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**ACTIVATION GROUP**

**艾德韦宣**

**Activation Group Holdings Limited**

**艾德韋宣集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9919)**

**(1) LAPSE OF MAJOR TRANSACTION  
LIMITED PARTNERSHIP AGREEMENT IN RELATION TO  
THE ESTABLISHMENT OF PARTNERSHIP;  
AND  
(2) CHANGE IN USE OF PROCEEDS**

References are made to the announcements of Activation Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) dated 20 August 2020, 10 September 2020, 6 October 2020, 6 November 2020, 4 December 2020, 8 January 2021, 5 February 2021 and 17 March 2021 in relation to, among other things, the establishment of the Partnership (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

**(1) LIMITED PARTNERSHIP AGREEMENT**

The Board wishes to announce that as the condition precedents for the capital injection of the Partnership have not yet been fulfilled before the long stop date of the Limited Partnership Agreement nor there be an agreement reached among the parties in extending the long stop date. As such, the Limited Partnership Agreement had lapsed and ceased to have any effect.

As a result of the lapse of the Limited Partnership Agreement, the Transaction will not proceed and therefore, no circular will be despatched to the Shareholders in this regard.

The Board is of the view that the lapse of the Limited Partnership Agreement will not have any material adverse impact on the existing business, operation or financial position of the Group. The Company is in the course of negotiation with SHIVC Investment for the proposed change of structure for further cooperation or joint investment, but no agreement has been reached as at the date of this announcement.

## (2) CHANGE IN USE OF NET PROCEEDS

As a result of the lapse of the Limited Partnership Agreement, the Unutilised Net Proceeds originally allocated for the capital commitment for the establishment of the Partnership are no longer required. The Board has resolved to change the use of the Unutilised Net Proceeds such that approximately HK\$224.5 million be reallocated for the capital commitment required for strategic investment in the pan-cultural sector.

<b>Designated use of the Unutilised Net Proceeds</b>	<b>Revised allocation of Unutilised Net Proceeds as at 20 August 2020</b> <i>HK\$ million</i>	<b>Utilised Net Proceeds as at the date of this announcement</b> <i>HK\$ million</i>	<b>Unutilised Net Proceeds as at the date of this announcement</b> <i>HK\$ million</i>	<b>Revised allocations of Unutilised Net Proceeds</b> <i>HK\$ million</i>
Develop and expand the existing business of integrated marketing solutions and IP development	75.1	37.5	37.6	37.6
Cash reserve for strategic investment funds for suitable cooperation or investment opportunities	5.2	0	5.2	5.2
Capital commitment required for the establishment of the Partnership with SHIVC Investment and Shanghai Innovital Technology	224.5	0	224.5	0
Cash reserve for strategic investment in the pan-cultural sector	—	—	—	224.5
<b>Total</b>	<b>304.8</b>	<b>37.5</b>	<b>267.3</b>	<b>267.3</b>

## REASONS AND BENEFITS FOR THE CHANGE IN USE OF NET PROCEEDS

It has been the Group's plan to explore and pursue investment and cooperation opportunities to strengthen its market position and enhance its competitiveness in the integrated marketing solutions industry in the PRC and Hong Kong, and the strategic investment funds have been allocated to the Group for seeking suitable cooperation or investment opportunities which have strategic benefits to the Group, with the main purpose of achieving the Group's strategy in scaling up its business.

On the other hand, pan-cultural sector is a wide sector and covers art and culture, books and press, audio-visual and interactive media and the related content-production, digital business, design, fashion, advertising, marketing and creative services, entertainment, sports and recreation and marketing technology. It covers the market players in the industry that are potential investment and cooperation targets of the Group, namely: (i) in terms of creative design house, marketing agencies, digital and brand communication services locally and overseas; and (ii) sports and entertainment sector which can potentially become the Group's cooperating partners of its IP development business. The sector also covers (i) the upstream suppliers of the Group (such as media and content productions); and (ii) the downstream customers (such as fashion, jewellery, digital business, sports and entertainment which contributed to more than 80% of the Group's revenue for the year ended 31 December 2020) of the Group. They are also potential investment and cooperation targets that can bring to strategic benefit to the Group. Apart from additional business opportunities that may derive from the investee companies, by making strategic investment in suitable investee companies in this sector, the Group will be in the better position to cooperate with these investee companies so as to expand its business by gaining access to new geographic markets, expanding its scope of services and client base.

The Group will continually explore other means of investment in the pan-cultural sector in order to capture possible business and cooperation opportunities with the investee companies in the pan-cultural sector, which in turn can create a potential synergy effect between the existing business of the Group and the business of the investee company. By using the idle cash from the Unutilised Net Proceeds due to the postponement of the expansion plan as stated in the announcement of the Company dated 20 August 2020, the Board expected that the investment in the pan-cultural sector can generate more favourable financial return and secure additional source of income for the benefit of the Company's shareholders.

Taking in the account the factors mentioned above, the Board is of the view that the change in use of Unutilised Net Proceeds is beneficial and in the interest of the Shareholders as a whole. The Directors will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan where necessary in order to cope with the changing market conditions.

Further announcement(s) will be made by the Company to keep the shareholders of the Company and potential investors informed as and when required under the Listing Rules.

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

Shanghai, PRC, 19 April 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lau Kam Yiu, Mr. Ng Bo Sing, Mr. Chan Wai Bun and Ms. Low Wei Mun and three independent non-executive Directors, namely, Ms. Cheung Siu Wan, Mr. Yu Longjun and Dr. Cheung Wah Keung.*