

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 INTERIM REPORT

ACTIVATION GROUP

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Lau Kam Yiu
(Joint-Chairman & Chief Executive Officer)
 Mr. Ng Bo Sing
(Joint-Chairman & Chief 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

AUTHORISED REPRESENTATIVES

Mr. Ng Bo Sing
 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

AUDITOR

Ernst & Young
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CORPORATE INFORMATION

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LEGAL ADVISERS

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SHARE LISTING

Main Board of The Stock Exchange of
Hong Kong Limited

STOCK CODE

9919

LISTING DATE

16 January 2020

COMPANY WEBSITE

www.activation-gp.com

HIGHLIGHTS OF THE INTERIM

EXPERIENTIAL MARKETING



A BATHING APE®
First Runway Show in China

ARC'TERYX 始祖鳥
The Mountains Make Us Better
Arc'teryx Museum



MERCEDES-BENZ 梅賽德斯
AMG Brand Night

HIGHLIGHTS OF THE INTERIM

EXPERIENTIAL MARKETING



COMME MOI 似我

2024 Spring Summer Fashion Show

MIU MIU 繆繆
'Women's Tales' short film series
Premiere & Dinner event



PRADA 普拉達

PRADA Pradasphere II Exhibition

HIGHLIGHTS OF THE INTERIM

EXPERIENTIAL MARKETING



ROLLS-ROYCE 勞斯萊斯
Rolls-Royce Bespoke Experience
and Cullinan II Series Private
Appreciation Event

URBAN REVIVO

T-Mall Super Brand Day
X 2024 BE URSELF Fashion Show



OPPO

OPPO Find X7 Series Launch Event

HIGHLIGHTS OF THE INTERIM

DIGITAL & COMMUNICATION

PERFECT DIARY 完美日記



SEPHORA 絲芙蘭



REMY MARTIN

REMY MARTIN CLUB Symphony Social Campaign



HIGHLIGHTS OF THE INTERIM

IP DEVELOPMENT



FIRST in Shanghai 首發上海

2024 'FIRST in Shanghai' Global Promotion Launch Ceremony

MADE IN SHANGHAI
上海製造佳品匯



AWARDS AND RECOGNITIONS

COMPANY AWARDS

- The 5th IAI Auto Marketing Awards Bronze Award

2023 Mercedes-Benz EQE Electric SUV Launch Ceremony Series Activities

- The 5th IAI Auto Marketing Awards Silver Award

2023 Rolls-Royce SPECTRE China Appreciation Activity

- The 15th (2023-2024) Tiger Roar Awards Content Marketing Category Bronze Award

NEW BALANCE Tmall Super Brand Day [Run Way] Fashion Show

- JDM 2023 Best Investor Relations Awards (TMT Sector)



第十五届(2023-2024)虎啸奖

内容营销类 铜奖
ACTIVATION GROUP
新百伦天猫超级品牌日



MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for 2024 Interim together with comparative figures for 2023 Interim and certain comparative figures as at 31 December 2023. These interim results have been reviewed by the Company's audit committee.

INTERIM DIVIDEND

The Board declares the payment of an interim dividend of HK2.0 cents per Share for 2024 Interim (2023 Interim: HK2.0 cents), which amounted to nearly HK\$14,895,000.

The record date for the interim dividend will be Friday, 6 September 2024. The above dividend is expected to be distributed to the Shareholders on or about Tuesday, 17 September 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 3 September 2024 to Friday, 6 September 2024, both days inclusive, during which period no transfer of Shares will be registered. As such, in order to be qualified for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by 4:30 p.m. on Monday, 2 September 2024.

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) 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 mid-range and high-end fashion brands in Greater China with a market share of 12.7% in 2023.

In the first half of 2024, increased global economic uncertainty and subdued consumer spending characterized the broader market environment. These challenges affected the luxury consumer goods sector, which experienced a deceleration in growth. As a result, the Group, with a significant portion of its clients in the luxury sector and some of which had reported slower growth, was also impacted. During 2024 Interim, the revenue of the Group was approximately RMB316.3 million (2023 Interim: RMB350.3 million). Net profit was approximately RMB30.2 million (2023 Interim: RMB41.0 million). Notably, the Group's gross profit margin increased by 2.7 percentage points from 30.0% to 32.7% year-on-year.

As the Group's business is subject to seasonality, it usually records lower sales during the first half of the financial year, which is in line with the seasonality trend of general marketing services for premium and luxury brands in the PRC. During the first half of 2024, the Group continued to experience this seasonal trend. Despite rapid changes in the market and consumer behavior, the Group successfully mitigated the adverse effects of the macro environment through strategic optimization, fully demonstrating the flexibility and adaptability of its business model.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group remains cautiously optimistic about the future, as it continues to refine its strategies and capitalize on new opportunities. With a strong foundation and proactive approach, the Group is well-positioned to navigate the challenges ahead and achieve stable development in the second half of the year.

MARKET OPPORTUNITIES

According to Bain & Company's "2023 China Luxury Market Report" (the "**Bain Report**"), the Chinese market continues to solidify its position as the preferred destination for global luxury consumption and holds strategic importance for luxury brands worldwide. The Bain Report indicates that by 2030, China is expected to become the leading luxury market globally, with Chinese consumers potentially capturing a global market share of 35-40%, and the Chinese market's share itself increasing to 24-26%. Complementing these findings, market research from Euromonitor has also revealed that for at least the next four years, China's luxury spending is set to outpace that of the United States of America and Western Europe, further underscoring the pivotal role of the Chinese market in the luxury sector. Additionally, the aforesaid market research indicated that, in the luxury goods industry, the top 2% of the "Very Important Customers" ("**VIC**") contributes approximately 40% of sales for luxury brands.

The Bain & Company Luxury Goods Worldwide Market Study (Spring 2024) highlights a narrative of resurgence and resilience. Luxury brands must rethink the way they build their value proposition to prioritize trust and connection with consumers. Many are navigating a momentary crisis driven by macroeconomic pressure and a polarized customer base. This presents a unique moment to define a new way forward for their brands, fostering a more personal connection with their customers. The strategy of "purpose and love" will be the north star for brands that thrive in this increasingly competitive market landscape.

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 in 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.

OUTLOOK

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. Given the increasing importance of the Chinese market in the global luxury goods industry, the Group has successfully secured multiple marketing service projects from both international and local clients in mainland China and Hong Kong, and has been implementing these projects gradually. Jean-Jacques Guiony, CFO of LVMH Group, in LVMH's interim financial report for the six months ended 30 June 2024 emphasized, "the Chinese market demands high levels of marketing activity, and the group will certainly allocate a significant marketing budget there. Brands that have underinvested in marketing in China in recent quarters have been more penalized, as customer response to marketing stimuli remains quite significant in China."

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's luxury marketing services primarily target the VIC of our clients, with the impact extending beyond the Chinese market to Chinese consumers worldwide. The Group has developed proactive strategies reflecting the growth trends of the Chinese luxury goods market and evolving consumer demands. These strategies are crafted to enhance relationships with current clients while simultaneously seeking to captivate new clientele. The Group is determined to broaden its impact in the Chinese market by employing creative marketing tactics and offering exceptional service experiences. As the Chinese luxury goods market continues to grow, the Group is ready to further solidify and advance our predominant status in the industry, aiming for sustained and stable growth.

In addition to its focus on international luxury brands, the Group also has teams dedicated to expand, including local Chinese brands, beauty products, wine and spirits and more, empowering them with luxury marketing techniques. The Group is also exploring additional business opportunities in Southeast Asia, aiming to expand its influence and expertise in this growing market.

The Group's client base is highly diversified. As of 31 December 2023, the Group has accumulated over 550 clients. This strategic client diversification means that even if certain clients may experience performance adjustments, the Group can still address the needs of other clients, mitigate risks and ensure stability in operations.

Looking ahead to the future, the Group is brimming with confidence in its ability to achieve and exceed its developmental goals. The strategies put in place are designed to capitalize on the growth of the Chinese luxury goods market and evolving consumer demands. The Group is committed to continuous innovation and effective marketing strategies, which will be crucial in maintaining and strengthening its connection with consumers and fostering long-term brand loyalty. The Group is poised for sustained and stable growth, ready to further solidify and advance its predominant status in the industry.

BUSINESS REVIEW

Geographical Review

The Group's business is 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 six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>		<i>RMB'000</i>	
	(Unaudited)		(Unaudited)	
Chinese Mainland	288,530	91.2%	313,159	89.4%
Hong Kong & Singapore	27,831	8.8%	37,103	10.6%
Total	316,361	100.0%	350,262	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Business Segments Review

During 2024 Interim, the revenue of the Group's experiential marketing services segment, digital and communication services segment and IP development segment were RMB257.5 million (2023 Interim: RMB280.2 million), RMB48.9 million (2023 Interim: RMB61.6 million) and RMB9.9 million (2023 Interim: RMB8.5 million) respectively.

The following table sets out the revenue of the Group by service line for 2024 Interim and 2023 Interim:

	For the six months ended 30 June	
	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Experiential marketing	257.5	280.2
Digital and communication	48.9	61.6
IP development	9.9	8.5
Total	316.3	350.3

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 12.7% in 2023.

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, particularly focusing on VIC of our clients. 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 not only created engaging content but also provided massive online exposure and secondary marketing to expand coverage and enhance marketing effectiveness. Several offline marketing events conducted by the Group were livestreamed, drawing millions to hundreds of millions of views online.

Furthermore, the marketing strategies used for luxury brands can be effectively adopted for high-end Chinese brands, helping them to build a more international brand value. For instance, in the first half of the year, the Group assisted one of its clients in hosting a fashion show that incorporated Chinese elements. This event was attended by 400-500 VICs, who experienced the impactful presence of the show. The fashion show also generated over 500 million online views demonstrated a significant return on investment to the client. This model is also applied to other brands marketing services, allowing us to deliver similar success across different brands.

MANAGEMENT DISCUSSION AND ANALYSIS

During 2024 Interim, the Group held a number of notable events, including ARCTERYX 'Arcteryx Museum Grand Opening', A BATHING APE BAPE 'FW24 Runway Show', BOTTEGA VENETA 'Beijing Sanlitun Store Opening and Party', CHANEL '24A Beijing Exclusive Preview Event', DIOR '2024 Dior XM Villa', DIOR 'Dior Men Fall 2024 Show', LORO PIANA 'Into the Wild Popup and Gala Dinner in Jiuzhaigou', LOUIS VUITTON 'Four Season Pop Up 2024', MERCEDES-BENZ '2024 Mercedes-AMG F1 Experience & Brand Campaign', MIU MIU 'Womenstale Beijing', PRADA 'Pradasphere Shanghai Exhibition', SAINT LAURENT 'Shanghai VIC Dinner', SJM RESORTS, S.A. 'Palazzo Versace Marco Opening', ROLLS-ROYCE '2024 RRCM Cullinan SII Preview and Bespoke Experience Event' and more. The success of these events has once again proved the Group's leading position and expertise in the experiential marketing sector.

During 2024 Interim, the Group's experiential marketing business recorded a revenue of approximately RMB257.5 million, representing a decrease of 8.1% compared to approximately RMB280.2 million in 2023 Interim. This decline reflects changes in the Chinese luxury market, where clients are generally cautious and conservative in their marketing strategies. It is also important to note that the first half of the year is typically a low season for the industry, while the second half is considered the peak season.

The revenue generated from experiential marketing business segment accounted for 81.4% of the Group's total revenue in 2024 Interim. 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.

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 customers promote their brands and products on social media platforms such as Weibo, WeChat, Douyin, Xiaohongshu, Facebook, Instagram, etc. The Group oversees the overall project implementation process, including 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.

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 customers. 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.

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 Altgamma, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

During 2024 Interim, the Group has provided online marketing services for numerous brands, including ANTA, BARBOUR, BOBBI BROWN, HAMILTON, LA PRAIRIE, MAXMARA, MICHAEL KORS, NEW BALANCE, NIKE, OLAY, PERFECT DIARY, REMY MARTIN, SEPHORA, SILHOUETTE, SK-II, TORY BURCH, VENCHI, and more.

In 2024 Interim, the revenue of the digital and communication business was approximately RMB48.9 million, representing a decrease of 20.6% as compared to approximately RMB61.6 million in 2023 Interim, which accounted for 15.5% of the Group's total revenue for 2024 Interim. The decline in digital marketing revenue can be attributed to (i) clients may have adjusted their marketing strategies, resulting in reduced spending on digital marketing; and (ii) changes in the macroeconomic environment may have led clients to adjust their digital marketing budgets in the short term.

Despite the revenue declined, the gross profit margin increased from 31.2% in 2023 Interim to 39.2% in 2024 Interim.

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.

IP Development

The Group owns long-term exclusive operating rights for a number of IPs, including Shanghai Design Week, D UNIVERSE, West Bund Orbit, Le Tour de France and LaLiga Club. These IPs not only provide more business opportunities, but more importantly, they can also further enhance the brand recognition and market influence of the Group.

During the first half of 2024, the Group had partnership with 'FIRST in Shanghai', becoming one of the first global promotional partners for this initiative. In order to better serve the high-quality development of the first-launch economy, together, the Group will further build a global new product launch site that leads fashion and defines trends, and accelerate the construction of Shanghai as an international consumer center city. The "Several Measures on Further Promoting the High-Quality Development of the First-launch Economy" mentioned the importance of 'FIRST in Shanghai'.

'FIRST in Shanghai' will host a launch season event from March to May each year, encouraging more high-quality and high-traffic domestic and foreign brands to hold their first launches, first shows, first exhibitions, and first stores in Shanghai. As a leading company in Greater China that hosts high-end fashion brand fashion shows and large-scale exhibitions, the Group expects to bring more business through this IP.

In 2024 Interim, the revenue for the IP development business was approximately RMB9.9 million (2023 Interim: RMB8.5 million), which accounted for 3.1% of the Group's total revenue in 2024 Interim.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Cost of sales

The cost of sales of the Group decreased from RMB245.2 million for 2023 Interim to RMB213.0 million for 2024 Interim, 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 1.6% from RMB105.1 million for 2023 Interim to RMB103.4 million for 2024 Interim. Its overall gross profit margin increased from 30.0% in 2023 Interim to 32.7% in 2024 Interim.

Other income and gains

The Group's other income and gains decreased from RMB10.5 million for 2023 Interim to RMB5.3 million for 2024 Interim. The decrease in other income and gains was mainly due to the decrease in government grants and subsidies.

Selling and distribution expenses

The Group's selling and distribution expenses remained stable at RMB37.1 million for 2024 Interim (2023 Interim: RMB36.8 million).

General and administrative expenses

The Group's general and administrative expenses increased from RMB24.1 million for 2023 Interim to RMB29.4 million for 2024 Interim. Such increase was primarily due to the increase in share award expenses from RMB3.8 million for 2023 Interim to RMB9.6 million for 2024 Interim.

Other expenses, net

The Group's other expenses recorded an increase from RMB0.5 million for 2023 Interim to approximately RMB1.2 million for 2024 Interim. The increase in other expenses was mainly due to the increase in impairment of trade receivable.

Finance costs

The Group's finance costs remained at approximately RMB0.2 million for 2024 Interim (2023 Interim: RMB0.2 million).

Net profit and net profit margin

As a result of the foregoing, the Group recorded a net profit of RMB30.2 million for 2024 Interim (2023 Interim: RMB41.0 million). Overall net profit margin was 9.5% for 2024 Interim (2023 Interim: 11.7%).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents

As at 30 June 2024, the Group's cash and cash equivalents amounted to RMB288.6 million (as at 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 of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2020. The net proceeds from the global offering of the Shares ("**Global Offering**") including the over-allotment of Shares were approximately HK\$345.0 million (the "**Net Proceeds**").

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

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

Designated use of the Net Proceeds	Original allocation of Net Proceeds <i>HK\$ million</i>	Revised allocation of Net Proceeds <i>(Note)</i> <i>HK\$ million</i>	Unutilised Net Proceeds as at 1 January 2024 <i>HK\$ million</i>	Net Proceeds utilised during 2024 Interim <i>HK\$ million</i>	Unutilised Net Proceeds as at 30 June 2024 <i>HK\$ million</i>
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	—	5.2
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	—	166.7

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**").

MANAGEMENT DISCUSSION AND ANALYSIS

During 2024 Interim, the Group has not utilised any Net Proceeds. Save as disclosed in the Announcements, there has been no material change in the intended use of the Net Proceeds. The Group is expected to utilise all Unutilised Net Proceeds by the end of the year ending 31 December 2025.

Borrowing and charges on the Group's assets

As at 30 June 2024, the Group did not have any interest-bearing borrowing (as at 31 December 2023: nil) or charge on its assets.

Gearing ratio

Since the Group did not have any bank borrowings, the gearing ratio as at 30 June 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 30 June 2024, the total number of employees of the Group was approximately 233 (as at 30 June 2023: 241). For 2024 Interim, the employee benefit expenses of the Group (including Directors' emoluments) were approximately RMB54.1 million (2023 Interim: RMB46.4 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 approximately RMB397.6 million as at 31 December 2023 to approximately RMB204.7 million as at 30 June 2024; and the trade payables of the Group decreased from approximately RMB339.4 million as at 31 December 2023 to approximately RMB200.8 million as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2024.

Acquisition and disposal of subsidiaries and associated companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during 2024 Interim.

Capital commitment

As at 30 June 2024, the Group had commitment of approximately RMB8.1 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 30 June 2024.

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 2024 as at the date of this interim report.

Foreign exchange risk

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

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

OTHER INFORMATION AND CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE CODE (“CG CODE”)

The Company has adopted the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules. In the opinion of the Directors, the Company has fully complied with CG Code during 2024 Interim except for the deviation from the Code Provision C.2.1 of Part 2 of the CG Code.

Mr. Lau Kam Yiu (“**Mr. Lau**”) is currently performing the roles of Joint-Chairman of the Board and Chief Executive Officer of the Group. Under Code Provision C.2.1 of 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.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuer” (the “**Model Code**”) set out in Appendix 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 Interim 2024. 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 Appendix C3 to the Listing Rules. No incident of non-compliance with the Model Code by the Company’s relevant employees has been noted during Interim 2024 after making reasonable enquiry.

CHANGES IN DIRECTORS’ INFORMATION

During 2024 Interim, there is no changes in the Directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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	128,073,736	17.20%
	Interest of a controlled corporation (Note 2)	117,669,156		
Mr. Lau	Beneficial owner	17,913,288	172,326,810	23.14%
	Interest of a controlled corporation (Note 3)	154,413,522		
Ms. Low	Beneficial owner	20,300,521	62,155,238	8.35%
	Interest of a controlled corporation (Note 4)	41,854,717		
Mr. Chan	Beneficial owner	28,614,264	60,810,915	8.17%
	Interest of a controlled corporation (Note 5)	32,196,651		

Notes:

- The percentages of shareholding in this table were computed based on the number of issued Shares as at 30 June 2024, being 744,742,000 Shares.
- These 117,669,156 Shares are held by Activation Investment, which is ultimately controlled by Mr. Ng through NBS Holdings. Under the SFO, Mr. Ng is deemed to be interested in the Shares held by Activation Investment.
- These 154,413,522 Shares are held by Aurora Activation, which is ultimately controlled by Mr. Lau through Dashing Fortune. Under the SFO, Mr. Lau is deemed to be interested in the Shares held by Aurora Activation.
- These 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.
- 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.

OTHER INFORMATION AND CORPORATE GOVERNANCE

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30 June 2024, to the best knowledge and belief of the Directors, the following persons have interests or short positions in Shares or underlying Shares which will be required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

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	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	Interest of spouse (Note 5)	172,326,810	23.14%
Aide Zhongxin	Beneficial owner	46,554,906	6.25%
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	9.01%
Asian Equity Special Opportunities Portfolio Master Fund	Beneficial owner (Note 7)	52,140,298	7.00%
RUAN David Ching Chi	Interest of a controlled corporation (Note 7)	67,140,298	9.01%

Notes:

- The percentages of shareholding in this table were computed based on the number of issued Shares as at 30 June 2024, being 744,742,000 Shares.
- 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.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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.
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) 52,140,298 Shares held by Asian Equity Special Opportunities Portfolio Master Fund, which is wholly owned by RAYS Capital Partners Limited; (2) 15,000,000 Shares held by other investors of RAYS Capital Partners Limited. RAYS Capital Partners Limited 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 Limited.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during 2024 Interim.

SHARE SCHEMES

2023 Share Option Scheme

The Company has adopted a 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. 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 30 June 2024, no share option was granted, exercised, outstanding, cancelled or lapsed under the 2023 Share Option Scheme.

As at 1 January 2024 and 30 June 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 (the "**Share Award Plan**"). Further details of the Share Award Plan were set out in the circular of the Company dated 21 April 2023.

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.

OTHER INFORMATION AND CORPORATE GOVERNANCE

The movements of the awarded Shares (“**Awarded Shares**”) under the Share Award Plan during 2024 Interim were as follows:

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					Performance targets
					Unvested as at 1 January 2024	Granted during 2024 Interim	Vested during 2024 Interim (note 3)	Cancelled/Lapsed during 2024 Interim	Unvested as at 30 June 2024	
Directors										
Mr. Lau	8 March 2023	1.06	12 months from date of grant	1.15	1,270,844	—	(1,270,844)	—	—	Nil
Mr. Chan	8 March 2023	1.06	12 months from date of grant	1.15	4,211,001	—	(4,211,001)	—	—	Nil
Other Employee Participants										
	8 March 2023	1.06	12 months from date of grant	1.15	5,588,155	—	(5,588,155)	—	—	Nil
	5 December 2023	1.13	12 months from date of grant	1.13	13,722,684	—	—	—	13,722,684	(note 4)
	12 March 2024	1.25	12 months from date of grant	1.25	—	1,472,156	—	—	1,472,156	(note 4)
					<u>24,792,684</u>	<u>1,472,156</u>	<u>(11,070,000)</u>	<u>—</u>	<u>15,194,840</u>	

Note:

- 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 RMB3.3 million for 2024 Interim.
- It refers to the closing price of the Shares immediately before the date on which the Awarded Shares were granted.
- The weighted average closing price of the Shares immediately before the dates on which the Awarded Shares were vested was HK\$1.19.
- The Awarded Shares were granted to the grantees based on their respective positions, job tenures and/or achievements of performance targets. The Group has in place a performance evaluation mechanism to comprehensively evaluate the performance and contribution of the relevant grantees to the Group. Based on their performance evaluation results, the grantees will receive different levels of ratings which may affect the number of the Awarded Shares to be vested in such grantee.
- All of the awards under the Share Award Plan granted during 2024 Interim 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 2024 Interim.
- No Awarded Shares were cancelled during 2024 Interim.

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.

As at 1 January 2024 and 30 June 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.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Ms. Cheung Siu Wan, Mr. Yu Longjun and Dr. Cheung Wah Keung. Ms. Cheung Siu Wan is the chairlady of the Audit Committee.

The Audit Committee has reviewed the Group’s unaudited results for 2024 Interim, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters with the management of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
REVENUE	4	316,361	350,262
Cost of sales		(212,970)	(245,185)
Gross profit		103,391	105,077
Other income and gains	4	5,327	10,465
Selling and distribution expenses		(37,089)	(36,754)
General and administrative expenses		(29,351)	(24,059)
Other expenses, net		(1,218)	(497)
Finance costs		(151)	(199)
Share of profits of an associate		1,178	(368)
PROFIT BEFORE TAX	5	42,087	53,665
Income tax expense	6	(11,934)	(12,639)
PROFIT FOR THE PERIOD		30,153	41,026
Attributable to:			
Owners of the parent		26,858	38,082
Non-controlling interests		3,295	2,944
		30,153	41,026
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic (RMB cents)		3.70	5.11
Diluted (RMB cents)		3.61	5.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	30,153	41,026
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(7,457)</u>	<u>(2,530)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>22,696</u>	<u>38,496</u>
Attributable to:		
Owners of the parent	19,401	35,552
Non-controlling interests	<u>3,295</u>	<u>2,944</u>
	<u>22,696</u>	<u>38,496</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,736	4,856
Right-of-use assets		8,033	5,567
Goodwill		10,233	10,233
Intangible assets		827	861
Investment in an associate		6,285	5,107
Investments at fair value through other comprehensive income		31,770	31,770
Investment at fair value through profit and loss		13,101	13,101
Deposits		701	701
Deferred tax assets		554	554
		<hr/>	<hr/>
Total non-current assets		76,240	72,750
CURRENT ASSETS			
Trade receivables	9	204,716	397,637
Prepayments, deposits and other receivables		26,203	17,270
Pledged bank deposits		665	665
Cash and cash equivalents		288,625	307,079
		<hr/>	<hr/>
Total current assets		520,209	722,651
CURRENT LIABILITIES			
Trade payables	10	200,795	339,405
Other payables and accruals		54,408	62,220
Lease liabilities		2,232	3,292
Dividend payable		395	—
Tax payable		7,010	23,855
		<hr/>	<hr/>
Total current liabilities		264,840	428,722
		<hr/>	<hr/>
NET CURRENT ASSETS		255,369	293,879
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		331,609	366,629
NON-CURRENT LIABILITIES			
Lease liabilities		6,595	3,289
Deferred tax liabilities		2,719	3,365
		<hr/>	<hr/>
Total non-current liabilities		9,314	6,654
		<hr/>	<hr/>
Net assets		322,295	359,975
		<hr/> <hr/>	<hr/> <hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	11	659	659
Reserves		<u>303,945</u>	<u>339,110</u>
		304,604	339,769
Non-controlling interests		<u>17,691</u>	<u>20,206</u>
Total equity		<u>322,295</u>	<u>359,975</u>

Lau Kam Yiu
Director

Ng Bo Sing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Attributable to owners of the parent															
	Issued capital	Share premium	Treasury shares	Other reserve	Fair value reserve of financial asset at fair value through other comprehensive income	Capital reserve	Statutory reserve	Capital redemption reserve	Exchange fluctuation reserve	Shares held under share award scheme	Share-based payment reserve	Retained profits	Non-controlling interests	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	(Note 11)	(Note 11)													
At 1 January 2024 (audited)	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 period	—	—	—	—	—	—	—	—	—	—	—	26,858	26,858	3,295	30,153
Other comprehensive loss for the period:															
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(7,457)	—	—	—	(7,457)	—	(7,457)
Total comprehensive income for the period	—	—	—	—	—	—	—	—	(7,457)	—	—	26,898	19,401	3,295	22,696
Share award arrangement	—	—	—	—	—	—	—	—	—	—	9,586	—	9,586	—	9,586
Vesting of shares held under the Share Award Scheme	—	—	—	—	—	—	—	—	—	10,421	(10,640)	219	—	—	—
Dividend	—	—	—	—	—	—	—	—	—	—	—	(64,152)	(64,152)	—	(64,152)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,810)	(5,810)
At 30 June 2024 (unaudited)	659	111,971	—	(58,474)	(8,780)	14,023	38,050	21,748	(17,996)	(18,473)	8,700	213,176	304,604	17,691	322,295

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent													
	Issued capital	Share premium	Treasury shares	Other reserve	Fair value reserve of financial asset at fair value through other comprehensive income	Capital reserve	Statutory reserve	Capital redemption reserve	Exchange fluctuation reserve	Shares held under share award scheme	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 11)	(Note 11)												
At 1 January 2023 (audited)	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 period	—	—	—	—	—	—	—	—	—	—	38,082	38,082	2,944	41,026
Other comprehensive loss for the period:														
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(2,530)	—	—	(2,530)	—	(2,530)
Total comprehensive income for the period	—	—	—	—	—	—	—	—	(2,530)	—	38,082	35,552	2,944	38,496
Share award arrangement	—	—	—	—	—	—	—	—	—	3,763	—	3,763	—	3,763
Purchases of shares under Share Award Plan	—	—	—	—	—	—	—	—	—	(1,011)	—	(1,011)	—	(1,011)
Dividend	—	(70,570)	—	—	—	—	—	—	—	—	—	(70,570)	—	(70,570)
At 30 June 2023 (unaudited)	659	111,971	—	(58,474)	3,249	14,023	37,288	21,748	(11,239)	(7,453)	192,271	304,043	20,225	324,268

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024	2023
	(Unaudited)	(Unaudited)
<i>Notes</i>	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	42,087	53,665
Adjustments for:		
Finance costs	151	199
Share of losses/(profits) of an associate	(1,178)	368
Interest income	(1,010)	(362)
Depreciation of property, plant and equipment	1,149	1,138
Depreciation of right-of-use assets	1,362	1,407
Amortisation of intangible assets	135	80
Impairment/(reversal of impairment) of trade receivables, net	1,128	(167)
Share award expense	9,586	3,763
	53,410	60,091
Decrease in trade receivables	191,793	83,389
Increase in prepayments, deposits and other receivables	(8,933)	(18,780)
Decrease in trade payables	(138,610)	(42,862)
Decrease in other payables and accruals	(7,812)	(8,438)
	89,848	73,400
Cash generated from operations	89,848	73,400
Taxes paid	(29,425)	(16,145)
	60,423	57,255
Net cash flows from operating activities	60,423	57,255
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,010	362
Purchases of items of property, plant and equipment	(998)	(534)
Purchases of intangible assets	(101)	(629)
	(89)	(801)
Net cash flows used in investing activities	(89)	(801)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(69,567)	(38,246)
Principal portion of lease payments	(1,583)	(1,563)
Interest portion of lease payments	(151)	(199)
Purchases of share held under the restricted Share Award Plan	—	(1,011)
	<u>(71,301)</u>	<u>(41,019)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	307,079	300,269
Effect of foreign exchange rate changes, net	(7,487)	(2,532)
	<u>288,625</u>	<u>313,172</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	<u>288,625</u>	<u>313,172</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position	<u>288,625</u>	<u>313,172</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 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 six months ended 30 June 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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting*. The unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

The nature and 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 to 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.
- (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 1 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 to 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 to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION

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

- (a) Experiential marketing services segment
- (b) Digital and communication services segment
- (c) IP development segment

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss 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 of loss and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude dividend payable, tax payable, lease liabilities, deferred tax liabilities and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2024 (Unaudited)

	Experiential marketing services RMB'000	Digital and communication services RMB'000	IP development RMB'000	Total RMB'000
Segment revenue <i>(note 4)</i>				
Sales to external customers	257,517	48,936	9,908	<u>316,361</u>
Segment results	45,595	4,545	3,879	54,019
<i>Reconciliation:</i>				
Corporate and other unallocated expenses, net				(12,791)
Interest income				1,010
Finance costs				<u>(151)</u>
Profit before tax				<u>42,087</u>
Other segment information				
Share of profits of an associate	—	—	(1,178)	(1,178)
Depreciation and amortisation	988	296	—	1,284
Impairment/(reversal of impairment) of trade receivables	(328)	1,455	1	1,128
Capital expenditure*	1,099	—	—	1,099
As at 30 June 2024 (Unaudited)				
Segment assets	434,043	70,226	30,951	535,220
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>61,229</u>
Total assets				<u>596,449</u>
Segment liabilities	210,559	32,331	8,979	251,869
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>22,285</u>
Total liabilities				<u>274,154</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2023 (Unaudited)

	Experiential marketing services <i>RMB'000</i>	Digital and communication services <i>RMB'000</i>	IP development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue <i>(note 4)</i>				
Sales to external customers	280,193	61,618	8,451	<u>350,262</u>
Segment results	49,499	4,650	4,462	58,611
<i>Reconciliation:</i>				
Corporate and other unallocated expenses, net				(4,747)
Finance costs				<u>(199)</u>
Profit before tax				<u>53,665</u>
Other segment information				
Depreciation and amortisation	934	278	6	1,218
Impairment/(reversal of impairment) of trade receivables	(247)	81	(1)	(167)
Capital expenditure*	1,164	—	—	1,164
As at 31 December 2023 (Audited)				
Segment assets	633,335	76,098	27,308	736,741
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>58,660</u>
Total assets				<u>795,401</u>
Segment liabilities	347,603	33,513	9,525	390,641
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>44,785</u>
Total liabilities				<u>435,426</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Chinese Mainland	288,530	313,159
Hong Kong/Singapore	27,831	37,103
	<u>316,361</u>	<u>350,262</u>

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

(b) Non-current assets

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	Chinese Mainland	22,701
Hong Kong/Singapore	81	94
	<u>22,782</u>	<u>21,758</u>

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue derived from sales to external customers by the experiential marketing services and digital and communication services segment contributing over 10% to the total revenue of the Group for the six months ended 30 June 2024 and 2023 is as follows:

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Customer A	68,303	71,838
Customer B	39,209	—*
Customer C	34,744	49,350
Customer D	—*	43,631
Customer E	—*	43,206
Customer F	—*	39,389
	_____	_____

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

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>		
Major service lines		
Experiential marketing services	257,517	280,193
Digital and communication services	48,936	61,618
IP development	9,908	8,451
	_____	_____
	316,361	350,262
	_____	_____

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Geographical locations		
<i>Experiential marketing services</i>		
Chinese Mainland	230,729	243,939
Hong Kong/Singapore	26,788	36,254
	<u>257,517</u>	<u>280,193</u>
<i>Digital and communication services</i>		
Chinese Mainland	47,893	60,769
Hong Kong/Singapore	1,043	849
	<u>48,936</u>	<u>61,618</u>
<i>IP development</i>		
Chinese Mainland	9,908	8,451
	<u>9,908</u>	<u>8,451</u>
Total revenue from contracts with customers	<u>316,361</u>	<u>350,262</u>
Timing of revenue recognition		
At a point in time	311,213	338,261
Over time*	5,148	12,001
	<u>316,361</u>	<u>350,262</u>

* Included projects on retainer basis.

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Experiential marketing services	1,429	—
Digital and communication services	1,285	574
	<u>2,714</u>	<u>574</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Other income and gains		
Bank interest income	1,010	362
Government grants and subsidies*	4,107	8,957
Others	210	1,146
	5,327	10,465

* 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. (2023: subsidies received by certain subsidiaries of the Group from PRC's local government authorities as incentives to support the Group's business development/contribution to local economies/contribution for developing the cultural industry in specific cities and subsidies granted under the Employment Support Scheme from the Government of the Hong Kong Special Administrative Region) There were no unfulfilled conditions or contingencies relating to these government subsidies.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of services rendered	212,970	245,185
Depreciation of property, plant and equipment**	1,149	1,138
Depreciation of right-of-use assets**	1,362	1,407
Amortisation of intangible assets**	135	80
Impairment/(reversal of impairment) of trade receivables, net*	1,128	(167)
Foreign exchange differences, net*	2	379
	216,746	250,022

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

6. 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 period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

For those subsidiaries incorporated in Hong Kong, Hong Kong 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 period.

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 period, if any.

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current — PRC		
Charge for the period	11,288	12,678
Deferred	646	(39)
	<hr/>	<hr/>
Total tax charge for the period	11,934	12,639
	<hr/> <hr/>	<hr/> <hr/>

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

The calculation of the basic earnings per share for the six months ended 30 June 2024 is based on the profit attributable to ordinary equity holders of the parent of RMB26,858,000 (six months ended 30 June 2023: RMB38,082,000), and the weighted average number of the Company's ordinary shares of 725,104,265 (six months ended 30 June 2023: 744,742,000) in issue, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

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	
	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	725,104,265	744,742,000
Effect of dilution – weighted average number of ordinary shares:		
Share awards	18,718,272	—
	<u>743,822,537</u>	<u>744,742,000</u>
Number of shares used in the diluted earnings per share calculation	<u>743,822,537</u>	<u>744,742,000</u>

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a cost of approximately RMB998,000 (six months ended 30 June 2023: RMB534,000). Assets with a net book value of approximately RMB5,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: Nil), resulting in a net loss on disposal of approximately RMB5,000 (six months ended 30 June 2023: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

9. TRADE RECEIVABLES

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Billed		
Within 1 month	90,920	287,435
1 to 3 months	11,185	6,498
Over 3 months	7,210	14,381
	109,315	308,314
Unbilled	95,401	89,323
	204,716	397,637

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 month	119,255	276,961
1 to 3 months	7,732	16,563
Over 3 months	73,808	45,881
	200,795	339,405

The trade payables are non-interest-bearing and are normally settled on terms ranging from 60 to 90 days.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

11. ISSUED CAPITAL

Shares

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) 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 authorised, issued share capital and share premium is as follows:

	Number of shares	Issued capital RMB'000	Share premium RMB'000
At 1 January 2023	744,742,000	659	182,541
Dividend paid	—	—	(70,570)
At 31 December 2023, 1 January 2024 and 30 June 2024	744,742,000	659	111,971

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

12. COMMITMENT

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contracted, but not provided for: Capital contribution payables	8,100	8,100

13. DIVIDEND

The dividend declared by the Company to its shareholders during the period is as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interim — HK2.0 cents (2023: HK2.0 cents) per ordinary share	13,868	13,235

14. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Related company: Short-term lease expense	1,125	1,125

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

14. RELATED PARTY TRANSACTIONS *(Continued)*

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

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

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Short-term employee benefits	5,072	4,907
Post-employment benefits	413	399
	<u>5,485</u>	<u>5,306</u>
Total compensation paid to key management personnel	<u>5,485</u>	<u>5,306</u>

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts	
	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial assets		
Equity investments designated at fair value through other comprehensive income	31,770	31,770
Equity investment at fair value through profit or loss	13,101	13,101
	<u>44,871</u>	<u>44,871</u>

	Fair values	
	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Financial assets		
Equity investments designated at fair value through other comprehensive income	31,770	31,770
Equity investment at fair value through profit or loss	13,101	13,101
	<u>44,871</u>	<u>44,871</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

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 discounted cash flow 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15. 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 30 June 2024 and 31 December 2023.

	Valuation Technique	Significant input unobservable	Range	Sensitivity of fair value to the input
As at 30 June 2024				
Unlisted equity investment	Equity value allocation method	Average EV to sales multiple of peers	7	5% 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
As at 31 December 2023				
Unlisted equity investment	Equity value allocation method	Average EV to sales multiple of peers	7	5% 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			Total (Unaudited) RMB'000
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	
As at 30 June 2024				
Equity investments at fair value through other comprehensive income	5,764	—	26,006	31,770
Equity investment at fair value through profit or loss	—	13,101	—	13,101
	5,764	13,101	26,006	44,871

	Fair value measurement using			Total (Audited) RMB'000
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	
As at 31 December 2023				
Equity investments at fair value through other comprehensive income	5,764	—	26,006	31,770
Equity investment at fair value through profit or loss	—	13,101	—	13,101
	5,764	13,101	26,006	44,871

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

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

Fair value hierarchy *(Continued)*

Assets measured at fair value: *(Continued)*

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Equity investment at fair value through other comprehensive income		
At 1 January	26,006	25,127
Exchange realignment	—	879
	<u> </u>	<u> </u>
At 30 June/31 December	<u>26,006</u>	<u>26,006</u>

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

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (year ended 31 December 2023: Nil).

DEFINITIONS

“2023 Interim”	six months ended 30 June 2023
“2024 Interim”	six months ended 30 June 2024
“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 Investment”	Activation Investment Limited (艾特投資有限公司), a limited liability company incorporated in Hong Kong under the Companies Ordinance on 5 September 2013 which is ultimately wholly owned by Mr. Ng
“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
“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)), a limited partnership established under the laws of the PRC on 14 March 2014
“Aurora Activation”	Aurora Activation Holdings Limited (極光動力控股有限公司), a limited company incorporated in Hong Kong under the Companies Ordinance on 23 September 2013 which is ultimately wholly owned by Mr. Lau
“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
“Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	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

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of this interim report, means the controlling shareholders of the Company, being Mr. Ng, NBS Holdings, Activation Investment, Mr. Lau, Dashing Fortune and Aurora Activation
“Dashing Fortune”	Dashing Fortune International Limited (利高國際有限公司), a company incorporated in the BVI with limited liability on 15 April 2013 and wholly owned by Mr. Lau
“Director(s)”	the director(s) of the Company
“Greater China”	geographic area that shares commercial and cultural ties, including Hong Kong, Macau and China
“Group”	the Company and its subsidiaries, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IP”	intellectual property
“IP development”	also known as IP activation, the business which involves introducing, developing and growing an IP for clients
“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
“Mr. Chan”	Mr. Chan Wai Bun (陳偉彬), an executive Director and co-chief operating officer of the Company
“Mr. Lau”	Mr. Lau Kam Yiu (劉錦耀), an executive Director, the joint-chairman of the Board, the chief executive officer of the Company 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 Company and a Controlling Shareholder
“Ms. Low”	Ms. Low Wei Mun (劉慧文), an executive Director and co-chief operating officer of the Company

DEFINITIONS

“NBS Holdings”	NBS Holdings Limited, a company incorporated in the BVI with limited liability on 25 January 2007 and wholly owned by Mr. Ng
“PRC” or “China”	the People’s Republic of China which, for the purposes of this interim report excludes Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“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