvard Business School in 2015. Mr. Lau was recognised as a talent in "The 1000 Talents Plan of Shanghai"(上海千人計劃)in 2018. Mr. Lau was also recognised as "Top 10 Leader of Changning District" by the Shanghai Changning District Committee of Shanghai Changning District local government(上海長寧區十大領軍人才)in 2017.

Mr. Lau has more than 26 years of experience in the marketing industry.

Mr. Ng Bo Sing (伍寶星), aged 44, is the joint-chairman of the Board and the chief financial officer of the Group. He is an executive Director since 2019. He joined the Group in 2013 as the director of Activation Group. Mr. Ng is one of the Controlling Shareholders and a director of certain subsidiaries of the Group. Mr. Ng obtained a bachelor's degree of engineering from the University of New South Wales in 2006 and a master's degree of science in finance from the University of Michigan (long distance learning course) in 2008. He further completed a chief financial officer programme from China Europe International Business School in 2016.

Mr. Ng has over 15 years of experience in management.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Wai Bun (陳偉彬), aged 53, is an executive Director since 2019, the co-chief operating officer, and a vice president of the Group who is responsible for the overall operation of experiential marketing business of the Group. He joined the Group in 2014 as the general manager of Activation Events. Mr. Chan obtained a bachelor's degree of social sciences from Lingnan College (currently known as Lingnan University) in 1994. He further obtained a bachelor's degree in laws from Tsinghua University (long distance learning course) in 2010.

He has more than 28 years of experience in the marketing industry. Prior to joining the Group, Mr. Chan was the senior account director of Saatchi & Saatchi Great Wall Advertising Co., Ltd. Guangzhou Branch, which principally engages in provision of advertising and marketing services, from 2001 to 2007; and the associate account director of Asatsu-DK Hong Kong Limited, which principally engages in provision of advertising and marketing services, from 1996 to 2000.

Ms. Low Wei Mun (劉慧文), aged 61, is an executive Director since 2019, the co-chief operating officer, a vice president of the Group, and a general manager of Activation Events who is responsible for the overall operation of experiential marketing business of the Group. She has more than 23 years of experience in the marketing industry. She joined the Group in 2014 as the general manager of Activation Events. Ms. Low accumulated experiences in marketing through working in marketing companies in Hong Kong and Beijing from 1999 to 2009. She also gained experiences in client management in a media and a retail company from 1993 to 1999.

Independent non-executive Directors

Ms. Cheung Siu Wan (張少雲), aged 58, is an independent non-executive Director since 2019. Ms. Cheung obtained a bachelor's degree of arts in business studies from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in 1988. She completed the postgraduate certificate in education course in the University of Hong Kong in 1995. She further obtained a master's degree of science in accounting from The Hong Kong University of Science and Technology in 1996 and a master's degree of arts in practical philosophy from Lingnan University in 2017. Ms. Cheung was admitted as a fellow of the Association of Chartered Certified Accountants in 2014 and a fellow of the Hong Kong Institute of Certified Public Accountants in 2006. She is currently a non-practising member of Hong Kong Institute of Certified Public Accountants.

Ms. Cheung has over 28 years of experience in taxation advisory. She was the independent non-executive director of Strong Petrochemical Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 852) from January 2012 to October 2024. She was the independent director of Activation Group from 2017 to 2019. Ms. Cheung has been a member of Working Party on Seminars of Accounting Training Board under The Vocational Training Council since 2013, and a member of Customer Liaison Group for small and medium enterprises of the Trade and Industry Department of the Government of HKSAR from 2017 to 2022.

Mr. Yu Longjun (余龍軍), aged 39, is an independent non-executive Director since 2019. Mr. Yu obtained a bachelor's degree of applied chemistry from Fudan University in 2007. He further obtained master's degree of business administration from Cheung Kong Graduate School of Business in 2015. He was admitted as a non-practising member of Shanghai Institute of Certified Public Accountants in 2011 and a Chartered Financial Analyst of CFA Institute in 2018.

He has more than 16 years of experience in accounting and investment management.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yu has been an independent director of Sanbian Sci-Tech Co., Ltd*(三變科技股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002112), which principally engages in manufacturing of all immersed power and distribution transformer from 2018 to 2024. He was also the independent director of Activation Group from 2017 to 2019.

Dr. Cheung Wah Keung (張華強), aged 64, is an independent non-executive Director since 2019. He is currently the chairman of each of Shinhint Group and Tai Sing Industrial Company Limited. He has more than 30 years of experience in trading and manufacturing of consumer electronic products. Dr. Cheung is currently an independent non-executive director of PanAsialum Holdings Company Limited (stock code: 2078), Casablanca Group Limited (stock code: 2223) and Sinomax Group Limited (stock code: 1418), respectively. He was also the independent non-executive chairman of PanAsialum Holdings Company Limited (stock code: 2078) during the period from 2 August 2019 to 30 June 2022 and an independent non-executive director of Sky Light Holdings Limited (stock code: 3882) during the period from 12 June 2015 to 28 February 2023. The shares of above companies with stock code indicated are listed on the Stock Exchange.

Dr. Cheung holds a bachelor's degree in business administration, a master's degree in global political economy from The Chinese University of Hong Kong and a master's degree in corporate governance, and a doctorate degree in business administration from The Hong Kong Polytechnic University. He was awarded by the Federation of Hong Kong Industries as "Young Industrialist of Hong Kong" in 2005 and "Certificates of Merit in Directorship" by the Hong Kong Institutes of Directors in 2006. He has taken up a variety of roles, including the president of the Hong Kong Young Industrialists Council from 2015 to 2016, the chairman of the Advisory Board for Master of Corporate Governance of The Hong Kong Polytechnic University and a committee member of the Council of The Hang Seng University of Hong Kong.

SENIOR MANAGEMENT

Mr. Bao Yifeng (包一峰), aged 52, is the general manager of Activation PR and is responsible for the overall operation of public relations services business of the Group. Mr. Bao received his hospitality related education through studying a two-year course in Shanghai in 1991. He has more than 19 years of experience in the marketing industry. Mr. Bao joined the Group in 2014 as the general manager of Activation PR.

Ms. Zhou Qi (周琦), aged 50, is the general manager of Activation Sports Development and Activation Sports Management and is responsible for the overall operation of sports IP development services business of the Group. Ms. Zhou obtained a bachelor's degree in investment and economics from Shanghai University of Engineering Science in 1997. She further obtained a master's degree of business administration from Maastricht School of Management (long distance learning course) in 2004. She has more than 23 years of experience in business development. She joined the Group in 2014 as the business development director of Activation Group.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Choi Wai Tong Winton（蔡偉棠）, aged 49, is the general manager of Activation Digital and is responsible for the overall operation of digital communication and Big Data analysis services business of the Group. Mr. Choi obtained a bachelor's degree of engineering in mechanical engineering from the Hong Kong University of Science and Technology in 1997. He further obtained a master's degree of technology management in information technology from the Hong Kong University of Science and Technology and a master's degree of Executive MBA from Quantic School of Business and Technology in 2002 and 2022 respectively. He has more than 26 years of experiences in project management. He joined the Group in 2014 as the general manager of Activation Digital. Mr Choi was also appointed by Cool Link (Holdings) Limited (stock code: 8491), a company listed on GEM of the Stock Exchange, as non-executive director and vice chairman of the board from January 2021 to March 2023.

Mr. Wang Xianda Leon（王賢達）, aged 43, is the general manager of Activation Events, responsible for the overall operation of the Group's experiential marketing business in China. Mr. Wang obtained a bachelor's degree in business administration from National University of the United States in 2004. He further obtained a postgraduate degree in innovative marketing and organizational innovation from the University of Hong Kong in 2019. He has more than 20 years of experience in the event planning and production industry. He joined the Group in 2014 as the account director of Activation Events; and being a member of senior management of the Company with effect from 1 January 2025.

Ms. Wu Beili Lydia（吳蓓麗）, aged 43, is the general manager of Activation Events and is responsible for the overall operation of the Group's experiential marketing business in China. Ms. Wu obtained a bachelor's degree in Business Administration from Shanghai University of Engineering Science in 2005. She further obtained a master's degree of Business Administration from Kedge Business School in cooperation with Shanghai JiaoTong University in 2016. She joined the Group in 2014 as the account director of Activation Events and has more than 20 years of experience in events management; and being a member of senior management of the Company with effect from 1 January 2025.

Mr. Zhang Bo Gavin（張博）, aged 46, is the general manager of Activation Events Beijing, is responsible for the overall operation of the experiential marketing business of the Group in Beijing. He has more than 20 years of experience in the event production industry, focusing on luxury automotive brand clients. He has also actively expanded collaboration with clients in the internet and 3C industries and has successfully planned and executed gala events with over 60,000 participants. He joined the Group in 2015 as the general manager of Activation Events Beijing; and being a member of senior management of the Company with effect from 1 January 2025.

Mr. Hu Lun Ben（胡麟 ）, aged 49, is the general manager of Activation Events Hong Kong, overseeing operations in Hong Kong office and managing a team in Shanghai office. He has over 20 years of experience in event marketing and branding industry. Before joining the Group, Mr. Hu has successfully ran his own event agency, generating over RMB100 million in annual revenue while supporting world-leading sports and lifestyle brands. In addition, Mr. Hu was a founding partner and general manager of VS-Media (NASDAQ: VSME), a pioneering Multi-Channel Network startup in Greater China specializing in online video content development and social media; a senior marketing manager at the British fashion brand Burberry; served as Director at Ogilvy PR Shanghai, and was the business director of the UK-based event agency Imagination. He joined the Group in 2023 as the general manager of Activation Events Hong Kong; and being a member of senior management of the Company with effect from 1 January 2025. Mr. Hu obtained a bachelor's degree in Arts (major Economics) from University of Queensland in 1998.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Geographical Review

The Group's business was conducted in Chinese Mainland, Hong Kong and Singapore. The following table sets forth the breakdown of revenue by geographic region for the periods indicated:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	*RMB'000*	%
Chinese Mainland	**766,627**	**90.4**	867,277	89.7
Hong Kong and Singapore	**81,123**	**9.6**	99,954	10.3
Total	**847,750**	**100.0**	967,231	100.0

Business Segment Review

During FY2024, the revenue of the Group's experiential marketing services segment, digital and communication services segment and the IP development segment were RMB653.0 million (FY2023: RMB762.0 million), RMB178.0 million (FY2023: RMB188.2 million) and RMB16.7 million (FY2023: RMB17.0 million) respectively.

The following table sets out the revenue of the Group by service line for FY2023 and FY2024.

	2024	2023
	RMB'000	*RMB'000*
Experiential marketing services	**653,047**	761,972
Digital and communication services	**177,971**	188,237
IP development	**16,732**	17,022
Total	**847,750**	967,231

Experiential Marketing

According to the research report by China Insights Industry Consultancy Limited, the Group continues to be the largest experiential marketing service provider for premium fashion brands in Greater China with a market share of 13.8% in 2024.

The Group's experiential marketing business scope covers creative design, content production, event planning, event management and execution, all tailored to the brand's target consumers. These services are aimed at boosting brand awareness and increasing consumer engagement for the Group's clients. Since 2020, the Group has actively promoted data interactive marketing business. The combination of physical events with data interactive services did not only create contents but also provided massive online exposure and secondary marketing to expand coverage and enhance marketing effect. Previously, several offline marketing events conducted by the Group were livestreamed, which drew millions to hundreds of millions of views online.

MANAGEMENT DISCUSSION AND ANALYSIS

During 2024, the Group has held a number of events, including ARCTERYX "Arcteryx Museum Grand Opening", A BATHING APE BAPE "FW24 Runway Show", BMW "M Festival event in Chengdu", BOTTEGA VENETA "Beijing Sanlitun Store Opening and Party", CHANEL 2024/25 Métiers d'art CHANEL – Hangzhou Show, CHANEL "Cruise 2024/25 Show in Hong Kong", CHOW TAI FOOK "Palace Museum collection event 2024", DIOR "2024 Dior XM Villa", DIOR "Dior Men Fall 2024 Show", LORO PIANA "Into the Wild Pop-up and Gala Dinner in Jiuzhaigou", LOUIS VUITTON "2024 Louis Vuitton Haute Joaillerie International Event", LACOSTE "PLAY BIG", MERCEDES-BENZ "2024 Mercedes-AMG F1 Experience & Brand Campaign", MIU MIU "Women-stale Beijing", MONCLER GENIUS "The City of Genius in Shanghai", NEW BALANCE "2024 super brand day", OPPO "FindX7 launch event", PRADA "Pradasphere Shanghai Exhibition", SAINT LAURENT "Shanghai VIC Dinner", SJM RESORTS, S.A. "Palazzo Versace Marco Opening", ROLLS-ROYCE "2024 RRMC Cullinan SII Preview and Bespoke Experience Event", VAN CLEEF & ARPELS "AOM exhibition in Guangzhou", ROLEX "2024 cocktail party" and more. These events showcased the Group's ability to deliver world-class experiential marketing solutions, further reinforcing its leadership position in the industry. This demonstrates the dominant position of the Group in this field and the success of its business model to grasp the marketing demand of premium brands in Greater China. By seamlessly integrating innovative designs, immersive experiences, and digital marketing elements, the Group continues to set benchmarks for the experiential marketing sector.

During 2024, the Group's experiential marketing business recorded a revenue of approximately RMB653.0 million, representing a decrease of 14.3% as compared to approximately RMB762.0 million in FY2023. The decline was primarily due to the global economic slowdown, heightened external uncertainties, and China's post-pandemic recovery, where consumer confidence and highend consumption rebounded slower than expected. These factors led clients to adopt a more cautious approach to their marketing budgets, directly impacting the Group's experiential marketing business. The revenue generated from experiential marketing business segment accounted for 77.0% of the Group's total revenue in FY2024.

Digital and Communication

Digital and communication business can be better integrated with experiential marketing business to foster a potent synergy. This approach amplifies the strengths of each individual strategy, culminating in a comprehensive and highly effective marketing framework. In addition to expand brand recognition and influence, digital and communication business also helps to increase consumer engagement and loyalty by providing valuable content and interactive experiences, thereby generating greater value for the Group's business.

The Group's digital and communication services mainly help clients to 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 formulating creative strategy, managing and coordinating 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has been offering data interactive services, generating millions to billions of viewerships through online platforms. Such online promotion has effectively increased the sales revenue of its clients. In addition, the Group has consistently engaged in livestream e-commerce activities, leveraging celebrity and influencer livestream sales events to create highly engaging shopping experiences and drive significant sales conversions for its clients. These livestream activities, conducted through its joint ventures and partnerships, remain a key component of the Group's digital strategy. The Group actively seizes cooperation opportunities and promotes the livestream e-commerce business of its joint ventures, particularly through celebrity live e-commerce events. Additionally, the Group has been deploying additional value-added service solutions for metaverse marketing to better respond to the rapid changes in the digital age and provide customers with more comprehensive marketing services. As design and marketing increasingly integrate with AI technologies, the Group is also exploring how AI can bring greater value to both the Group and its clients. By leveraging AIdriven solutions, the Group aims to enhance operational efficiency, improve campaign effectiveness, and deliver more innovative and personalized marketing strategies.

According to the 22nd edition of the luxury market study report "Long Live Luxury: Converge to Expand through Turbulence" jointly released by Bain & Company and Fondazione Altagamma, the Italian luxury goods manufacturers' industry association, the younger generations (Generations Y, Z, and Alpha) are set to become the largest luxury consumer group, accounting for nearly 85% of global consumption. This demographic is highly active on social media, and we observe this trend as an opportunity to continue breaking new ground in the digital marketing sector.

During FY2024, the Group provided online marketing services for numerous brands, including ALEXANDER WANG, ANTA, BALMAIN, BARBOUR, BOBBI BROWN, BUCCELLATI, CHRISTIAN LOUBOUTIN, COTY, FERRAGAMO, HAMILTON, JACQUEMUS, LA PRAIRIE, LOEWE, MAXMARA, MICHAEL KORS, NEW BALANCE, NIKE, OLAY, PERFECT DIARY, REMY MARTIN, SEPHORA, SILHOUETTE, SK-II, TORY BURCH, VACHERON CONSTANTIN, VENCHI and more.

In FY2024, the revenue of the digital and communication business was approximately RMB178.0 million, representing a decrease of 5.4% as compared to RMB188.2 million in FY2023, which accounted for 21.0% of the Group's total revenue for FY2024. The decline in digital and communication revenue can be attributed to the facts that (i) certain clients may have adjusted their marketing strategies, resulting in reduced spending on digital marketing; and (ii) changes in the macroeconomic environment may have affected clients' budgets in digital marketing in the short term.

Looking ahead, the Group is optimistic about the potential for growth in its digital and communication segment. The Group aims to enhance its digital capabilities and deliver even greater value to its clients. The strategies put in place are designed to capitalize on the increasing importance of digital marketing in the overall marketing mix, ensuring that the Group remains at the forefront of this rapidly evolving industry.

MANAGEMENT DISCUSSION AND ANALYSIS

IP Development

The Group owns long-term exclusive operating rights for a number of IPs, including (i) D UNIVERSE, (ii) West Bund Orbit, in which through a joint venture (JV) established with Hongkong Land, focusing on the long-term operation of key venues within the West Bund Financial Hub in Xuhui District, (iii) Shanghai Design Week, an IP that the Group has a joint venture (JV) established with Shanghai Design Week Investment Management Company Limited, securing exclusive operation rights. As the IP operator for Shanghai Design Week, the Group is responsible for the promotion and development of this IP, further solidifying its leadership in the creative and design industries. (iv) Le Tour de France China and (v) LaLiga Club China. These IPs not only provide more bushiness opportunities, but more importantly, they can also further enhance the brand recognition and market influence of the Group.

During FY2024, the Shanghai Design Week continued its collaboration with "FIRST in Shanghai", supporting Shanghai's efforts to enhance its position as an international consumer center. To foster the high-quality development of the first-launch economy, the Group will further contribute to building a global new product launch platform that leads fashion trends and accelerates Shanghai's transformation into a global consumer hub.

One key highlight this year was the "Shanghai Summer" International Consumption Season, launched as part of Shanghai Design Week. This city-wide event, running from July to October, spanned key holiday periods such as summer vacations and the National Day Golden Week, seamlessly integrating summer travel with Shanghai's vibrant consumer culture. Through a series of themed activities across commerce, culture, and tourism, "Shanghai Summer" underscored the city's dynamic appeal and unique position in the global consumer market.

By aligning with such initiatives, the Group continues to explore opportunities in Shanghai's evolving consumer landscape while contributing to its international reputation as a trendsetting city.

In FY2024, the revenue for the IP development business was approximately RMB16.7 million (FY2023: RMB17.0 million), representing a decrease of 1.8% as compared to FY2023, and accounted for 2.0% of the Group's total revenue in FY2024.

FINANCIAL REVIEW

Cost of sales

The cost of sales of the Group decreased from RMB669.0 million for FY2023 to RMB593.5 million for FY2024, which was in line with the decrease in revenue. The cost of sales mainly includes production cost, third party service cost, media cost and venue rental cost which may fluctuate depending on the types and mix of projects carried out by the Group in the relevant period.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 14.7% from RMB298.2 million in FY2023 to RMB254.3 million for FY2024, which was mainly caused by the decrease in revenue. The overall gross profit margin of the Group was 30.0% for FY2024, which remains similar comparing to 30.8% for FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income and gains

The Group's other income and gains were approximately RMB13.6 million for FY2024 (RMB13.9 million for FY2023).

Selling and distribution expenses

The Group's selling and distribution expenses were approximately RMB84.5 million for FY2024 (FY2023: RMB86.5 million).

General and administrative expenses

The Group's general and administrative expenses increased from RMB58.6 million for FY2023 to RMB61.6 million for FY2024. Such increase was primarily due to the increase in share award expense from RMB9.8 million for FY2023 to RMB16.6 million in FY2024, which was arising from the grant of share awards by the Company to executive directors, senior management and employees in March 2023, December 2023 and March 2024.

Other expenses, net

The Group's other expenses recorded a decrease from RMB6.0 million for FY2023 to RMB5.6 million for FY2024.

Finance costs

The Group's finance costs were approximately RMB0.4 million for FY2024 (FY2023: RMB0.4 million).

Net profit and net profit margin

The Group recorded a net profit of RMB87.4 million for FY2024 (FY2023: RMB118.4 million), representing a decrease of 26.2% as compared to FY2023. Overall net profit margin decreased from 12.2% for FY2023 to 10.3% for FY2024.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB379.2 million (31 December 2023: RMB307.1 million) which were mainly denominated in Renminbi and Hong Kong dollars.

Net proceeds from the Global Offering

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Designated use of the Net Proceeds	Original allocation of Net Proceeds *HK$ million*	Revised allocation of Net Proceeds *(Note)* *HK$ million*	Unutilised Net Proceeds as at 1 January 2024 *HK$ million*	Net Proceeds utilised during FY2024 *HK$ million*	Unutilised Net Proceeds as at 31 December 2024 *HK$ million*
Develop and expand the existing business of integrated marketing solutions and IP development	192.8	81.1	—	—	—
Cash reserve for strategic investment funds for suitable cooperation or investment opportunities	118.0	5.2	5.2	3.2	2.0
General working capital and general corporate purpose	34.2	34.2	—	—	—
Cash reserve for strategic investment in the pan-cultural sector	—	224.5	161.5	—	161.5
Total	**345.0**	**345.0**	**166.7**	3.2	**163.5**

Note: For details of the changes in the use of the Net Proceeds, please refer to the announcements of the Company dated 20 August 2020 and 19 April 2021 (the "**Announcements**").

Save as disclosed in the Announcements, there has been no material change in the intended use of the Net Proceeds. Taking into account the current macroeconomic environment and to minimize risk exposure, the Company has decided to defer the expected timeline for full utilisation of the Unutilised Net Proceeds allocated for strategic investments to 2026.

Borrowing and charges on the Group's assets

As at 31 December 2024, the Group did not have any interest-bearing borrowing (as at 31 December 2023: nil). There was no material charge on the Group's assets as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

Since the Group did not have any bank borrowings, the gearing ratio as at 31 December 2024, calculated on the basis of bank and other borrowings over total equity, was nil (as at 31 December 2023: nil).

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

Employees and remuneration policies

As at 31 December 2024, the total number of employees of the Group was approximately 221 (as at 31 December 2023: 243). For FY2024, the employee benefit expenses of the Group (including directors' emoluments) were approximately RMB118.7 million (FY2023: RMB114.2 million).

The Group offers a comprehensive remuneration package to its employees, which is generally structured with reference to market terms and individual merits, and 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. The Company has also adopted a share option scheme and a share award plan with the purposes of, among others, giving incentives or rewards to eligible participants for their contribution to the growth and development of the Group.

Trade receivables and trade payables

The trade receivables of the Group decreased from RMB397.6 million as at 31 December 2023 to RMB264.9 million as at 31 December 2024; and the trade payables of the Group decreased from RMB339.4 million as at 31 December 2023 to RMB294.70 million as at 31 December 2024.

Contingent liabilities

The Group has no material contingent liabilities as at 31 December 2024.

Acquisition and disposal of subsidiaries and associated companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during FY2024.

Capital commitment

As at 31 December 2024, the Group has a capital commitment of RMB5.1 million (as at 31 December 2023: RMB8.1 million) relating to the future capital contributions.

Significant investments

The Group has no significant investments, including investment in companies with a value of 5% or more of the Company's total assets as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Future plan for material investments or capital assets

The Group does not have plans for material investments and capital assets for the year ending 31 December 2025 as at the date of this annual report.

Foreign exchange risk

Most of the Group's income and expenditures are denominated in Renminbi, being the functional currency of the major operating entities, 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.

FIVE-YEAR FINANCIAL SUMMARY

The following table summarises the results, and assets and liabilities of the Group for the years ended 31 December 2020, 2021, 2022, 2023 and 2024:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**847,750**	967,231	694,807	904,057	457,999
Profit before tax	**120,131**	164,785	55,698	144,628	38,551
Income tax expense	**(32,753)**	(46,366)	(27,454)	(42,074)	(13,321)
Profit attributable to owners of the parent	**79,243**	107,992	23,632	92,488	23,423

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**746,745**	795,401	711,246	716,244	588,602
Total liabilities	**(384,765)**	(435,426)	(357,656)	(286,830)	(215,765)
Net assets	**361,980**	359,975	353,590	429,414	372,837
Equity attributable to owners of the parent	**342,197**	339,769	336,309	406,315	359,929

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for FY2024.

The Board believes that strong corporate governance provides a solid foundation for sustainable growth and long-term success. The Board will continue to focus on enhancing sound corporate governance, and promoting the corporate values and culture at all levels in the Group.

The Board believes that good governance starts from the top. At the core of our governance structure is a diverse and effective Board, which is committed to maintaining the highest standard of corporate governance, implementing sound internal controls and effective risk management mechanism, enhancing transparency and instilling accountability, and being a standard-bearer for integrity and honesty.

In addition, corporate belief must be supported and practised by all levels of employees and each employee at any level strives to uphold the standards of integrity and honesty in every aspect of our business.

Our mission, vision and values are guiding principles by which we do business and will guide us to sustainable growth.

Mission

We are on the mission to deliver strategic, creative, and cost-effective experiential marketing solutions for our clients.

Vision

We provide innovative communications solutions to clients by using proprietary processes.

Values

We believe in:

- Leadership and commitment
- Creative and cost-effective solutions
- Putting clients first
- Integrity, honesty and trust

ACTIVATION'S CULTURE

The Company is committed to developing a positive and progressive culture that is built on its purpose (as set out below), mission and values; one that allows employees across the Group to thrive, meet their full potential, and that enables the Company to deliver long-term sustainable growth and success and to fulfil its role as a leading marketing group for pan-fashion (泛時尚) brands in Greater China.

The Group's purpose is to deliver the integrated services to meet and satisfy the needs of the commercial world, underpinned by the business values of innovation, collaboration, integrity and sustainability across all levels of the Group.

CORPORATE GOVERNANCE REPORT

We are committed to the mission of the development, innovation and technology of core business of the Group, the Group lives up to this purpose by instilling a culture that is forward looking and agile to achieve competitiveness. It also respects and promotes the values of creativity, opportunities to exchange ideas and cross-fertilisation of innovative advancements and solutions to enhance long-term sustainable growth and value as a principal objective of the Company. Alongside the Group's robust corporate governance framework and the risk management and internal control systems, the desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders, through active collaboration, effective engagement and regular training at all levels. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the code of conduct and group policies), as well as staff safety, well-being and support. The Directors are satisfied with the performance of the Board and acknowledged that the Board plays an effective role in the development and determination of the Group's culture, strategy and overall commercial objectives. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, mission and values of the Group are aligned.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules ("**CG Code**").

Save as disclosed herein, the Company has been in compliance with the code provisions set out in the CG Code.

THE BOARD

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation by the management. The Board monitors the Group's operational and financial performance, reviews the Group's compensation policies, and ensures that a positive and progressive culture, effective governance, and sound internal control and risk management systems are in place. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. The terms of reference are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

Delegation of Management Function

The major powers and functions of the Board include, but are not limited to, convening the general meetings, reporting its work at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operating plans and investment plans of the Company, formulating the Company's strategic development plans, formulating annual financial budgets and final accounts plans, formulating profit distribution plans and plans on making up losses, and exercising other powers and functions as conferred by the Memorandum and Articles of Association.

All Directors have full and timely access to all the information of the Company and advices from the company secretary and senior management of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

Composition of the Board

The Board currently comprises seven Directors, including four executive Directors and three independent non-executive Directors. A list of members of the Board, their positions and dates of appointment, and each Director's biography have been set out in the section headed "Board of Directors and Senior Management". All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times. Save as disclosed in this annual report, there is no relationship (including financial, business, family or other material/ relevant relationship(s)) between the Directors.

Chairman and Chief Executive Officer

The joint-chairmen of the Board, Mr. Lau Kam Yiu and Mr. Ng Bo Sing, promote a culture of openness and actively encourages Directors to voice out their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the joint-chairmen, has adopted good corporate governance practices and procedures and taken appropriate steps to promote effective communication and ongoing engagement with Shareholders and other stakeholders, as outlined later in this report.

Up to the date of this annual report, Mr. Lau Kam Yiu is currently performing the roles of joint-chairman of the Board and chief executive officer of the Group. Under code provision C.2.1 of Part 2 of the CG Code, 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.

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

For FY2024, the Company has three independent non-executive Directors in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for more than one third of the number of the Board members.

According to Rule 3.13 of Listing Rules, the independent non-executive Directors have provided confirmations to the Company regarding their independence during FY2024. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during FY2024.

Appointment and Re-election of Directors

Code provision B.2.2 of Part 2 of the CG Code stipulates that all directors, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years whereas code provision B.2.3 of Part 2 of the CG Code states that if an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Memorandum and Articles of Association.

Each of the executive Directors has entered into a service contract with the Company for a specific term of three years and shall be subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a specific term of three years and shall be subject to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any director appointed as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 105(A) of the Articles of Association, at each annual general meeting one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Accordingly, Mr. Lau Kam Yiu, Mr. Chan Wai Bun and Ms. Low Wei Mun will retire by rotation at the 2025 AGM and, being eligible, offer themselves for re-election.

CORPORATE GOVERNANCE REPORT

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company.

Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during FY2024. The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of Part 2 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during FY2024 after making reasonable enquiry.

Training and Continuous Professional Development of Directors

Each newly appointed director shall be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

During FY2024, all Directors has attended training session arranged by the Company which was provided by the professional advisers relating to the topics of the duties and continuing obligations of directors in listed companies and update on the Listing Rules.

Herebelow is a summary of training received by the Directors for FY2024:

Name of Directors	Training
Mr. Lau Kam Yiu	✓
Mr. Ng Bo Sing	✓
Mr. Chan Wai Bun	✓
Ms. Low Wei Mun	✓
Ms. Cheung Siu Wan	✓
Mr. Yu Longjun	✓
Dr. Cheung Wah Keung	✓

Liability Insurance of Directors and Senior Management

The Company has purchased insurances for all Directors and members of the senior management to minimise risks that may be incurred in their normal performance of responsibilities.

CORPORATE GOVERNANCE REPORT

Directors' Responsibility on Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for FY2024.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The senior management provides monthly unaudited management accounts and such accompanying explanation and information as necessary to the Board members to enable them to make an informed assessment for approving the financial statements.

Board Meetings and General Meeting

During FY2024, the Company held four Board meetings in total and one general meeting. The Company has fully complied with the requirements under code provision C.5.1 of Part 2 of the CG Code to convene Board meetings at least four times a year at approximately quarterly intervals.

The attendance of the above meetings by each Director is as follows:

Name of Directors	2024 Annual General Meeting attended/ No. of eligible meetings to attend	Board Meeting attended/ No. of eligible meetings to attend
Mr. Lau Kam Yiu	1/1	4/4
Mr. Ng Bo Sing	1/1	4/4
Mr. Chan Wai Bun	1/1	4/4
Ms. Low Wei Mun	1/1	4/4
Ms. Cheung Siu Wan	1/1	4/4
Mr. Yu Longjun	1/1	4/4
Dr. Cheung Wah Keung	1/1	4/4

Notices for all regular Board meetings and the agendas and accompanying Board papers will be given to all Directors at least three days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are kept by the company secretary with copies circulated to all Directors or Board committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

CORPORATE GOVERNANCE REPORT

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director can seek independent professional advice at the Company's expense after making reasonable request to the Board.

BOARD COMMITTEES

Audit Committee

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, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairlady of the Audit Committee.

The primary duties of the Audit Committee are:

- to propose the appointment or dismissal of the external auditor of the Company, and approve the remuneration and terms of engagement of the external auditor;
- to discuss with the external auditor the nature and scope of the audit and relevant reporting obligations and to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to monitor integrity of the Company's financial statements, annual reports and accounts, half year reports and, if prepared for publication, quarterly reports, and to review significant reporting judgments contained therein;
- to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with the senior management;
- to review the Company's financial and accounting policies and practices;
- to develop and implement policy on engaging an external auditor to supply non-audit services and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed; and
- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Articles of Association, and as authorised by the Board.

CORPORATE GOVERNANCE REPORT

During FY2024, the Audit Committee held two meetings, at which the Group's annual results for FY2023 and, interim results for the six months ended 30 June 2024 and the relevant accounting principles and practices adopted by the Group were reviewed and discussed with the external auditors.

Code provision D.3.3(e)(i) of Part 2 of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the auditor. The Company has included such terms in relevant terms of reference, and thus complied with code provision D.3.3(e)(i) of Part 2 of the CG Code during FY2024.

The attendance of the meetings by each member during FY2024 is as follows:

Name of Directors	**Attended/ No. of meetings**
Ms. Cheung Siu Wan	2/2
Mr. Yu Longjun	2/2
Dr. Cheung Wah Keung	2/2

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of two independent non-executive Directors, namely Ms. Cheung Siu Wan, Mr. Yu Longjun, and one executive Director, namely Mr. Lau Kam Yiu. Ms. Cheung Siu Wan serves as the chairlady of the Remuneration Committee.

The primary duties of the Remuneration Committee are:

- to make recommendations to the Board on the Company's remuneration policy and structure for the Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;

- to review the remuneration of individual executive Directors, senior management and non-executive Directors;

- to review the Company's policy on expense reimbursements for the Directors and senior management;

- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Articles of Association, and as authorised by the Board.

During FY2024, the Remuneration Committee held two meetings, at which the performance and remuneration of the executive Directors and senior management of the Company were reviewed; and the grant of existing award shares to one employee of the Company.

CORPORATE GOVERNANCE REPORT

The attendance of the meetings by each member during FY2024 is as follows:

Name of Directors	**Attended/ No. of meetings**
Ms. Cheung Siu Wan	2/2
Mr. Yu Longjun	2/2
Mr. Lau Kam Yiu	2/2

Pursuant to code provision E.1.5 of Part 2 of the CG Code, the following table sets forth the total remuneration of the Directors and members of senior management categorized by remuneration group for FY2024:

Group	**Remuneration *(HK$)***	**No. of individuals**
1	0 — HK$1,000,000	7
2	HK$2,000,001 — HK$2,500,000	2
3	HK$2,500,001 — HK$3,000,000	2
4	HK$3,000,001 — HK$3,500,000	1

Notes:

Group 1 includes 3 Directors and 4 members of senior management of the Company.
Group 2 includes 2 Directors of the Company.
Group 3 includes 1 Director and 1 member of senior management of the Company.
Group 4 includes 1 Director.

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix D2 to the Listing Rules are set out in notes 8 and 9 to the financial statements.

Nomination Committee

The Nomination Committee consists of two independent non-executive Directors, namely Mr. Yu Longjun and Dr. Cheung Wah Keung and one executive Director, namely Mr. Lau Kam Yiu. Mr. Lau Kam Yiu currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are:

- to formulate procedures and standards for the election of Directors and senior management, and make recommendations to the Board on the proposed procedures and standards;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors, in particular the chairman and the chief executive officer;
- to assess the independence of independent non-executive Directors;
- to preliminarily examine the eligibility of candidates for directorship;
- to recommend to the Board concerning the membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees; and

CORPORATE GOVERNANCE REPORT

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Articles of Association, and as authorised by the Board.

During FY2024, the Nomination Committee held one meeting, at which matters in relation to composition of the Board, the independence of the independent non-executive Directors and retirement by rotation of Directors were discussed.

According to the Nomination Policy adopted by the Company on 19 December 2019, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

The attendance of the meeting by each member during FY2024 is as follows:

Name of Directors	**Attended/ No. of meetings**
Mr. Lau Kam Yiu	1/1
Mr. Yu Longjun	1/1
Dr. Cheung Wah Keung	1/1

Diversity

The Board has adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company considers the Board has achieved gender diversity with two women on the Board. It also believes the Board has a well-balanced cultural background, educational background, industry experience and professional experience where members of the Board have diversified branch of learning and working experience in different countries and regions.

In addition, we will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future.

CORPORATE GOVERNANCE REPORT

As at 31 December 2024, male and female employees accounted for approximately 39.8% (FY2023: 42.8%) and 60.2% (FY2023: 57.2%), respectively, of all employees (including senior management) of the Group. The Company has reviewed the gender ratio of its workforce, taking into account the culture of the industry, diversity level of other market peers and business needs of the Company. As the employees in the luxury experiential marketing industry is predominantly female, the Company considers that it has achieved gender diversity in its workforce and has not set any measurable objectives in further improving gender diversity.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

Independent Views and Input to the Board

To ensure independent views and input are made available to the Board, the Board (or through its Board committees) ensures the following mechanisms are in place and reviews the implementation and effectiveness of such mechanisms annually:

(i) all Directors should have the required character, integrity, perspectives, skills, expertise and experience to fulfill their roles and are encouraged to express their independent views through Board meetings;

(ii) all Directors are required to declare conflicts of interest (if any) in their roles as Directors and Directors who have material interests shall not vote or be counted in the quorum for the relevant Board resolutions;

(iii) the joint-chairmen of the Board meet with independent non-executive Directors annually without the presence of other Directors; and

(iv) all independent non-executive Directors are required to confirm in writing on an annual basis their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules.

Corporate Governance Committee

The Corporate Governance Committee consists of one executive Director, Mr. Ng Bo Sing; and two independent non-executive Directors, namely Ms. Cheung Siu Wan and Dr. Cheung Wah Keung. Mr. Ng Bo Sing serves as the chairman of the Corporate Governance Committee.

The primary duties of the Corporate Governance Committee are:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;

- to review and monitor the training and continuous professional development of Directors and senior management;

- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

CORPORATE GOVERNANCE REPORT

- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

During FY2024, the Corporate Governance Committee held one meeting, at which matters in relation to the implementation checklist of the "Corporate Governance Code" was reviewed and discussed, and the 2023 Corporate Governance Report was reviewed.

The attendance of the meeting by each member during FY2024 is as follows:

Name of Directors	Attended/ No. of meetings
Mr. Ng Bo Sing	1/1
Ms. Cheung Siu Wan	1/1
Dr. Cheung Wah Keung	1/1

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee consists of one executive Director, Mr. Ng Bo Sing; and two independent non-executive Directors, namely Mr. Yu Longjun and Dr. Cheung Wah Keung. Mr. Ng Bo Sing serves as the chairman of the Environmental, Social and Governance Committee.

The primary duties of the Environmental, Social and Governance Committee are:

- to develop and review the Company's Environmental, Social and Governance responsibilities, vision, objectives, strategies, framework, principles and policies, and strengthen the materiality assessment and reporting process to ensure and fulfill the continuous execution and implementation of any Environmental, Social and Governance policies approved by the Board; to review and monitor the Company's Environmental, Social and Governance policies and practices to ensure compliance with legal and regulatory requirements; and to review and monitor the Company's Environmental, Social and Governance risk management and internal control systems to ensure the effectiveness and adequacy of internal controls;
- to monitor the communication channels and methods between the Company and its stakeholders, and to ensure that relevant policies are in place to effectively promote the relationship between the Company and its stakeholders and protect the reputation of the Company;
- to review major Environmental, Social and Governance trends and related risks and opportunities, evaluate the adequacy and effectiveness of the Company's Environmental, Social and Governance -related structures and business models, and adopt and update the Company's Environmental, Social and Governance policies as necessary to ensure that they are up-to-date and in compliance with applicable laws, regulations and regulatory requirements and international standards;

CORPORATE GOVERNANCE REPORT

- to review the Company's annual Environmental, Social and Governance report and make recommendations to the Board for approval, recommend specific actions or decisions for the Board's consideration in order to maintain the integrity of the Environmental, Social and Governance report and ensure that the Company's annual Environmental, Social and Governance report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (including amendments from time to time); and

- to supervise and review the work of the Company's Environmental, Social and Governance working group, assess and review the Company's Environmental, Social and Governance performance against targets, and report to the Board.

During FY2024, the Environmental, Social and Governance Committee held two meetings, at which matters in relation to 2023 Environmental, Social and Governance report was reviewed, and the working plan of 2024 Environmental, Social and Governance and supplier's quotation and service scope were discussed.

The attendance of the meeting by each member during FY2024 is as follows:

Name of Directors	**Attended/ No. of meetings**
Mr. Ng Bo Sing	2/2
Mr. Yu Longjun	2/2
Dr. Cheung Wah Keung	2/2

COMPANY SECRETARY

Mr. Law Kwok Chun ("**Mr. Law**") is currently the company secretary of the Company. He plays a leading role in helping the Company to develop and maintain a sound and effective corporate governance framework, in particular, a set of risk management and internal control systems to ensure regulatory compliance, good governance practices and culture are upheld by the Company.

Mr. Law joined the Group in 2014 and promoted to senior finance manager of the Company in 2019. Mr. Law obtained a bachelor degree of Business Administration in Accounting in the Hong Kong Metropolitan University; he is a fellow member of the Certified Public Accountants of Australia and is a registered Certified Public Accountant of Australia. Mr. Law has over 14 years of experience in accounting and financial reporting; and has experience and knowledge in the company secretarial and corporate governance fields. Mr. Law possesses the relevant experience as required under note 2 to Rule 3.28 of the Listing Rules. Mr. Law has complied with the requirements on taking no less than 15 hours of relevant professional training as set out in Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

AUDITOR

Financial statements contained in this report have been audited by Ernst & Young. Service fees which shall be paid by the Company to Ernst & Young for the year ended 31 December 2024 amounted to HK$2.1 million. The following table sets out the service provided by Ernst & Young and the fees payable to them:

Service rendered	**Fees payable *(HK$ million)***
Audit service	1.9
Non-audit services	0.2
Total	**2.1**

The non-audit services mainly comprised the tax compliance and certain agreed-upon-procedure works.

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on pages 125 to 128.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's systems of risk management and internal control, and the review of their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is satisfied that the Company has complied throughout the year with all applicable code provisions of the CG Code, other than that in respect of the separate roles of chairman and chief executive officer as explained in this report.

Risk Management

The Board inculcates appropriate risk culture across the Group's business operations. Its overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management system. The Group adopts a "top-down and bottom-up" approach involving regular input from each core business as well as discussions and reviews by the executive Directors and the Board. It has also established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified.

2. The management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented.

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management system.

CORPORATE GOVERNANCE REPORT

Risk Factors

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Economy Risks

The Group is exposed to the developments in the local and overseas economy as well as developments in the industries and geographical markets in which it operates. As a result, the Group's financial condition and results of operations may be influenced by the general state of the economy. Any significant decrease in the level of economic growth could adversely affect the Group's financial condition or results of operations.

In general, volatility in the US and worldwide credit and financial markets, fluctuations in commodity prices and rising energy costs, mounting inflationary pressures, increasing geopolitical risks and political turbulence have all contributed to the increased uncertainty of the economic prospects and dampen economic growth.

Cyber Security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorised access to or disrupting the operation of the networks, systems and database of the Group or its suppliers, vendors and other service providers, could have an adverse effect on the Group's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to the Group's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external parties operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and database of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or a loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to certain existing customers and business partners, increase expenditures on cyber security measures and the use of alternate resources. The Group may also suffer a loss of revenue owing to business interruption and claims from regulators and other third parties. The potential costs associated with these attacks could exceed the insurance coverage the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, adversely impact customer and investor confidence, and materially and adversely affect the Group's financial condition and results of operations.

CORPORATE GOVERNANCE REPORT

Internal Control

Group structures covering all subsidiaries and associated companies are maintained and updated on a timely and regular basis.

The Group has maintained internal control guidance and procedures on the Group's operational cycles relating to revenue, subcontract, purchase and expenditure and human resources etc., to ensure proper accounting records are kept so that reliable financial reporting can be provided, the effectiveness and efficiency of operation can be achieved, and the compliance with applicable laws and regulations and safeguarding of assets can be maintained. These systems are designed to provide reasonable protection against errors, losses and fraud. The Company does not establish a standalone internal audit department; however, the Board has put in place adequate measures to perform the internal audit function at different aspects of the Group.

The Company has engaged R & T Corporate Services Limited to conduct a review on the effectiveness of the internal controls of the Group for the year ended 31 December 2024. The review covered certain operational procedures and included recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified. The Board has conducted its annual review of the effectiveness of the risk management and internal control system of the Group and is satisfied that, for FY2024, the risk management and internal control system and procedures of the Group were reasonably effective and adequate, and that no material deficiencies had been identified.

Regular meetings were held between the executive Directors and senior management to review and monitor the business and financial performance against the targets, the progress of certification and contract receipts from the customers, the efficiency in the use of the Group's resources in comparison to the budgets, and the operational matters to ensure the Group has complied with the regulations that have material impact to the Group's business. The aim is to enhance the communication and accountability of the Directors and management so that significant strategic, financial, operational and compliance risks or potential deviations are timely identified and dealt with in proper manner, which significant issues are reported back to the Board for their attention.

In addition, the Company has established policies and systems that promote and support anti-corruption laws and regulations. We require our employees to follow our employee manual and code of business conduct and ethics, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanisms, negligence and corruption. We also carry out regular on the-job compliance training to our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company.

The Company has also established a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Company.

The Group has established procedures in handling and dissemination of inside information in an accurate, secure and timely manner, so as to avoid possible unauthorised access and mishandling of inside information within the Group.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The dividend policy of the Company adopted by the Board on 26 March 2021 is set out as follows:

Payment of dividends by the Company is also subject to the Companies Act and the Articles of Association. The Board will review the dividend policy as appropriate from time to time. The declaration and payment of dividends shall be determined at the sole discretion of the Board. The Board shall also take into account the following factors when considering whether to propose dividends and determining the dividend amount:

1. the Group's actual and expected financial performance;
2. retained earnings and distributable reserves of the Company and each of the members of the Group;
3. the Group's working capital requirements, capital expenditure requirements and future expansion plans;
4. the Group's liquidity position;
5. contractual restrictions on the payment of dividends by the Company to the Shareholders or by the Company's subsidiaries to the Company;
6. taxation considerations;
7. general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
8. other factors that the Board deems relevant.

CONSTITUTIONAL DOCUMENTS

During FY2024, no change had been made to the Memorandum and Articles of Association of the Company.

INVESTOR RELATIONS

General Meetings and Shareholders' Rights

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meetings as such in the notices calling them. The extraordinary general meetings are convened irregularly.

In accordance with the Articles of Association, an extraordinary general meeting shall be convened either by the Board or on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

There are no provisions in the Articles of Association or in the Companies Act of the Cayman Islands for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholder(s) who wish to move a resolution may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph. For proposing a person for election as a Director, please refer to the "Procedures for Shareholders to Nominate a Person for Election as a Director" posted on the Company's website.

Communication with Shareholders and Investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

To promote effective communication, up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www. activation-gp.com) for public access.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the Shareholders. The chairmen of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, are available normally at the annual general meetings and other relevant shareholder meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

Based on the above, the Board has reviewed the Shareholders' Communication Policy for the year ended 31 December 2024 and is of the view that the Policy is effective and adequately implemented.

Shareholders should direct their inquiries about their shareholdings to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong. Investors may also write to the Company at its principal place of business in Hong Kong or China for any enquiries.

The Company sets out the following contact details for Shareholders to communicate with the Company:

Mailing address: 11/F., Gold Union Commercial Building
No. 70-72 Connaught Road West
Hong Kong
Attention: Board of Directors/Company Secretary

The Company will not normally deal with verbal or anonymous enquiries.

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for FY2024.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 27 February 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The principal business activities of the Group are the provision of integrated marketing solutions and intellectual property development. The Group focuses on the provision of (i) experiential marketing, (ii) digital and brand communication, and (iii) public relations services which mainly operated in Shanghai and Beijing with coverage in Greater China.

The activities and particulars of the Company's subsidiaries are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

RESULTS

The consolidated annual results of the Group for FY2024 are set out on pages 129 to 214 of this annual report.

FINAL DIVIDEND

The Board recommends the payment of a final dividend (the "**Final Dividend**") of HK3.70 cents per Share and a final special dividend (the "**Final Special Dividend**") of HK3.30 cents per Share for FY2024, which amounted to an aggregate of HK$52.1 million, subject to the approval of the Shareholders at the forthcoming annual general meeting. This proposed pay-out, together with the interim dividend of HK2.00 cents per Share paid on 17 September 2024, would give a total dividend of HK9.00 cents per Share for FY2024 (FY2023: HK12.58 cents per Share). Subject to the Shareholders' approval at the 2025 AGM to be held on Thursday, 15 May 2025, it is expected that the Final Dividend and the Final Special Dividend shall be paid to the Shareholders on or before Wednesday, 18 June 2025.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Saturday, 10 May 2025 to Thursday, 15 May 2025, both days inclusive and during which no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 9 May 2025.

REPORT OF THE DIRECTORS

Entitlement to the proposed Final Dividend and Final Special Dividend

The proposed Final Dividend and Final Special Dividend are subject to the approval of the Shareholders at the 2025 AGM. The register of members of the Company will be closed from Saturday, 24 May 2025 to Thursday, 29 May 2025, both days inclusive, during which no transfer of Shares will be registered, for the purpose of ascertaining Shareholders' entitlement to the proposed Final Dividend and Final Special Dividend. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 23 May 2025.

RESERVES

Details of the movement in the reserves of the Group and of the Company during FY2024 are set out on pages 133 to 134 of this annual report.

DISTRIBUTABLE RESERVES

At 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act, amounted to RMB340,702,000 (at 31 December 2023: RMB339,110,000), of which HK$52,131,940 has been proposed as the Final Dividend and Special Dividend for FY2024.

BUSINESS REVIEW

A review and discussion of the Group's business during FY2024 is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and Environmental, Social and Governance Report in this annual report.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, suppliers, clients and business partners are keys to its sustainable development. The Group is committed to establishing a close relationship with its employees, providing quality services to its clients and enhancing cooperation with its suppliers and business partners.

SHARE CAPITAL

Details of the movements in share capital of the Company during FY2024 are set out in note 27 to the consolidated financial statements.

As at 31 December 2024, the Company did not have any treasury shares (as defined in the Listing Rules).

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

During FY2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environmental protection and there was no material non-compliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmentally friendly at work by consuming electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. Further details of the Group's environmental policies and performance are disclosed in the section headed "Environmental, Social and Governance Report" in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

DIRECTORS

The Board currently consists of the following seven Directors:

Executive Directors

Mr. Lau Kam Yiu
Mr. Ng Bo Sing
Mr. Chan Wai Bun
Ms. Low Wei Mun

Independent non-executive Directors

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

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Board of Directors and Senior Management" in this annual report.

Changes in information of Directors pursuant to Rule 13.51B(1) of the Listing Rules are set of below:

1. On 16 August 2024, Mr. Yu Longjun, an independent non-executive Director, has ceased to be an independent director of Sanbian Sci-Tech Co., Ltd*(三變科技股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002112).

2. On 25 October 2024, Ms. Cheung Siu Wan, an independent non-executive Director, has resigned as an independent non-executive director of Strong Petrochemical Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 852).

REPORT OF THE DIRECTORS

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business, to which the Company or its subsidiaries was a party and in which a Director or his or her connected entity has or had a material beneficial interest, whether directly or indirectly, subsisted at 31 December 2024 or at any time during FY2024.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors for a specific term of three years, which may be terminated by not less than three months' written notice in writing served by either of the Director or the Company at any time.

Each of the independent non-executive Directors has signed an appointment letter with the Company for a specific term of three years, the tenure may be terminated by not less than three months' written notice in writing served by either of the Director or the Company at any time. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association. None of the Directors has entered into a service contract with members of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONTRACTS OF SIGNIFICANCE AND RELATED PARTY TRANSACTIONS

Saved as disclosed in the section headed "Related Party Transactions" in note 31 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during FY2024 or at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during FY2024 or at the end of the year.

REPORT OF THE DIRECTORS

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in the section headed "Related Party Transactions" in note 31 to the consolidated financial statements contained in this annual report, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during FY2024.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Group is determined by the Board with reference to the recommendation given by the Remuneration Committee, taking into account the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' remuneration and remuneration of the five highest paid individuals in the Group are set out in notes 8 and 9 to the consolidated financial statements of this annual report.

For FY2024, no remuneration was paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any remuneration for FY2024.

Save as disclosed above, no other payments have been made or are payable, for FY2024, by the Group to or on behalf of any of the Directors.

REPORT OF THE DIRECTORS

NON-COMPETE UNDERTAKING

To protect the group from any potential or actual conflict of interest and competition, each of Mr. Ng, NBS Holdings, Activation Investment, Mr. Lau, Dashing Fortune and Aurora Activation (the "**Covenantors**"), being the Controlling Shareholders, has all entered into a non-compete undertaking in favour of the Company (the "**Non-Compete Undertaking**") on 19 December 2019, pursuant to which each of the Covenantors has irrevocably and unconditionally undertaken that each of them shall and shall procure their respective close associates not to, directly or indirectly, engage in any business which is or may be in competition with the business of any member of the Group from time to time.

Each of the Covenantors has confirmed in writing to the Company of his/its compliance with the Non-Compete Undertaking during FY2024.

The independent non-executive Directors have reviewed the Non-Compete Undertaking and confirmed that no Covenantor had beached the Non-Compete Undertaking during FY2024.

MANAGEMENT CONTRACTS

Save for Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or at the end of the year or at any time during FY2024.

EQUITY-LINKED AGREEMENTS

Save for the 2023 Share Option Scheme as set out in the paragraph headed "Share schemes" below, the Company has not entered into any equity-linked agreement in FY2024.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during FY2024.

LOAN AND GUARANTEE

During FY2024, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected persons.

DIRECTORS' INTERESTS IN SECURITIES AND UNDERLYING SHARES

As at 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

REPORT OF THE DIRECTORS

Long Position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares	Total	Approximate percentage of shareholding *(Note 1)*
Mr. Ng	Beneficial owner	10,404,580		
	Interest of a controlled corporation *(Note 2)*	117,669,156	128,073,736	17.20%
Mr. Lau	Beneficial owner	17,913,288		
	Interest of a controlled corporation *(Note 3)*	154,413,522	172,326,810	23.14%
Ms. Low	Beneficial owner	20,300,521		
	Interest of a controlled corporation *(Note 4)*	41,854,717	62,155,238	8.35%
Mr. Chan	Beneficial owner	28,614,264		
	Interest of a controlled corporation *(Note 5)*	32,196,651	60,810,915	8.17%

Notes:

1. The percentages of shareholding in this table were computed based on the number of issued Shares as at 31 December 2024, being 744,742,000 Shares.

2. 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.

3. 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.

4. These 41,854,717 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.

5. These 32,196,651 Shares are held by Brightly Sky, which is wholly-owned by ACT Partners. ACT Partners is in turn wholly-owned by Mr. Chan. Under the SFO, Mr. Chan is deemed to be interested in the Shares held by Brightly Sky.

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

To the best knowledge and belief of the Directors, as at 31 December 2024, 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:

REPORT OF THE DIRECTORS

Long Position in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding *(Note 1)*
Activation Investment	Beneficial owner *(Note 2)*	117,669,156	15.80%
NBS Holdings	Interest of a controlled corporation *(Note 2)*	117,669,156	15.80%
Chung Wing Ting（鍾穎婷）	Interest of spouse *(Note 3)*	128,073,736	17.20%
Aurora Activation	Beneficial owner *(Note 4)*	154,413,522	20.73%
Dashing Fortune	Interest of a controlled corporation *(Note 4)*	154,413,522	20.73%
Li Meixuan（李美璇）	Interest of spouse *(Note 5)*	172,326,810	23.14%
Aide Zhongxin	Beneficial owner	42,204,906	5.67%
Activation One	Beneficial owner *(Note 6)*	41,854,717	5.62%
Step Mind Enterprises Limited	Interest of a controlled corporation *(Note 6)*	41,854,717	5.62%
RAYS Capital Partners Limited	Investment manager *(Note 7)*	67,140,298	9.02%
Asian Equity Special Opportunities Portfolio Master Fund	Beneficial owner *(Note 7)*	52,418,298	7.04%
RUAN David Ching Chi	Interest of a controlled Corporation *(Note 7)*	67,140,298	9.02%

Notes:

1. The percentages of shareholding in this table were computed based on the number of issued Shares as at 31 December 2024, being 744,742,000 Shares.

2. 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 and NBS Holdings are deemed to be interested in the Shares held by Activation Investment.

3. 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.

4. 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 and Dashing Fortune are deemed to be interested in the Shares held by Aurora Activation.

5. 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.

REPORT OF THE DIRECTORS

6. These 41,854,717 Shares are held by Activation One, which is ultimately controlled by Ms. Low through Step Mind Enterprises Limited. Under the SFO, Ms. Low and Step Mind Enterprises Limited are deemed to be interested in the Shares held by Activation One.

7. These 67,140,298 Shares comprise (1) 52,418,298 Shares held by Asian Equity Special Opportunities Portfolio Master Fund, which is wholly-owned by RAYS Capital Partners; (2) 15,000,000 Shares held by other investors of RAYS Capital Partners. As at 31 December 2024, RAYS Capital Partners is owned as to approximately 45.60% by RUAN David Ching Chi. Under the SFO, RUAN David Ching Chi is deemed to be interested in the Shares held by Asian Equity Special Opportunities Portfolio Master Fund and RAYS Capital Partners.

SHARE SCHEMES

Share Option Scheme

2023 Share Option Scheme

In light of the amendments to Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Company adopted a new share option scheme (the "**2023 Share Option Scheme**") pursuant to the resolutions passed by the Shareholders at the annual general meeting of the Company held on 16 May 2023. The 2023 Share Option Scheme shall be valid and effective for a period of ten years from its adoption date. The remaining life of the 2023 Share Option Scheme is approximately eight years.

Set forth below is a summary of the principal terms of the 2023 Share Option Scheme:

(a) *Participants*

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

(i) any employee (whether full time or part time, including any executive director, but excluding any non-executive director) of the Company or any of its subsidiaries (and including persons who are granted options or awards as an inducement to enter into employment contracts with these companies) (the "**Employee Participant(s)**");

(ii) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries; and

(iii) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company (the "**Related Entity Participant(s)**").

((i) to (iii) above shall collectively be referred to as the "**Eligible Participant(s)**")

The eligibility of any of the Eligible Participants to an offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group with reference to, among other things, the role and position of each Eligible Participant and the circumstances and business needs of the Company at the time of the offer.

REPORT OF THE DIRECTORS

(b) *Purpose*

The purposes of the 2023 Share Option Scheme are (i) to enable the Company to grant options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.

(c) *Maximum entitlement of each participant*

Where any grant of options to a grantee under the 2023 Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options or awards granted and proposed to be granted to such person under the 2023 Share Option Scheme and any other Share Schemes in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue (being the maximum entitlement of each Eligible Participant under the 2023 Share Option Scheme), such grant must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person of the Company) abstaining from voting.

Where any grant of options to an independent non-executive Director or a substantial Shareholder or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options and awards granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of options must be approved by the Shareholders in general meeting, with the grantee, his associates and all core connected persons of the Company be abstained abstain from voting in favour at such general meeting.

(d) *Exercise period*

An option may be exercised by the grantee at any time or times (a) during the period to be determined and notified by the Directors to the grantee (which may not be later than 10 years from the offer date of that option); or (b) in the absence of such determination, from the date of the offer to the earlier of (i) the date on which such option lapses under the provisions of the 2023 Share Option Scheme; and (ii) 10 years from the offer date of that option.

(e) *Vesting period*

The vesting period in respect of any option granted under the 2023 Share Option Scheme (the "**Vesting Period**") shall be determined by the Directors, or the Remuneration Committee (as the case may be), with reference to, among other things, the position and role of the Eligible Participant and the purpose of the relevant grant. For the avoidance of doubts, there is no fixed vesting period which is applicable to all the grants under the 2023 Share Option Scheme.

REPORT OF THE DIRECTORS

The Vesting Period in respect of any option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the offer, provided that, where the Eligible Participant is an Employee Participant, the Remuneration Committee (where an Employee Participant is a Director or a Senior Manager) or the Directors (where an Employee is not a Director nor a senior manager) shall have the authority to determine a shorter vesting period, if the Remuneration Committee (or, as the case may be, the Directors) consider that a shorter vesting period is appropriate to align with the purpose of the 2023 Share Option Scheme, including only where:

(i) grants of options to Employee Participants who newly joined the Group to replace the share options they forfeited when leaving the previous employers;

(ii) grants of options with performance-based vesting conditions provided in the 2023 Share Option Scheme, in lieu of time-based vesting criteria; or

(iii) grants that are made in batches during a year for administrative or compliance reasons, which may include options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Period may be adjusted to take account of the time from which the options would have been granted if not for such administrative or compliance requirements.

(f) Payment on acceptance of options under the 2023 Share Option Scheme

To accept the grant of options under the 2023 Share Option Scheme, Eligible Participant shall pay a consideration of HK$1.00 to the Company for the grant of options within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

(g) Exercise price

The exercise price in respect of any option will be a price determined by the Directors, but shall not be less than the highest of:—

(i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer; and

(iii) (where applicable) the nominal value of a Share.

Further details of the 2023 Share Option Scheme were set out in the circular of the Company dated 21 April 2023.

Since the adoption of the 2023 Share Option Scheme and up to 31 December 2024, no share option was granted, exercised, outstanding, cancelled or lapsed under the 2023 Share Option Scheme.

REPORT OF THE DIRECTORS

As at 1 January 2024 and 31 December 2024, the number of Shares that may be issued in respect of options and awards granted under the 2023 Share Option Scheme and other Share Scheme(s) pursuant to the scheme mandate granted by the Shareholders on 15 May 2023 (the "**Scheme Mandate**") was 74,474,200 Shares.

Share Award Plan

The share award plan of the Company was approved and adopted by the Board on 30 March 2020, and amended pursuant to the resolutions passed by the Shareholders at the annual general meeting of the Company held on 16 May 2023 for the purpose of, among other things, reflecting the latest changes and requirements under Chapter 17 of the Listing Rules (the "**Share Award Plan**").

As at 31 December 2024, a total of 1,472,156 awarded Shares had been granted pursuant to the Share Award Plan, and no awarded Shares has been vested or lapsed. A summary of the Share Award Plan is set out below:

(a) Purpose

The purpose of the Share Award Plan is to (a) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group.

(b) Participants

Eligible Participants of the Share Award Plan shall include (i) any Employee Participant; (ii) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any Related Entity Participant.

(c) Administration

The Share Award Scheme may be subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed.

(d) Maximum Limit

Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no awards may be granted under the Share Award Plan if the grant of such award will result in: (i) the total number of Shares issued and to be issued in respect of options or awards granted under the Share Schemes to exceed 74,474,200 Shares; (ii) the total number of Shares issued and to be issued in respect of all options or awards granted to any Eligible Participant in the 12-month period to exceed 7,447,420 Shares (being 1% of the issued share capital of the Company); and (iii) the total number of Shares issued and to be issued in respect of all options or awards granted to any Director or chief executive of the Company or any of their respective associates in the 12-month period to exceed 744,742 Shares (being 0.1% of the issued share capital of the Company).

REPORT OF THE DIRECTORS

(e) *Vesting Period of Awarded Shares Granted*

The vesting period of the Awards shall be not less than 12 months, subject to a shorter vesting period at the discretion of the Board in accordance with the rules of the Share Award Plan.

(f) *Consideration on Acceptance of awarded Shares*

No consideration shall be payable by the grantees on acceptance of awarded Shares under the Share Award Plan

(g) *Basis of Determining the Purchase Price of Shares Awarded*

No purchase price shall be payable by the grantee in respect of the Shares awarded to them under the Share Award Plan.

(h) *Remaining Life of the Share Award Plan*

Subject to any early termination as may be determined by the Board pursuant to the scheme rules, the Share Award Plan shall be valid and effective for a term of 10 years commencing from 30 March 2020, the date on which the Share Award Scheme was adopted. Accordingly, the remaining life of the Share Award Plan is approximately 5 years.

The Company has appointed Teeroy Limited as the trustee (the "**Trustee**") to assist in the administration of the Share Award Plan. The Company may (i) allot and issue Shares to the Trustee to be held by the Trustee and which will be used to satisfy the Shares underlying the share units upon exercise and/or (ii) direct and procure the Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Shares underlying the share awards upon exercise.

As at 31 December 2024, the number of Shares held by the Trustee for the purpose of the Share Award Plan was 1,345,160 Shares.

REPORT OF THE DIRECTORS

During FY2024, the Company has granted a total of 1,472,156 awarded Shares to one Employee Participants under the Share Award Plan. Details of movements in the awards granted pursuant to the Share Award Plan are set out in the table below:

Name/Category of grantees	Date of grant	Average fair value per Share (note 1) HK$	Vesting Period	Closing price of the Shares (note 2) HK$	Number of Awarded Shares: Unvested as at 1 January 2024	Granted during FY2024	Vested during FY2024	Cancelled/ Lapsed during FY2024	Unvested as at 31 December 2024	Performance targets
Directors										
Mr. Lau	8 March 2023	1.06	12 months from the date of grant	1.15	1,270,844	–	1,270,844	–	–	Nil
Mr. Chan	8 March 2023	1.06	12 months from the date of grant	1.15	4,211,001	–	4,211,001	–	–	Nil
Other Employee Participants	8 March 2023	1.06	12 months from the date of grant	1.15	5,588,155	–	5,588,155	–	–	Nil
	5 December 2023	1.13	12 months from the date of grant	1.01	13,722,684	–	13,722,684	–	–	*(note 3)*
	12 March 2024	1.25	12 months from the date of grant	0.87	–	1,472,156	–	–	1,472,156	*(note 3)*
					24,792,684	1,472,156	24,792,684	–	1,472,156	

Notes:

1. The fair value of the awarded Shares was determined with reference to the market value of the Shares at the grant date and the Group recognised an equity-settled share-based payment expense of approximately RMB16.6 million for FY2024.

2. It refers to the closing price of the Shares immediately before the date on which the awarded Shares were granted.

3. The vesting of the Awarded Shares is subject to the ratings of each grantee in his/her performance evaluation based on the level of achievement of individual performance target and business performance of the Group.

4. All of the awards under the Share Award Plan granted in FY2024 shall be satisfied by existing Shares purchased through on-market transactions and held by the Trustee in accordance with the Share Award Plan and the terms of the trust deed. No new Shares will be issued in respect of the awards granted under the Share Award Plan during FY2024.

Details of the fair value of the Awards granted under the Share Award Plan and the related accounting standards and policies are set out in Note 28 to the financial statements.

The grantees of the awarded Shares under the Share Award Plan as referred to in the table above are not required to pay for grant or exercise of any awarded Shares. During FY2024, a total of 24,792,684 awarded Shares were vested in the respective grantees. The weighted average closing price of such Shares immediately before the date of vesting was HK$1.10.

REPORT OF THE DIRECTORS

As at 1 January 2024 and 31 December 2024, the number of Shares that may be issued in respect of options and awards granted under the Share Award Plan and other Share Scheme(s) pursuant to the Scheme Mandate was 74,474,200 Shares.

SCHEME MANDATE LIMIT

The total number of Shares available for issue under the 2023 Share Option Scheme, the Share Award Plan and any other Share Schemes shall not exceed 74,474,200 Shares, being 10% of the total number of issued Shares (excluding treasury shares, if any) as at the date of this report.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

During FY2024, none of the Company, or any of its subsidiaries, was a party to any arrangement which enables the Directors to have any right to subscribe for securities of the Company or other body corporate to or debentures to acquire benefits.

MAJOR CLIENTS AND SUPPLIERS

During FY2024, the aggregate sales attributable to the Group's five largest clients accounted for approximately 59.6% (2023: approximately 66.6%) of the Group's total sales and the sales to the Group's largest customer included therein accounted to approximately 22.1% (2023: approximately 26.2%).

None of the Directors or any of their close associates or any Shareholders (who to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest clients.

During FY2024, purchases from the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

HUMAN RESOURCES

As at 31 December 2024, the Group had 221 employees (2023: 243), 18 of which are headquarter staff, 98 employees were responsible for experiential marketing, 81 employees were responsible for digital and communication marketing, 15 employees were responsible for IP development, and 9 employees were responsible for administrative support. The Group entered into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus, share options and other employee benefits, which is determined with reference to their experience, qualifications and general market conditions. The remuneration policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to professional training.

REPORT OF THE DIRECTORS

RETIREMENT BENEFITS SCHEME

The employees of the PRC subsidiaries of the Group are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

CHARITABLE CONTRIBUTIONS

During FY2024, the Group made charitable contributions totalling RMB48,434.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for FY2024 are set out in note 31 to the consolidated financial statements contained herein.

None of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and/or any disclosure requirements under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and to the best of the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the director's and officer's liability insurance is currently in force. The Company has taken out the appropriate Directors' and officers' liability insurance policy for the Directors and officers of the Group as a means of security during FY2024.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during FY2024.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has applied the principles of and complied with the code provisions set out in the CG Code. Further details on the corporate governance practices of the Company and the Company's compliance with the CG Code are disclosed in the section headed "Corporate Governance Report" in this annual report.

REPORT OF THE DIRECTORS

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during FY2024 except from the deviation from code provision C.2.1 regarding the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As at the date of this annual report, Mr. Lau Kam Yiu, an executive Director, has served as the joint-chairman of the Board and the chief executive officer of the Group.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

AUDITOR

There has been no change in auditors during FY2024. The consolidated financial statements for FY2024 have been audited by Ernst & Young, Certified Public Accountants. Ernst & Young shall retire in accordance with the Articles of Association and a resolution for their reappointment as auditors of the Company will be proposed at the 2025 AGM.

COMPLIANCE WITH LAWS AND REGULATIONS

During FY2024, the Company is in material compliance with the relevant laws and regulations that have a significant impact on the Group.

On behalf of the Board

Lau Kam Yiu
Joint-Chairman

Hong Kong
12 March 2025

Ng Bo Sing
Joint-Chairman

Hong Kong
12 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. About This Report

This is the sixth environmental, social and governance ("**ESG**") report ("**ESG Report**", or the "**Report**") published to the public by Activation Group Holdings Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**", "**Activation**" or "**we**"), disclosing the sustainability performance of the Group for the financial year from 1 January 2024 to 31 December 2024 (the "**Reporting Period**" or the "**Year**"). This Report is available in both Chinese and English. In case of any discrepancy between the two versions, the Chinese version shall prevail.

1.1. Reporting Guide and Principles

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (formerly named as the Environmental, Social and Governance Reporting Guide) in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and in compliance with the provisions of "mandatory disclosure" and "comply or explain" requirements set out therein. The Group has disclosed its environmental and social management practices and performance during the Reporting Period based on the principles of materiality, quantitative, balance and consistency. The information disclosed herein was sourced from the Group's official documents, statistics or public information.

1.2. Reporting Scope

Unless otherwise stated, the Report discloses the businesses under the Group's direct control, and the key performance indicators in the environmental area cover the data from the head office in Shanghai, and the offices in Beijing and Hong Kong.

1.3. Approval of the Report

The Report was approved by the board of directors (the "**Board**") on 12 March 2025 upon confirmation by the management.

1.4. Feedbacks

The Group is committed to consistently improving the disclosure of information in the ESG area. We welcome your suggestions and comments on the Report, its contents and sustainability performance.

Contact details: ir@activation-gp.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. Sustainability Strategy

2.1. Board Statement

The Group is committed to closely integrating the concept of sustainable development with its overall development. We recognize that the long-term success of an enterprise depends not only on economic efficiency, but also on shouldering responsibility for the environment, creating social value and practicing good governance.

The Group has established an ESG governance structure from the decision-making level to the execution level. The Board, as the highest governing body on ESG matters, is responsible for overseeing ESG matters and the associated risks, and regularly reviewing and optimizing the Group's ESG management policy, strategy and risk management plan to adapt to the changing external environment and internal needs. The Board has delegated the ESG Committee to carry out and promote the ESG strategy across the functional departments, so as to ensure the effective implementation of ESG related measures.

The Board

- To resolve and approve the Group's ESG management policies, strategies and annual tasks, including assessment, prioritization and management of material ESG issues;
- To monitor and regularly review the ESG performance and progress towards targets;
- To delegate the authority to the ESG Committee to implement the targets of ESG-related tasks.

ESG Committee

- To identify, confirm, formulate and facilitate the implementation of ESG-related management policies through the assessment of the impact of ESG risks on the Group;
- To maintain the operation of the corporate social responsibility management system and enhance employees' awareness of corporate social responsibility;
- To identify ESG issues that are relevant and material to the Group's operation and affect shareholders and other stakeholders;
- To ensure that the Group complies with relevant laws and regulatory requirements, as well as monitor and respond to the latest ESG issues and to make relevant recommendations to the Board as appropriate to enhance the ESG performance of the Group.

Functional Departments

- To organise and execute various ESG-related tasks in accordance with the Group's ESG management policies, strategies and annual tasks;
- To collect and report on internal ESG policies, systems and ESG-related KPIs;
- To comply with various ESG-related policies and systems.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board regularly reviews ESG-related work plans and the implementation thereof by holding ESG meetings. Two ESG reporting meetings were held during the year, the main content of which is as follows:

- To review the ESG performance in the previous year and determine the annual ESG work direction and targets;
- To understand the newly revised ESG reporting requirements;
- To continuously supervise and discuss the issues on corporate social responsibility and sustainable development of the Group, and formulate detailed ESG work plans;
- To review and discuss the risks and opportunities in respect of the Group's sustainable development;
- To evaluate the impact of the Group's performance in corporate social responsibility and sustainable development on stakeholders.

The Board is responsible for overseeing the environmental, social and governance risks to which the Group may be exposed and conducting regular assessments in this regard to ensure that appropriate and effective risk management and internal control mechanisms are in place, and that the sustainable development management system is continuously optimized, promoting the alignment of corporate development with environmental protection and social well-being. The Report has been reviewed by the Board of the Group, which has confirmed the accuracy, truthfulness and completeness of its contents. In the future, the Group will continue to assess the impact of its core businesses on the environment, society and governance and adjust its development strategies in accordance with the actual situation, so as to ensure the long-term promotion of sustainable development.

2.2. Materiality Assessment

We maintain efficient, timely and transparent communications with various parties through multiple channels to collect a wide range of opinions and expectations relating to the Group's operations and development, identify potential risks and opportunities, and ensure that our operational decisions and actions can better respond to the concerns of various parties. The Group's key stakeholders include customers, shareholders and investors, employees, business partners, community and NGOs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

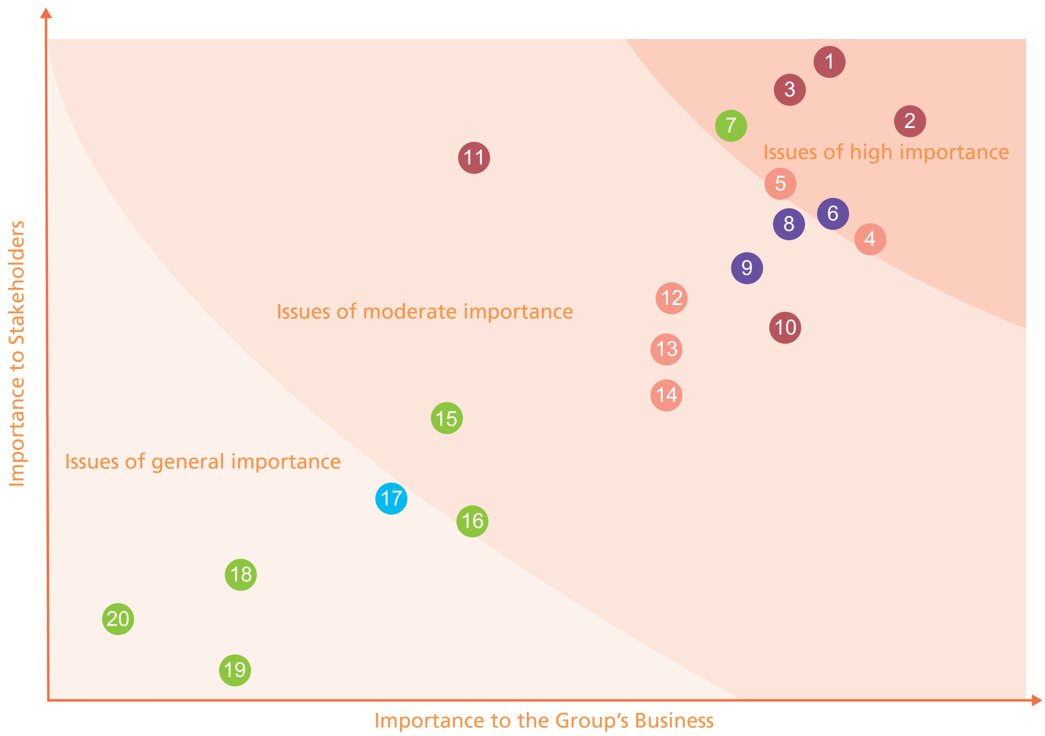
Type of Stakeholders	Main Communication Channel	Communication and Response
Customers	• Customer satisfaction surveys and opinions • Customer consultation groups • Visit by customer relationship manager • Daily operations/ communication • Telephone calls and emails	– Enhancing quality management – Improving communication channels – Optimising management mechanism
Shareholders/ Investors	• Annual general meetings and other general meetings • Interim and annual reports • Corporate communications (e.g. letters/circulars and notices of meetings to shareholders) • Results announcements • Tours for shareholders • Investors' meetings	– Disclosure of the Group's information in accordance with the law – Holding of general meetings – Enhancement of the transparency of information disclosure – Compliant and legal operation
Employees	• Channels for employees to express their opinions (forms, suggestion boxes, etc.) • Performance appraisal • Group discussions • Conference interviews • Seminars/workshops/ lectures • Publications (e.g. Staff Newsletters) • Communication conferences • Staff intranet (e.g. corporate emails, office automation ("**OA**") system) • Public welfare activities	– Enhancement of health and safety management – Provision of a development platform – Establishment of an unbiased promotion system – Caring for employees – Organising team building activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of Stakeholders	Main Communication Channel	Communication and Response
Business partners	• Visits • Talks • Meetings with business partners	– Establishment of a communication platform
Community/ NGOs	• Public welfare activities • Donation	– Organising voluntary services – Promoting the development of community culture – Caring for the disadvantaged
Peers	• Strategic cooperation projects • Group announcements • Communication conferences	– Insisting on fair competition – Achieving win-win cooperation – Sharing the experience in sustainable development
Suppliers	• Supplier management program • Supplier/contractor assessment system • Meetings with suppliers • Site visits	– Improvement of the management system – Establishment of a communication platform

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In accordance with the "materiality" principle required by the Stock Exchange's ESG Reporting Code, the Group's materiality assessment identifies relevant issues through stakeholder communication, and identifies issues arising from the Group's operations that impact sustainable development through prioritizing, confirming and other steps, and ranks them according to their importance. As reviewed and confirmed by the Board and the ESG Committee, the results of the previous materiality assessment remain valid, and the seven issues of high importance include product/service quality control, protection of customers' privacy, customer service management, employees' health and safety, employment rights and benefits, information security, and response to climate change.



Responsible Operation · Steady Operation · Valuing Talents · Giving Back to Society · Green Operation

Issues of high importance	Issues of moderate importance	Issues of general importance
1 Product/service quality control	8 Anti-corruption	17 Community involvement and investment
2 Protection of customers' privacy	9 Supply chain management	18 Exhaust gas, waste, water treatment
3 Customer service management	10 Sales management and product labelling	19 Energy management
4 Employees' health and safety	11 Intellectual property rights	20 Water resource management
5 Employment rights and benefits	12 Employee diversity, non-discrimination, and equal opportunity	
6 Information security	13 A recruitment and Talent retention	
7 Response to climate change	14 Employee training and development	
	15 Greenhouse gases (GHG) management	
	16 Material consumption	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.3. ESG Pillars of the Group

	Specific ESG-Related Measures
Integrity Operation for Steady and Sustainable Growth	• Establish an information security management system, conduct regular network security risk assessment and training, and adopt encryption technology and access control to ensure the security of customer and business data; • Comply with advertising and publicity regulations to ensure that information is truthful, transparent and compliant; • Set up a dedicated team to monitor and prevent infringement of intellectual property rights; • Establish anti-corruption and business ethics standards, implement a "zero-tolerance" policy, set up a reporting mechanism, and enhance employees' awareness of compliance through regular anti-corruption trainings; • Set up a supply chain assessment mechanism to ensure supply chain compliance and sustainability through regular reviews and audits
Whole-hearted Service and Pursuing Excellence	• Formulate and implement strict service quality standards, and conduct regular quality assessment and improvement; • Take customer feedback and satisfaction surveys as the basis for quality improvement to ensure continuous improvement in service quality; • Establish a special complaint management mechanism to ensure that customer complaints are effectively handled; • Strictly comply with relevant laws and regulations to ensure that all products and services comply with safety standards

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Specific ESG-Related Measures
Talent Development for Intelligence Empowerment	• Improve the employee management system and provide a competitive remuneration system and welfare protection, including supplementary medical insurance; • Develop multi-level training courses and provide clear promotion channels and incentives to attract and retain talents; • Implement stringent safety management measures to ensure that employees work in a safe environment; • Carry out regular staff caring activities to enhance their sense of belonging and team cohesion
Green Operation Enabling Low Carbon	• Set environmental targets and continuously monitor and evaluate environmental performance; • Implement an energy consumption reduction plan and encourage all sectors to take positive actions to achieve environmental targets; • Conduct climate risk and opportunity assessments, take actions and actively participate in international climate action programs; • Establish a green procurement system and pay continuous attention to the environmental and social performance of suppliers
Contributing to Public Welfare and Benefiting the Community	• Provide financial support and material donations to help disadvantaged groups; • Focus on education, health, environment and other areas to promote sustainable social development; • Strengthen the sense of public welfare among employees, creating a sense of responsibility and social mission

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.4 Risk Management

We have formulated internal control documents such as the Risk and Opportunity Control Procedures and the Risk Control System to comprehensively regulate the risk control process and ensure scientific and standardized risk management measures. We have implemented a whole process control mechanism in risk management, covering key aspects such as risk identification, assessment, control and response, and quantitatively assessed potential risks through a rating system. In respect of ESG-related risks, we require all relevant departments to conduct in-depth analyses and formulate preventive and mitigation measures in accordance with the Table for Risk Identification, Evaluation and Countermeasures, with a view to strengthening the Group's overall risk management capability.

Management plan for risks and opportunities → Identification of risks and opportunities → Risk assessment → Risk confirmation → Risk handling → Residual risk confirmation

Risk Control Process

Internal control is a cornerstone for risk management. In order to further enhance the overall risk prevention capability of the enterprise, we have passed the ISO 9001:2015 and ISO 14001:2015 management system certification, and on this basis, we continue to optimize our internal management mechanism to identify and assess potential ESG-related significant risks in a systematic manner and to ensure that our risk response measures are effective and forward-looking.

The Group prefers to "risk hedging" strategy to minimize or eliminate the impact of potential risks on the Group's operations. For risks that cannot be completely avoided, if the cost of elimination measures is too high or there are practical limitations, the "risk reduction" or "risk acceptance" strategy will be selected based on the risk scenario to ensure that risks can be effectively managed while maintaining flexibility and responsiveness in decision-making. We regularly review the business operations of each division to ensure the implementation of various risk management measures, and flexibly adjust our risk response strategies according to the actual situation in a bid to cope with the ever-changing market environment and potential challenges.

Risk hedging

- Eliminate risks or conditions under which they occur through planned changes, protecting the targets from the risks.
- Reduce the occurrence of loss through prior control and post-remedial measures.

Risk reduction

- Reduce the damages or losses resulted from potential risks by adopting measures.

Risk acceptance

- The loss caused by the risk assumed by the company. Generally applicable to those that cause less losses and more repetitive risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. Integrity Operation

The Group adheres to the principle of honesty and integrity in its operations and continues to strengthen its information security management to prevent the occurrence of information security incidents and protect the privacy of its customers from being infringed upon. At the same time, the Group also strengthens the protection of its intellectual property rights and attaches importance to the application and protection of its trademarks and software copyrights. We have passed the ISO 9001:2015 quality management system certification, and on this basis, we continue to improve our internal management mechanism to enhance our service quality and operational efficiency. As a professional marketing service provider, we have always insisted on responsible marketing and implemented stringent anti-corruption management and supplier management to promote the sustainable development of the Group and build long-term trust with our customers.


TQCSI
Quality Certified
注 册 证 书
上海艾德韦宣股份有限公司
统一社会信用代码： 913100000820801388
注册地址：上海市长宁区广顺路33号8幢303室
审核地址：中国上海市徐汇区柳州路399号甲恒地仓国际大厦A座8层
公司实行的
质量管理体系
符合ISO 9001:2015的要求
认证范围： 展览展示营销策划服务
注册编号： CN1785-QC 初次注册日期： 13/04/2018
当前批准日期： 20/04/2024 失效日期： 11/04/2027
证书签发日期： 20/04/2024
Sean Bates
Accreditation Manager
TQCS International (Group) Pty Ltd
For the TQCSI Certification Approval Panel
TQCS INTERNATIONAL PTY LTD www.aacb.com.au www.iaf.nu JAS-ANZ www.jas-anz.org/register

3.1. Information Security and Privacy Protection

Against the backdrop of the current rapid development of information technology and digitization, information security and privacy protection have become key components of compliant business operations. We recognize that the protection of data security and customer information is an important foundation for maintaining customer trust and the Group's reputation. Therefore, the Group has continuously improved its information security management level, established an information security management system and adopted multiple measures to safeguard information security and protect customer information from leakage.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Information Security Management	• System administrators should evaluate the security of the systems under their responsibility, and remedy any loopholes they have found to prevent information leakage • Leaders are responsible for the security of information involving commercial secrets • Before submitting information to the network (internal information platform) system, all departments should check and kill viruses to ensure that documents are uploaded without viruses
Computer Equipment Safety Management	• Employees are required to use the computer equipment provided by the Group and are not allowed to change or dismantle the equipment privately, and are not allowed to handle or repair the equipment privately in the event of any failure • Employees are responsible for the safety of the computers and related equipment they use
Electronic file security management	• Important documents and working data should be backed up regularly, and viruses and junk files should be checked and cleaned up on a regular basis • If an employee leaves the Company, the person in charge of the department should make a backup of the employee's data during the handover procedure
Software Security Management	• Servers/computers shall be installed with genuine licensed operating systems and software, and no user shall be allowed to install non-genuine licensed operating systems and software in the computers distributed by the Group • We should regularly upgrade the virus database and kill the viruses, and do not install any software that harms the Company's computer and network
Password Security Management	• Initial passwords of information system should be changed in a timely manner, and new passwords should be set with a higher security factor • Employees are required to change the passwords of the computer equipment and information system they use on a regular basis, and to inform the Information Technology (IT) department immediately of any leakage of passwords or abnormalities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Prohibited Behaviors for Information Security

- Making use of the Group's information system platform and network resources to create, disseminate and reproduce any information that harms the enterprise and its employees
- Unauthorized addition, movement, reproduction and deletion of information (including system files and applications) stored, processed and transmitted on the information platforms such as OA, U8, website and enterprise mail system
- Intentionally interfering with or damaging the safe, stable and smooth operation of the Group's information platforms; engaging in other activities that harm the security of the Group's computers, network equipment and information platform
- Other acts harming the Group's information security or violating relevant national laws and regulations and information security regulations

Information Safety System Development

Information Security Response Mechanism

- The IT department is responsible for the overall work of information security, including the authority management of the information system and the daily management of the security of the server room software and hardware as well as the maintenance and backup of information system and database
- The dedicated administrator shall complete the creation, cancellation and change of accounts and authorization of each system. In the event of an unexpected information security incident, the administrator in charge shall deal with the issue in a timely manner and report to the department head at the same time
- If it is determined that the incident is a disaster or will have a significant impact, it must be reported to the management

The Group abides by the relevant laws and regulations[1] on data security and information protection and has formulated the Information Security Management System to safeguard the security and confidentiality of customer data. In terms of internal management, we have clearly stipulated our information security responsibilities in the Staff Handbook and labour contracts signed with our employees, prohibiting unauthorized access, leakage or misuse of customer information. In order to further enhance the data protection awareness and risk prevention capability of our employees, we organize information security trainings on a regular basis to ensure that our employees strictly comply with the information protection requirements in their daily work and to promote an information security culture in all aspects of our operations. In the future, we will continue to optimize our technical means and management measures, keep abreast of emerging technologies and risk trends in the field of information security, and continuously enhance the overall level of information security.

[1] Please refer to the section headed "Laws and Regulations" for related laws and regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.2. Protection of Intellectual Property Rights

The Group strictly complies with the laws and regulations[2] relating to the protection of trademarks and patents, improves the intellectual property management system, establishes sound rules and regulations on intellectual property management, sets up a dedicated intellectual property management department, and establishes a full-chain management processes in respect of the creation, application, maintenance, licensing, transfer and disposal of intellectual property rights, so as to escort the Group's innovative development.

- Improving intellectual property management: To allocate dedicated staff for intellectual property management, continuously optimize the corporate intellectual property strategy and ensure the effective implementation of various tasks.
- Strengthening intellectual property training: To launch specialized trainings for management and technical staff, enhance publicity on intellectual property protection and raise the awareness of intellectual property protection among all employees.

- Reasonable use of legal channels: Where necessary, litigation is used to safeguard corporate intellectual property rights, resolve disputes and strengthen the credibility of corporate intellectual property protection.
- Strengthening intellectual property protection and contract management: To protect trade secrets and proprietary technologies through patent, trademark and copyright applications, and protect brand rights by incorporating intellectual property clauses in operating business and service contracts.

During the Year, the Group had 49 valid registered trademarks and 36 software copyrights.

3.3. Responsible Marketing

The Group strictly regulates advertising and sales behaviors to avoid false advertising or excessive marketing incidents. In addition to complying with the requirements of relevant laws and regulations[3] and industry standards, the Sales Service Specifications is also formulated to regulate the sales service behavior of our employees. In order to manage the marketing and sales behaviors of our employees on a regular basis, we conduct reviews from time to time and will handle once excessive marketing and sales incidents are detected, so as to avoid the recurrence of the same situation in the next time.

[2, 3] Please refer to the section headed "Laws and Regulations" for related laws and regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.4. Anti-corruption Management

3.4.1. Zero-tolerance Attitude: Upholding the Rule of Law

The Group always upholds a zero-tolerance attitude, firmly opposes all forms of corruption and bribery, and complies with applicable laws and regulations[4] on anti-corruption and bribery at the national and regional levels. In order to implement this principle, we have formulated the Code of Conduct for Employees, the Rules on Reimbursement of Expenses and the Anti-Commercial Bribery Agreement, which clearly require all employees to strictly observe the principle of integrity in their work and eliminate any form of improper exchange of benefits. The Group continuously strengthens its internal management and review to ensure a fair and clean operating environment.

3.4.2. Prevention First: Encouraging Reporting Mechanism

The Group is committed to preventing corruption through the establishment of a sound mechanism, with emphasis on prevention first. We encourage our employees, suppliers and related parties to report potential corruption they have found in a timely manner, and ensure the confidentiality and safety of the reporting process. To this end, we have established an Anti-corruption Reporting System and provided a reporting channel for our employees. We have set out in the system a mechanism to protect the identity of whistleblowers so as to keep the identity of whistleblowers confidential, and have established a reward for whistle-blowing to encourage the employees to report corruption incidents. At the same time, through the Internal Review and Control System, we strengthen the supervision of various business processes to ensure that corrupt practices are detected and stopped in a timely manner.

3.4.3. Building Integrity Together: Regular Training and Awareness Raising

The Group continues to enhance the integrity awareness of the employees through regular trainings. The Group has formulated the Anti-corruption Training System, which requires all employees to receive general anti-corruption training at least once a year, and members of the Board and senior management to attend anti-corruption training once every six months, in a bid to gain an in-depth understanding of the relevant laws and regulations, the code of business ethics and the importance of ethical management.

Anti-corruption Training

[4] Please refer to the section headed "Laws and Regulations" for related laws and regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We continued to emphasize the importance of anti-corruption and integrity in anti-corruption training during this year, explored the hazards of corporate corruption and anti-corruption practices, and analyzed the challenges and strategies for anti-corruption and integrity. Through this training, employees gained an in-depth understanding of the current situation of anti-corruption and integrity at home and abroad, and realized that anti-corruption is not only the responsibility of the management, but also the obligation of every grass-roots employee, and is closely related to their daily work and life. The training content combined professional knowledge with practical cases and was assessed through on-site question and answer sessions, which enabled the participants to deeply understand the importance and necessity of anti-corruption and integrity to the enterprise, and apply what they learnt in their daily work.

During the Year, the Group's anti-corruption training has been extended to all employees.

3.4.4. Deepening Publicity: Cultural Construction for Anti-corruption and Integrity

Anti-corruption propaganda video

We firmly believe that building an anti-corruption and integrity culture is a long-term strategy to prevent corruption. Through diversified publicity methods, we have set up an anti-corruption column on our intranet, and increased vitality to the Group's cause of integrity through training and promotional videos. We update the anti-corruption and integrity promotional videos from time to time, covering a wide range of aspects such as no irregularities in reviewing and approval, no soliciting or accepting favours, and no designation of materials and equipment without permission, and focusing on practising integrity and remembering our roots. In this way, we have helped our employees gain a deeper understanding of the dangers of corruption and the Group's firm determination to maintain a fair and transparent business environment. In the future, we will continue to update and optimize the content of our publicity campaigns to further deepen our anti-corruption and integrity culture and help the Group establish a stable and long-term clean atmosphere.

3.5. Supply Chain Management

Supply chain management is closely related to the stable development of the Group's business. We optimize our supply chain network and strengthen collaborative management to enhance operational efficiency. In order to further promote business stability, we have implemented supplier performance appraisal and risk management, and strictly monitored and regulated the behavior of our suppliers, aiming to establish sustainable, long-term and stable cooperation relationships with suppliers and build a resilient supply chain system.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.5.1. Supplier Evaluation and Monitoring

In order to control the quality of suppliers, we have formulated the Procurement Process and the Supplier Evaluation and Procurement Control Procedures and other systems to strictly control the supplier access threshold. The assessment factors include supplier qualification, enterprise risk, raw material quality and environmental protection standards, etc., which will be included in the Qualified Supplier List only if they meet the requirements, so as to ensure the reliability and sustainability of the supply chain. In order to implement and strengthen the evaluation and monitoring of suppliers, we have adopted the following measures:

Supplier Management System	Prior to the activity: the project team provides a design proposal, pursuant to which the purchasing department selects suitable suppliers and confirms the partners. During the activity: the project team is responsible for the specific construction progress, and the purchasing department is responsible for checking the construction quality. After the activity: the project team and the purchasing department put forward pricing proposals based on the actual construction conditions of the activity, and the relevant persons in charge finally confirm the pricing.
Supplier Evaluation Criteria	Priority will be given to suppliers and products that have fulfilled their environmental and corporate social responsibilities, taking into account their qualifications, scale, construction quality and coordination degree.
Tendering Process	Suitable suppliers are selected from common supplier database according to the activity status, and the activity design and requirement details are sent to the suppliers. The purchasing department will collect the required information within a specified period of time to finalize the suppliers.
Supervision and Management Methods	During the activity: we regularly liaise with suppliers and review key information including but not limited to construction quality, size, quantity, take photos of the site and fill in evaluation forms for record keeping. After the activity: the purchasing department reviews the suppliers' quotations, analyses the construction situation and makes recommendations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group requires its suppliers to sign the Anti-Commercial Bribery Agreement prior to cooperation, which sets out the obligations and commitments of both parties in respect of honest business practices, anti-corruption and fair competition. The agreement aims to ensure the transparency and compliance of the supply chain system and to eliminate any form of commercial bribery, transfer of benefits or improper trading practices.

3.5.2. Sustainable Procurement

The Group is well aware that the its procurement behavior has a significant impact on both the environment and society. In order to practice sustainable procurement, on the one hand, we actively guide and support suppliers to improve the awareness of sustainability, on the other hand, we select materials with relatively small environmental and social impact for site construction, scene production to minimize the impact of raw materials on the environment as far as possible. We strive to fulfill the principle of sustainable procurement and enhance the sustainability attributes of our entire value chain.

During the procurement process, we comprehensively consider the energy-saving and environmental protection factors in product design, procurement, production, packaging, logistics, sales, service, recycling and reuse, and work with upstream and downstream enterprises to implement environmental protection, energy conservation and emission reduction and other social responsibilities, so as to create sustainable procurement.

During the Year, the Group had a total of 32 major suppliers, of which 23 were located in Shanghai, China, 4 in Jiangsu, China, 2 in Beijing, China and 3 in Guangzhou, China. The procurement categories mainly included products and services of lighting, audio and construction.

4. Dedicated Service

As a professional marketing service provider in Greater China, the Group upholds the service philosophy of "Customers First" throughout our operations. We consistently prioritize our clients, formulating policies and systems across various dimensions such as talent, business, and project, implementing refined management and establishing proactive response mechanisms to ensure service quality of every project. Regarding customer complaints, we have established and refined a customer service framework to collect and integrate client opinions. We are committed to enhancing customer experience by actively listening to their feedback to improve our services. Ensuring the safety of our clients and projects is a core component of our service. We strictly adhere to national and industry-related safety standards, and conduct all-round oversight and management at every project site to guarantee safety during sites.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.1. Service Quality Management

High-quality customer service is the foundation of the Group's sustainable development. We approach this from multiple aspects, including talent, business, and project management, by formulating and implementing a series of policies to enhance the quality of customer service.

Aspects	Relevant systems	Measures
Talent team building	The Human Resources Management System	Under the Human Resources Management System, the Group develops and implements training programmes, enhancing the quality awareness of all employees and improving the operation skills of employees at key quality positions, and instilling a service quality mindset at the outset of talent development to ensure stable operation of the Company's quality management system.
Business level	The Design and Development Control System	We exercise control over the entire design process to ensure that products meet customer needs and expectations, as well as comply with relevant legal and regulatory requirements. After entering into a service agreement with a client, we analyze the client's information and tailor our approach based on their distinct characteristics. This process encompasses six stages: design and planning, input, output, review, verification, and confirmation. Quality records are maintained at each stage of the project to provide dual assurance of service quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Relevant systems	Measures
Project management	The Monitoring, Measurement, Analysis and Evaluation Control System The Non-conforming Output Control System The Continuous Improvement Control System	We establish policy documents that respectively focus on quality monitoring, issue resolution, and process optimization, aiming to: accurately assess suitability and effectiveness of the quality system through data-driven management, enabling timely identification of potential issues; effectively control non-conforming materials, substandard services, and non-compliant processes to ensure swift resolution of problems; and, guided by continuous improvement, consistently optimize business processes to enhance overall service quality and client satisfaction, thereby ensuring the efficiency and reliability of business operations overall.

4.2. Customer Satisfaction

Our efforts extend beyond merely enhancing the quality of our products and services, they are also directed towards bolstering customer trust and satisfaction through these initiatives. We place great emphasis on feedback regarding service quality. By establishing the Measurement Procedures for Customer Satisfaction, we collect customer opinions, summarise and analyse them to monitor satisfaction levels, and adjust our strategies accordingly based on the findings. Each year, we distribute the Customer Satisfaction Survey to our customers, conducting statistical analysis on the survey to identify customer needs, expectations, and areas for improvement. Furthermore, we maintain profiles for customers who purchase our products, enabling us to enhance service quality and efficiency, continuously elevate customer satisfaction, and further strengthen long-term cooperative relationships with our customers.

Customer information collection	Satisfaction measurement	Customer file establishment
• The business department is responsible for monitoring information related to customer satisfaction or dissatisfaction, conducting analysis and processing, and providing timely feedback to the relevant departments.	• The business department distributes the Customer Satisfaction Survey to customers to collect relevant opinions and suggestions.	• The business department establishes profiles for customers who purchase products, enabling an understanding of their usage preferences and facilitating timely preparation for new service offerings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.2.1. Handling of Customer Complaints

In response to potential after-sales issues, we have established and refined a customer service system to collect and consolidate customer opinions, which includes the Sales Service Specifications, the Customer Complaints Management Regulations. We are committed to enhancing the customer experience and improving our services by actively listening to customers' feedback.

Business department	Creative department	Responsible department
Record, forward, follow up and respond to customer complaints.	Preside over, follow up on, and compile statistical data for the causes of customer complaints, as well as confirm the effectiveness.	Analyze the causes of abnormalities and implement improvement and preventive measures.

Responsibilities of each department in the Customer Complaints Management Regulations

To ensure timely and effective resolution of customer issues, we have established a comprehensive customer complaint handling process. We conduct an independent investigation for each complaint case, implement appropriate remedial measures based on the findings, and perform regular follow-ups. During the Year, the Group has not received any complaints regarding its products or services. Looking ahead, we will continue to optimize our business processes and service quality, aiming to enhance customer experience and strengthen customer trust and loyalty.

4.2.2. Customer Health and Safety

"Safety" is a core element in our event planning and execution, and it is our responsibility to provide a safe and comfortable event environment for our clients, partners, and employees. To ensure the safety of every project, we comply with laws and regulations while implementing comprehensive safety management throughout the project process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Event marketing planning stage	• We strictly adhere to national and industry-related safety standards, conducting comprehensive supervision and management of the construction process for exhibitions • We conscientiously fulfill and undertake the primary responsibility for safety as event planners according to the Regulations on the Safety Management of Large-scale Public Events
From site investigation to construction stage	• We implement safety measures in a full range, including proper goods storage and handling, provision of appropriate handling equipment and tools, compliance with the requirements of production environment, as well as provision of protective conditions and facilities for storage, in order to reduce the risk of accidents and protect the safety and interests of our customers and participants
Event stage	• Ensure proper filing and reporting for large-scale events • Ensure proper conduct of risk assessments, implementation of security measures and emergency response measures • Exercise strict oversight of on-site project conditions, promptly activating emergency response plans whenever unforeseen circumstances arise

5. Talent Development

The Group adheres to a people-oriented philosophy, laying the foundation for fostering harmonious and long-term stable employee relationships, while focusing on talent development to continuously enhance overall quality of its workforce. After years of development, the Group has formed a systematic human resources management regime, whose policy framework covers multiple modules such as recruitment, talent development and training, performance assessment, remuneration and benefits, and employee relations, with the aim of creating a "happy workplace" from three perspectives: rights and well-being, development and training, and health and safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.1. Employee Management

The Group remains steadfastly committed to establishing a fair, transparent, and efficient employee management system. Through a series of systematic management measures, it ensures that employees can maximize their potential in a just and harmonious work environment while being provided with ample opportunities for development. We have formulated internal management policies, including the Employee Handbook, the Attendance Management, the Human Resources Management System, and the Human Resources Control System, which are designed to regulate employees' daily conduct and ensure the efficient operation of workflows. Overtime work requires written approval from the department head and must be filed with the Human Resources Department for record before implementation. The Group will provide employees with time off or overtime compensation in accordance with national regulations, ensuring that their rights and interests are fully safeguarded.

5.1.1. Compliant Employment

The Group firmly opposes any form of unfair or unlawful dismissal and strictly adheres to relevant provisions[5] of the labour law. Through establishment of internal management frameworks, such as the Recruitment and Termination Process System and the Human Resources System, we ensure compliance in employment management. We sign the Rescission of the Employment Contract with resigned employees to guarantee rationality and legality of dismissal process. Furthermore, by closely monitoring employee turnover situations and potential risks, conducting regular feedback and analysis, and leveraging turnover data and reasons from the previous year, we optimise and adjust our annual human resources management strategies to effectively mitigate human resources risks and prevent talent loss.

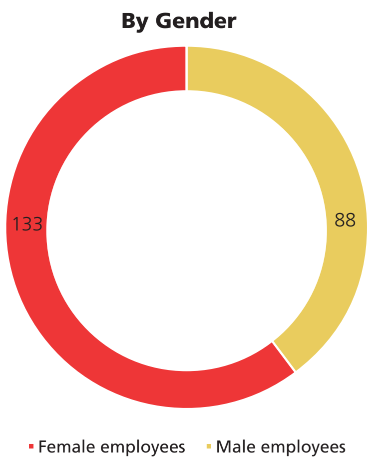
In respect of the prevention of child and forced labour, the Group has introduced the Policies and Procedures for Prevention of Child and Forced Labour in accordance with labour laws, ensuring all employees meet the statutory employment age and are voluntarily employed. We implement a robust recruitment process to prevent any form of child labour and forced labour, while requiring suppliers and business partners to uphold their commitments, establishing a responsible supply chain management system. Should any inadvertent employment of child labour be identified, the Group will promptly adopt remedial actions in line with the Measures to Be Taken upon Detection of Child or Forced Labour, including immediately ceasing the relevant work, providing necessary resettlement and educational support, and ensuring the safe return of the child to their family.

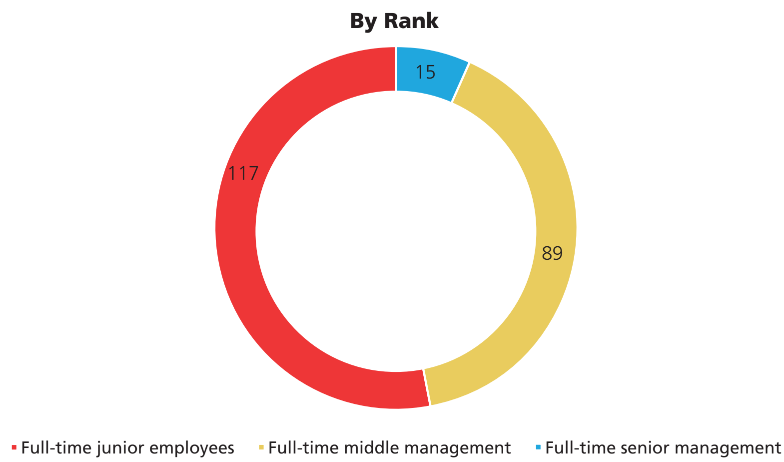
5 Please refer to the section headed "Laws and Regulations" for related laws and regulations

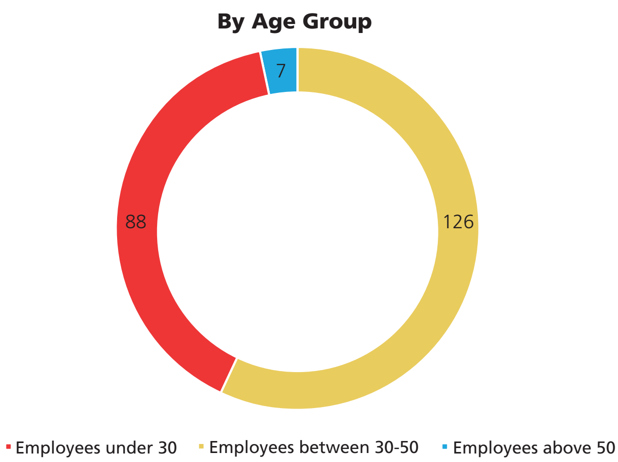
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

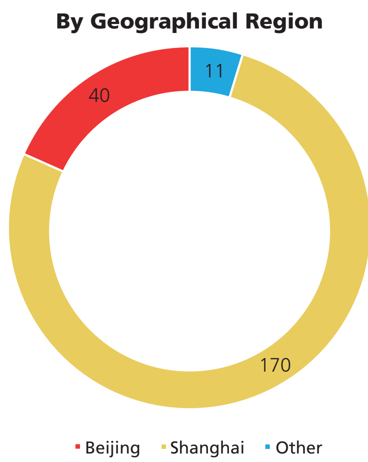
5.1.2. Employee Composition

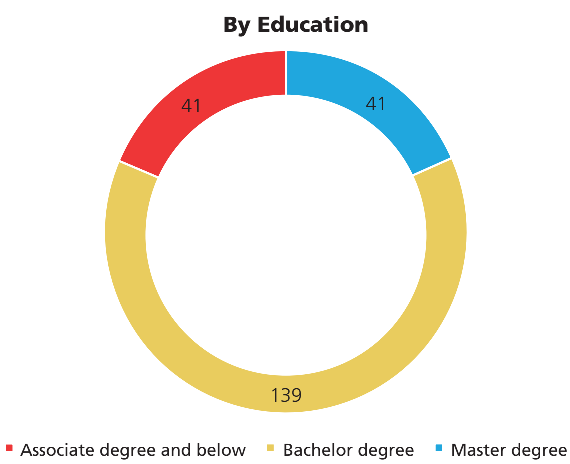
As of 31 December 2024, the Group had a total of 221 employees, including 15 full-time senior management, 89 full-time middle management and 117 full-time junior employees, of which the employees having a bachelor's degree or above accounted for 81.45%. The distribution of different types of employees is set out below:

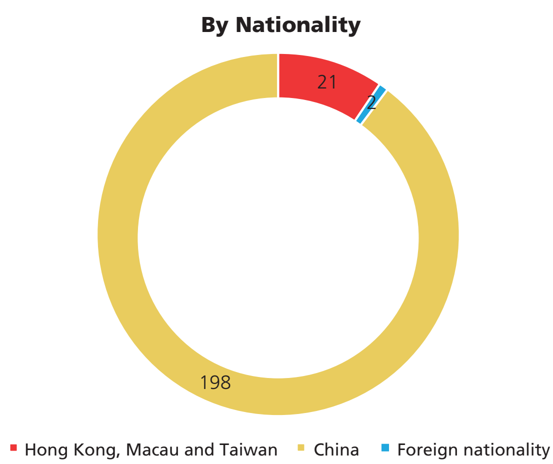








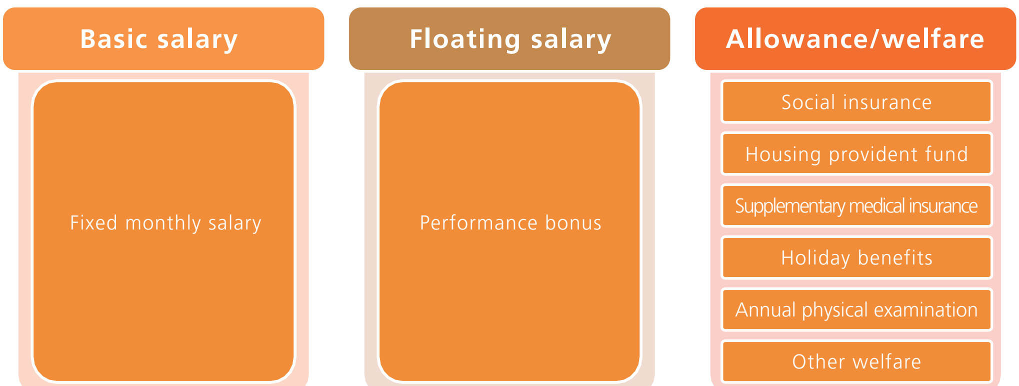




ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.1.3. Employee Rights and Welfare

The Group has a sound system to ensure that the rights and benefits of employees are fully protected. We have established the Employee Welfare Management System and paid social medical insurance, provident fund and supplementary medical insurance for full-time employees in accordance with the law. At the same time, we have established a clear reward scheme, specifying the reward rules and implementation forms in detail, to stimulate the enthusiasm and motivation of employees through fair and transparent incentive policies. In addition to generous remuneration and benefits, we also offer comprehensive and flexible leave packages to our employees, including annual leave, personal leave, marriage leave, maternity leave, bereavement leave and sabbatical leave, etc., to help employees balance the proportion of work and life. The Group will also continue to optimize the management system, further improve the talent acquisition mechanism so as to inject fresh blood for the sustainable development of the Group.



5.1.4. Care for Employees

Employees' well-being is closely tied to long-term development of the enterprise, and the Group regards employee care as a vital component of its corporate culture. We prioritise work-life balance and have established a comprehensive workplace support framework, including flexible working hour arrangements and a variety of welfare benefits, aimed at alleviating work pressure and enhancing overall well-being. Additionally, we regularly organise team-building activities, festive celebrations, and similar events to foster teamwork and interaction among employees. Through these initiatives, we hope our employees can find a sense of belonging and accomplishment at Activation, while continuously growing and thriving in an environment filled with care and support.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Annual Party

In January, the Group held its annual party in the beautiful coastal city of Sydney, where our extended family from Shanghai, Beijing, and Hong Kong gathered together to collectively review the passionate story of Activation written by them.

Sailing Competition

During the Year, in Sydney, known as the New York of the Southern Hemisphere, we divided our team into 12 groups and deliberately chose the romantically renowned Darling Harbour to hold a sailing competition. With sails swaying gracefully and passion surging, every member once again collaborated wholeheartedly, leaving the vibrancy and energy of ACTIVATION along the captivating coastline.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Birthday Party

On the Friday of the second week of each month, a collective birthday party is held for employees born in that month, organizing interactions, games, and gift-sharing among everyone, fostering mutual trust among colleagues, and enhancing employees' sense of well-being.

Mid-Autumn Festival Event

As the Mid-Autumn Festival approaches, the Group extends gifts and blessings to its employees in the form of a family letter: "Thank you, dear family of Activation, it is because of your ardent love and selfless dedication that we gain greater strength and courage as we stride forward. In the future, let us join hands and march together with Activation towards an even brighter tomorrow".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Women's Day Event

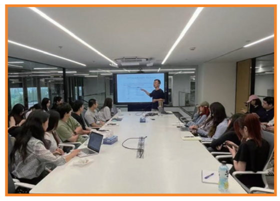
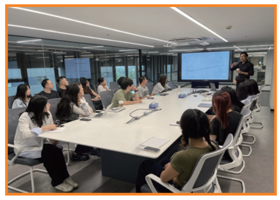
On 8 March, carefully prepared festive gifts were presented to all female employees to express care and blessings for them, enabling every female employee to enjoy a wonderful festival filled with love and warmth.

5.2. Training and Development

The Group has established the Performance Appraisal System, aiming to ensure employees' work performance is objectively evaluated through scientific performance management and to provide employees with a clear direction for career development. Each year, the Group conducts an annual performance appraisal, disclosing the evaluation criteria publicly and specifying the basis for remuneration, year-end bonuses, and position adjustments in the Employee Handbook. We periodically review employee performance, offering promotion opportunities to outstanding employees and supporting employees in achieving their personal development goals.

To fully meet the professional development needs of our employees, the Group carefully planned a wide range of training programmes for different positions and ranks, covering various areas such as induction training, finance and tax training, information security training, training on the impact of global warming, and anti-corruption training. The training adopts an assessment mechanism that combines on-the-spot question-and-answer and drills, with a view to comprehensively upgrading professional skills, business qualities and emergency response capabilities of employees, thereby providing strong support for the Group's efficient operation and sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Induction training	Compendium and explanation of the major changes in the new Company Law	Influence of new Company Law on enterprise finance and tax and risk response	
Financial and tax compliance and internal control of enterprises under the new regulatory regime	Anti-corruption and integrity education and training	Impacts of environment and climate change on enterprises and their response strategies	
Information security training - guard against phishing emails	First aid training - summer heat stroke prevention training	Fire protection training	

Overview of Major Training Programmes

Induction training	Finance and tax training	Information management and information security training	Climate warming training
Training content: Company's structure, corporate culture, personnel policies, financial and legal procedures, and OA system application	Training content: tax-related risk self-examination, addition and deduction of R&D expenses, risk planning before year-end closing	Training content: how to prevent phishing attacks, malware, data leakage and other security risks	Training content: training on the impact of global warming on corporate development helped employees better understand the potential risks of climate change on the Company's operations
Purpose of training: to provide new employees with comprehensive business and culture cognition to help them quickly integrate into the Group's environment and work efficiently	Purpose of training: to enhance the sensitivity of the finance team to tax policies and risk management capability	Purpose of training: to enhance employee's information capability and information security awareness	Purpose of training: to raise employees' awareness of environmental protection, promote the implementation of the concept of sustainable development within the enterprise, and facilitate the sustainable development of the Company

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the Group's annual employee training is as follows:

Indicator	Category	Average Training Hours	Percentage of Employees Trained[6]
By gender	Female employees	4.00	85.71%
	Male employees	4.00	86.36%
By rank	Full-time junior employees	4.00	81.20%
	Full-time middle management	4.00	89.89%
	Full-time senior management	4.00	100.00%

5.3. Occupational Health and Safety

The health and safety of our employees is always a core concern of the Group and we are committed to creating a safe and healthy working environment. We strictly comply with the relevant laws and regulations[7] and have formulated and implemented the Occupational Safety and Health Management System according to these regulations to ensure that the workplace meets all safety standards. We conduct regular safety inspections and risk assessments to identify and eliminate potential safety hazards in a timely manner. Through regular internal audits and management reviews, we have continuously optimized the occupational safety and health management system to ensure its constant applicability, adequacy and effectiveness. Each department is responsible for improving the relevant records, including risk control scheme records and audit reports, to promote the effective implementation of health and safety management measures.

In addition, the Group has established a contingency plan and response procedures to respond to emergencies and to ensure that prompt and effective measures are taken to protect the safety of employees to the greatest extent in the event of emergencies. Our contingency plan covers different types of safety incidents with clear and well-defined operational procedures for each emergency response. Through regular drills and optimisation, we enhance our capabilities of coping with emergencies to ensure life safety of our employees.

6 Percentage of employees trained = the number of trained employees in this category/the total number of employees in this category X 100%.

7 Please refer to the section headed "Laws and Regulations" for related laws and regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Physical Examination Service for Employees in 2024

In order to protect the physical and mental health of employees, the Group organized the physical examination service for employees in 2024 during the year. We published the Employee Physical Examination Service Manual (《員工體檢服務手冊》), which introduces the items, procedures and precautions of physical examination. Employees will receive detailed feedback on their health status based on the results of the physical examination, and further pay attention to their own health management.

Fire Training and Drills

During the Year, our employees participated in the fire drill organised by the property manager with the theme of "Participating in Fire Protection to Create Safety and Harmony Together". Through training and drills, the employee's emergency response ability and fire prevention and control awareness were constantly enhanced to ensure quick and effective handling of emergencies.

Workplace Exercises | Zumba Class

During the Year, in order to help employees who sit for a long time to relax muscles and activate collaterals and prevent occupational diseases on lumbar spine, shoulder and neck, we call on all employees to participate in a workplace exercise – Zumba class. By stretching the limbs, limbering up and following the music rhythm to relax various parts of the body, employees can take a break from the stress of work, so as to achieve the effect of combination of exertion and rest.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Care Accompanied – Health Lectures and Activity to Explain Medical Examination Reports

In December, we organised an event called "Guarding Health Day" and invited TCM physicians to give on-site talks on health care. Professional doctors were also arranged to provide one-to-one explanation of employees' annual medical examination reports and provide on-site answers to help them better understand their health conditions and promote health management.

Looking ahead to the future, the Group will continue to pay attention to the physical and mental health of our employees and provide a better working environment for employees by continuously improving the health examination system and mental health support mechanism. During the Year, the Group did not receive any complaints or lawsuits regarding violations of laws related to health and safety, and there were no cases of work-related death in the past three years.

6. Green Operation

TQCSI
Environmentally Certified
注 册 证 书
上海艾德韦宣股份有限公司
统一社会信用代码： 913100000820801388
注册地址：上海市长宁区广顺路33号8幢303室
审核地址：中国上海市徐汇区柳州路399号甲恒地仓国际大厦A座8层
公司实行的
环境管理体系
符合ISO 14001:2015的要求
认证范围： 展览展示营销策划服务
注册编号： CN1785-EC　初次注册日期： 07/11/2022
当前批准日期： 20/04/2024　失效日期： 11/04/2027
证书签发日期： 20/04/2024
Sean Bates
Accreditation Manager
TQCS International (Group) Pty Ltd
For the TQCSI Certification Approval Panel
TQCS INTERNATIONAL PTY LTD　www.aacb.com.au　www.iaf.nu　JAS-ANZ www.jas-anz.org/register

The Group's efforts in green operation are focused on reducing emissions, optimizing resource utilization and so on. The Group is committed to reducing the impact of its operations on the environment and proactively addressing climate change. We strictly comply with all applicable environment-related laws and regulations[8], formulate and implement the Corporate Environmental Policy (《企業環境政策》), identify key climate risks and opportunities in our operations, and integrate the concept of sustainable development into our operations management. In making major decisions, we avoid damage to the environment and nature and ensure that business development goes hand in hand with ecological protection. The Group mainly operates in the offices and has no significant impact on the environment and natural resources. However, we are still actively implementing green initiatives, including the implementation of green office and participation in environmental activities, and continuously raising the environmental awareness of employees, in order to fulfil our corporate responsibility. The Group has obtained ISO 14001 environmental management system certification. The Group continues to optimize its environmental management strategy through annual environmental audits and environmental performance evaluations.

8 Please refer to the section headed "Laws and Regulations" for related laws and regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.1. Responding to Climate Change

Climate change and its potential impacts have become a global focus. As a responsible company, we recognize the profound impact of climate change on our business operations, supply chain and stakeholders. To this end, we are actively taking steps to reduce our carbon footprint and enhance climate resilience. We have developed and implemented a series of response measures in the four key areas of governance, strategy, risk management and indicators and targets, aiming to minimize the negative impacts caused by climate change, while proactively seizing the opportunities brought by climate change to achieve long-term and sound development.

6.1.1. Governance

The Group has integrated the identification, assessment and management of climate change risks and opportunities into its strategic and risk management system, and established a management structure consisting of the Board, ESG Committee and functional departments to ensure that the strategic planning and execution of the response to climate change is efficiently carried out in a top-down management approach. The Board plays a central leadership role in the Group's climate governance and is responsible for reviewing and approving climate change-related strategies. The ESG Committee is authorized by the Board to implement the management and oversee the various measures to address climate change, and as the core executive body, the ESG Committee is responsible for identifying, assessing, managing and reporting the risks and opportunities related to climate change, as well as for formulating relevant management policies and countermeasures. The heads of functional departments play an important supporting role in the Group's climate governance, are responsible for implementing the tasks responding to risks and seizing opportunities, and report the performance indicators related thereto to the ESG Committee on a regular basis to provide data support and decision-making basis for the Group's climate governance.

6.1.2. Strategy and Risk Management

The Group has progressively formulated and implemented strategies for mitigating and adapting to climate change in accordance with global and location-specific climate policies, including the recommendations of the International Financial Reporting Standard S2 – Climate-related Disclosures ("**IFRS S2**") and the Environmental, Social and Governance Reporting Code of the Stock Exchange. The Group has preliminarily assessed the physical risks, transition risks and climate-related opportunities that may have an impact on the Group's financial performance, and has identified six potential physical risks, six potential transition risks of three categories and three climate-related opportunities. The Group's climate risk and opportunity assessment is based on the following climate change risk and opportunity management framework, which covers three specific steps:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Identifying climate-related risks and opportunities relevant to the Group's business based on international frameworks and authoritative domestic documents, and updating the list of risks and opportunities to be more in line with the Group's current situation

Identification of Climate-related Risks and Opportunities

↓

Conducting risk level assessments for the climate risk categories corresponding to the Group's operating sites to guide subsequent decision-making and resource allocation

Assessment of Climate-related Risk Levels

↓

Analyzing the potential financial impacts of climate risks and opportunities on the Group and providing appropriate response measures according to the specific content

Analysis of Potential Impacts of Risks and Opportunities

Climate-related Risk and Opportunity Management Framework

Compared to last year, in terms of physical risk, there are three new risk levels corresponding to operating sites in Hong Kong, Beijing and Shanghai; and in terms of transition risk, the Group assesses risk levels for six climate transition risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Category	Risk	Level	Description	Potential Financial Impact
Physical risk	Typhoon	Hong Kong operating site: low risk Beijing operating site: low risk Shanghai operating site: medium risk	• Infrastructure damage • Continuity of staff commuting and outreach activities will be affected by typhoons/ hurricanes • Electricity supply is affected by extreme weather disasters, thereby affecting the operation of the operating sites • Demand for cooling increase, resulting in higher operating cost • Accessible freshwater resources reduce	• Decrease in value of fixed assets • Leading to transport difficulties, disruptions in the supply chain, health and safety issues of employees, etc., resulting in reduced operating capability and increased cost • Higher operating cost due to increased resource and energy consumption as a result of rising temperatures
	Extreme heat	Hong Kong operating site: medium risk Beijing operating site: high risk Shanghai operating site: high risk		
	Coastal flooding	Hong Kong operating site: low risk Beijing operating site: low risk Shanghai operating site: medium risk		
	Urban flooding	Hong Kong operating site: low risk Beijing operating site: low risk Shanghai operating site: low risk		
	Riverine flooding	Hong Kong operating site: low risk Beijing operating site: high risk Shanghai operating site: low risk		
	Water shortage	Hong Kong operating site: low risk Beijing operating site: medium risk Shanghai operating site: medium risk		
	Response			
	• Formulation of the Extreme Weather Emergency Plan to provide disaster response training and escape drills to employees • Mitigate the risk of possible energy price increases in future by taking more low-cost emission reduction measures while being favourable to climate and environment • Actively participate in environmental charity activities (such as tree planting) • Enhance employees' awareness of hot weather-related illnesses and provide more cooling facilities for them • Develop water conservation measures, such as installation of water-saving fittings, smart metre, low-flow flushing pedestal toilets, water leakage detectors, etc. • Conduct on-site safety management properly, pay attention to weather changes, and transfer staff and equipment to a safe haven in a timely manner			

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Category	Risk	Level	Description	Potential Financial Impact
(policy and legal risk)[9]	Failure to achieve the carbon neutrality targets at the national and industry standards	Low risk	• Possible punishment for non-compliance • Reputation damage and loss of competitive advantage • Loss of existing customers due to inadequate disclosure of carbon neutrality targets and data	• Increased compliance cost • Increased operating cost
	Reporting the disclosure of compliance risks	Low risk		
	Existing products and services are not environmentally friendly and do not meet the national expectation of promoting green products and service	Medium risk		
	Response			
	• Follow the latest laws and regulations related to climate change and integrate them into management strategies • Inclusion of the contents on carbon peaking and carbon neutrality in employee training programmes, recruit professionals with relevant experience and expand the role and duties of existing staff • Enhance clients' understanding of climate change through training and presentations, etc., and recommend and promote more environmentally friendly activities • Closely monitor the regulations and rules newly introduced by relevant government authorities. Proactive adjustment of business operation mode towards low-carbon and environmental manner to meet the future development direction planned by the government • Increase of green purchase • Strictly control the entry of suppliers, in addition to supplier qualifications, enterprise risk, raw material quality, and strengthen the audit of environmental standards, and through training and introduction to enhance their understanding of climate change, in order to improve their productivity and enhance the resilience to extreme weather			

9 The China's Policies and Actions to Address Climate Change(《中國應對氣候變化的政策與行動》), the National Climate Change Adaptation Strategy 2035 (《國家適應氣候變化戰略2035》), the Carbon Neutrality and the Action Plan for Peak Carbon Dioxide Emissions by 2030 (《2030 年前碳達峰行動方案》) and the Interpretation of the Cases of the Implementation Plan for Promoting the High-quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Category	Risk	Level	Description	Potential Financial Impact
(market risk)	Shift in consumer preference to environmentally friendly services	Low risk	• Less attractive to investors due to uncertain climate-related risks • Loss of important customers	• Decreased sources of income • Higher procurement cost
	Failure to comply with customers' internal climate change policy/ standards or expectations	Medium risk		
	Response			
	• Continuously monitor market demand for low-carbon, green and energy-efficient products and cater for consumer needs as soon as possible • Purchase energy-efficient office supplies and use clean energies to reduce carbon emissions • Adopt the green measures required by the industry report and guidelines[10]			

Risk Category	Risk	Level	Description	Potential Financial Impact
(reputational risk)	Stakeholders demanding the Group to raise its standard on actions in response to climate change; a failure in responding effectively to such demands would impact corporate reputation	Medium risk	• Disruption of existing cooperation arrangements or impairment of the ability to attract new partners • Loss of competitive advantage over competitors with better sustainability performance	• Decrease in operating revenue
	Response			
	• Actively respond to the country's call for "dual carbon", and actively communicate with stakeholders to set and disclose emission reduction targets • Publicly disclose the Group's GHG emission data and its efforts in respect of low-carbon operation, etc., in the ESG report to actively safeguard corporate image • Communicate with stakeholders on and interpret the sustainability initiatives implemented by the Group • Once reputational risk arises, assess its impact immediately and develop countermeasures to deal with it properly			

In terms of climate-related opportunities, the Group has added new descriptions of "Potential Business Impact" and "Potential Value Chain Impact" to address climate-related disclosure requirements.

10 The Rise of Sustainable Media (《可持續媒體的興起》)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Opportunity Category	Opportunity	Description	Potential Financial Impact	Potential Business Impact	Potential Value Chain Impact
Climate-related opportunities	Resource efficiency opportunity	By taking measures such as energy saving and emission reduction, water and paper conservation, the resources consumption and the wastes emitted can be reduced, to improve the environmental performance	• Reduced operating cost	• Improve efficiency • Favourable to labour management and planning	• Improve the production capacity
	Product and service opportunity	The use of green products and technologies and the provision of green and low-carbon services can enhance competitive advantages, thus increasing customer retention rate	• Increase in operating revenue	• Use of least-cost emission reduction methods • Reduce the risk of GHG emissions • Capital availability increase (e.g. attracting more investors with a favourable view on low carbon businesses)	• Enhance business reputation • Strengthen the competition advantage • Increase customer retention rate • Rise in demand for services
	Market opportunity	Practising low-carbon development and promoting the improvement of raw materials and the use of environmentally friendly materials by suppliers to enhance the ability to respond to the external changing market and to attract more customers	• Increase in operating revenue	• Facilitate access to new and emerging markets • Improve the eligibility criteria for the Public Sector Incentive Scheme	• Access to new and more efficient suppliers
	Response				
	Resource efficiency opportunity: • Promote and improve the establishment of an energy management system • Take measures to utilize resources efficiently Product and service opportunity: • Promote the application of green products and technologies in the daily operation of enterprises Market opportunity: • Strengthen green supply chain management and promote green operation				

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.1.3. Metrics and Targets

6.1.3.1. Energy Management

Energy consumption for the Group's daily operations includes the use of fuel (direct energy) and purchased electricity (indirect energy). The table below sets out the energy consumption during the Year:

Energy Consumption of Activation Group			
Type	Unit	2023	2024
Petrol consumption	litres	8,523	7,200
Purchased electricity consumption	kWh	280,890	304,692

The Group continues to optimise the management of energy usage and actively pursues low-carbon operations. The Group's electricity saving target is to maintain or gradually reduce from 343,153 kWh in 2019. We have formulated the Energy Conservation Control Procedures to control various factors affecting the conservation of energy resources in the business processes and office areas to ensure the safe and proper use of energy resources.

Control and Management of Energy Resources in Use Process
• During the use of energy resources, the engineering and technology department is responsible for organising operational checks of the energy system;
• Requiring electrical operation in accordance with the rules, non-professionals are prohibited from operating and abnormalities are handled according to emergency procedures;
• Equipment maintenance personnel maintain and record energy resource equipment in accordance with the relevant procedures, inspection and repair of energy supply outages need to be reported and contacted to the relevant departments, and temporary lines and pipelines are qualified before being integrated into the system;
• The engineering and technology department is equipped with full-time (part-time) staff to ensure the effective management of energy resources and normal operation of the business.

Measurement and Statistical Management of Energy Consumption
• The management department compiles monthly statistics on the consumption of energy resources, fills in the "Integrated Utilisation of Water and Electricity Statistical Sheet", and reports it to the management representative.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy-saving and Consumption-reduction Measures
• The management representative is responsible for energy management and energy saving and consumption reduction, while the engineering and technology department and the management department formulate relevant plans and measures and submit them to the management representative for approval.
• Through active promotion of new materials and technologies, we will enhance the comprehensive energy utilization capacity to achieve energy saving and consumption reduction.
• Collecting and analysing employees'energy saving suggestions and organising their implementation, as well as enhancing employees' awareness of energy saving and safety management, so as to reduce unnecessary energy consumption.

Evaluation of Energy Consumption
• The Energy Consumption Department conducts comprehensive analyses of various energy records, forecasts energy saving and consumption reduction, and formulates relevant energy plans to provide a reliable basis for energy saving and consumption reduction measures.

6.1.3.2. Carbon Footprint

In accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO14064-1 standard stipulated by the International Organization for Standardization, the Group conducted GHG emissions calculation for its headquarters in Shanghai and its offices in Beijing and Hong Kong. The GHG emissions recorded by the Group are mainly derived from direct emissions from the use of fuels by vehicles (Scope 1) and indirect emissions from electricity consumption in offices (Scope 2). During the Year, the Group's total GHG emissions amounted to 185.02 tonnes of CO_2e.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has set a target that GHG emissions will maintain the same as or be lower than those for 2019 (i.e. 462.98 tonnes).

GHG Emissions			
Type	Unit	2023	2024
Scope 1 GHG emissions	tonnes of CO_2e	22.67	19.15
Scope 2 GHG emissions	tonnes of CO_2e	162.06	165.87
Total GHG emissions	tonnes of CO_2e	184.73	185.02
Total GHG emission intensity	tonnes of CO_2e per square metre	0.07	0.07
	tonnes of CO_2e per employee	0.76	0.76

6.2. Green Initiatives

The Group continues to deepen its green initiatives and implement various environmental protection initiatives to minimise the impact of its operations on the environment. We advocate green concepts for all employees and are committed to building a green corporate culture, deepening green action plans and promoting environmental protection.

Paper Saving

The Group has piloted a Green Paper Initiative to regulate the management of paper use and printing, which mainly includes the followings:

1) Defaulting to double-sided printing and ink-saving mode when using computers;

2) Applying paperless office, and do not print documents if unnecessary;

3) Advising employees to use double-sided printing in black and white and to use smaller fonts and line spacing as much as possible if it is necessary to print documents;

4) For printed documents for internal use, double-sided printing in black and white is preferred, and smaller fonts and line spacing are recommended.

The Group has established an OA (Office Automation) system, namely Office Automation system, which digitally create, collect, store and process all types of information required for office tasks using up-to-date technologies such as computers and communications, to replace some traditional manual or repetitive business activities of office workers, which avoids unnecessary paper consumption while improving work efficiency and quality. In addition, we closely monitor and calculate paper consumption and regularly test the effectiveness of paperless office.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Low-carbon Action

The Group has actively implemented low-carbon actions and taken the following measures in light of actual operation:

1) Encouraging employees to take public transportation and advocating carpooling to reduce car usage;

2) Supporting employees to adopt video conferencing instead of unnecessary business trips, and choosing direct flights for inevitable business trips;

3) Carrying out fleet maintenance on a regular basis to ensure that vehicles have normal tyre pressure and no idling vehicles run their engines;

4) Providing low-carbon driving training for drivers;

5) Carrying out the annual event themed "Low-carbon Life by Reducing Wastes", and organizing a series of activities focusing on "low-carbon life" and "energy saving and emission reduction" for the Group and its subsidiaries, calling on all employees to practise energy saving and environmental protection with practical actions.

Green Operation

As the energy consumed in the Group's daily operations is mainly electricity, and office equipment is the Group's main source of energy consumption, the Group has promoted green office in all respects. In addition to adopting paperless office, the Group has specified the following provisions in the use of office electricity:

1) Turning off lights when not using the office, and using sunlight to maintain brightness as far as possible;

2) Dividing different lighting zones in our office and installing independently controlled lighting switches in such zones;

3) Avoiding installing air conditioners in positions where the sun hits directly and setting the minimum temperature of the air conditioning system to 25.5 degrees Celsius;

4) Regularly inspecting office lighting installations and air conditioning system to ensure proper functioning and maximise their energy efficiency;

5) Choosing energy-efficient electronic devices and electrical appliances that meet national standards;

6) Turning off electronic devices, electrical appliances and other office service supplies during non-working hours, especially turning off office power before rest days and holidays.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Procurement

Taking into account the characteristics of the industry, the Group has developed the Green Procurement System to create an upstream and downstream supply relationship in which the concepts of environmental protection and resource conservation are integrated in the Group's entire process, from product design to procurement of raw materials, production, transportation, storage, sales, use and disposal of scrap, so as to harmonize the Group's economic activities with environmental protection. The Group's procurement is guided by the following principles:

1) Give priority to enterprises who are rated by the environmental protection authorities as Environmental Integrity Enterprise or Environmentally Friendly Enterprise.

2) Require suppliers to specify information on their green supply chain management in the procurement contracts.

3) For suppliers whose environmental performance is better than the contractual requirements, incentives such as price, purchase volume and payment terms will be offered as appropriate.

4) Create a green supply chain together with suppliers while taking into account both economic and environmental benefits.

5) Keep paying attention to the environmental and social performance of suppliers and set out the requirements on environmental protection, labour, intellectual property rights and information confidentiality, etc. in the contracts.

Environmental Protection Practices

Climate Action Week | Igniting Green Passion and Leading the Way to Change

To raise environmental awareness of our employees, the Group organised a week-long series of activities, including seminars, quizzes, waste separation, paperless office, green lunch challenge, etc. The activities aim to inspire employees' passion for environmental protection, practice a green and low-carbon lifestyle, contribute to the future of the planet, and reduce the risk of climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Photo source: WWF

Earth Hour | Turn off the Lights, Light up Hope and Give an Hour to the Earth

The Group actively responded to the Earth Hour campaign by encouraging its employees to turn off unnecessary power to save energy, enhance their sense of responsibility for environmental protection and commit to green development practices.

6.3. Emission Control

6.3.1. Exhaust Emissions

The Group places great emphasis on the management of pollutant emissions, and controls emissions in accordance with relevant regulations and through effective measures. The major air pollutant emissions of the Group are derived from the use of fuels by vehicles. The details of the nitrogen oxides, sulphur oxides and particulate matters for the Year are as follows:

Exhaust Emissions			
Type	Unit	2023	2024
Total sulphur oxide (SO_x) emissions	kg	0.13	0.11
Total nitrogen oxide (NO_x) emissions	kg	3.74	3.36
Total particulate matter (PM) emissions	kg	0.28	0.25

6.3.2. Waste Discharge

The Group strictly complies with relevant laws and regulations[11] and has developed internal systems, including the Waste Control Procedures and the Waste Disposal Guidance which set out clear rules for the separation, collection, storage and disposal of waste generated in the course of daily production and operation.

Main Measures for Handling Sewage and Waste Discharge

11 Please refer to the section headed "Laws and Regulations" for related laws and regulations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has set an emission intensity target for non-hazardous waste to maintain or reduce the generation intensity based on 0.06 tonne per employee for the year 2021. The Group advocates reducing the discharge of waste from the source by cultivating a green lifestyle and consumption habits from the top to the bottom of the Group to reduce wastage and enhance the utilisation of resources. In particular, the Group actively promotes the reuse of resources by emphasising that employees should bring their own cups, and reuse stationery items such as envelopes and loose-leaf binders and use replacement pen refills, so as to reduce the use of disposable items. Furthermore, the administrative and procurement departments of the Group and its subsidiaries estimate the amount of materials to be used so as to avoid wastage due to overstocking.

The Group actively responds to the national call for waste separation and vigorously promotes waste separation and requires its employees to develop the habit of waste separation. In early 2019, it launched the Voluntary Sorting and Recycling of Office Waste for Green and Environment Protection scheme in the hope that employees can contribute to going green and environmental protection through their own efforts. Therefore, the Group has developed a corporate culture of prevention and control of solid waste pollution with the participation of all employees across the Group.

Hazardous wastes generated by the Group were all properly handled and there was no irregular disposal of hazardous waste, and waste ink cartridges of printers, waste cardboard boxes and other waste electronic products are disposed and recycled by the third party. In addition, the Group's water discharge is mainly derived from domestic sewage, which will be discharged to the urban sewage treatment plant through the municipal sewage pipelines for treatment and discharge.

Non-hazardous Waste[12] Generation			
Type	Unit	2023	2024
Total amount of non-hazardous wastes	tonnes	15.2	12.73
Non-hazardous waste intensity	tonnes per employee	0.06	0.06
Total paper consumption in offices	kg	2,242.53	1,082.71
Average paper consumption in offices	kg per employee	10.05	4.90

Hazardous Waste Generation			
Type	Unit	2023	2024
Batteries	pieces	80	120
Waste ink cartridges and toner cartridges	pieces	8	9

12 The total amount of non-hazardous wastes is calculated based on the domestic wastes generated by office operation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.4. Water Resource Management

The Group has set a target of saving water to maintain or reduce the consumption of water resources based on the level of the year 2022 (i.e. 531 tonnes). In order to promote the rational allocation of water resource and to raise the employees' awareness of saving water, the Group has implemented systematic strategies and measures in water conservation. We have installed water-saving slogans and promotional images in public areas such as toilets to create a favourable atmosphere of respect for resources and water-saving. At the same time, we have strengthened the management and maintenance of water facilities, by regularly inspecting in a comprehensive manner, so as to ensure the efficient operation of the water supply system and avoid wastage of water resources, such as eliminating the phenomenon of "Water Flowing for a Long Time". We have adopted measures to precisely control the volume of water in our cleaning operations to avoid extensive flushing. To further enhance water conservation, the Group has installed high-efficiency water-saving sensor taps and dual-flush toilets in compliance with national standards to reduce water consumption at source. For less polluted water such as domestic water, the Group collects and reuses it after proper treatment, such as for flushing toilets, to further promote the recycling of water resources.

	Water Consumption		
Type	Unit	2023	2024
Total water consumption	tonnes	480	503
Total water consumption intensity	tonnes per square metre	0.19	0.20
	tonnes per employee	1.98	2.28

7. Practice Public Welfare

We insist on fulfilling our social responsibility through practical actions. Through participation in a series of public welfare projects, we actively engage in various social causes, such as education and environmental protection, to promote social harmony and development.

Sow Hope

During the Year, the Group donated RMB10,000 in support of the public welfare programme called "Happy Homes – Planting Hopeful Trees" (幸福家園－種下希望樹) initiated by China Green Foundation to bring 1,000 ecological trees to ecologically vulnerable areas. The project planted trees with economic values in provinces such as Gansu, Ningxia, Guangxi, Yunnan and Liaoning, aiming to effectively improve and rehabilitate local ecological environment and curb the spread of desertification. At the same time, it provides sustainable economic development opportunities for local residents and helps them get rid of poverty, fully demonstrating a harmonious integration of ecological conservation and village revitalization. This initiative not only demonstrates the Company's deep concern for the environment and society, but also highlights our determination and responsibility to work tirelessly on the road to sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Build Dreams through Book Donations

The Group recognises the importance of education to personal growth and social development. During the Year, we donated extracurricular books valued at RMB20,000 to Hongmei No. 2 Primary School in Minhang District, Shanghai, which opened up a new window of reading for the students. This is the third consecutive year that Activation Group has given back to the society through book donations. This initiative aims to inspire more children to broaden their horizons by reading and to develop their creative minds and spirit of discovery. Through such endeavour, we hope to work together with the community to pave the way for every child's dream.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Caring Inclusion

During the Year, the Group donated HK$20,000 to support the services of SideBySide. The donation will be used for the medical support programme of the Hong Kong Integrated Social Rehabilitation and Support Services Centre, which aims to improve health conditions of rehabilitated offenders and help them rebuild their confidence and integrate into the community smoothly. Since its establishment in 1957, SideBySide has been focusing on providing care and support to rehabilitated offenders and other marginalized groups, including services such as medical assistance, vocational training and social integration.

Through this donation, the Group has once again demonstrated its commitment to social responsibility and its willingness to work hand in hand with SideBySide to promote positive social change.

8. Appendix 1 – Laws and Regulations

Aspects	Applicable Laws and Regulations	Compliance
Emissions and Use of Resources	• the Environmental Protection Law of the People's Republic of China(《中華人民共和國環境保護法》) • the Law of the People's Republic of China on Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》) • the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) • the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》)	During the Year, the Group did not record any cases of violation of relevant laws and regulations that could have a significant impact on the Group and have no significant impact on environment and biodiversity relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. In addition, the Group did not have any problems in obtaining applicable water sources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Applicable Laws and Regulations	Compliance
Employment and Labour Standards	• the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) • the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) • the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) • the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) • the Prohibition on the Use of Child Labour (《禁止使用童工規定》)	During the Year, the Group was not aware of any legal and regulatory matters that have a significant impact on the Group relating to remuneration and departure, recruitment and dismissal, promotion, working hours, rest periods, equal opportunities, anti-discrimination and other benefits and welfare, as well as the prevention of child and forced labour.
Health and Safety	• the Provisions on the Supervision and Administration of Occupational Health at Work Sites (《工作場所職業衛生監督管理規定》) • the Regulation on Work-Related Injury Insurance of the People's Republic of China (《中華人民共和國工傷保險條例》) • the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) • the Occupational Safety and Health Ordinance of the Hong Kong Special Administrative Region	During the Year, the Group was not aware of any matters of violation of relevant laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and the protection of employees against occupational hazards, and there were no safety incidents in the Group's business activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Applicable Laws and Regulations	Compliance
Product Responsibility	• the Data Security Law of the PRC (《中華人民共和國數據安全法》) • the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) • the Trademark Law of the People's Republic of China(《中華人民共和國商標法》) • the Patent Law of the People's Republic of China(《中華人民共和國專利法》) • the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) • Personal Information Security Specification (GB/T35273-2020) (《個人信息安全規範》(GB/T35273-2020)) • the Personal Data (Privacy) Ordinance of the Hong Kong Special Administrative Region	During the Year, the Group was not aware of any cases of violation of the law that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters in relation to the Group's products and services and methods of redress, and did not recall any of its products for safety and health reasons.
Anti-corruption	• the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) • the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) • the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) • the Oversight Law of the People's Republic of China (《中華人民共和國監察法》) • the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) • the Prevention of Bribery Ordinance of the Hong Kong Special Administrative Region	During the Year, the Group did not record any corruption lawsuits against it or its employees that have been concluded. The Group did not record any cases of violation of relevant laws and regulations that could have a significant impact on the Group relating to bribery, extortion, fraud, and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9. Appendix 2 – Environmental Key Performance Indicators [13]

KPIs		Unit	2023	2024
Emissions[14]	SOx emissions	kg	0.13	0.11
	NOx emissions	kg	3.74	3.36
	PM emissions	kg	0.28	0.25
GHG Emissions[15]	Direct GHG emissions (Scope 1)	tonnes of CO_2e	22.67	19.15
	Indirect GHG emissions (Scope 2)	tonnes of CO_2e	162.06	165.87
	Total GHG emissions	tonnes of CO_2e	184.73	185.02
	Total GHG emission intensity (Scope 1 and Scope 2)	tonnes of CO_2e per square metre	0.07	0.07
		tonnes of CO_2e per employee	0.76	0.76
Hazardous Wastes	Batteries	pieces	80	120
	Waste ink cartridges and toner cartridges	pieces	8	9
Non-Hazardous Wastes	Total amount of non-hazardous wastes	tonnes	15.20	12.73
	Non-hazardous waste intensity	Tonnes per employee	0.06	0.06
Paper Consumption	Total paper consumption	kg	2,442.53	1,082.71
	Average paper consumption	kg per employee	10.05	4.90
Vehicle Fuel Consumption	Gasoline consumption	litres	8,523	7,200
Energy Consumption	Total electricity consumption	kWh	280,890	304,692
	Total electricity consumption intensity	kWh per square metre	113.73	121.61
		kWh per employee	1,155.93	1,378.70
Water Consumption	Total water consumption	tonnes	480	503
	Water consumption intensity	tonnes per square metre	0.19	0.20
		tonnes per employee	1.98	2.28

[13] The data collected in the environmental aspect covered the headquarters in Shanghai, and the offices in Beijing and Hong Kong.

[14] Refer to the Technical Guideline for the Preparation of Emission Inventory for Air Pollutants from Non-road Mobile Sources (《非道路移動源大氣污染物排放清單編製技術指南》) issued by the Ministry of Ecology and Environment of the PRC for the emission factors of machinery and equipment, and refer to the Reporting Guidance on Environmental Key Performance Indicators issued by the Hong Kong Stock Exchange for other emission factors.

[15] Refer to the Announcement on the Issuance of Carbon Dioxide Emission Factors for Electricity in 2022(《關於發佈二零二二年電力二氧化碳排放因子的公告》) issued by the Ministry of Ecology and Environment of the PRC in 2024 for the GHG emission factors of purchased electricity in Mainland China, and refer to the Reporting Guidance on Environmental Key Performance Indicators of the Hong Kong Stock Exchange for other emission factors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

10. Appendix 3 – Social Key Performance Indicators [16]

KPIs		2023	2024
Employment			
Total number of employees		243	221
Employee distribution			
By gender	Male	104	88
	Female	139	133
By rank	Full-time junior employees	130	117
	Full-time middle management	98	89
	Full-time senior management	15	15
By age group	Aged under 30	98	88
	Aged between 30-50	136	126
	Aged above 50	9	7
By education	Associate degree or below	48	41
	Bachelor degree	147	139
	Master degree	48	41
By nationality	China	223	198
	Hong Kong, Macau and Taiwan	17	21
	Foreign nationalities[17]	3	2
By geographical region	Beijing	40	40
	Shanghai	190	170
	Other regions	13	11
Employee turnover rate[18]			
Total employee turnover rate[19]		29.77%	26.58%
By gender	Male	22.96%	23.48%
	Female	34.12%	28.49%
By age group	Aged under 30	38.36%	36.23%
	Aged between 30-50	23.60%	18.18%
	Aged above 50	0.00%	22.22%
By geographical region	Beijing	27.27%	20.00%
	Shanghai	31.16%	27.04%
	Other regions	13.33%	38.89%

16 The data collected in the social aspect covered the whole Group.

17 During the Year, the foreign employees of the Group include 2 from Malaysia.

18 The turnover rate of employees in each category = the number of employees left in this category during the Year ÷ (the number of employees left in this category during the Year + the number of employees in this category at the year end) × 100%.

19 The calculation of the employee turnover rate of the Group includes resigned employees who do not pass the probation. Employee turnover rate = the number of employees left during the Year ÷ (the number of employees left during the Year + total number of employees at the year end) × 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs		2023	2024
Employees trained average training hours			
By gender	Male	4.00	4.00
	Female	4.00	4.00
By position	Full-time junior employees	4.00	4.00
	Full-time middle management	4.00	4.00
	Full-time senior management	4.00	4.00
Percentage of employees trained			
By gender	Male	85.58%	86.36%
	Female	85.61%	85.71%
By rank	Full-time junior employees	80.00%	81.20%
	Full-time middle management	90.82%	89.89%
	Full-time senior management	100.00%	100.00%
Occupational health and safety			
Number of work-related fatalities occurred in each of the past three years including the reporting year		0	0
Rate of work-related fatalities occurred in each of the past three years including the reporting year		0.00%	0.00%
Lost days due to work injury (days)		0	0
Supply chain management			
Number of suppliers	Shanghai, China	17	23
	Beijing, China	2	2
	Jiangsu, China	3	4
	Guangzhou, China	–	3
Anti-corruption			
Number of concluded legal cases regarding corrupt practices initiated (cases)		0	0
Community investment			
Donation		RMB30,000	RMB30,000 and HK$20,000

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

11. Appendix 4 – Index to the ESG Reporting Code (Formerly named as the Environmental, Social and Governance Reporting Guide)

Aspects	Requirements of the ESG Reporting Code of HKEX	Chapters/Remarks
Governance Framework	The statement from the Board contains the followings: (i) a disclosure of the Board's supervision over ESG issues; (ii) the Board's ESG management policies and strategies, including the process used to assess, prioritise and manage material ESG-related issues (including risks to the issuer's business); and how the Board reviews the progress towards relevant ESG goals and targets with an explanation of how they relate to the issuer's business.	Board Statement
Reporting Principles	A description of, or an explanation on, the application of the following reporting principles in the preparation of the ESG report: (a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; and (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	Reporting Guide and Principles Materiality: In accordance with the Stock Exchange's principle of importance, the process of material ESG factors in the Report, the criteria for selecting these factors, the identification process of the material topics and matrix of material topics, as well as the description of the key stakeholders and the process and results of stakeholder engagement have been identified and disclosed in the Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX	Chapters/Remarks
	(b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable).	Quantitative: Statistical standards, methodologies, assumptions and/or calculation tools used in the Report for reporting emissions/energy consumption (if applicable), as well as the sources of conversion factors, are described in the explanatory notes to the Report
	(c) Consistency: The issuer should disclose in the ESG report any changes to the calculation methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Consistency: The statistical methodology used for the information disclosed in the Report are consistent. Any changes will be clearly stated in the Report.
Reporting Boundaries	A narrative explanation on the reporting boundaries of the ESG report and a description of the process used to identify which entities or businesses are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX		Chapters/Remarks
A. Environment			
Aspect A1: Emissions	**General disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Responding to Climate Change, Emission Control
	KPI A1.1	The types of emissions and respective emissions data	Emission Control, Appendix 2 – Environmental Key Performance Indicators
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Responding to Climate Change, Appendix 2 – Environmental Key Performance Indicators
	KPI A1.3	Total amount of hazardous wastes generated (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emission Control, Appendix 2 – Environmental Key Performance Indicators
	KPI A1.4	Total amount of non-hazardous wastes generated (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emission Control, Appendix 2 – Environmental Key Performance Indicators

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX		Chapters/Remarks
	KPI A1.5	Description of emission targets and steps taken to achieve them	Overview of Environmental Targets, Responding to Climate Change, Emission Control
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of waste reduction targets and steps taken to achieve them	Emission Control
Aspect A2: Use of Resources	**General disclosure** Policies on the efficient use of resources, including energy, water and other raw materials.		Responding to Climate Change, Water Resource Management
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Responding to Climate Change, Appendix 2 – Environmental Key Performance Indicators
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Water Resource Management, Appendix 2 – Environmental Key Performance Indicators
	KPI A2.3	Description of energy use efficiency targets and steps taken to achieve them	Overview of Environmental Targets, Water Resource Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX		Chapters/Remarks
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and steps taken to achieve them	Water Resource Management
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, where appropriate, per unit produced	Not applicable, the business of the Group does not involve production
Aspect A3: Environment and Natural Resources	**General disclosure** Policies on minimizing the issuer's significant impacts on the environment and natural resources.		Responding to Climate Change, Green Initiatives
	KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them	Responding to Climate Change, Green Initiatives
Aspect A4: Climate Change	**General disclosure** Policies on identifying and responding to significant climate-related issues that have and may have an impact on the issuer.		Responding to Climate Change
	KPI A4.1	Description of material climate-related issues that have and may have an impact on the issuer, and actions taken to manage them	Responding to Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX		Chapters/Remarks
B. Society			
Aspect B1: Employment	**General disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti–discrimination and other benefits and welfare.		Employee Management
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employee Profile, Appendix 3 – Social Key Performance Indicators
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	Appendix 3 – Social Key Performance Indicators
Aspect B2: Health and Safety	**General disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the provision of a safe working environment and the protection of employees against occupational hazards.		Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities	Occupational Health and Safety, Appendix 3 – Social Key Performance Indicators
	KPI B2.2	Lost days due to work injury	Occupational Health and Safety, Appendix 3 – Social Key Performance Indicators
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Occupational Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<table>
<tr><th>Aspects</th><th colspan="2">Requirements of the ESG Reporting Code of HKEX</th><th>Chapters/Remarks</th></tr>
<tr><td rowspan="3">Aspect B3: Development and Training</td><td colspan="2">General disclosure
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</td><td>Training and Development</td></tr>
<tr><td>KPI B3.1</td><td>The percentage of employees trained by gender and employee type (e.g. senior management, middle management, etc.)</td><td>Training and Development, Appendix 3 – Overview of Social Key Performance Indicators</td></tr>
<tr><td>KPI B3.2</td><td>The average training hours completed per employee by gender and employee type</td><td>Training and Development, Appendix 3 – Overview of Social Key Performance Indicators</td></tr>
<tr><td rowspan="3">Aspect B4: Labour Standards</td><td colspan="2">General disclosure
Information on:
(a) the policies; and
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the prevention of child and forced labour.</td><td>Compliant Employment, Employee Rights and Interests</td></tr>
<tr><td>KPI B4.1</td><td>Description of measures to review employment practices to avoid child and forced labour</td><td>Compliant Employment</td></tr>
<tr><td>KPI B4.2</td><td>Description of steps taken to eliminate such practices when discovered</td><td>Compliant Employment</td></tr>
</table>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX		Chapters/Remarks
Aspect B5: Supply Chain Management	**General disclosure** Policies on managing environmental and social risks of the supply chain.		Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region	Supply Chain Management, Appendix 3 – Overview of Social Key Performance Indicators
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain Management, Green Action

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX		Chapters/Remarks
Aspect B6: Product Responsibility	**General disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters in relation to the products and services provided and methods of redress.		Service Quality Management
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Customer Satisfaction
	KPI B6.2	Number of complaints about products and services received and how they are dealt with	Customer Satisfaction
	KPI B6.3	Description of practices relating to the observance and protection of intellectual property rights	Protection of Intellectual Property Rights
	KPI B6.4	Description of quality assurance process and recall procedures	Service Quality Management
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Information Security and Privacy Protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Requirements of the ESG Reporting Code of HKEX		Chapters/Remarks
Aspect B7: Anti-corruption	**General disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption Management
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Anti-corruption Management, Appendix 3 – Overview of Social Key Performance Indicators
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-corruption Management
	KPI B7.3	Description of anti-corruption training provided to directors and employees	Anti-corruption Management
Aspect B8: Community Investment	**General disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Practice Public Welfare
	KPI B8.1	Focus areas of contribution	Practice Public Welfare
	KPI B8.2	Resources contributed to the focus area	Practice Public Welfare, Appendix 3 – Overview of Social Key Performance Indicators

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Activation Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Activation Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 129 to 214, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Expected credit losses ("ECLs") for trade receivables	
As at 31 December 2024, the Group recorded trade receivables of RMB272,436,000 before a loss allowance of RMB7,501,000, representing approximately 36.5% of the total assets of the Group. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Significant management judgement and estimation are required in assessing the ECLs for the trade receivables, with reference to the groupings of various customer segments, with similar loss patterns, historical credit loss experience and both the current and forecast general economic conditions at the reporting date. The related disclosures are included in notes 3 and 21 to the consolidated financial statements.	In evaluating management's impairment assessment, our audit procedures included understanding and assessing the Group's policy on determining the loss allowance in accordance with the requirements of HKFRS 9 *Financial Instruments*, including an evaluation of management's judgements on (i) the level of disaggregation of categories for collective assessment; and (ii) the use of available credit risk information, including historical and forward-looking information. We reviewed management's assumptions used to determine the ECLs through testing of the underlying information on the ageing reports generated by the Group's financial reporting system and assessing the repayment history of the debtors as well as forward-looking factors with reference to the related publicly available information. We also assessed the related disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Yat Kin.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

12 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
REVENUE	*5*	**847,750**	967,231
Cost of sales		**(593,479)**	(669,009)
Gross profit		**254,271**	298,222
Other income and gains	*5*	**13,629**	13,858
Selling and distribution expenses		**(84,544)**	(86,486)
General and administrative expenses		**(61,596)**	(58,648)
Other expenses, net		**(5,621)**	(5,950)
Finance costs	*7*	**(418)**	(410)
Share of profits and losses of:			
Joint venture		**1,278**	–
Associate		**3,132**	4,199
PROFIT BEFORE TAX	*6*	**120,131**	164,785
Income tax expense	*10*	**(32,753)**	(46,366)
PROFIT FOR THE YEAR		**87,378**	118,419
Attributable to:			
Owners of the parent		**79,243**	107,992
Non-controlling interests		**8,135**	10,427
		87,378	118,419
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*		
Basic *(RMB cents)*		**10.88**	14.80
Diluted *(RMB cents)*		**10.65**	14.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**87,378**	118,419
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(10,099)**	(12,029)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,693**	(1,830)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(8,406)**	(13,859)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**78,972**	104,560
Attributable to:		
Owners of the parent	**70,837**	94,133
Non-controlling interests	**8,135**	10,427
	78,972	104,560

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**4,474**	4,856
Right-of-use assets	14	**6,980**	5,567
Goodwill	15	**10,233**	10,233
Intangible assets	16	**700**	861
Investment in a joint venture	17	**4,279**	–
Investment in an associate	18	**8,239**	5,107
Investments at fair value through other comprehensive income	19	**22,433**	31,770
Investment at fair value through profit and loss	20	**13,375**	13,101
Deposits	22	**391**	701
Deferred tax assets	26	**1,875**	554
Total non-current assets		**72,979**	72,750
CURRENT ASSETS			
Trade receivables	21	**264,935**	397,637
Prepayments, deposits and other receivables	22	**28,141**	17,270
Pledged bank deposits	23	**665**	665
Cash and cash equivalents	23	**379,189**	307,079
Total current assets		**672,930**	722,651
CURRENT LIABILITIES			
Trade payables	24	**294,701**	339,405
Other payables and accruals	25	**63,730**	62,220
Lease liabilities	14	**1,910**	3,292
Tax payable		**15,219**	23,855
Total current liabilities		**375,560**	428,772
NET CURRENT ASSETS		**297,370**	293,879
TOTAL ASSETS LESS CURRENT LIABILITIES		**370,349**	366,629
NON-CURRENT LIABILITIES			
Lease liabilities	14	**5,890**	3,289
Deferred tax liabilities	26	**3,315**	3,365
Total non-current liabilities		**9,205**	6,654
Net assets		**361,144**	359,975

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	27	**659**	659
Reserves	29	**340,702**	339,110
		341,361	339,769
Non-controlling interests		**19,783**	20,206
Total equity		**361,144**	359,975

Lau Kam Yiu
Director

Ng Bo Sing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent													
	Issued capital *RMB'000* *(note 27)*	Share premium *RMB'000* *(note 27)*	Other reserve *RMB'000* *(note 29)*	Fair value reserve of financial assets at fair value through other comprehensive income *RMB'000*	Capital reserve *RMB'000* *(note 29)*	Statutory reserve *RMB'000* *(note 29)*	Capital redemption reserve *RMB'000* *(note 29)*	Exchange fluctuation reserve *RMB'000* *(note 29)*	Share held under Share Award Scheme *RMB'000* *(note 28)*	Share-based payment reserve *RMB'000* *(note 28)*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interest *RMB'000*	Total equity *RMB'000*
At 1 January 2023	659	182,541	(58,474)	3,249	14,023	37,288	21,748	(8,709)	(10,205)	–	154,189	336,309	17,281	353,590
Profit for the year	–	–	–	–	–	–	–	–	–	–	107,992	107,992	10,427	118,419
Other comprehensive loss for the year:														
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	(12,029)	–	–	–	–	–	–	–	(12,029)	–	(12,029)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(1,830)	–	–	–	(1,830)	–	(1,830)
Total comprehensive income for the year	–	–	–	(12,029)	–	–	–	(1,830)	–	–	107,992	94,133	10,427	104,560
Share award arrangement	–	–	–	–	–	–	–	–	–	9,754	–	9,754	–	9,754
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	198	198
Purchases of shares under Share Award Scheme	–	–	–	–	–	–	–	–	(18,689)	–	–	(18,689)	–	(18,689)
Dividends	–	(70,570)	–	–	–	–	–	–	–	–	(11,168)	(81,738)	–	(81,738)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(7,700)	(7,700)
Transfer from retained profits	–	–	–	–	–	762	–	–	–	–	(762)	–	–	–
At 31 December 2023	659	111,971*	(58,474)*	(8,780)*	14,023*	38,050*	21,748*	(10,539)*	(28,894)*	9,754*	250,251*	339,769	20,206	359,975

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent													
	Issued capital RMB'000 (note 27)	Share premium RMB'000 (note 27)	Other reserve RMB'000 (note 29)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Capital reserve RMB'000 (note 29)	Statutory reserve RMB'000 (note 29)	Capital redemption reserve RMB'000 (note 29)	Exchange fluctuation reserve RMB'000 (note 29)	Share held under Share Award Scheme RMB'000 (note 28)	Share-based payment reserve RMB'000 (note 28)	Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
At 1 January 2024	659	111,971*	(58,474)*	(8,780)*	14,023*	38,050*	21,748*	(10,539)*	(28,894)*	9,754*	250,251*	339,769	20,206	359,975
Profit for the year	–	–	–	–	–	–	–	–	–	–	79,243	79,243	8,135	87,378
Other comprehensive income/(loss) for the year:														
Change in fair value of equity investment at fair value through other comprehensive income	–	–	–	(10,099)	–	–	–	–	–	–	–	(10,099)	–	(10,099)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	1,693	–	–	–	1,693	–	1,693
Total comprehensive income for the year	–	–	–	(10,099)	–	–	–	1,693	–	–	79,243	70,837	8,135	78,972
Share award arrangement	–	–	–	–	–	–	–	–	–	16,579	–	16,579	–	16,579
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	87	87
Vesting of shares held under the Share Award Scheme	–	–	–	–	–	–	–	–	24,166	(24,945)	779	–	–	–
Purchases of shares under Share Award Scheme	–	–	–	–	–	–	–	–	(781)	–	–	(781)	–	(781)
Dividends	–	–	–	–	–	–	–	–	–	–	(85,043)	(85,043)	–	(85,043)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(8,645)	(8,645)
Transfer from retained profits	–	–	–	–	–	567	–	–	–	–	(567)	–	–	–
Release of reserve upon deregistration of a subsidiary	–	–	–	–	–	(681)	–	–	–	–	681	–	–	–
At 31 December 2024	659	111,971*	(58,474)*	(18,879)*	14,023*	37,936*	21,748*	(8,846)*	(5,509)*	1,388*	245,344*	341,361	19,783	361,144

* These reserve accounts comprise the consolidated reserves of RMB340,702,000 (2023: RMB339,110,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**120,131**	164,785
Adjustments for:			
Finance costs	7	**418**	410
Share of profits and losses of an associate		**(3,132)**	(4,199)
Share of profits and losses of a joint venture		**(1,278)**	–
Interest income	5	**(1,947)**	(1,329)
Depreciation of property, plant and equipment	6	**2,219**	2,192
Depreciation of right-of-use assets	6	**2,623**	2,800
Amortisation of intangible assets	6	**262**	201
Impairment of trade receivables, net	6	**5,285**	1,031
Gain on early termination of a lease		**–**	(8)
Share-based payment expenses		**16,579**	9,754
Fair value loss of financial asset at fair value through profit or loss	6	**169**	3,807
		141,329	179,444
(Increase)/decrease in trade receivables		**127,417**	(89,809)
Increase in prepayments, deposits and other receivables		**(13,185)**	(1,040)
Increase/(decrease) in trade payables		**(44,704)**	49,811
Increase in other payables and accruals		**1,510**	12,888
Cash generated from operations		**212,367**	151,294
Taxes paid		**(42,760)**	(36,174)
Net cash flows from operating activities		**169,607**	115,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,947**	1,329
Purchases of items of property, plant and equipment		**(1,860)**	(656)
Repayment from/(advance of) loan to an associate		**2,624**	(651)
Investment in a joint venture		**(3,001)**	–
Purchases of intangible assets		**(101)**	(753)
Proceeds from disposal of property, plant and equipment		**26**	29
Proceeds from deregistration of a subsidiary		**87**	198
Net cash flows used in investing activities		**(278)**	(504)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(85,043)**	(81,738)
Dividends paid to non-controlling shareholders		**(8,645)**	–
Purchases of shares held under the Share Award Scheme		**(781)**	(18,689)
Principal portion of lease payments	14	**(2,822)**	(3,130)
Interest portion of lease payments		**(418)**	(410)
Net cash flows used in financing activities		**(97,709)**	(103,967)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**71,620**	10,649
Cash and cash equivalents at beginning of year		**307,079**	300,269
Effect of foreign exchange rate changes, net		**490**	(3,839)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**379,189**	307,079
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position		**379,189**	307,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

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 Year ended 31 December 2024, the Company's subsidiaries were involved in the following principal activities:

- provision of experiential marketing services;
- provision of digital and communication services; and
- IP development – management and operation of sports events.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	*Indirect*	
Activation Enterprise Limited	British Virgin Islands	United States dollar ("**US$**") 1	100	–	Investment holding
Activation International Limited ("**Activation International**")	Hong Kong	HK$20,000	–	100	Provision of experiential marketing services and investment holding
Shanghai Aideweixuan Group Co., Limited ("**Activation Group**") 上海艾德韋宣股份有限公司 *(note (ii))**	PRC/ Chinese Mainland	RMB50,000,000	–	93.0	Provision of experiential marketing services
Activation Events (HK) Limited	Hong Kong	HK$6,001,000	–	93.0	Provision of experiential marketing services
Activation Marketing Limited	Hong Kong	HK$1,000	–	100	Provision of experiential marketing services
Activation Marketing Private Limited	Singapore	SG$10,000	–	100	Provision of experiential marketing services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company *Direct*	*Indirect*	Principal activities
Activation International (UK) Limited	British Virgin Islands	US$1	–	100	Inactive
Beijing Anweixun Business Consulting Co., Limited ("**Activation Events BJ**") 北京安維訊商務諮詢有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB10,000,000	–	93.0	Provision of experiential marketing service
Shanghai Aideweixuan Advertising Co., Limited 上海艾德韋宣廣告有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB10,000,000	–	93.0	Investment holding
Shanghai Aideweixuan Culture Communication Co., Limited 上海艾德韋宣文化傳播有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB5,000,000	–	93.0	Management and operation of sport events
Shanghai Aideweixuan Digital Technology Co., Limited 上海艾德韋宣數碼科技有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB2,000,000	–	93.0	Provision of digital and communication services
Shanghai Aideweixuan Planning Co., Limited 上海艾德韋宣策劃有限公司* *(note (i))**	PRC/ Chinese Mainland	RMB10,000,000	–	93.0	Provision of IP development services
Shanghai Aideweixuan Sports Development Co., Limited 上海艾德韋宣體育發展有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB5,000,000	–	83.7	Management and operation of sport events

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company *Direct*	*Indirect*	Principal activities
Shanghai Aideweixuan Marketing Co., Limited ("**Activation Marketing**") 上海艾德韋宣營銷企劃有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB10,000,000	–	93.0	Provision of experiential marketing services
Shanghai Aidi Linjie Cultural Development Co., Limited 上海艾迪霖杰文化發展有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB1,000,000	–	93.0	Provision of public relations services
Shanghai Enterprise Management Co., Limited ("**Activation Project 23**") 上海艾德韋宣企業管理有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB833,300	–	93.0	Provision of experiential marketing services
Shanghai Fansi Advertising Co., Limited ("**Activation Digital**") 上海范思廣告有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB5,000,000	–	93.0	Provision of digital and communication services
Hangzhou Vision Aide Media Technology Co., Limited 願景艾德(杭州)傳媒科技有限公司 *(note (i))**	PRC/ Chinese Mainland	RMB10,000,000	–	47.4	Provision of digital and communication services
Target Gain International Limited	British Virgin Islands	US$1	–	100	Investment holdings

* The English names of these entities registered in the PRC represent the best efforts made by management of the Company to directly translate their Chinese names as they do not register any official English names.

Notes:

(i) Limited liability companies established in the PRC

(ii) Joint stock limited company established in the PRC

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group, or are of particular importance to the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investments at fair value through other comprehensive income and investment at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the Year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.1 Basis of Preparation *(Continued)*

Basis of consolidation *(Continued)*

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes In Accounting Policies and Disclosures

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

Amendments lo HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")
Amendments lo HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction lo ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.2 Changes In Accounting Policies and Disclosures *(Continued)*

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at I January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments lo HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure lo liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature — dependent Electricity* only apply to contracts that reference nature-dependent electricity and clarify the application of the 'own-use' requirements for in-scope contracts. The amendments to HKFRS 9 will now allow an entity designating a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions, to designate a variable nominal amount of forecast electricity transactions as the hedged item. HKFRS 7 has been amended to require disclosures relating to contracts that have been excluded from the scope of HKFRS 9 as a result of the amendments. In such cases, an entity must disclose in a single note:

- Information about the contractual features that expose the entity to variability in an underlying amount of electricity and the risk that the entity would be required to buy electricity during a delivery interval where it cannot use it.

- Information about unrecognised contractual commitments arising from such contracts.

- Qualitative and quantitative information about the effects on the entity's financial performance for the reporting period interval where it cannot use it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

The HKFRS 7 disclosure amendments must be applied when the HKFRS 9 amendments are applied. The clarifications regarding the 'own use' requirements must be applied retrospectively without using hindsight, but the guidance permits hedge accounting to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendment are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.3 Issued but not Yet Effective Hong Kong Financial Reporting Standards *(Continued)*

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material Accounting Policies

Investments in an associate and joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in an associate and joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Investments in an associate and joint venture *(Continued)*

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's investment in the associate or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associate or joint venture is included as part of the Group's investment in the associate or joint venture.

Business combinations and goodwill

Business combinations other than acquisition of subsidiaries under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Business combinations and goodwill *(Continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain of its financial assets at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Fair value measurement *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Impairment of non-financial assets *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and $33^1/_3$%
Furniture, fixtures and equipment	$33^1/_3$%
Computer equipment	$33^1/_3$%
Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software is amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Leases *(Continued)*

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue from contracts with customers" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Derecognition of financial assets *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Impairment of financial assets *(Continued)*

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement of financial liabilities at amortised costs (trade and other payables, and borrowings)

After initial recognition, trade and other payable, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Cash and cash equivalents *(Continued)*

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Government grants *(Continued)*

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Experiential marketing services

The Group provides marketing solutions for customers' events or exhibitions and recognises revenue from experiential marketing services net of discounts at the point in time when the event is held. Customers are required to pay a portion of the agreed fee in advance before commencement of the event, and these advance receipts are recognised as contract liabilities on the statement of financial position from the point at which they become due.

Digital and communication services

The Group's digital and communication services mainly comprise digital and communication services and public relations services whereby the Group designs, organises and manages the projects so that customers achieve a significant brand building and promotional effect to mass public or targeted recipients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Digital and communication services (Continued)

As the Group takes primary responsibility for the digital and communication services, including the management and coordination of the parties involved in the project, devising detailed work plans and overseeing the overall marketing results to the satisfaction of the customers, it considers itself as a principal in such arrangements. Accordingly, revenue is recognised on a gross basis, which is the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring the promised service to customers.

(a) Digital and communication services

The Group provides marketing activities that use digital technology for advertisement placement and customer relationship management. The digital and communication services mainly include (i) designing the user interface and setting up various functions of the clients' digital page on various social media and digital platforms; (ii) placing on-line advertisements and carrying out digital promotional campaigns; (iii) providing value-added services such as big-data analysis, precise advertisement placing, and statistical analysis on visits, clicks and views to measure ultimate consumer preferences; and (iv) providing livestream e-commerce services. The Group recognises the revenue at a point in time when the relevant services are rendered.

(b) Public relations services

The Group provides public relations services which involve marketing activities that help the customers promote communication and understanding with consumers. Revenue from public relations services is typically derived from retainer fees and the fees for the services to be performed subject to specific agreement. The Group has a stand-ready obligation to perform the services on an ongoing basis over the contract period and as the scope of the arrangements is broad and generally not reconcilable to another input or output criterion, the revenue is recognised over time using a time-based method, resulting in straight-line revenue recognition.

IP Development

Sports and cultural related services

The Group has obtained the exclusive rights to use third-party owned brands to generate revenue through organising, promoting and running events/activities. As the Group takes primary responsibility for organising, promoting and running the events/activities, it considers itself as a principal in such arrangements. Accordingly, revenue is recognised at the point in time when the event/activity is completed, and on a gross basis, which is the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring the promised service to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Other income

Management service income is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Employee benefits *(Continued)*

Pension schemes (Continued)

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payments

The Company operates two equity-settled, share-based compensation schemes including a share option scheme and a share award scheme. Employees of the Group (including directors of the entities comprising the Group) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Share-based payments *(Continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the entity's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(Continued)*

2.4 Material Accounting Policies *(Continued)*

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Principal versus agent considerations

When another party is involved in providing services to customers of the Group, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customers. The Group is a principal and records revenue on a gross basis if it controls the promised services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services. The Group controls the services when it has the ability to direct the use of, and obtain substantially all the remaining benefits from, the services. This includes the ability to prevent others from directing the use or obtaining the benefits of the services.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in note 15 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

4. 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) Experiential marketing services segment

(b) Digital and communication services segment

(c) IP development segment

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

Segment assets exclude deferred tax assets, right-of-use assets, pledged bank deposits, investments at fair value through other comprehensive income, investment at fair value through profit or loss and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude, tax payable, lease liabilities, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2024/At 31 December 2024

	Experiential marketing services *RMB'000*	Digital and communication services *RMB'000*	IP development *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	653,047	177,971	16,732	847,750
Segment results	103,398	31,062	8,726	143,186
Reconciliation:				
Corporate and other unallocated expenses, net				(24,560)
Interest income				1,923
Finance costs				(418)
Profit before tax				120,131
Segment assets	579,830	80,347	33,858	694,035
Reconciliation:				
Corporate and other unallocated assets				51,874
Total assets				745,909
Segment liabilities	324,061	30,190	622	354,873
Reconciliation:				
Corporate and other unallocated liabilities				29,892
Total liabilities				384,765
Other segment information				
Share of profit of a joint venture	–	–	(1,278)	(1,278)
Share of profit of an associate	–	–	(3,132)	(3,132)
Depreciation and amortisation	1,891	590	–	2,481
Impairment of trade receivables, net	5,539	(203)	(51)	5,285
Capital expenditure*	768	1,193	–	1,961

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2023/At 31 December 2023

	Experiential marketing services *RMB'000*	Digital and communication services *RMB'000*	IP development *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	761,972	188,237	17,022	967,231
Segment results	138,352	33,364	9,748	181,464
Reconciliation:				
Corporate and other unallocated expenses, net				(17,323)
Interest income				1,054
Finance costs				(410)
Profit before tax				164,785
Segment assets	633,335	76,098	27,308	736,741
Reconciliation:				
Corporate and other unallocated assets				58,660
Total assets				795,401
Segment liabilities	347,603	33,513	9,525	390,641
Reconciliation:				
Corporate and other unallocated liabilities				44,785
Total liabilities				435,426
Other segment information				
Share of profit of an associate	–	–	(4,199)	(4,199)
Depreciation and amortisation	1,848	530	15	2,393
Impairment of trade receivables, net	816	159	56	1,031
Capital expenditure*	1,265	109	35	1,409

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**766,627**	867,277
Hong Kong/Singapore	**81,123**	99,954
	847,750	967,231

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

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**28,236**	21,664
Hong Kong/Singapore	**80**	94
	28,316	21,758

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

Information about major customers

Revenue derived from sales to an external customer by the experiential marketing services and digital and communication services segment contributing over 10% to the total revenue of the Group for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**187,313**	176,682
Customer B	**134,524**	253,485
Customer C	**94,873**	–*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Major service lines		
Experiential marketing services	**653,047**	761,972
Digital and communication services	**177,971**	188,237
IP development	**16,732**	17,022
	847,750	967,231

(i) Disaggregated revenue information

	2024	2023
Geographical locations		
Experiential marketing services		
Chinese Mainland	**574,310**	706,654
Hong Kong/Singapore	**78,737**	55,318
	653,047	761,972
Digital and communication services		
Chinese Mainland	**175,585**	143,601
Hong Kong/Singapore	**2,386**	44,636
	177,971	188,237
IP development		
Chinese Mainland	**16,732**	17,022
Total revenue from contracts with customers	**847,750**	967,231
Timing of revenue recognition		
At a point in time	**838,796**	949,400
Over time*	**8,954**	17,831
Total revenue from contracts with customers	**847,750**	967,231

* Included projects in retainer basis

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

5. 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 current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Experiential marketing services	**7,122**	2,100
Digital and communication	**1,285**	706
	8,407	2,806

(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 communication services

The performance obligation is generally satisfied at a point in 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 relationships 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 year or less, or are billed on monthly basis.

Sports and cultural related 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 THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

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

An analysis of other income and gains is as follows:

	Note	2024 RMB'000	2023 RMB'000
Other income and gains			
Bank interest income		**1,923**	1,054
Government subsidies*		**9,787**	8,921
Interest income from an associate	*31(a)(ii)*	**24**	275
Others		**1,895**	3,608
		13,629	13,858

* The government subsidies mainly represented subsidies received by certain subsidiaries of the Group from PRC's local government authorities as incentives to support the Group's business development/contribution to local economies/contribution for developing the cultural industry in specific cities. There were no unfulfilled conditions or contingencies relating to these government subsidies.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	2024 RMB'000	2023 RMB'000
Cost of services rendered		**593,479**	669,009
Depreciation of property, plant and equipment**	*13*	**2,219**	2,192
Depreciation of right-of-use assets**	*14*	**2,623**	2,800
Amortisation of intangible assets**	*16*	**262**	201
Auditor's remuneration		**1,800**	1,800
Lease payments not included in the measurement of lease liabilities**	*14*	**3,457**	3,681
Employee benefit expense (including director's and chief executives remuneration *(note 8)*):			
Wages, salaries, bonuses and allowance		**98,125**	100,583
Share-based payment expense		**16,579**	9,754
Pension scheme contributions (defined contribution schemes))***		**3,990**	3,889
		118,694	114,226
Fair value losses of financial asset at fair value through profit or loss*		**169**	3,807
Impairment of trade receivables, net*	*21*	**5,285**	1,031
Foreign exchange differences, net		**40**	649

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

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

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

7. FINANCE COSTS

	Note	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	14	**418**	410

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing Securities on the Stock Exchange, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**498**	489
Other emoluments:		
Salaries, bonuses and allowances	**8,940**	8,552
Share-based payment expenses*	**971**	4,317
Pension scheme contributions	**406**	402
	10,317	13,271
	10,815	13,760

* During the year, certain directors were awarded shares of the Company in respect of their services to the Group under the share award scheme of the Company, further details of which are set out in note 28 to the financial statements. The fair value of such awarded shares, which has been recognised in the statement of profit or loss was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosure.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Ms. Cheung	**166**	163
Mr. Yu	**166**	163
Dr. Cheung	**166**	163
	498	489

The fee of each independent non-executive director is equivalent to HK$180,000 for both years.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2024

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors and the chief executive

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements is set out below:

	Salaries and allowances *RMB'000*	Discretionary bonuses *RMB'000*	Share-based payment expenses *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2024					
Mr. Ng	**1,727**	**166**	**—**	**136**	**2,029**
Mr. Lau*	**1,829**	**189**	**225**	**122**	**2,365**
Mr. Chan	**1,677**	**643**	**746**	**123**	**3,189**
Ms. Low	**2,022**	**687**	**—**	**25**	**2,734**
	7,255	**1,685**	**971**	**406**	**10,317**
Year ended 31 December 2023					
Mr. Ng	1,538	154	—	135	1,827
Mr. Lau*	1,638	174	1,001	121	2,934
Mr. Chan	1,374	958	3,316	122	5,770
Ms. Low	1,705	1,011	—	24	2,740
	6,255	2,297	4,317	402	13,271

* Chief executive officer of the Group

During the year, no remuneration was paid or payable by the Group to the executive directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2023: four directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2023: one) highest paid employees who are neither a director nor chief executive of the Company is as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries and allowances	**1,305**	439
Performance related bonuses	**1,151**	—
Share-based payment expenses	**14,328**	4,400
Pension scheme contributions (defined contribution schemes)	**283**	4
	17,067	4,843

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HK$5,000,001 to HK$5,500,000	**—**	1
HK$9,000,001 to HK$9,500,000	**2**	—
	2	1

10. INCOME TAX

Taxes on profits assessable in Chinese Mainland have been calculated at the applicable PRC corporate income tax ("**CIT**") rate of 25% (2023: 25%) during the year.

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

For those subsidiaries incorporated in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

For the subsidiary incorporated in Singapore, Singapore profits tax has been provided at the rate of 17% (2023: 17%) on the estimated assessable profits arising in Singapore during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

10. INCOME TAX *(Continued)*

	2024	2023
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**32,940**	44,384
Underprovision/(overprovision) in prior year	**(475)**	540
Current – Hong Kong/Singapore		
Charge for the year	**1,661**	1,723
Overprovision in prior year	**(2)**	–
Deferred *(note 26)*	**(1,371)**	(281)
Total tax charge for the year	**32,753**	46,366

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country/jurisdiction in which the majority of its subsidiaries are domiciled to the tax expense at the Group's effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**120,131**	164,785
Tax at the PRC statutory tax rate of 25%	**30,033**	41,196
Lower tax rates enacted by overseas authorities	**(2,868)**	(1,650)
Effect of withholding tax at 5% on the distributable profit of the Group's PRC subsidiaries	**4,558**	5,047
Adjustments in respect of current tax of previous period	**(477)**	540
Income not subject to tax	**(1,866)**	(1,099)
Expenses not deductible for tax	**3,950**	3,578
Tax losses not recognised	**76**	459
Tax losses utilised from previous periods	**(109)**	(1,234)
Others	**(544)**	(471)
Tax charge at the Group's effective tax rate	**32,753**	46,366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

11. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Interim – HK2.00 cents (2023: HK2.00 cents) per ordinary share	**13,868**	13,236
Proposed final – HK3.70 cents (2023: HK6.16 cents) per ordinary share	**25,656**	40,766
Proposed final special – HK3.30 cents (2023: HK4.42 cents) per ordinary share	**22,882**	29,250
	62,406	83,252

The proposed final dividend and final special dividend for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of the Company's ordinary shares of 728,046,993 (2023: 729,561,644) in issue during the year, as adjusted to exclude the shares held under the share award scheme of the Company.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed vesting of all dilutive share awards of the Company awarded under the share award scheme of the Company.

Earnings

The calculations of basic and diluted earnings per share are based on profit for the year attributable to ordinary equity holders of the parent.

Shares

	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**728,046,993**	729,561,644
Effect of dilution – weighted average number of ordinary shares:		
Share awards	**15,925,400**	10,083,404
Number of shares used in the diluted earnings per share calculation	**743,972,393**	739,645,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Computer equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	7,106	857	6,691	992	15,646
Accumulated depreciation	(3,499)	(757)	(5,706)	(828)	(10,790)
Net carrying amount	3,607	100	985	164	4,856
At 1 January 2024, net of accumulated depreciation	3,607	100	985	164	4,856
Additions	820	140	507	393	1,860
Disposal/write off	—	—	(7)	(19)	(26)
Depreciation provided for the year	(1,430)	(64)	(601)	(124)	(2,219)
Exchange realignment	—	—	3	—	3
At 31 December 2024, net of accumulated depreciation	2,997	176	887	414	4,474
At 31 December 2024:					
Cost	7,957	1,011	6,949	785	16,702
Accumulated depreciation	(4,960)	(835)	(6,062)	(371)	(12,228)
Net carrying amount	2,997	176	887	414	4,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Computer equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	6,886	823	6,580	740	15,029
Accumulated depreciation	(2,023)	(749)	(5,123)	(713)	(8,608)
Net carrying amount	4,863	74	1,457	27	6,421
At 1 January 2023, net of accumulated depreciation	4,863	74	1,457	27	6,421
Additions	213	15	428	—	656
Disposal/write off	—	(5)	(24)	—	(29)
Depreciation provided for the year	(1,469)	(39)	(622)	(62)	(2,192)
Reclassification	—	55	(254)	199	—
At 31 December 2023, net of accumulated depreciation	3,607	100	985	164	4,856
At 31 December 2023:					
Cost	7,106	857	6,691	992	15,646
Accumulated depreciation	(3,499)	(757)	(5,706)	(828)	(10,790)
Net carrying amount	3,607	100	985	164	4,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

14. LEASES

The Group as a lessee

The Group has lease contracts for various offices used in its operations. Leases for properties are negotiated for terms ranging 1 to 7 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**5,567**	8,246
Additions during the year	**4,039**	136
Depreciation provided for the year	**(2,623)**	(2,800)
Write off – early termination of lease	**–**	(17)
Exchange realignment	**(3)**	2
At 31 December	**6,980**	5,567

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
Carrying amount at 1 January	**6,581**	9,598
New leases	**4,039**	136
Write off – early termination of lease	**–**	(25)
Accretion of interest recognised during the year	**418**	410
Payments	**(3,240)**	(3,540)
Exchange realignment	**2**	2
Carrying amount at 31 December	**7,800**	6,581
Analysed into:		
Current portion	**1,910**	3,292
Non-current portion	**5,890**	3,289
Analysed into:		
Lease liabilities repayable:		
Within one year	**1,910**	3,292
In the second year	**3,373**	2,604
In the third to fifth years, inclusive	**2,517**	685
	7,800	6,581

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**418**	410
Depreciation charge of right-of-use assets	**2,623**	2,800
Expense relating to short-term leases (included in general and administrative expenses)	**3,457**	3,681
Total amount recognised in profit or loss	**6,498**	6,891

(d) The total cash outflow for leases is disclosed in note 30(c) to the financial statements.

15. GOODWILL

	RMB'000
Cost and carrying amount at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	10,233

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Experiential marketing cash-generating unit; and
- Digital and communication cash-generating unit.

Experiential marketing cash-generating unit

The recoverable amount of the experiential marketing cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets/forecasts covering a five-year period approved by senior management. The discount rate applied to the cash flow projections ranges from 18.0% to 18.2% (2023: from 17.7% to 18.4%) for the recoverable amount, which is determined by reference to the average rate for similar industries and the business risks of the relevant cash-generating unit. The growth rate used to extrapolate the cash flows of the experiential marketing cash-generating unit beyond the five-year period is 3% (2023: 3%) for the recoverable amount, with reference to certain external data. The cash flow projections are determined based on past performance and management's expectations for market development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

15. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

Digital and communication cash-generating unit

The recoverable amount of the digital and communication cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets/forecasts covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 17.7% (2023: 17.7%) for the recoverable amount, which is determined by reference to the average rate for similar industries and the business risks of the relevant cash-generating unit. The growth rate used to extrapolate the cash flows of the digital and communication cash-generating unit beyond the five-year period is 3% (2023: 3%) for the recoverable amount, with reference to certain external data. The cash flow projections are determined based on past performance and management's expectations for market development.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2024	2023
	RMB'000	*RMB'000*
Experiential marketing cash-generating unit:		
Activation Events BJ	**7,734**	7,734
Activation Project 23	**1,069**	1,069
Digital and communication cash-generating unit:		
Activation Digital	**1,430**	1,430
Carrying amount	**10,233**	10,233

Assumptions were used in the value in use calculations of the experiential marketing and digital and communication cash-generating units for 31 December 2024 and 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted/forecasted revenue and results of operations – The basis used to determine the value assigned to the budgeted/forecasted revenue and results of operations is the revenue and results of operations achieved in the year immediately before the budget/forecast year, adjusted for, among others, expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and discount rates of the experiential marketing cash-generating unit and digital and communication cash-generating unit are consistent with external information sources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

15. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

The directors of the Company are of the view that the estimated recoverable amounts of experiential marketing cash-generating unit and digital and communication cash-generating unit exceeded their respective carrying amounts. A reasonably possible change in key assumptions will not cause the carrying amounts of the cash-generating units to exceed their respective recoverable amounts.

16. INTANGIBLE ASSETS

	Computer software *RMB'000*
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	861
Additions	101
Amortisation provided during the year	(262)
At 31 December 2024	700
At 31 December 2024:	
Cost	2,015
Accumulated amortisation	(1,315)
Net carrying amount	700
31 December 2023	
At 1 January 2023:	
Cost	1,161
Accumulated amortisation	(852)
Net carrying amount	309
Cost at 1 January 2023, net of accumulated amortisation	309
Additions	753
Amortisation provided during the year	(201)
At 31 December 2023	861
At 31 December 2023 and 1 January 2024:	
Cost	1,914
Accumulated amortisation	(1,053)
Net carrying amount	861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

17. INVESTMENT IN A JOINT VENTURE

	2024	2023
	RMB'000	*RMB'000*
Share of net assets	**4,279**	—

Particular of the Group's material joint venture is as follows:

Name	**Particulars of issued shares held**	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
上海怡置韋宣商業管理有限公司 ("怡置")	Registered capital	PRC/Chinese Mainland	30%	Provision of venue rental service

The Group's interest in the joint venture is held through an indirectly wholly-owned subsidiary of the Company.

The financial year end of the joint venture is coterminous with that of the Group.

怡置 is considered a material joint venture of the Group and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of 怡置 adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2024
	RMB'000
Current assets	**17,750**
Non-current assets	**3,523**
Current liabilities	**(3,086)**
Non-current liabilities	**(3,928)**
Net assets	**14,259**
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	**30%**
Group's share of net assets of the joint venture and carrying amount of the investment	**4,279**
Revenue	**10,374**
Total comprehensive income for the year	**4,196**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

18. INVESTMENT IN AN ASSOCIATE

	2024	2023
	RMB'000	*RMB'000*
Share of net assets	**6,271**	3,139
Goodwill on acquisition	**1,968**	1,968
	8,239	5,107

Particulars of the associate as at 31 December 2024 and 31 December 2023 are as follows:

Name	**Particulars of issued shares held**	**Place of incorporation and business**	**Percentage of ownership interest**	**Percentage of Profit sharing**	**Principal activities**
Shanghai Design Week Investment Management Company Limited ("**Shanghai Design**")* 上海設計周投資管理有限公司	Ordinary shares	PRC/ Chinese Mainland	49%	65#	Provision of promoting and event organising services

* The English name of the company represents the best effort made by management of the Company to directly translate its Chinese name as it does not register any official English name.

\# Pursuant to a loan agreement entered into between Shanghai Design and its shareholders, the Group is entitled to 65% of profit sharing of Shanghai Design until five years after the repayment of the loan by Shanghai Design.

The Group's shareholding in the associate is held through an indirectly wholly-owned subsidiary of the Company.

The financial year end of the associate is coterminous with that of the Group.

Shanghai Design is considered a material associate of the Group and is accounted for using the equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

18. INVESTMENT IN AN ASSOCIATE *(Continued)*

The following table illustrates the summarised financial information in respect of Shanghai Design adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2024	2023
	RMB'000	*RMB'000*
Current assets	**16,337**	12,509
Non-current assets	**194**	6
Current liabilities	**(7,576)**	(8,408)
Net assets	**8,955**	4,107
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate	**4,388**	2,012
Adjustment for profit sharing	**1,883**	1,127
Goodwill on acquisition	**1,968**	1,968
Carrying amount of the investment	**8,239**	5,107
Revenue	**41,419**	39,731
Profit and total comprehensive income for the year	**4,848**	6,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

19. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Equity investments designated at fair value through other comprehensive income		
Listed equity investment, at fair value		
Lavin Group Holdings Limited	**4,040**	5,764
Unlisted equity investment, at fair value		
Velocious Technologies Inc	**18,393**	26,006
	22,433	31,770

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

For the Year ended 31 December 2024, net fair value loss of RMB10,099,000 (2023: RMB12,029,000) was recognised in other comprehensive income of the Group.

20. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted investment, at fair value	**13,375**	13,101

The above equity investment was classified as a financial asset at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

For the Year ended 31 December 2024, a fair value loss of RMB169,000 (2023: RMB3,807,000) was included in "other expenses, net" in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

21. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Billed receivables	**107,531**	310,530
Impairment	**(7,501)**	(2,216)
	100,030	308,314
Unbilled receivables	**164,905**	89,323
	264,935	397,637

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

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**98,802**	287,435
1 to 3 months	**434**	6,498
Over 3 months	**794**	14,381
	100,030	308,314

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**2,216**	9,489
Impairment losses, net *(note 6)*	**5,285**	1,031
Amount written off as uncollectible	**–**	(8,304)
At end of year	**7,501**	2,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

21. TRADE RECEIVABLES *(Continued)*

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates were based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

		Past due				
	Current	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**Over 1 year**	**Total**
Expected credit loss rate	**0.15%**	**1.19%**	**3.98%**	**19.02%**	**100%**	**2.75%**
Gross carrying amount *(RMB'000)*	**263,487**	**1,175**	**452**	**305**	**7,017**	**272,436**
Expected credit losses *(RMB'000)*	**394**	**14**	**18**	**58**	**7,017**	**7,501**

As at 31 December 2023

		Past due				
	Current	Less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.03%	0.04%	0.79%	5.63%	100%	0.55%
Gross carrying amount *(RMB'000)*	353,450	23,427	6,551	15,241	1,184	399,853
Expected credit losses *(RMB'000)*	113	9	52	858	1,184	2,216

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Prepayments	**22,532**	11,628
Deposits	**2,562**	2,491
Other receivables	**3,438**	3,852
	28,532	17,971
Portion classified as current assets	**(28,141)**	(17,270)
Portion classified as non-current assets	**391**	701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

Included in the Group's deposits and other receivables is an amount due from an associate of approximately RMB527,000 as at 31 December 2024 (2023: RMB3,151,000) which is unsecured, interest bearing at 4.35% per annum (2023: 4.35% per annum) and repayable within 12 months.

23. CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**379,189**	307,079
Time deposits	**665**	665
	379,854	307,744
Less: Pledged time deposits:		
Pledged time deposits	**(665)**	(665)
Cash and cash equivalents	**379,189**	307,079

The Group's cash and cash equivalents are denominated in the following currencies:

	2024	2023
	RMB'000	*RMB'000*
RMB	**356,247**	287,769
Others	**22,942**	19,310
Cash and cash equivalents	**379,189**	307,079

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for three months depending on the immediate cash requirements of the Group, and earn interest at the short term time deposit rates. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

24. 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:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**234,741**	276,961
1 to 3 months	**37,821**	16,563
Over 3 months	**22,139**	45,881
	294,701	339,405

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

25. OTHER PAYABLES AND ACCRUALS

		2024	2023
	Notes	***RMB'000***	*RMB'000*
Contract liabilities	*(a)*	**24,085**	8,407
Dividend payable		**—**	20,302
Other payables and accruals	*(b)*	**39,645**	33,511
		63,730	62,220

Notes:

(a) Contract liabilities include (i) short-term advances received to deliver experiential marketing services; and (ii) unsatisfied performance obligations from the completion of the relevant events or activities.

Details of contract liabilities are as follows:

	2024	2023
	RMB'000	*RMB'000*
Experiential marketing services	**23,379**	7,122
Digital and communication services	**706**	1,285
	24,085	8,407

(b) Other payables are non-interest-bearing and have an average term of three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Note	**Withholding taxes** *RMB'000*	**Right-of-use assets** *RMB'000*	**Total** RMB'000
At 1 January 2023		3,112	2,400	5,512
Deferred tax credited to profit or loss during the year	*10*	—	(755)	(755)
At 31 December 2023 and at 1 January 2024		3,112	1,645	4,757
Deferred tax charged to profit or loss during the year	*10*	—	305	305
Gross deferred tax liabilities at 31 December 2024		3,112	1,950	5,062

Deferred tax assets

	Note	**Impairment of financial assets** *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
At 1 January 2023		358	2,062	2,420
Deferred tax credited to profit or loss during the year	*10*	196	(670)	(474)
At 31 December 2023 and 1 January 2024		554	1,392	1,946
Deferred tax credited to profit or loss during the year	*10*	1,321	355	1,676
Gross deferred tax assets at 31 December 2024		1,875	1,747	3,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

26. DEFERRED TAX *(Continued)*

For presentation purposes, the deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purpose:

	2024	2023
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**1,875**	554
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(3,315)**	(3,365)
	(1,440)	(2,811)

The Group has tax losses arising in Chinese Mainland of approximately RMB980,000 (2023: RMB3,487,000) as at 31 December 2024, that will expire in one to five years for offsetting against future taxable profits.

The Group also has tax losses arising in Hong Kong of RMB20,716,000 (2023: RMB19,293,000) that is available indefinitely for offsetting against future taxable profit of the company in which the loss arose.

Deferred tax assets have not been recognised in respect of the tax losses as at 31 December 2024 as the directors of the Company consider it is currently not probable that future taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2024, deferred tax liabilities of RMB3,112,000 (2023: RMB3,112,000) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland.

At the end of the reporting period, the directors of the Company, based on the Group's operation and expansion plan, estimated that part of the retained earnings of the PRC subsidiaries would be retained in Chinese Mainland for use in future operations and investments. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB151,187,000 (2023: RMB162,149,000) at 31 December 2024.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

27. ISSUED CAPITAL

Shares

	2024	2023
	RMB'000	*RMB'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.001 each	**8,800**	8,800
Issued and fully paid:		
744,742,000 ordinary shares of HK$0.001 each (31 December 2023: 744,742,000 ordinary shares of HK$0.001 each)	**659**	659

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

	Number of shares	**Share capital**	**Share premium**
		RMB'000	*RMB'000*
Issued and fully paid:			
At 1 January 2023	744,742,000	659	182,541
Dividend paid	—	—	(70,570)
At 31 December 2023, 1 January 2024 and 31 December 2024	744,742,000	659	111,971

28. SHARE OPTION SCHEME AND SHARE AWARD PLAN

Share Option Scheme

2023 Share Option Scheme

In light of the amendments to Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Company terminated the 2019 Share Option Scheme and adopted a new share option scheme (the "**2023 Share Option Scheme**") pursuant to the resolutions passed by the Shareholders at the annual general meeting of the Company held on 16 May 2023. The 2023 Share Option Scheme shall be valid and effective for a period of ten years from its adoption date. The remaining life of the 2023 Share Option Scheme is approximately nine years. Since the adoption of the 2023 Share Option Scheme and up to 31 December 2024, no share option was granted, exercised, outstanding, cancelled or lapsed under the 2023 Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

28. SHARE OPTION SCHEME AND SHARE AWARD PLAN *(Continued)*

Share award scheme

On 30 March 2020 (the "**Adoption Date**"), the Company adopted a share award scheme (the "**Share Award Scheme**") for the purpose of recognising the contributions by certain eligible person and providing them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the growth and further development of the Group.

The fair value of the Awarded Shares was based on the market value of the Company's shares at the grant date and the Group recognised an equity-settled share-based payment expenses of RMB16,579,000 (2023: RMB9,754,000) for the Year ended 31 December 2024.

During the Year ended 31 December 2024, 1,472,156 (2023: 24,792,684) Awarded Shares were granted to certain executive directors and employee of the Group.

During the Year ended 31 December 2024, 24,792,684 (2023: nil) Awarded Shares were vested and transferred to certain executive directors and employees of the Company. During the Year ended 31 December 2024, upon the vesting of certain Awards Shares, the carrying value of the shares held under the Share Award Scheme account of the Company was reduced by RMB24,166,000 (2023: nil) and such amount was transferred to the share-based payment reserve and retained profits of the Group.

During the Year ended 31 December 2024, the Trustee acquired for the Share Award Scheme 1,000,000 ordinary shares (2023: 15,540,000 ordinary shares) of the Company through purchases on the open market at a total cost (including related transaction costs) of approximately RMB781,000 (2023: RMB18,689,000). The share award scheme does not constitute a share option scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity on pages 133 to 134 of the financial statements.

(a) Capital reserve

Capital reserve comprises the contribution from an intermediate holding company for the acquisition of certain subsidiaries in prior years and the equity-settled share-based payments.

(b) Statutory reserve

Pursuant to the relevant laws and regulations for wholly-foreign-owned enterprises, a portion of the profits of the Group's subsidiaries, established in the PRC has been transferred to reserve funds which are restricted as to use. The subsidiaries are not required to effect any further transfer when the amount of the reserve funds reaches 50% of their registered capital.

(c) Exchange fluctuation reserve

Exchange fluctuation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

(d) Other reserve

Other reserve represents mainly represented the difference between the investment cost and the nominal value of the registered capital of the Activation Group prior to the reorganisation of the Group and the difference between the acquisition of additional equity interest in a subsidiary from the non-controlling shareholder and the consideration paid.

(e) Capital redemption reserve

Capital redemption reserve mainly represented the difference between the aggregate consideration paid and the change in balances of issued capital, share premium account and treasury shares for the share of the Company repurchased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right- of-use assets and lease liabilities of RMB4,039,000 (2023: RMB136,000) and RMB4,039,000 (2023: RMB136,000), respectively, in respect of lease arrangements for certain leased properties.

(b) Changes in liabilities arising from financing activities

	Lease liabilities *RMB'000*
At 1 January 2023	9,598
Changes from financing cash flows	(3,540)
Addition	136
Write-off	(25)
Interest expense	410
Foreign exchange movement	2
At 31 December 2023 and at 1 January 2024	6,581
Changes from financing cash flows	(3,240)
Addition	4,039
Interest expense	418
Foreign exchange movement	2
At 31 December 2024	7,800

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within operating activities	**3,457**	3,681
Within financing activities	**3,240**	3,540
	6,697	7,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

31. RELATED PARTY TRANSACTIONS

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

	Notes	**2024** **RMB'000**	2023 *RMB'000*
Related company:			
Short-term leases expenses	*(i)*	**2,587**	2,250
Associate:			
Interest income	*(ii)*	**24**	275

Notes:

(i) Rentals were charged in accordance with tenancy agreements entered into between the relevant parties. A director of the Company during the year and prior year has a beneficial equity interest in the related company.

(ii) Interest income is arising from an amount due from an associate of RMB527,000 (2023: RMB3,151,000), which is non-secured, interest bearing at 4.35% per annum (2023: 4.35% per annum) and repayable within 12 months.

(b) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' remuneration as disclosed in note 8 to the financial statements, is as follows:

	2024 **RMB'000**	2023 *RMB'000*
Short-term employee benefits	**14,635**	12,282
Share-based payment expenses	**16,289**	8,717
Post-employment benefits	**1,109**	820
Total compensation paid to key management personnel	**32,033**	21,819

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial asset at fair value through other comprehensive income			
	Equity investment	Financial asset at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
Equity investments at fair value through other comprehensive income	**22,433**	**—**	**—**	**22,433**
Equity investments at fair value through profit or loss	**—**	**13,375**	**—**	**13,375**
Trade receivables	**—**	**—**	**264,935**	**264,935**
Financial assets included in prepayments, deposits and other receivables	**—**	**—**	**6,000**	**6,000**
Pledged bank deposits	**—**	**—**	**665**	**665**
Cash and cash equivalents	**—**	**—**	**379,189**	**379,189**
	22,433	**13,375**	**650,789**	**686,597**
31 December 2023				
Equity investments at fair value through other comprehensive income	31,770	—	—	31,770
Equity investments at fair value through profit or loss	—	13,101	—	13,101
Trade receivables	—	—	397,637	397,637
Financial assets included in prepayments, deposits and other receivables	—	—	6,343	6,343
Pledged bank deposits	—	—	665	665
Cash and cash equivalents	—	—	307,079	307,079
	31,770	13,101	711,724	756,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
31 December 2024	
Trade payables	**294,701**
Financial liabilities included in other payables and accruals	**3,465**
Lease liabilities	**7,800**
	305,966
31 December 2023	
Trade payables	339,405
Financial liabilities included in other payables and accruals	23,480
Lease liabilities	6,581
	369,466

33. 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	
	2024 *RMB'000*	2023 *RMB'000*
Financial assets		
Equity investments designated at fair value through other comprehensive income	**22,433**	31,770
Equity investments at fair value through profit or loss	**13,375**	13,101
	35,808	44,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

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

	Fair values	
	2024	2023
	RMB'000	*RMB'000*
Financial assets		
Equity investments designated at fair value through other comprehensive income	**22,433**	31,770
Equity investments at fair value through profit or loss	**13,375**	13,101
	35,808	44,871

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 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 listed equity investment at fair value through other comprehensive income and unlisted equity investment through profit or loss are based on quoted market price. The fair value of the unlisted equity investment at fair value through other comprehensive income have been estimated using the market approach valuation model. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation Technique	Significant input unobservable	Range	Sensitivity of fair value to the input
As at 31 December 2024				
Unlisted equity investment	Equity value allocation method	Average EV to sales multiple of peers	2.9	5% increase/decrease in multiple would result in increase/ decrease in fair value by RMB688,000
		Discount for Lack of marketability	25%	5% increase/decrease in discount rate would result in increase/ decrease in fair value by RMB579,000
As at 31 December 2023				
Unlisted equity investment	Equity value allocation method	Average EV to sales multiple of peers	7.0	1% increase/decrease in multiple would result in increase/ decrease in fair value by RMB1,313,000
		Discount for Lack of marketability	24%	5% increase/decrease in discount rate would result in increase/ decrease in fair value by RMB418,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

33. 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			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
As at 31 December 2024				
Investments at fair value through other comprehensive income	**4,040**	**—**	**18,393**	**22,433**
Investment at fair value through profit or loss	**—**	**13,375**	**—**	**13,375**
	4,040	**13,375**	**18,393**	**35,808**

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Investments at fair value through other comprehensive income	5,764	—	26,006	31,770
Investment at fair value through profit or loss	—	13,101	—	13,101
	5,764	13,101	26,006	44,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

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

Fair value hierarchy *(Continued)*

Assets measured at fair value: *(Continued)*

The movement in fair value measurements within Level 3 during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
Equity investments at fair value through other comprehensive income		
At 1 January	**26,006**	25,127
Total gain/(loss) recognised in other comprehensive income	**(8,237)**	—
Exchange realignment	**624**	879
At 31 December	**18,393**	26,006

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

During the year, 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 (2023: nil).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise lease liabilities and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, lease liabilities and financial liabilities included in other payables and accruals, which mainly arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group mainly transacts with creditworthy third parties. Receivable balances are monitored on an ongoing basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade receivables*	**—**	**—**	**—**	**272,436**	**272,436**
Financial assets included in prepayments, deposits and other receivables					
— Normal**	**6,000**	**—**	**—**	**—**	**6,000**
Pledged bank deposits					
— Not yet past due	**665**	**—**	**—**	**—**	**665**
Cash and cash equivalents					
— Not yet past due	**379,189**	**—**	**—**	**—**	**379,189**
	385,854	**—**	**—**	**272,436**	**658,290**

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	—	—	—	399,853	399,853
Financial assets included in prepayments, deposits and other receivables					
— Normal**	6,343	—	—	—	6,343
Pledged bank deposits					
— Not yet past due	665	—	—	—	665
Cash and cash equivalents					
— Not yet past due	307,079	—	—	—	307,079
	314,087	—	—	399,853	713,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2024

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Concentrations of credit risk are managed by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as follows:

	2024	2023
	%	%
Trade receivables from:		
The largest debtor	**19**	31
The five largest debtors	**56**	69

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

Liquidity risk

The Group's objective is to ensure that there are adequate funds to meet its liquidity requirements in the short and longer term by considering the maturity of its financial assets and liabilities and projected cash flows.

The following tables show the maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	Less than 1 year *RMB'000*	1 to 5 years *RMB'000*	Total *RMB'000*
31 December 2024			
Trade payables	**294,701**	**—**	**294,701**
Financial liabilities included in other payables and accruals	**3,465**	**—**	**3,465**
Lease liabilities	**2,132**	**6,345**	**8,477**
	300,298	**6,345**	**306,643**
31 December 2023			
Trade payables	339,405	—	339,405
Financial liabilities included in other payables and accruals	23,480	—	23,480
Lease liabilities	3,566	3,457	7,023
	366,451	3,457	369,908

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure and strives to maintain a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes lease liabilities, as shown in the consolidated statement of financial position. The gearing ratios as at the end of the reporting periods were as follows:

	2024	2023
	RMB'000	*RMB'000*
Lease liabilities *(note 14)*	**7,800**	6,581
Total debt	**7,800**	6,581
Total equity	**361,144**	359,975
Gearing ratio (%)	**2.16**	1.83

35. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Capital contribution payables	**5,100**	8,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024	2023
	RMB'000	*RMB'000*
NON-CURRENT ASSET		
Investments in subsidiaries	**37,094**	37,094
CURRENT ASSETS		
Cash and bank balances	**7,100**	7,475
Due from shareholder	**65**	65
Due from subsidiaries	**175,187**	173,244
Total current assets	**182,352**	180,784
CURRENT LIABILITIES		
Other payables and accruals	**184**	82
Total current liabilities	**184**	82
NET CURRENT ASSETS	**182,168**	180,702
NET ASSETS	**219,262**	217,796
EQUITY		
Issued capital	**659**	659
Reserves *(note)*	**218,603**	217,137
Total equity	**219,262**	217,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	**Other reserve** *RMB'000*	**Capital redemption reserve** *RMB'000*	**Exchange Fluctuation reserve** *RMB'000*	**Retained profits/ (accumulated losses)** *RMB'000*	**Total** RMB'000
At 1 January 2023	182,541	1,920	21,748	(800)	10,497	215,906
Profit for the year	—	—	—	—	83,208	83,208
Other comprehensive loss for the year	—	—	—	(239)	—	(239)
Dividend paid	(70,570)	—	—	—	(11,168)	(81,738)
At 31 December 2023 and 1 January 2024	111,971	1,920	21,748	(1,039)	82,537	217,137
Profit for the year	—	—	—	—	67,011	67,011
Other comprehensive income for the year	—	—	—	19,498	—	19,498
Dividend paid	—	—	—	—	(85,043)	(85,043)
At 31 December 2024	111,971	1,920	21,748	18,459	64,505	218,603

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 12 March 2025.

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Mr. Ng Bo Sing
Mr. Law Kwok Chun

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

8/F., No. 399A Liu Zhou Road
Xu Hui District
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F., Gold Union Commercial Building
No. 70-72 Connaught Road West
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China
Shanghai Jianguo West Road Branch
No. 596 Jianguo West Road
Xuhui District
Shanghai
PRC

Hong Kong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law
Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central, Hong Kong

As to PRC law
Jingtian & Gongcheng
45/F, K. Wah Centre
1010 Huaihai Road(M)
Xuhui District
Shanghai
PRC

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

CORPORATE INFORMATION

SHARE LISTING

Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE

9919

LISTING DATE

16 January 2020

INVESTOR AND MEDIA RELATIONS CONSULTANT

DLK Advisory Limited
Room 2012-14, Hong Kong Plaza
188 Connaught Road West, Hong Kong
Email: ir_activation@dlkadvisory.com

COMPANY WEBSITE

www.activation-gp.com

GLOSSARY

"ACT Partners"	ACT Partners Global Ltd., a company incorporated in the BVI with limited liability on 10 December 2018, which is wholly-owned by Mr. Chan
"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 Digital"	Shanghai Fansi Advertising Co., Ltd.* (上海范思廣告有限公司), a limited liability company established under the laws of the PRC on 11 July 2012 and an indirect non-wholly owned subsidiary of the Company
"Activation Events"	a business unit of the Group which is responsible for organising, promoting and running experiential marketing events
"Activation Events HK"	Activation Events (HK) Limited (艾博思韋宣策劃有限公司) (previously known as Activation Event (HK) Limited (艾博思韋宣策劃有限公司)), a limited company incorporated in Hong Kong on 11 July 2013 and an indirect non-wholly owned subsidiary of the Company
"Activation Marketing SGP"	Activation Marketing Pte. Ltd., a private company limited by shares incorporated under the laws of Singapore on 13 June 2024 and an indirect non-wholly owned subsidiary of the Company
"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 on 5 September 2013 which is ultimately wholly-owned by Mr. Ng
"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
"Activation PR"	Shanghai Aidi Linjie Cultural Development Co., Ltd.* (上海艾迪霖杰文化發展有限公司), a limited liability company established under the laws of the PRC on 30 September 2013 and an indirect non-wholly owned subsidiary of the Company
"Aide Zhongxin"	Aide Zhongxin (Shanghai) Management Consultancy Partnership Enterprise (Limited Partnership)* (艾德眾信(上海)管理顧問合夥企業(有限合夥)) (formerly known as 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

GLOSSARY

"Articles of Association"	the amended and restated articles of association of the Company adopted on 2 June 2022 (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 on 23 September 2013 which is ultimately wholly-owned by Mr. Lau
"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
"BVI"	British Virgin Islands
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Act"	the Companies Act, Cap. 22 (Act 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"	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 Act
"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 annual 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
"FY2023" or "2023"	the financial year ended 31 December 2023

GLOSSARY

"FY2024" or "2024"	the financial year ended 31 December 2024
"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
"LaLiga"	LaLiga De Fu´tbol Profesional, and for the purposes of this annual report includes its wholly owned subsidiary, Beijing Spanish Football League Consulting Co., Ltd, the entity responsible for the organisation and staging of the Primera Divisio´n and the Segunda Divisio´n being the top and second tier professional association football divisions in Spain respectively
"LaLiga Club"	the designation under which LaLiga and the Group collaborate to create a premium football experiential platform in the PRC
"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 2 June 2022 (as amended, supplemented or otherwise modified from time to time)

GLOSSARY

"Mr. Chan"	Mr. Chan Wai Bun (陳偉彬), an executive Director and co-chief operating officer of the Group
"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 financial officer of the Group and a Controlling Shareholder
"Ms. Low"	Ms. Low Wei Mun (劉慧文), an executive Director and co-chief operating officer of the Group
"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 annual report excludes Hong Kong, Macau and Taiwan
"Remuneration Committee"	the remuneration committee of the Board
"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
"Share Schemes"	share option schemes and share award schemes adopted by the Company from time to time, including the 2023 Share Option Scheme and Share Award Plan
"Shareholder(s)"	holder(s) of the Shares
"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