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)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board (the "**Board**") of Directors (the "**Directors**") of Activation Group Holdings Limited (the "**Company**", collectively with its subsidiaries, the "**Group**") is pleased to present the consolidated results of the Group for the year ended 31 December 2024 ("**FY2024**"), together with the comparative audited figures for the year ended 31 December 2023 ("**FY2023**").

FINAL DIVIDEND

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

OVERVIEW

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

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

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

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

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

MARKET OPPORTUNITIES

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

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

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

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

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

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

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

OUTLOOK AND STRATEGY

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

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

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

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

Continuing to advance one-stop integrated marketing services

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

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

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

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

Strengthening Operational Efficiency

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

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

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

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

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

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

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

Expanding and Diversifying Client Base

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

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

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

Expanding Geographic Reach

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

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

BUSINESS REVIEW

Geographical Review

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

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

Business Segment Review

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

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

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

Experiential Marketing

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

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

During 2024, the Group has held a number of events, including ARCTERYX "Arcteryx Museum Grand Opening", A BATHING APE BAPE "FW24 Runway Show", BMW "M Festival event in Chengdu", BOTTEGA VENETA "Beijing Sanlitun Store Opening and Party", CHANEL 2024/25 Métiers d'art CHANEL – Hangzhou Show, CHANEL "Cruise 2024/25 Show in Hong Kong", CHOW TAI FOOK "Palace Museum collection event 2024", DIOR "2024 Dior XM Villa", DIOR "Dior Men Fall 2024 Show", LORO PIANA "Into the Wild Popup and Gala Dinner in Jiuzhaigou", LOUIS VUITTON "2024 Louis Vuitton Haute Joaillerie International Event", LACOSTE "PLAY BIG", MERCEDES-BENZ "2024 Mercedes-AMG F1 Experience & Brand Campaign", MIU MIU "Womenstale Beijing", MONCLER GENIUS "The City of Genius in Shanghai", NEW BALANCE "2024 super brand day", OPPO "Find X7 launch event", PRADA "Pradasphere Shanghai Exhibition", SAINT LAURENT "Shanghai VIC Dinner", SJM RESORTS, S.A. "Palazzo Versace Marco Opening", ROLLS-ROYCE "2024 RRMC Cullinan SII Preview and Bespoke Experience Event", VAN CLEEF & ARPELS "AOM exhibition in Guangzhou", ROLEX "2024 cocktail party" and more. These events showcased the Group's ability to deliver world-class experiential marketing solutions, further reinforcing its leadership position in the industry. This demonstrates the dominant position of the Group in this field and the success of its business model to grasp the marketing demand of premium brands in Greater China. By seamlessly integrating innovative designs, immersive experiences, and digital marketing elements, the Group continues to set benchmarks for the experiential marketing sector.

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

Digital and Communication

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

The Group's digital and communication services mainly help clients to promote their brands and products on social media platforms such as Weibo, WeChat, Douyin, Xiaohongshu, Facebook, Instagram, etc. The Group oversees the overall project implementation process, including formulating creative strategy, managing and coordinating parties involved in a project, devising detailed work plans, actualising the project until it goes online, as well as carrying out maintenance and on-going online services on a retainer basis.

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

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

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

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

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

IP Development

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

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

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

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

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

FINANCIAL REVIEW

Cost of sales

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

Gross profit and gross profit margin

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

Other income and gains

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

Selling and distribution expenses

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

General and administrative expenses

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

Other expenses, net

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

Finance costs

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

Net profit and net profit margin

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

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalents

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

Net proceeds from the Global Offering

The Shares were listed on the Main Board of The Stock Exchange 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 due to the lapse of the limited partnership agreement. Please refer to the announcement of the Company dated 19 April 2021 for further details.

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

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

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

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

Borrowing and charges on the Group's assets

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

Gearing ratio

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

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

Employees and remuneration policies

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

The Group offers a comprehensive remuneration package to its employees, which is generally structured with reference to market terms and individual merits, and reviewed by the management on a regular basis. The Group also invests in continuing education and training programs for its management staff and other employees with a view to constantly upgrade their skills and knowledge. The Group values employees as its most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with employees at all levels is highly valued with the ultimate goal to enhance the efficiency in providing quality service to the clients. The Company has also adopted a share option scheme and a share award plan with the purposes of, among others, giving incentives or rewards to eligible participants for their contribution to the growth and development of the Group.

Trade receivables and trade payables

The trade receivables of the Group decreased from RMB397.6 million as at 31 December 2023 to RMB264.9 million as at 31 December 2024; and the trade payables of the Group decreased from RMB339.4 million as at 31 December 2023 to RMB294.7 million as at 31 December 2024.

Contingent liabilities

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

Acquisition and disposal of subsidiaries and associated companies

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

Capital commitment

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

Significant investments

The Group had no significant investments, including investments in companies with a value of 5% or more of the Group's total assets as at 31 December 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 2025 as at the date of this announcement.

Foreign exchange risk

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

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

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

NOTES

Year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

Activation Group Holdings Limited is a limited liability company incorporated in the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 8/F, No. 399A Liu Zhou Road, Xu Hui District, Shanghai, the People's Republic of China (the "**PRC**"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2020 (the "**Listing**").

The Company is an investment holding company. During FY2024, 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 sport events.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for investments at fair value through other comprehensive income and investment at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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 before tax except that unallocated other income and gains, finance costs and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, right-of-use assets, pledged bank deposits, investments at fair value through other comprehensive income, investment at fair value through profit or loss and corporate and other unallocated assets as these assets are managed on a group basis.

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

Year ended 31 December 2024/At 31 December 2024

	Experiential marketing services *RMB'000*	Digital and communication services *RMB'000*	IP development *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	**653,047**	**177,971**	**16,732**	**847,750**
Segment results	**103,398**	**31,062**	**8,726**	**143,186**
Reconciliation:				
Corporate and other unallocated expenses, net				**(24,560)**
Interest income				**1,923**
Finance costs				**(418)**
Profit before tax				**120,131**
Segment assets	**579,830**	**80,347**	**33,858**	**694,035**
Reconciliation:				
Corporate and other unallocated assets				**51,874**
Total assets				**745,909**
Segment liabilities	**324,061**	**30,190**	**622**	**354,873**
Reconciliation:				
Corporate and other unallocated liabilities				**29,892**
Total liabilities				**384,765**
Other segment information				
Share of profit of a joint venture	**—**	**—**	**(1,278)**	**(1,278)**
Share of profit of an associate	**—**	**—**	**(3,132)**	**(3,132)**
Depreciation and amortisation	**1,891**	**590**	**—**	**2,481**
Impairment of trade receivables, net	**5,539**	**(203)**	**(51)**	**5,285**
Capital expenditure*	**768**	**1,193**	**—**	**1,961**

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

Year ended 31 December 2023/At 31 December 2023

	Experiential marketing services *RMB'000*	Digital and communication services *RMB'000*	IP development *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	761,972	188,237	17,022	967,231
Segment results	138,352	33,364	9,748	181,464
Reconciliation:				
Corporate and other unallocated expenses, net				(17,323)
Interest income				1,054
Finance costs				(410)
Profit before tax				164,785
Segment assets	633,335	76,098	27,308	736,741
Reconciliation:				
Corporate and other unallocated assets				58,660
Total assets				795,401
Segment liabilities	347,603	33,513	9,525	390,641
Reconciliation:				
Corporate and other unallocated liabilities				44,785
Total liabilities				435,426
Other segment information				
Share of profit of an associate	—	—	(4,199)	(4,199)
Depreciation and amortisation	1,848	530	15	2,393
Impairment of trade receivables, net	816	159	56	1,031
Capital expenditure*	1,265	109	35	1,409

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

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**766,627**	867,277
Hong Kong/Singapore	**81,123**	99,954
	847,750	967,231

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

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**28,236**	21,664
Hong Kong/Singapore	**80**	94
	28,316	21,758

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

Information about major customers

Revenue derived from sales to an external customer by the experiential marketing services and digital and communication services segment contributing over 10% to the total revenue of the Group for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**187,313**	176,682
Customer B	**134,524**	253,485
Customer C	**94,873**	—*

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

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Major service lines		
Experiential marketing services	**653,047**	761,972
Digital and communication services	**177,971**	188,237
IP development	**16,732**	17,022
	847,750	967,231

(i) **Disaggregated revenue information**

	2024	2023
Geographical locations		
Experiential marketing services		
Chinese Mainland	**574,310**	706,654
Hong Kong/Singapore	**78,737**	55,318
	653,047	761,972
Digital and communication services		
Chinese Mainland	**175,585**	143,601
Hong Kong/Singapore	**2,386**	44,636
	177,971	188,237
IP development		
Chinese Mainland	**16,732**	17,022
Total revenue from contracts with customers	**847,750**	967,231
Timing of revenue recognition		
At a point in time	**838,796**	949,400
Over time*	**8,954**	17,831
Total revenue from contracts with customers	**847,750**	967,231

* Included projects on retainer basis

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

	2024	2023
	RMB'000	*RMB'000*
Experiential marketing services	**7,122**	2,100
Digital and communication services	**1,285**	706
	8,407	2,806

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**1,923**	1,054
Government subsidies*	**9,787**	8,921
Interest income from an associate	**24**	275
Others	**1,895**	3,608
	13,629	13,858

* The government subsidies mainly represented subsidies received by certain subsidiaries of the Group from PRC's local government authorities as incentives to support the Group's business development/contribution to local economies/contribution for developing the cultural industry in specific cities. There were no unfulfilled conditions or contingencies relating to these government subsidies.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2024	2023
	RMB'000	*RMB'000*
Cost of services rendered	**593,479**	669,009
Depreciation of property, plant and equipment**	**2,219**	2,192
Depreciation of right-of-use assets**	**2,623**	2,800
Amortisation of intangible assets**	**262**	201
Lease payments not included in the measurement of lease liabilities**	**3,457**	3,681
Fair value losses of financial asset at fair value through profit or loss*	**169**	3,807
Impairment of trade receivables, net*	**5,285**	1,031
Foreign exchange differences, net	**40**	649

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

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

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 year.

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

For those subsidiaries incorporated in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2024	2023
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**32,940**	44,384
Underprovision/(overprovision) in prior year	**(475)**	540
Current — Hong Kong/Singapore		
Charge for the year	**1,661**	1,723
Overprovision in prior year	**(2)**	—
Deferred	**(1,371)**	(281)
Total tax charge for the year	**32,753**	46,366

7. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Interim — HK2.00 cents (2023: HK2.00 cents) per ordinary share	**13,868**	13,236
Proposed final — HK3.70 cents (2023: HK6.16 cents) per ordinary share	**25,656**	40,766
Proposed final special — HK3.30 cents (2023: HK4.42 cents) per ordinary share	**22,882**	29,250
	62,406	83,252

The proposed final dividend and final special dividend for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 728,046,993 (2023: 729,561,644) in issue during the year, as adjusted to exclude the shares held under the share award scheme of the Company.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed vesting of all dilutive share awards of the Company awarded under the share award scheme of the Company.

Earnings

The calculations of basic and diluted earnings per share are based on profit for the year attributable to ordinary equity holders of the parent.

Shares

	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**728,046,993**	729,561,644
Effect of dilution – weighted average number of ordinary shares:		
Share awards	**15,925,400**	10,083,404
Number of shares used in the diluted earnings per share calculation	**743,972,393**	739,645,048

9. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Billed receivables	**107,531**	310,530
Impairment	**(7,501)**	(2,216)
	100,030	308,314
Unbilled receivables	**164,905**	89,323
	264,935	397,637

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranges from 60 to 90 days from the date of invoice. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**98,802**	287,435
1 to 3 months	**434**	6,498
Over 3 months	**794**	14,381
	100,030	308,314

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:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**234,741**	276,961
1 to 3 months	**37,821**	16,563
Over 3 months	**22,139**	45,881
	294,701	339,405

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

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

During FY2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 31 December 2024, the Company did not have any treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")).

Compliance with Corporate Governance Code

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code (the "**CG Code**") set out in Appendix C1 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company. In the opinion of the Directors, the Company has fully complied with the CG Code in FY2024 except from 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 the 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.

Compliance with the Model Code for Securities Transactions by Directors

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

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

Audit Committee and review of financial statements

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

The Audit Committee has reviewed the Group's annual results for FY2024, and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters with the management of the Company.

Auditors' procedures performed on this results announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the FY2024 as set out in this preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this preliminary announcement.

Significant events after the reporting period

The Group had no significant events after 31 December 2024 that are required to be disclosed.

Annual general meeting

The 2025 AGM will be held on Thursday, 15 May 2025 and its notice and all other relevant documents will be published and despatched to the Shareholders in April 2025.

Closure of register of members

(a) For determining the entitlement of the shareholders to attend and vote at the AGM

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

(b) For determining the entitlement to the proposed final dividend and final special dividend

The record date for entitlement to the final dividend and final special dividend is Thursday, 29 May 2025. The register of members of the Company will be closed from Saturday, 24 May 2025 to Thursday, 29 May 2025 (both days inclusive), during which no transfer of Shares will be registered. In order to be eligible for the proposed final dividend and final special dividend, unregistered holders of Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 23 May 2025.

Publication of 2024 annual results and annual report

This annual results announcement of the Group for FY2024 is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.activation-gp.com. The 2024 annual report containing all applicable information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in April 2025.

APPRECIATION

On behalf of the Board, we would like to take this opportunity to express our gratitude to the management and staff of the Group for their commitment and contribution during the year. We would also like to express our appreciation to the guidance from the regulators and continued support from the Shareholders and customers.

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

Hong Kong, 12 March 2025

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.

This announcement is available for viewing on the Company's website at www.activation-gp.com and the Stock Exchange's website at www.hkexnews.hk.