疯狂体育集团
CRAZY SPORTS GROUP LIMITED

CRAZY SPORTS GROUP LIMITED

(Incorporated in Bermuda with limited liability)
Stock code: 82

ANNUAL REPORT 2021

Enterprise Philosophy

Integrity Loyalty

Diligence Commitment

Our Mission

To Become a Leading Digital Sports Entertainment Group in China

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FINANCIAL PAGES

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Zhang Lijun *(Chairman)*
Mr. Peng Xitao *(Chief Executive Officer)*
Ms. Cheng Po Chuen

Independent Non-Executive Directors

Dr. Loke Yu (alias Loke Hoi Lam)
Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming *(appointed on 1 January 2022)*

AUDIT COMMITTEE

Dr. Loke Yu (alias Loke Hoi Lam) *(Chairman)*
Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming *(appointed on 1 January 2022)*

NOMINATION COMMITTEE

Dr. Zhang Lijun *(Chairman)*
Dr. Loke Yu (alias Loke Hoi Lam)
Ms. Cheng Po Chuen
Mr. Zang Dongli
Mr. Zhou Jingping

REMUNERATION COMMITTEE

Dr. Loke Yu (alias Loke Hoi Lam) *(Chairman)*
Ms. Cheng Po Chuen
Mr. Zang Dongli

CORPORATE GOVERNANCE COMMITTEE

(replaced by ESG Committee on 18 November 2021)

Ms. Cheng Po Chuen *(Chairman)*
Mr. Peng Xitao
Mr. Zhou Jingping

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(replaced by ESG Committee on 18 November 2021)

Mr. Peng Xitao *(Chairman)*
Ms. Cheng Po Chuen
Mr. Zang Dongli
Mr. Zhou Jingping

ESG COMMITTEE

(set up on 18 November 2021)

Mr. Peng Xitao *(Chairman)*
Ms. Cheng Po Chuen
Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming *(appointed on 1 January 2022)*

AUTHORISED REPRESENTATIVES

Dr. Zhang Lijun
Mr. Lam Yau Yiu

COMPANY SECRETARY

Mr. Lam Yau Yiu

CORPORATE INFORMATION

AUDITOR

BDO Limited
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

UBS AG
DBS Bank (Hong Kong) Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House,
41 Cedar Avenue,
Hamilton HM 12,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Level 54,
Hopewell Centre,
183 Queen's Road East,
Hong Kong

REGISTERED OFFICE

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31 Victoria Street,
Hamilton HM 10,
Bermuda

PRINCIPAL PLACES OF BUSINESS

17/F, Tower C,
Dongjin International Center,
East of Yaowahu Bridge,
East 4th Ring Road,
Chaoyang District,
Beijing, PRC

Suites 3702–3, 37/F, Tower Two,
Times Square,
1 Matheson Street,
Causeway Bay,
Hong Kong

CORPORATE WEBSITE

www.ir.crazysports.com

STOCK CODE

00082

DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN'S STATEMENT

Let's face the future together in 2022

Dear fellow Shareholders,

Right now, I am reporting the work of Crazy Sports Group to the Shareholders at the Beijing National Stadium (Bird's Nest), where the grand openings of both Beijing Olympic Games and Beijing Winter Olympic Games were held. As you already knew, restructuring of the Group was officially concluded with the new name coming into effect in 2021. By then, we have built an excellent corporate operation team. Therefore, I will entrust the management team with the task to report to you in detail the Group's wonderful performance in 2021. As the Chairman, I wish to get across this message: Why must we support Crazy Sports all along?

First, let us begin with the Beijing Winter Olympic Games which were recently concluded. Beijing is by far the only city in the world to host both Summer Olympic Games and Winter Olympic Games. This accomplishment has made an impression on a quarter of the world's population, who have engaged themselves relentlessly in sports, which certainly is an ideal way to win the fight against the pandemic, mentally and physically. Sports have never been and almost evolving into a focus of world attention. We note a number of major development trends:

Trend 1: An emergence of new sports categories

Due to changes in demographic characteristics, we expect a rapid growth in the number of "Generation Z" (those born between 1995 and 2010) joining in new sports such as adventure activities and e-sports. The COVID-19 pandemic, in particular, has opened door to many new sports categories.

Trend 2: Sports are becoming increasingly globalised

Although the impact of the pandemic is still felt across the globe, the globalisation trend of sports continues. Global connectivity, global audiences, global sports leagues, sports fans from all over the world, and global media have been converging beyond all national boundaries. To synchronise their businesses to this latest trend, the media are busy acquiring broadcast rights for competition events, while sports clubs have been deploying their resources to gather fans from all over the world.

Trend 3: Rapid development of sports games and e-sports

With the increasing popularity of Internet, the number of participants in sports games and e-sports in the world has spurred. E-sports is popular among young people, amounted to more than 495 million viewers, nearly half of them watch e-sports competitions regularly.

Trend 4: Blockchain and AI are widely used

AI technologies have been increasingly applied in sports, such as scientific training for athletes, events analyses and predictions, platform for fan interactions, and customised peripheral services. The sports industry is ushering into a new intelligence-driven era. With the decentralised and immutability features enabled by blockchain technologies, users are now able to use products available on the chains with confidence, no need to worry about data security. Digital copyrights will be a key driver for overall growth. From the revenue perspective, digital media broadcasting rights look the most promising, and NFT based sports game IPs and derivatives transactions are expected to grow as much as 200% a year on average in the next 3 to 5 years.

Trend 5: Mass users are attracted to the sports industry

For sports clubs, celebrity athletes and operators in the sports industry, fan engagement is the key factor which lays the foundation of their later development, and this fan group can generate a huge revenue stream. Many countries anticipate the emergence of the middle class as potential new sports players, the new user base and market fundamentals supporting the development of the sports industry.

Trend 6: VR and AR technologies are widely used, the metaverse will establish a huge and boundless dimension for sports

VR and AR technologies are powerful tools to enhance sports participation, and fans can model after their favourite athletes and experience the games from a first-person perspective. Real users' experience will be a main course of development for the new sports industry.

The markets, racetrack, core competences of Crazy Sports are aligned with these trends:

First, the Group has always been adhering to China's strategy as a sports superpower. We constantly plan to strengthen our talent resources and user base. The creation of an all-round online and offline sports community ecosystem will facilitate quantum growth of our user community and align with our interactive consumer business model. We are committed to nurturing a sports entertainment platform featured with real time participations from users via multiple interfaces. Basing on the three pillars of "Events + Quizzes, IP + Sports Games, Crazy Red Insights + Lottery Sales", Crazy Sports becomes the leading digital sports entertainment community operator in China.

Second, as a leading enterprise in the internet sports industry in China, we step up innovations in our channel development. Through building a comprehensive sports and entertainment interactive platform that integrates sports events information, analyses and predictions, live broadcasts, quizzes and games, major international events such as UEFA Euro and Tokyo Olympic Games held in 2021, this helps stimulate demand for the Group's core APPs. Strong user data traffic is the cornerstone to spur our strong growth.

Third, in 2021, with the ongoing development of technologies such as the internet, digitalisation, AI, and 5G, we are in an always-on-line digital environment. Technology concepts represented by metaverse and NFT has begun their extensive uses. Technologies has revolutionised every industrial landscape. Sports has bloomed hand in hand in an environment where technology steadily evolves. Yet things changed and everything that goes digital is interconnected. Now with the development of AR, VR, XR and other technologies, everyone can use digital technologies to integrate sports content and experiences to daily living. Crazy Sports understands the profitable extensibility and growth potential along the sports entertainment racing course. We firmly believe in empowering businesses with technologies, to succeed by differentiation and implementing strategic upgrades. We continue to lead by innovations and explorations in the industry, and proactively plan ahead of time with respect to our resources and strategy deployment. We are adequately prepared to face the next wave of technological innovations.

Fourth, the development of Crazy Sports is the hero of the times. According to the National "14th Five-Year Plan", the sports industry in China will reach a significant market size of RMB5 trillion by 2025, the market size is huge. To become a sports superpower is China's strategy. China is in the transition phase of elevating from a major sports nation to a sports superpower. We expect to see rapid development in competitive sports, national fitness, and sports culture. Local governments are investing heavily in sports to press forward the vigorous development of the sports industry. We are, thereby, doing the right thing at the right time.

In 2022, Beijing Winter Olympic Games, Chengdu Universiade, Hangzhou Asian Games, Qatar World Cup and other sports events will be held as scheduled. By leveraging the sports events, we believe that it will be a year of significant growth in revenue, profits and traffics for Crazy Sports. Facing the new landscape, new demand, new changes, and new market environment, Crazy Sports is capitalising on the opportunities, creating value from innovations, shouldering the social responsibility of promoting industry reform. We are committed to digital sports as our core business, we rely on a differentiated sports industry model to poise as the first Hong Kong-listed company in the digital sports industry. Adhering to our mission of "Let Sports Create Happiness", we will lead the sports industry into an era of digital transformation.

You can see by now that Crazy Sports Group is set to connect with all sports events of the world and will unveil an ecosystem of metaverse right in front of you. We vow to connect and strengthen everyone around the globe under the Olympic motto, "Faster, Higher, Stronger — Together".

Finally, I myself, together with all members of the Board, extend our gratitude to all Shareholders and all walks of the community for their trust and support. Let's face the future together in 2022!

Dr. Zhang Lijun
Chairman

25 March 2022

MANAGEMENT DISCUSSION & ANALYSIS

CORE BUSINESS REVIEW

The Restructuring of Crazy Sports Group was officially concluded with the name change in the middle of the year, and its brand awareness in the industry has been continuously improved. With the full recovery of the global sports industry, Crazy Sports has successfully built various businesses in the sports entertainment ecosystem by virtue of its strengths accumulated over the years. In 2021, the Group's revenue reached HK$511.2 million and gross profit reached HK$229.2 million, with a year-on-year growth of 70.0% and 75.3%, respectively. Every business area has recorded strong growth, which reflected the characteristics of platform interconnection, thereby achieving a "quality" advancement. During the year, with the successful implementation of the Group's core strategies, international events stimulated platform users' demand for our core APPs. The total number of users on the platform increased by 50% year-on-year to 48.06 million, and the monthly active users increased by 134% year-on-year to 2.56 million. With the strong user base laying a solid foundation for our significant growth, the Group's competitiveness has been substantially improved, and the business of the Group has also advanced to a new level.

The followings elaborate in detail the growth of each business area of the Group in 2021 and how we can make use of the opportunities brought about by the long-term development trend.

Online paid sports information platform — Crazy Red Insights APP

Revenue growth exceeded 1.4 times year-on-year to HK$131.3 million

Following the fiery finals of top 5 European leagues and UEFA Champions League in the first half of 2021, users' enthusiasm for sports quizzes reached a peak during UEFA Euro. On the first day of UEFA Euro, the number of new user accounts in Crazy Red Insights was 10-fold of the average daily increase in new user accounts in May 2021. Nearly 200 million lottery players accumulated under Crazy Sports' self-operated China Soccer Lottery (中國足彩網) and Lottery 365 (彩票365) platforms were successfully revived during UEFA Euro. The number of individual visitors of the WEB terminal of China Soccer Lottery and H5 of Crazy Red Insights reached 8.95 million in June. After UEFA Euro, the enthusiasm of fans participating in sports quizzes continued to grow. In addition, as driven by Tokyo Olympic Games, World Cup qualifiers and other events, the revenue of Crazy Red Insights continued to grow in the third quarter. After completing five rounds of product iterations in 2021, Crazy Red Insights APP upgraded user experience and membership services, and the number of members continued to grow. Eventually, Crazy Red Insights recorded revenue of HK$131.3 million for the year, with an increase of more than 1.4 times year-on-year. Once again, Crazy Red Insights won industry honors, including the award of "Best Paid Sports Information Platform 2021" at i-China Forum and the award of "Best Sports APP" at the 6th CEO New Year Summit cum the 7th Golden Gulls Award, which has strengthened its leading position in the field of paid sports information services.

Scaling-up investment in technology R&D, focus on new product innovations and user experience

In 2021, we scaled up investment in technology R&D and targeted at technological innovation. Based on users' demand, Crazy Red Insights continued to upgrade its deliverables and optimised expert-recommened contents and expanded content categories down to finite details. Technology upgrade has enhanced users' experience in paid information, particularly for sports events big data services. In 2021, Crazy Red Insights launched numerous exclusive football parameter indexes, and basketball events big data services to optimise interpretation of matches and match forward-looking analysis, and developed more scientific data analysis with renowned sports experts, which enhances the objectivity and judgment of AI data analysis on matches and is helpful for users to take reference and apply to real practice. Crazy Red Insights, based on big data, AI, cloud computing and other technological innovations, built an ecological matrix with complementary advantages of content, users, channels and AI big data through increasing quality content, broadening traffic channels, and upgrading service models, which became the key to rapid business growth.

Engaging more celebrity sports experts to provide users with quality contents

Professional content is another important foundation for the rapid development of Crazy Red Insights. During the year, building on the existing base of about 300 experts, Crazy Red Insights continued to increase a number of quality content creators and signed well-known match analysts. In terms of user services, one-on-one paid online Q&A and audio consultations with experts became available, and the one-to-many paid service for chats with football experts was enhanced, which allowed users to directly switch to our cooperation channels to watch the official live broadcasts of sports events through the match preview service offered by the platform, while communicating and interacting with experts during live broadcast sessions at Crazy Red Insights to understand the course of sports events, to sum up team matches data and enhancing users' product experience.

Entering into contracts with streaming platforms with live sport events broadcasting rights

During the year, the cooperation channels of Crazy Red Insights continued to expand. In particular, a number of high-quality platforms such as China Mobile's MIGU Video, CCTV.com, Baidu and ZHCW.com etc., were newly signed around the UEFA Euro, bringing a large number of users to Crazy Red Insights. Coupled with the original partners such as All FootBall, Zhibo8.cc, HUPU Sports, PP Sports etc. Crazy Red Insights distributed contents to over 40 platforms, which covered about 70% of sports users in China. The number of users of each platform doubled during the UEFA Euro, which provided a great boost to the Group's revenue and user coverage.

Sports social interactive platform — Crazy Sports APP

Revenue increased year-on-year by 89.8% to HK$85.4 million, successfully achieving conversion and realisation between business lines

In 2021, a year of major sports tournament, the sports social interactive platform of Crazy Sports also grew significantly through capitalising the high fan demand for sports game information. The anchors of Crazy Sports platform also drive users' activities and consumption in the form of events quizzing games and interaction through chats about football. It has also launched UEFA Euro gift package of "Ace Soccer" in the form of community activities, members marketing, and reward exchange. Leveraging the hype of the UEFA Euro, conversion and monetisation between business lines were successfully enhanced. Crazy Sports APP saw new download counts throughout 2021 equivalent to 300% of that for the corresponding period of last year. UEFA

Euro ignited the passion of sports fans and fueled growth of Crazy Sports. Crazy Sports provided rich content, together with top expert content from Crazy Red Insights, entertainment activities from Fantasy Sports Events platform and live broadcast, which boosted the stable growth of paying users and their average spending.

Sports events and interactive quizzing entertainment service platform — Fantasy Sports Events APP

The platform is powered with complete functions and is ready to shine in 2022

In early 2021, Crazy Sports obtained the approval of relevant government authorities of Hainan Province to carry out sports quiz platform and reward points system, and successfully launched Fantasy Sports Events platform and Duoduo Reward Points e-store in September. It is positioned as a comprehensive sports and entertainment interactive platform with sports events information, insights, live broadcasts and quizzes around globally and locally renowned sports events and sports events with Hainan characteristics. Fantasy Sports Events APP is dedicated to establishing a new sports interactive model. On the basis of providing sports events services, statistical data analysis, blockchain tracking and ensuring fairness of quizzing games rules, it aims to develop a new application for sports tourism consumption in Hainan, introducing a reward point system to serve tourism and consumption demand in Hainan, promote cultural, sports and tourism development with characteristics of its own. The users can earn rewards by completing daily tasks or purchasing paid sports events information services or giving rewards in live streaming room, participating in prize-winning quizzing games on competitive sports to redeem reward points in exchange for gifts and services at Duoduo Reward Points e-store.

The Fantasy Sports Events APP bundled the sports events that global fans focused at with themed quizzes during UEFA Euro and Tokyo Olympic Games and attracted almost one million users. Users can obtain matches information, previews and results on the platform, as well as participate in quizzes designed for the matches. Such new way of enjoying games has created a new model in the field of sports entertainment and provided momentum to the multi-matrix development of the Crazy Sports ecosystem.

In 2021, Crazy Sports signed contracts in various sports events, the sports event live broadcast + interactive quiz model began to harvest results. Several thousands of comprehensive sport matches were signed, including the international professional boxing tournaments in Hainan to be held by International Professional Boxing Unite (IPBU), the Chinese Men's Handball Super League and the pool tournaments, which Crazy Sports has secured events broadcasting rights and the right to cooperate in interactive entertainment. The Chinese Men's Handball Super League is the highest level of handball competition in China and is the fifth largest professional sports league alongside football, basketball, volleyball and table tennis. Users can watch the events on the platform while participating in various forms of interactive entertainment related to the league provided by the platform, including interacting with other users, and live broadcast interaction with sports stars, online anchors and senior commentators, as well as participating in quizzing games related to the league to win various gifts and services through reward points.

Sports and leisure games business

Revenue growth of 32.0% year-on-year to HK$263.6 million

As a leading enterprise in China's digital sports entertainment industry, Crazy Sports has long been committed to creating sports games in popular science. With its high-end sports IP resources, mature R&D team and product innovation capabilities, Crazy Sports has successfully published a number of market recognised new games in 2021. Crazy Sports is a well-known sports game publisher in mainland China and has many competitive advantages in sports game and male-oriented theme game publishing ecosystem. During the year, through the establishment of its own distribution ecosystem integrating sports community, promotion through purchasing traffic, alliance, exchanging traffic and giving incentives, Crazy Sports has co-published numerous contractual premium games, significantly enriching its premium games portfolio. The strategy of co-publishing premium games has achieved great success in 2021 and brought strong growth to the sports and leisure games business of the Group.

Releasing several blockbuster mobile games, giving birth to a hot-selling soccer mobile game in mainland China — "Ace Soccer"

"Ace Soccer", a strategy flagship game under Crazy Sports, was the first soccer e-sports mobile game launched in the mainland China market in 2021 with the official IP license from FIFPro, and was first launched on Android and Apple channels in May and June 2021 respectively. Driven by product innovation and sports events, the game was positively commented by players on various channels. The game, by virtue of its excellent retention and payment data performance, has won long lasting recommendation on key channels including Apple, Huawei, OPPO, VIVO, Jiuyou, Yingyongbao and TapTap. In August 2021, "Ace Soccer" officially landed in Hong Kong, Macao and Taiwan. Gameone Group Limited carried out comprehensive promotion of "Ace Soccer" in Hong Kong, signed contracts with famous brand ambassadors, and simultaneously launched branding activities in Hong Kong. In December 2021, Michael James Owen, an international superstar, became the ambassador of the game, drawing attention of many football fans and escalated "Ace Soccer" to become a star product in the industry. "Ace Soccer" has been pursuing gameplay innovation to provide players with better football e-sports experience. In addition to the provision of innovative playing methods such as real-time control, story plot, card formation and free club transfer, "Ace Soccer" featured with commercial war, the core gameplay of alliance wargame, pioneering the fusion of alliance battle wargame playing method into a soccer game. It has also upgraded the pure individual PVP battle to a soccer e-sports game where individuals and teams cooperate for victory, significantly enhancing the pleasure of players to team up to compete, which is beneficial to the long-term ecosystem development of the game service. At the same time, in order to fully reflect the charm of e-sports games, "Ace Soccer" held 44 e-sports competitions in 12 cities of Hebei Province in cooperation with its partners combining e-sports competitions and sports lottery ticketing. Through the fun of competitive games, the participants enjoyed the entertainment at the same time participated in competitions that require skills, showing the knowledge level and competitiveness of e-sports events.

"Ace Soccer" has won multiple awards, including the annual "Product Innovation Award" of the STIF2021 International Sci-Tech Innovation Festival, the "Most Innovative Award" of the 3rd Cicada Awards, the 2021 "Most Popular APP Award" of the Industry Award selected by niaogebiji.com., and the "Blackstone Award" for the Most Popular Card Game of the Year jointly selected by mobile manufacturers of Mobile Hardcore Alliance, including Huawei, OPPO, VIVO.

On the other hand, benefiting from the excellent operational capabilities of the Group, numerous yearly-release soccer games have demonstrated strong vitality, such as “Realtime CSL” (實況中超), “Soccer Manager” (夢幻足球世界) and “The Green Dynasty” (綠茵王朝), continuously contributing stable revenue to the Group through constant version upgrades, addition of new player database, and application of exquisite 3D animation and other technologies. A digital collection of soccer star cards featuring a hand-painted card surface successfully launched by “Realtime CSL” in November 2021 is currently the rarest and most powerful star cards in “Realtime CSL”. After obtaining star cards, players can conduct club transfer transactions in the game. Apart from playing games, since the soccer star cards are for limited release, they can also be collected as a digital collection.

Publishing sports games and multiple sports leisure games

Newly launched mobile games in the second half of 2021 included the business simulation mobile game “All Star Football” (全明星足球), the action fighting game “Slapstick Fighter” (火柴人大亂鬥) and “Penguin Parkour” (小企鵝無限跑酷), a casual parkour game with the background of the Antarctic glaciers. In addition, to promote the popularity and development of ice-snow sports in China, in February 2022, Crazy Sports launched “Dream Ski” (夢幻滑雪), a simulated ski racing mobile game, which has been highly recommended by Apple. As an important product of the Group’s ice-snow strategy, the game adopts a domestic original 3D physics engine to enhance the real touch of the snow-setting game. It significantly improves the game control experience, bringing players the pleasant feeling of real skiing, while promoting the popularisation of skiing sports. In 2022, a World Cup tournament year, Crazy Sports will, leveraging on the strengths of IP licensing by Chinese Football Association Super League and FIFPro, officially launch the “World Cup strategy”. At the same time, Crazy Sports will launch a number of male-oriented mobile games on football, basketball, military, business simulation etc., implanting characters from Chinese Football Association Super League and novel IPs into games, attracting IP fans groups, so as to fully capitalise the value of Crazy Sports’ IP rights.

Sports lottery retail services

Revenue growth by 11.6 times year-on-year with number of sports lottery retail point of sales approved for setting up exceeding 7,000, covering 17 provinces and municipalities nationwide

The retail strategy for sports lottery of the Group maintained rapid development in 2021. There was significant boost and development in the expansion of sports lottery business in provinces and cities, the signing up of new channels, the number of retail point of sales, the sales volume of lottery tickets, the dimensional extension of businesses, and the exploration of multi-channel and multi-format market. In addition to the existing 18 contracted branded convenience store chains, 21 new channels were added during the year, making a total of 39 national chain retail brands in cooperation with the Group.

Among the contracted channels that Crazy Sports are in cooperation with, 15 of them are ranked among the TOP100 convenience stores in China published by the China Chain Store & Franchise Association in July 2020, covering more than 60,000 stores in aggregate, with coverage of a variety of formats, such as nationwide third-party payment company Lakala, the express delivery station Shanghai J&T Express, the 24-hour Tianjin Milan Express, and the gas station Hubei Shell etc.. In addition, Crazy Sports has also developed a new business form and opened up a “commercial complex sports lottery experience store” in large shopping malls, which gets closer to the young generation and leads the development and innovation of the industry.

In 2021, the Group continued to expand the territory of its sports lottery retail business. By the end of 2021, the Group has entered into contracts with 17 sports lottery administration centers in provinces and municipalities, including Beijing, Tianjin, Chongqing, Hunan, Hubei, Anhui, Hebei, Liaoning, Shanxi, Nanjing in Jiangsu, Guangzhou in Guangdong Province, and Shenzhen in Guangdong Province, respectively, to obtain license for sports lottery retail business, and established strategic partnerships. This year, Crazy Sports officially became the general partner of the new retail channel expansion business of the National Sports Lottery Management Center to share its successful experience with small and micro enterprises, and was invited as the operator to carry out lottery retail business in 400 Lecoo chain convenience stores in Inner Mongolia.

In respect of marketing activities, Crazy Sports planned numerous crossover promotion to attract new users, and successively implemented various marketing activities, such as “Shopping to Earn Lottery Tickets” with China Resources, “UEFA Euro Quizzing Game” with Tianfu, “Drinking Coffee to Earn Lottery Tickets” with Bianlifeng, and store celebration activity “Shopping to Earn Sports Lottery” with Lawson, etc.. During the UEFA Euro, Crazy Sports cooperated with Dongguan and Changsha Tianfu to decorate physical stores with UEFA Euro thematic settings. Through posters and verbal promotions by shop assistants, a large number of new users were successfully attracted to participate in online lucky draws, in which users showed unprecedented enthusiasm for participation, realising the spirit of national sports lottery for public welfare.

Awards and Recognitions

The brand awareness of Crazy Sports in the industry was greatly enhanced during the year. In 2021, Crazy Sports was invited to participate in various major international technology, game and cultural exhibitions as a leading enterprise in the internet sports entertainment industry, showcasing the Group's presence and achievements in the area of digital sports. The team won a number of influential awards in the industry as high recognition for our efforts in the products and technologies researched and developed.

Awards/Recognitions	Issuing Authority(ies)	Date of Awards
Best Sports APP of Golden Gulls Award — "Realtime CSL"	xiouwang.cn	26 January 2021
Top 500 Innovative Brands in China in 2021	China-Asia Economic Development Association, Global Times, Asia Brand Ceremony and 2021 Brand Power Forum	30 March 2021
2021 National Brand Top 100 Innovative Entrepreneurs — Dr. Zhang Lijun	China-Asia Economic Development Association, Global Times, Asia Brand Ceremony and 2021 Brand Power Forum	30 March 2021
2021 Science and Technology Innovation Leading Award	CFS — The 10th Finance Summit and 2021 Sustainable Business Conference	28 July 2021
Certificate of Excellence	Hong Kong Investor Relations Association	14 September 2021
Listed Companies with Growth Potential in 2021	Xueqiu	3 December 2021
Guru Club Greater China Best Listed Company Award 2021	Guru Club Limited	8 December 2021
2021 Product Innovation Award — "Ace Soccer"	STIF2021 International Sci-Tech Innovation Festival	8 December 2021
2021 Digital Transformation Paradigm Award	STIF2021 International Sci-Tech Innovation Festival	8 December 2021
Best Paid Sports Information Platform 2021 — "Crazy Red Insights"	i-China Forum	18 December 2021
Most Innovative Award in 2021 — "Ace Soccer"	Global Mobile Cicada Awards	20 December 2021
Best Sports APP of Golden Gulls Award — "Crazy Red Insights"	xiouwang.cn	25 December 2021
2021 Most Popular APP Award of the Industry — "Ace Soccer"	niaogebiji.com	8 January 2022
Blackstone Award for the Most Popular Card Game of the Year — "Ace Soccer"	Mobile Hardcore Alliance	24 January 2022

Business Outlook

The Group successfully achieved its strategic upgrade in technologies, channels, services and branding in 2021, with all the targets set by the management being achieved. The Chinese government's support for the sports industry over the past year has been unprecedented with a vast array of favourable policies being announced simultaneously to provide policy safeguards for the sports industry to become a pillar industry of the national economy. 2022 will bring together major local and international sports events. Hangzhou Asian Games and Chengdu Universiade to be hosted by China, as well as Qatar FIFA World Cup 2022 will stimulate a new round of euphoria in the country for lottery purchases. This will emerge as an opportunity in history for platforms users and revenue of the Group to elevate to the next level.

In 2022, a World Cup year, each business segment of Crazy Sports will actively embrace the World Cup, launching related products and services around the event, carrying out promotion activities and launching a "World Cup Strategy" at the same time, leveraging in edges of IP licensing from Chinese Football Association Super League and FIFPro, we will release new soccer mobile games as well as influential events such as e-sports leagues. Besides, we will draw on our game publishing experiences and platform advantages to expand our foothold on the game racetrack and successively release a number of premium games such as basketball competitive games, military games and business simulation games, enriching the game business matrix of Crazy Sports. With regards to our sports lottery new retail business, we will establish close cooperation with provincial and municipal sports lottery centers in promotion activities, store operation and maintenance management, store business training, instant lottery tickets operation and distribution and technological innovation. We will improve quality and sales volume of the channel outlets, and reach out to more offline lottery users that will further improve the lottery service ecosystem. As a leading enterprise in internet sports industry in China, we will focus on blockbuster sports events home and aboard, expand our channels further, strengthen platform services and technical capabilities, establish a comprehensive sports entertainment interactive platform integrating events information, analyses and predictions, live broadcasts, quizzes and games, improve online and offline ecosystem construction, nurture sports enthusiasts and educate them to enhance their understanding, appreciation and participation of sports culture, empower sports events with Internet technology. We aim at becoming the largest and most influential digital sports entertainment service operator in China.

STRATEGIC INVESTMENTS

As at 31 December 2021, the investment portfolio of the Group amounted to approximately HK$406.6 million (2020: HK$412.3 million), which was recorded as financial assets at fair value through profit or loss or through other comprehensive income.

Apart from focusing on the organic growth of its principal businesses, the Group also made, and intend to make, strategic investments in order to effectively allocate resources to maximise corporate value and realise the integration of resource advantages through strategic investments. We have developed focused investment strategies, targeting to invest, acquire or form alliances that will either complement our existing businesses or drive innovation initiatives. Through strategic investments, the Group communicated closely with the emerging blockchain information technology, media, sports and entertainment industries to establish opportunities for further collaborations or achieve synergies.

Investment in private equity funds

As at 31 December 2021, the Group has investment in private equity funds amounted to HK$402.5 million, which accounted for 29.6% of the total assets. The investment comprised of three funds as below:

(a) China Prosperity Capital Mobile Internet Fund, L.P. ("CPC Fund")

In 2015, the Group entered into a limited partnership agreement to subscribe for the limited partnership interests in CPC Fund and injected US$31,250,000 to the CPC Fund. The CPC Fund is an exempted limited partnership registered under the laws of the Cayman Islands, which is principally engaged to achieve long-term capital appreciation primarily through privately-negotiated investments in securities and/or equity that operate in mobile internet and technology industries in the Greater China region, in particular the culture and entertainment industry, such as internet literature, dramas and movies, motion pictures, manga and animations, amongst others. Investing through CPC Fund created synergy merits to the Group as it allows the Group to have business relationship with industry participants. Due to the return received from its successful underlying investments, the Group had received dividend income amounted to HK$16.7 million from the CPC Fund during the year (2020: HK$26.5 million). The fair value of the Group's investment in CPC Fund is HK$226.9 million as at 31 December 2021 (2020: HK$256.4 million), with a fair value loss of HK$29.5 million recognised as other comprehensive income.

(b) Golden Rock Cayman LP ("Golden Rock Fund")

In 2017, the Group entered into a limited partnership agreement to subscribe for the limited partnership interests in Golden Rock Fund and injected US$2,000,000 to the Golden Rock Fund. The Golden Rock Fund is an exempted limited partnership registered under the laws of the Cayman Islands, which is principally engaged to achieve long-term capital appreciation primarily through privately-negotiated investments in securities and/or equity that operate in or otherwise derive significant business opportunities from the mobile Internet sector, its related technologies, products and services. Due to the return received its from successful underlying investments, the Group had received dividend income amounted to HK$6.0 million from the Golden Rock Fund during the year (2020: HK$Nil). The fair value of the Group's investment in Golden Rock Fund was HK$23.9 million as at 31 December 2021 (2020: HK$19.3 million), with a fair value gain of HK$4.6 million recognised as other comprehensive income.

(c) New Rock Capital Fund LP (formerly known as CATV Cayman LP) ("New Rock Capital Fund")

On 7 December 2020, the Group has entered into a subscription agreement pursuant to which the Group agreed to subscribe for the limited partnership interests in the New Rock Capital Fund at an aggregate subscription amount of US$11,080,000. During 2021, the Group has made further injection of US$3.8 million into the New Rock Capital Fund. New Rock Capital Fund is established to achieve long-term capital appreciation of the investments and telemedia assets held, by leveraging on the external network and the expertise of the general partner of New Rock Capital Fund. During the reporting period, the New Rock Capital Fund has sustainably developed the telemedia business and achieved capital appreciation in fund value through effective management of its investment projects. Due to the return received from its successful underlying investments, the Group had received dividend income of HK$10.0 million from the New Rock Capital Fund during the year (2020: HK$Nil). The fair value of the Group's investment in New Rock Capital Fund was HK$151.7 million as at 31 December 2021 (2020: HK$85.9 million), with a fair value gain of HK$36.3 million recognised as other comprehensive income.

Investment in Bank of Asia

The Group has invested 45.49% equity interest in BOA, which is established to provide online digital banking services. BOA holds a General Banking License granted under The Banks and Trust Companies Act 1990 of BVI for the purpose of carrying on banking business within and outside the jurisdiction of BVI. BOA is regulated by the authorities of BVI. It uses advanced digital channels to provide a wide range of cross-border financial services to its global clients, especially companies and individuals associated with offshore jurisdictions, addressing the growing financial needs of international companies, their owners, and multinational conglomerates. Besides banking services such as deposits and loans in multiple currencies, cross-border payments and remittance etc., BOA also provides investment, wealth management and lifestyle services through its affiliated company and business partners around the world.

Over the past 12 months, BOA delivered strong growth momentum despite the COVID-19 pandemic. It has built a diversified client portfolio across 90 jurisdictions, with the number of clients increased by over 300% and transactions processed increased over 10 times. BOA had also expanded the scale of financial advisory and banking services. As a result, the financial performance of BOA has remarkably improved with a recorded net profit after taxation of US$5.3 million (equivalent to HK$41.4 million) for the year ended 31 December 2021. The improvement of BOA's financial performance was mainly generated from increase in fees income of financial advisory and banking services. BOA is still in the development stage and the recurring income source still contains uncertainties.

As at 31 December 2021, there was an impairment of HK$138.8 million (2020: HK$181.0 million) of the Group's interest in BOA after referencing to valuation by an independent valuation expert. A reversal of impairment loss was recognised during the year since fair value estimated for the interest in BOA increased as BOA has delivered profit position for the year. However, the fair value of interest in BOA is still below the carrying amount of interest because the business had not attained the operational targets up to the end of this financial year and there are uncertainties in the future income stream. The investment in BOA contributed a net gain to the Group during 2021, which was a combined effect from a loss from deemed disposal of HK$91,000 from issuance of new shares, a share of profit of HK$18.9 million and a reversal of impairment of interest in an associate of HK$42.2 million recorded for the year.

On 2 February 2022, the Company (via Smart Token), other sellers, BOA and Ammbr Limited entered into a Heads of Agreement for the disposal of equity interest in BOA to Ammbr Limited and subscription of BOA shares by Ammbr Limited, for details please refer to the paragraph headed "Subsequent Event" as set out in the Directors' Report of this Annual Report. A special general meeting of the Company was held on 22 March 2022 that the Shareholders had approved the entering into the Agreement and the transactions contemplated thereunder in relation to, among other things, the Disposal. The Disposal presents an exit opportunity well above the investment costs for the Group while approximately 7.4% interest of the enlarged share capital of BOA will be retained upon completion of the Disposal and Subscriptions, which enable the Group to capitalise the future potential of BOA.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

	For the year ended 31 December	
	2021	2020
	HK$'000	HK$'000
CONTINUING OPERATIONS		
Revenue	**511,218**	300,805
Cost of revenue	**(282,050)**	(170,104)
Gross profit	**229,168**	130,701
Other gains and losses	**42,461**	83,405
Selling and marketing expenses	**(110,513)**	(52,903)
Administrative expenses	**(80,590)**	(61,354)
Reversal of impairment/(impairment) of interest in an associate	**42,211**	(870)
Share of results of associates	**18,749**	(31,734)
Finance costs	**(993)**	(856)
Profit before income tax	**140,493**	66,389
Income tax credit	**2,715**	2,136
Profit for the year from continuing operations	**143,208**	68,525
DISCONTINUED OPERATIONS		
Loss for the year from discontinuing operations, net of tax	**–**	(199,861)
Profit/(loss) for the year	**143,208**	(131,336)

Following the Restructuring and the disposal of certain subsidiaries completed on 7 December 2020, the telemedia and e-commerce business constituted a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as the disposed entities represented one of the main businesses of the Group. The consolidated statement of profit and loss and other comprehensive income for 2020 and 2021 have been presented to separate the disclosures relating to the discontinued operations from that of the continuing operations. Currently, the digital sports entertainment related business, through Crazy Sports become the principal operation of the Group and main component of the continuing operations.

CONTINUING OPERATIONS

Revenue

The Group's total revenue was contributed by the single business segment in 2021, which is the digital sports entertainment related business. The Group's total revenue was approximately HK$511.2 million, representing an increase of 70.0% as compared with 2020. The Group generated revenue mainly from four areas: (i) paid sports lottery information platform; (ii) sports social interactive platform; (iii) sports and leisure games; and (iv) lottery-related commission income. There are three main drivers for the revenue growth in 2021:

Launching of new sports and leisure games — The Group has successfully published a number of market-recognised new games in 2021, in particular "Ace Soccer", an e-sports mobile game with official IP license from FIFPro. Crazy Sports has also co-published numerous quality sports and leisure games with strategic partners in 2021, which significantly enriched the product line of Crazy Sports' games portfolio.

Effective R&D and upgrade of the digital sports entertainment platform — Leveraging the effective R&D effort, the Group upgraded the paid sports information platform, Crazy Red Insights APP, with users interactive features, big sports data analysis and more user-friendly interface. At the same time, the Group continued to improve the variety of product offering within the digital sports entertainment ecosystem, introducing new features like Fantasy Sports Events APP and Duoduo Reward Points e-store. All these new upgrades and new features activated users' engagement and hence generated more revenue to the Group.

Resumption of local and international sports events — After the challenging COVID-19 pandemic in 2020, sports events around the world was fully resumed in 2021, for instance the top 5 European leagues, UEFA Champions League and the UEFA Euro. Locally, thousands of comprehensive sports events carried out in the PRC and these local sports event triggered users engagement to the Groups' digital sports entertainment platform.

The abovementioned drivers triggered a significant increase in demands for Crazy Sports' digital sports entertainment products and services. The total number of users on the platform and the monthly active users recorded a 50% and a 134% increase as compared with 2020 respectively. The Group's revenue from different product lines is summarised as below:

	2021		2020	
	HK$'000	**%**	HK$'000	%
Paid sports lottery information platform	**131,292**	**25.7**	53,716	17.9
Sports social interactive platform	**85,374**	**16.7**	44,978	14.9
Sports and leisure games	**263,610**	**51.5**	199,656	66.4
Lottery related commission income	**30,942**	**6.1**	2,455	0.8
	511,218	**100%**	300,805	100%

MANAGEMENT DISCUSSION & ANALYSIS

Cost of revenue and gross profit

Our cost of revenue primarily consists of (i) commissions charged by distribution channels and payment channels, (ii) revenue share to IP holders and (iii) revenue share to key opinion leaders and sports event experts. Total cost of revenue of the Group increased by 65.8% to approximately HK$282.1 million during the year as compared with 2020. The growth trend was in line with the increase in revenue generated from digital sports entertainment related businesses.

The Group reported a gross profit of HK$229.2 million for 2021, representing an increase of 75.3% as compared to HK$130.7 million for 2020. Gross margin for 2021 was 44.8% as compared to gross margin of 43.5% for 2020. The gross margin maintained at a similar level as last year with no significant change in product mix.

Other gains and losses

Other gains and losses recorded a gain of HK$42.5 million in 2021 compared to a gain of HK$83.4 million in 2020. The gain was primarily attributable to dividend income of HK$32.8 million received from financial assets held by the Group, gain on disposal of a subsidiary of HK$20.4 million and realised gain from strategic investment in NASDAQ financial assets of HK$6.9 million. This was offset by a fair value loss on financial assets at fair value through profit or loss of HK$27.3 million in 2021.

Selling and marketing expenses

Selling and marketing expenses increased by 108.9% to HK$110.5 million in 2021 from HK$52.9 million in 2020. Such increase was mainly attributable to servicing fees incurred for the initial launching of sports games and for promoting the sports digital entertainment applications during the course of major sports events.

Administrative expenses

Administrative expenses increased by 31.4% to HK$80.6 million in 2021 from HK$61.4 million in 2020. The increase in administrative expenses was a result of increased general office expenses, increased staff costs and R&D costs incurred for the expansion of digital sports entertainment related businesses. One-off rebranding and office relocation expenses was incurred in 2021 following the change of name of the Group and relocation of both Hong Kong office and Beijing head office.

Reversal of impairment of interest in an associate

Reversal of impairment loss of HK$42.2 million was recognised in respect of the Group's interest in BOA in 2021, as compared to an impairment loss of HK$870,000 in 2020. The recoverable amount of BOA was determined with references to an independent valuation as at 31 December 2021 and reversal of impairment loss was made primarily due to significant improvement in the financial performance of BOA. As at 31 December 2021, the carrying amount of our Group's interest in BOA was HK$72.3 million.

Share of results of associates

Share of profit of associates of HK$18.7 million was recognised in 2021, as compared to a share of loss of associates of HK$31.7 million in 2020. The share of profit was due to revenue growth from the financial and banking services offered by BOA in 2021.

Income Tax

There was a tax credit in 2021 due to the reversal of temporary differences generated during the year.

DISCONTINUED OPERATIONS

There was no loss incurred from the telemedia and e-commerce business during the year because the telemedia and e-commerce business segment was discontinued after the completion of the Restructuring in December 2020. The loss from discontinued operations of HK$199.9 million for the corresponding period of 2020 mainly consisted of loss on disposal of companies of HK$22.4 million, discontinued operation loss of HK$74.0 million and the written off of related intangible assets and goodwill of HK$103.5 million.

PROFIT FOR THE YEAR

As a result of the foregoing, the Group recorded profits of HK$143.2 million for 2021, as compared to a loss for the year of HK$131.3 million in 2020.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth the cash flows of the Group for the year indicated:

	For the year ended 31 December	
	2021	2020
	HK$'000	HK$'000
Net cash generated from/(used in) operating activities	**88,000**	(29,182)
Net cash (used in)/generated from investing activities	**(119,494)**	27,204
Net cash generated from financing activities	**5,082**	52,678
Net (decrease)/increase in cash and cash equivalents	**(26,412)**	50,700
Cash and cash equivalents at beginning of year	**109,764**	58,920
Effect of foreign exchange rate changes	**(2,414)**	144
Cash and cash equivalents at end of year	**80,938**	109,764

Working capital

The Group had HK$80.9 million cash and cash equivalents as at 31 December 2021, as compared to a balance of HK$109.8 million as at 31 December 2020.

Net cash generated from operating activities

The Group's operations were primarily financed through its operating activities for 2021, with net cash generated from operating activities amounted to HK$88.0 million in 2021, as compared to net cash used in operating activities of HK$29.2 million in 2020. The Group derived its cash inflow from operating activities primarily through the receipt of income from digital sports entertainment business. The Group's cash outflows from operating activities primarily comprised payments for costs related to the games and applications, selling and marketing servicing fees and operating expenses such as staff costs.

Net cash used in investing activities

Net cash used in investing activities was HK$119.5 million in 2021, as compared to net cash generated from investing activities of HK$27.2 million in 2020. The net cash used in investing activities mainly comprised of cost of acquisition of intangible assets of HK$114.7 million and capital injection in strategic investment of HK$29.4 million, off-set by dividend income of HK$10.0 million received and proceeds from disposal of financial assets at fair value through other comprehensive income of HK$26.5 million.

Net cash generated from financing activities

Net cash generated from financing activities was HK$5.1 million in 2021 as compared to net cash generated from financing activities of HK$52.7 million in 2020. The net cash generated was primarily comprised of the repayment of lease liabilities of HK$5.7 million and proceeds from exercise of share options of HK$8.3 million.

Capital Structure

As of 31 December 2021, the Group's total assets amounted to approximately HK$1,357.6 million (2020: HK$1,187.2 million) which were substantially financed by shareholders' fund of approximately HK$1,052.6 million (2020: HK$864.3 million). The capital of the Group only comprises of ordinary shares.

Use of proceeds from placement

(i) On 20 January 2020, the Company and an independent third party (the "January 2020 Placee") entered into a conditional placing agreement (the "January 2020 Placing") pursuant to which the Company has conditionally agreed to allot and issue 75,000,000 ordinary shares (the "January 2020 Placing Shares") to the January 2020 Placee at a price of HK$0.200 per January 2020 Placing Share. The January 2020 Placing was completed on 4 February 2020. In relation to the January 2020 Placing, as disclosed in the Company's announcement dated 20 January 2020, the Company intended to apply all the net proceeds of approximately HK$15.0 million raised from the January 2020 Placing as general working capital of the Group. As at 31 December 2020, the Group had completely utilised the net proceeds of approximately HK$15.0 million as intended.

(ii) On 7 December 2020, the Company entered into the conditional placing agreements (the "December 2020 Placing") with each of the independent third parties (the "December 2020 Placees") pursuant to which the Company has conditionally agreed to allot and issue 215,180,180 ordinary shares (the "December 2020 Placing Shares") to the December 2020 Placees at a price of HK$0.222 per December 2020 Placing Share. The December 2020 Placing was completed on 21 December 2020. In relation to the December 2020 Placing, the net proceeds amounted to approximately HK$47.7 million. As disclosed in the Company's announcement dated 7 December 2020, the Company intended to apply approximately HK$30.0 million of the net proceeds for the development of the Group's digital sports entertainment business and the balance of approximately HK$17.7 million for general working capital of the Group. As at 31 December 2020, the net proceeds of HK$47.7 million raised from the December 2020 Placing had not been utilised by the Group and was deposited into the bank accounts of the Group. During 2021, the Group had utilised (i) approximately HK$30.0 million of the net proceeds in the acquisition of intangible assets, product R&D for expansion of the digital sports entertainment business; and (ii) approximately HK$17.7 million on general working capital purpose. The Group had completely utilised the net proceeds of approximately HK$47.7 million as intended.

OTHER FINANCIAL INFORMATION

Treasury policy

The Group have established policies to monitor and control the risks relating to the business operations and treasury activities in order to meet the financial obligations in a timely manner. The Group's treasury policy seeks to govern areas regarding counterparty, interest rate and foreign exchange risks to ensure that the Group has sufficient sources of funding for working capital and investments. As part of our cash management activities, we typically invest our surplus cash in low-risk and/or high investment grade instruments that generate reasonable returns.

Material acquisitions and disposals

Except for the disposals of the equity interest in subsidiaries and associate as disclosed in notes 13 and 36 to the consolidated financial statements, there was no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2021.

Foreign exchange risk

Since the Group generates most of the revenue and incurs most of the costs in RMB, there was no material foreign exchange risk.

Pledge of assets

Except for the pledge of intangible asset as disclosed in note 43 to the consolidated financial statements, the Group did not have any pledged assets as at 31 December 2021 (2020: Nil).

Contingent liabilities

As at 31 December 2021 and 2020, we did not have any material contingent liabilities.

Gearing ratio

As at 31 December 2021, gearing ratio was approximately 1.2%, which was calculated by dividing the total borrowings by the total equity attributable to owners of the Company.

Dividends

No dividends have been paid or declared by the Group during the years ended 31 December 2021 and 2020.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the Annual General Meeting held on 7 May 2021, the Shareholders have approved to change the English name of the Company from "V1 Group Limited" to "Crazy Sports Group Limited" and "瘋狂體育集團有限公司" has been adopted and registered as the secondary name of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

As the Group's core business operates on platforms based on the internet infrastructure in the PRC, the Group's businesses and prospects are subject to regulatory risk which is the principal risk. The Group is subject to the applicable PRC laws and regulations which regulate, including but not limited to, the licensing and operations of mobile games and applications. The Group will endeavor to implement control features so as to comply with new laws and regulations promulgated. It is exemplified by our measures to mitigate such risk as discussed in "B.6 Product Responsibility" section of the ESG Report of this Annual Report.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of 115 employees.

The Group remunerates the employees primarily based on nature of the job, market trend, qualification, years of experience and contributions to the Group. The Group has implemented the Share Options Scheme. The Group has granted Share Options to the directors, senior management and other employees to encourage them towards enhancing the value of the Group and to promote the long-term growth of the Group.

Furthermore, the Group offers training programs to the Directors and employees to upgrade their skills and knowledge on a regular basis.

DIRECTORS AND
SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

Executive Directors

Dr. ZHANG Lijun (張力軍博士), aged 58, holds a Doctoral degree in Economics and is the Chairman of the Board. He is a Research Fellow at Stanford University and an advocate of "disruptive innovation". Dr. Zhang is the Chairman of China Asia-Pacific Economic Cooperation (APEC) Development Council, Vice Chairman of Internet Society of China (ISC), Vice President of China Netcasting Services Association (CNSA), Honorary Chairman of Bank of Asia, Honorary President of Beijing Internet Association, Chairman of Dubai CATV, and Senior Partner of CICC Qianhai Weiyi Fund. He was Chairman of the Board of the former CMGE Group, a company listed on NASDAQ. Dr. Zhang is an acclaimed entrepreneur and civil diplomat in China. With a strong innovative mind and industry leadership capabilities, he is one of the creators and leaders in China's communication and internet netcasting industry. Dr. Zhang is also a renowned strategic investor and well-connected in the international politics and commercial circles.

Mr. PENG Xitao (彭錫濤先生), aged 44, was appointed as an executive Director and the Chief Executive Officer of the Company on 1 January 2021. He is responsible for daily operation, management and planning of the Group. Prior to that, he was appointed as the Joint Chief Operations Officer of the Company in October 2018. Mr. Peng holds a Master degree of Computer Application from Nankai University and has more than 19 years of experience in the internet and related industries. He worked at the Internet and E-commerce Department of China Unicom as an engineer, engaging in the maintenance and construction work of internet network. In 2012, he founded Yicai Yangguang* (溢彩陽光) as the Chief Executive Officer, and Lottery 365 under his leadership quickly emerged as the number one mobile customers product in terms of the number of users and market share in the mobile internet lottery sector in China. With its outstanding product features, Lottery 365 had received many prestigious awards for its product innovation and branding in the industry. In 2015, Mr. Peng founded Crazy Sports and served as the Chief Executive Officer. He pioneered the paid lottery information service platform — Crazy Red Insights which focus on providing lottery players with professional analyses and information services relating to football and basketball games, and such platform has quickly become a leader in the industry. Crazy Sports was fully acquired by the Group in October 2018.

Ms. CHENG Po Chuen (鄭寶川女士), aged 50, joined the Group as the Chief Financial Officer of the Company in January 2020 and was appointed as an executive Director on 18 April 2020. She is responsible for overseeing the financial and capital management of the Group. She has more than 26 years of experience in corporate finance advisory, investment banking and private banking. She joined the business consulting division of Arthur Anderson as an analyst upon graduation in 1994. She then worked for the investment banking arms of DBS Asia Capital, HSBC Investment Banking Asia and Macquarie Capital Asia in Hong Kong between 1997 and 2010 and her last position held was Managing Director, one of the Responsible Officers for the purpose of the Securities and Futures Ordinance and one of the Principal Supervisors of the Sponsor under the Stock Exchange at Macquarie Capital Asia. In 2010, she joined UBS AG Wealth Management as Head of Corporate Advisory Group, Hong Kong and in 2014 became a Desk Head supervising client advisers, with last position held as Managing Director. Ms. Cheng holds a Bachelor of Business Administration degree in Accounting and Finance from The University of Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Dr. LOKE Yu (alias Loke Hoi Lam) (陸海林博士), aged 72, was appointed as an independent non-executive Director in May 2005. He is also the chairman of the Audit Committee and the Remuneration Committee. He has over 43 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration degree from Universiti Teknologi Malaysia and a Doctor of Business Administration degree from University of South Australia. Dr. Loke is a fellow member of The Institute of Chartered Accountants in England and Wales, The Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute. He is also a life member of The Hong Kong Independent Non-Executive Director Association. Currently, he serves as an independent non-executive director of China Silver Technology Holdings Limited, Hang Sang (Siu Po) International Holding Company Limited, Hong Kong Resources Holdings Company Limited, Matrix Holdings Limited, Tianjin Development Holdings Limited, Times Universal Group Holdings Limited, TradeGo FinTech Limited and Zhenro Properties Group Limited, and as a non-executive director of Veson Holdings Limited, companies listed on the Stock Exchange. Dr. Loke was an independent non-executive director of each of Chiho Environmental Group Limited until December 2021, Zhong An Group Limited until June 2021 and Lamtex Holdings Limited until March 2020, all of which are listed on the Stock Exchange. He was also an independent non-executive director of each of CIMC-TianDa Holdings Company Limited until January 2021 and Tianhe Chemicals Group Limited until May 2020, both of which were listed on the Stock Exchange.

Mr. ZANG Dongli (臧東力先生), aged 62, was appointed as an independent non-executive Director on 1 January 2021. He has about 40 years of experience in cultural and sport industries. He has been engaging in the development, advertising and fund-raising activities of national large-scale projects. He was responsible for the advertising, marketing and financing work of various large-scale projects, including the 11th Asia Games, the 7th National Games of the PRC, the 3rd Far East and South Pacific Games for the Disabled, the 21st Universiade and the 2008 Olympic Games in Beijing respectively. From 2007 to 2009, he served as the Head of the Market Development Department of Beijing International Media Center to provide services to the 2008 Olympic Games in Beijing, during which he was responsible for raising funds for the establishment of the Media Center and facilitated the cooperation with dozens of famous brands and enterprises in respect of fund raising and in-kind contributions. Thereafter, Mr. Zang worked as a Project Director of the Business Department of National Stadium Co., Ltd., responsible for the development of large-scale events and project fundraising for the National Stadium (Bird's Nest) until his retirement in early 2020.

Mr. ZHOU Jingping (周京平先生), aged 56, was appointed as an independent non-executive Director on 1 January 2021. He is currently a Managing Director of HeYi Group (和易集團) and a consultant of King & Wood Mallesons. Before his career in business, he worked as a police officer for 35 years and was recognised as a National Outstanding Police Officer and won the Outstanding Central State Organization Youth Award. He used to serve as the Director of the Economic Crime Investigation Division of the Ministry of Public Security, Director of Political Department of Ministry of Public Security of Chongqing, and the Deputy District Head and Police Chief of the Public Security Bureau of the People's Government of Fuling District, Chongqing. He always focuses on the development of sports. During his tenure in Chongqing, he successfully organised various large-scale sports and culture events and exhibitions to promote the exchange of sports culture in China. Mr. Zhou holds a Master degree of Project Management from Yunnan University of Finance and Economics.

Ms. LIU Haoming (劉昊明女士), aged 34, was appointed as an independent non-executive Director on 1 January 2022. She has more than eight years of work experience in the fields of accounting, auditing and financing. She started her career with a leading national accounting, tax and business consulting firm in Canada in January 2013 and currently serves as an Assurance Manager. Ms. Liu is a Chartered Professional Accountant in Canada, and she holds an Honours Bachelor of Commerce degree (major in Accounting) from Laurentian University, Canada.

Senior Management

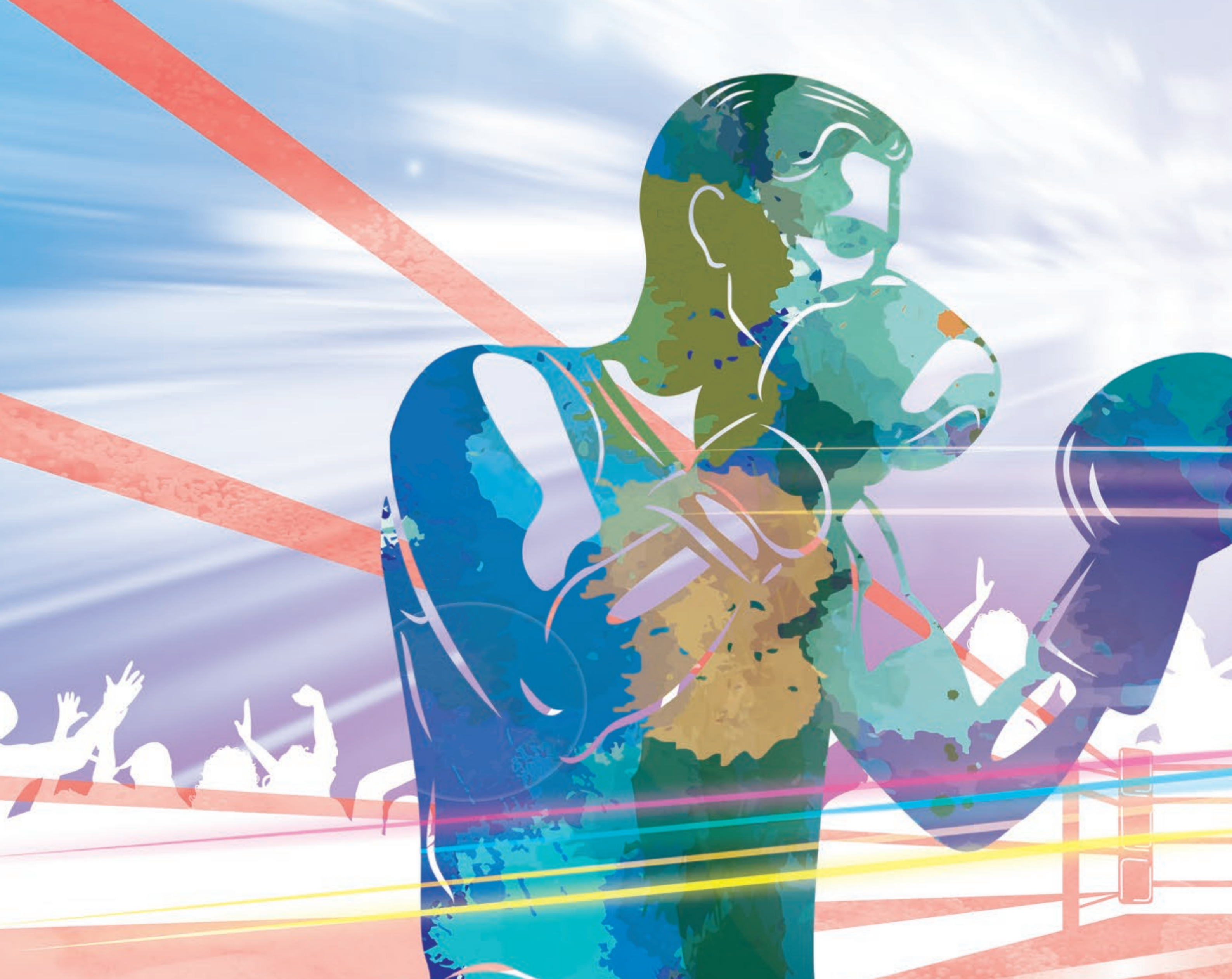
Mr. LI Zhenyu (李震宇先生), aged 50, joined the Group in November 2016, and was appointed as the Chief Risk Management Officer of the Company in February 2019. He is responsible for the Group's risk management, internal audits, legal affairs, and investment risk management. He has worked in the investment, risk management and other related fields for over 22 years, and has accumulated vast risk management experience. Prior to joining the Group, he had been Risk Management Vice President of Zhongying Commercial Factoring Co., Ltd. (中盈商業保理有限公司), and Risk Management Director at GOME Financial Holdings Investment Co., Ltd. (國美金控投資有限公司), Simsen International Corporation Limited (天行國際有限公司), Zhongji Investment Holding Group Co., Ltd. (中際投資控股集團有限公司) and other organisations. He holds an Economics Bachelor degree from the College of Economics and Management of Northeast Forestry University, majoring in Accounts.

Mr. LAM Yau Yiu (林友耀先生), aged 58, is the Company Secretary of the Company. He joined the Group in February 2019. He has about 33 years of experience in accounting, auditing and financial management. Before he joined the Group, he was the Financial Controller and the Company Secretary of Zhong An Group Limited, a company listed on the Stock Exchange, from October 2008 to December 2016. Mr. Lam is also a non-executive director of Bank of Asia and an independent non-executive director of Veson Holdings Limited, a company listed on the Stock Exchange. He holds a Master degree of Business Administration and a Master degree of Science in Information Systems Management from The Hong Kong University of Science and Technology and a Bachelor degree of Accounting from City University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Mr. CHAN Lap Chun Jason (陳立駿先生), aged 31, is the Financial Controller of the Company. He joined the Group in December 2020. He holds a Bachelor of Business Administration degree in Accounting and Finance from The Hong Kong Polytechnic University. He is also a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Chartered Accountant of the Institute of Chartered Accountants in England & Wales. He has more than 9 years of experience in auditing, accounting, corporate governance and compliance issues in listed companies in Hong Kong. Before joining the Group, Mr. Chan acted as an audit manager in an international audit firm.

ESG REPORT

CORPORATE GOVERNANCE REPORT



DIRECTORS' REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

The Group is pleased to present the 2021 Environmental, Social and Governance Report (this "Report") to demonstrate its strategic decisions and commitment fulfilment in corporate sustainability. The Group is a leading digital sports entertainment community operator in the PRC. In 2021, the Group was in full gear to develop the digital sports entertainment businesses following the completion of the Restructuring. The principal businesses of the Group include the development and operation of paid sports information platform, sports social interactive platform, sports quizzing platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the PRC.

ABOUT THIS REPORT

This Report has been prepared in strict compliance with the requirements under the Environmental, Social and Governance Reporting Guide (the "Guide") set out in Appendix 27 to the Listing Rules, covering the principal businesses of the Group. The coverage includes places of operation and offices of the Group in Beijing and Hong Kong. The reporting period was from 1 January 2021 to 31 December 2021. Key performance indicators to be disclosed as required by the Guide were all addressed in the sections headed "Environmental Sustainable Development" and "Social Sustainability" of this Report. Apart from complying with the reporting principles of the Guide, this Report has made illustrations on our compliance with relevant laws and regulations. This Report is prepared in both English and Chinese versions and have been uploaded onto the website of the Group at www.ir.crazysports.com and the website of the Stock Exchange at www.hkexnews.hk. For details on corporate governance, please refer to pages 59 to 72 of this Annual Report.

STAKEHOLDER ENGAGEMENT

Stakeholders refer to groups and individuals significantly influencing or being influenced by the Group's businesses. The stakeholders of the Group include governments, regulatory authorities, shareholders, investors, directors, employees, customers, suppliers and the general public. We strongly believe that the construction of a consistent and effective communication channels with stakeholders is beneficial to the Group to comprehend sustainability issues concerned by stakeholders, so that we can provide suitable and effective responses and compile this Report in accordance with the issues essential to our stakeholders. Following the Restructuring of the Group, we communicate more closely with stakeholders. Our communication activities with stakeholders during 2021 include:

Stakeholders	Communication activities
Shareholders Investors	Annual general meeting One-to-one or group investor conferences Non-deal investor roadshows Corporate website
Directors Employees	Board meetings Staff trainings Exchange seminar
Customers Suppliers	Suppliers conferences Exhibitions in technology and games
Media The public	Management interviews by the media Routine press release Corporate website Complaint and enquiry telephone hotline and email

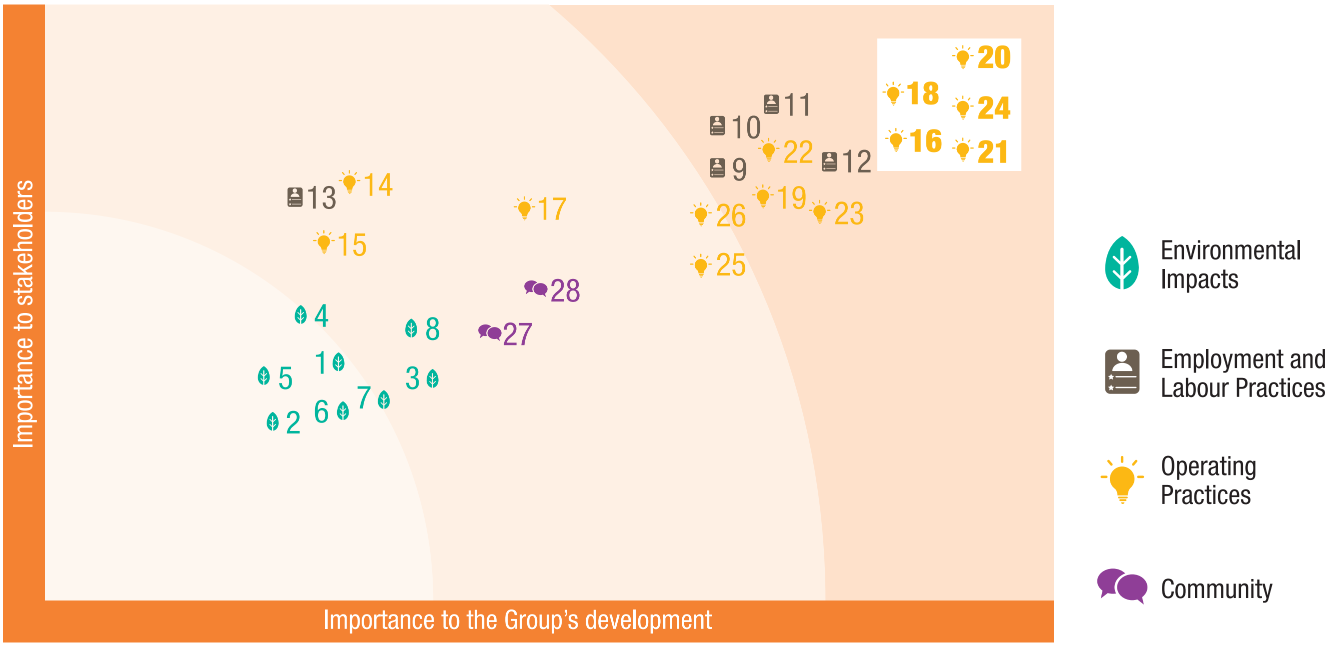
The Group welcomes stakeholders' opinions and feedback, especially on our sustainability effort and performance. Readers are also welcomed to share their valuable opinions with the Group via the following ways:

Address: Suites 3702-3, 37/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Telephone: (852) 2869 8966
Fax: (852) 2869 8960
Mailbox: ir@crazysports.com.hk

MATERIALITY ASSESSMENT

Different companies face different sustainability risks due to their unique business models. The Group specifically delegated an independent sustainability consultant for materiality assessment on sustainability to identify the sustainability issues greatly concerned by the Group's stakeholders after the Restructuring. The Group invited different types of stakeholders to participate in the survey prepared by the independent sustainability consultant. The invited stakeholders would select the most important option from a series of sustainability issues related to the businesses of the Group, thereby forming the materiality assessment matrix as set out below. This scientific materiality assessment facilitates the Group in identifying the priority in handling items of ESG issues as well as formulating and managing ESG strategies and initiatives more effectively.

Based on the results of the materiality assessment matrix, stakeholders identified the following five ESG issues that are the most important to the Group from 28 sustainability issues related to the Group:



1 Greenhouse gas emissions
2 Climate changes
3 Use of resources
4 Water consumption and sewage treatment
5 Land use, pollution and restoration
6 Solid waste treatment
7 Use of raw/packaging materials
8 Mitigation measures to protect environment and natural resources
9 Composition of employees
10 Employee remuneration and benefits
11 Employee occupational health and safety
12 Employee development and training
13 Prevention of child labor and forced labor
14 Responsible procurement
15 Supplier management
16 Healthy online game content
17 Impact on the society, health and safety of products/services
18 Customers satisfaction about products and services
19 Marketing and promotional strategies of products and services
20 Protection of intellectual property rights
21 Protection of customers information and privacy
22 Prevention of bribery, extortion, fraud and money laundering
23 Anti-corruption policies and whistle-blowing procedures
24 Responsible lottery
25 Cyber attack and fraud
26 Corporate governance
27 Support for local community
28 Public welfare and charity

BOARD PARTICIPATION

The Board is the highest governing body primarily responsible for the formulation of the Group's sustainability strategy. The Board regularly integrates the Group's sustainability objectives into its businesses, identifies and manages our sustainability risks and provides improvement recommendations. We established the ESG Committee to replace the Corporate Governance Committee and Corporate Social Responsibility Committee under the Board on 18 November 2021 to facilitate the Board in implementing sustainability policies and it regularly reports to the Board on performance of the Group's sustainability. The ESG Committee consists of the Chief Executive Officer, Chief Financial Officer and three independent non-executive Directors whereas its predecessor, the Corporate Social Responsibility Committee consists of the Chief Executive Officer, Chief Financial Officer and two independent non-executive Directors. The Corporate Social Responsibility Committee convened two meetings in 2021 and reviewed the Group's performance and important sustainability issues from the strategic and operational viewpoints, so as to ensure the Group's information disclosure related to sustainability complies with the requirements of the Guide. The ESG Committee did not hold any meeting in 2021 subsequent to its set up. Moreover, the Group engaged an independent sustainability consultant to facilitate the collection and integration of our sustainability information as well as provide recommendations on our future sustainability efforts.

BOARD STATEMENT

The Board is fully responsible for the ESG issues of the Group and their integration with the Group's strategy. The Board provides guidance on the management and monitoring of the ESG issues determined to be related to the Group. To ensure effective implementation of the Group's ESG initiatives, the Board requires the Corporate Social Responsibility Committee and ESG Committee to report on a regular basis, reviews the list of material issues and risks, and ensures that appropriate risk mitigation measures are in place. All sustainability disclosures, policies, objectives and targets of the Group are reviewed and approved by the Board, while performance is evaluated on a regular basis. The Board has confirmed that it has reviewed the contents of this Report. If you have any questions on the contents of this Report, please feel free to give feedback and the Board will ensure such issues will be addressed properly.

A. ENVIRONMENTAL SUSTAINABLE DEVELOPMENT

This section primarily illustrates the Group's policies and key performance indicators of emissions, use of resources, environment and natural resources in 2021.

A.1 Emissions

The Group has minimal impact on the natural environment as its light asset and non-industrial business model does not directly emit large amounts of pollutants and hazardous waste. During 2021, the Group generated 13.44 kg of nitrogen oxides, 0.03 kg of sulfur oxides and 1.26 kg of particulate matter. During the same period, the total greenhouse gas emissions from the Group amounted to 69.50 tonnes of carbon dioxide equivalent.

Table 1: Amount of Various Types of Waste Gas Emissions in 2021

Gas	Unit	Amount of Emissions
Nitrogen oxides (NO_x)	kg	13.44
Sulphur oxides (SO_x)	kg	0.03
Particulate matter	kg	1.26

Table 2: Amount of Greenhouse Gas Emissions in 2021

Key Performance Indicator	Unit	Amount of Emissions	Intensity* (Unit/revenue per HK$ million)
Scope 1 (direct emissions)	tonnes of CO_2 equivalent	4.09	0.008
Scope 2 (indirect emissions)	tonnes of CO_2 equivalent	56.01	0.110
Scope 3 (other indirect emissions)	tonnes of CO_2 equivalent	9.40	0.018
Total	tonnes of CO_2 equivalent	69.50	0.136

**Note: Intensity is calculated based on the revenue of the Group for 2021 of HK$511.2 million.*

The greenhouse gases emitted by the Group are mainly attributable to the Scope 2 (indirect emissions) contained in the Guide. The largest consumption is the electricity used in daily office operations. The Scope 1 (direct emissions) of the Group as described in the Guide is mainly attributable to vehicles and gasoline used in performing the daily office duties of the Group. The Scope 3 (other indirect emissions) is attributable to paper used in daily office work. In order to reduce greenhouse gas emissions, the Group adopted various measures on energy saving and consumption reduction. For the details of the relevant measures, please refer to "A.2 Use of Resources" in this Report.

The Group's operations do not generate any hazardous waste. The other solid waste produced in the course of operations of the Group is mainly solid waste generated from daily office operations, including plastics, waste paper and daily life waste. The Group implemented a waste classification and recycling plan. We use recycling bins to separate solid waste, which is then delivered to recycling centers or waste treatment centers by a professional health service company for further disposal. Meanwhile, we have also reduced waste generation from the source. The Group has basically achieved paperless office, encourages employees to use electronic documents and make good use of electronic communications, so as to reduce paper usage. In addition, we also encourage employees to reuse old office equipment to reduce the habit of immediate disposal after use.

Table 3: Amount of Non-Hazardous Waste Produced in 2021

Waste	Type	Unit	Amount of Emissions	Intensity* (Unit/revenue per HK$ million)
Non-hazardous waste	Office daily solid waste	kg	14,375	28.1

**Note: Intensity is calculated based on the revenue of the Group for 2021 of HK$511.2 million.*

A.2 Use of Resources

The Group has been strictly controlling the use of various resources in its operations, and initiated a series of internal control systems related to the procurement and use of natural resources. During 2021, the major resources consumed by the Group were electricity, water, petrol and paper. No packaging material is used for the Group's products.

Table 4: Amount of Various Types of Resources Used in 2021

Resources	Unit	Amount	Intensity* (Unit/revenue per HK$ million)
Electricity	kWh	59,689	116.8
Water	m^3	13,923	27.2
Petrol	liter	1,744	3.4
Paper	kg	743	1.5

*Note: *Intensity is calculated based on the revenue of the Group for 2021 of HK$511.2 million.*

- Electricity

  The electricity consumption of the Group is mainly attributable to daily office operations. We believe that reduction in electricity consumption can reduce greenhouse gas emissions. We encourage employees to save electricity, educate them on energy conservation and emission reduction, and ensure that all employees comply with energy-saving measures. Meanwhile, we actively research the use of more environmentally friendly new technologies in business operations and operating procedures. The effective electricity consumption measures implemented by the Group are as follows:

  ✓ Posting environmental protection signs such as "Please turn off all lights after work" in prominent places of the office to remind employees to save electricity

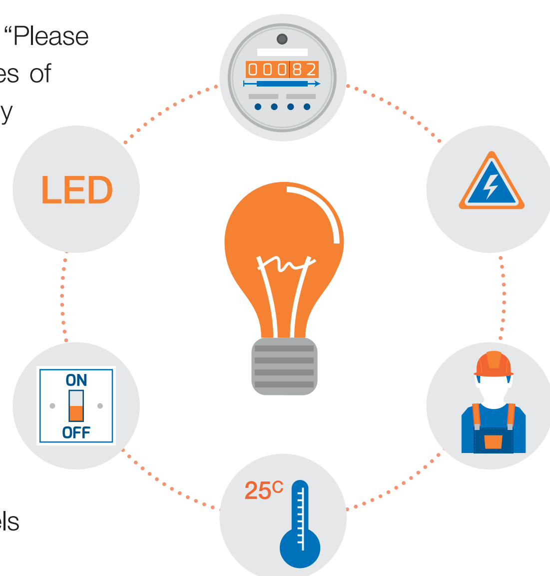
  ✓ Promoting the use of energy-saving lighting systems such as LED

  ✓ Maintaining the indoor air-conditioning temperature at 25 degrees Celsius

  ✓ Checking whether electrical appliances are turned off regularly every day to prevent them from being left turned on

  ✓ Hiring professional maintenance experts regularly to repair and clean the air-conditioning system

  ✓ Purchasing products with energy efficiency labels



- Water

  The Group's water consumption is mainly attributable to daily office operations. We regularly emphasise the importance of water conservation to our employees and require them to save water. The measures include:

  ✓ Cutting off unnecessary water use from the source and regularly checking the water consumption of each office
  ✓ Posting "Water Conservation" promotional posters in prominent places
  ✓ Reminding employees to close the faucet tightly after using water
  ✓ In case of water leakage, repairing or replacing water facilities immediately

- Petrol

  The Group's use of petrol is mainly attributable to our office vehicles. We advocate the use of high-grade petrol to reduce the impact on the environment. Meanwhile, we purchase low-fuel consumption vehicles where possible and require employees to use public transportation where possible to reduce greenhouse gas emissions.

- Paper

  The Group's use of paper is mainly attributable to daily office operations. Reducing paper consumption is always our focus. We emphasise the effective use of paper. In addition to choosing and using environmentally friendly paper where possible, we also adopt the following measures to reduce paper consumption:

  ✓ Encouraging double-sided printing and making good use of both sides of the paper
  ✓ Using e-mails, internal networks and scanners where possible to send or store documents electronically
  ✓ Purchasing printing paper from environmentally friendly suppliers
  ✓ Using the electronic interface to promote the various businesses of the Group to users and reduce the consumption of paper materials

A.3 Environment and Natural Resources

Except for the resource consumption and emission issues discussed above, the Group's operations had no direct and significant impact on the environment and natural resources.

A.4 Climate Changes

Climate changes pose significant risks to the global economy and exert significant influence on the sustainability of all sectors. Rising temperatures and extreme weather are threatening our communities and business operations. The Group regularly reviews the impact of its daily operations on climate changes and is committed to adopting environmentally friendly operational measures to reduce greenhouse gas emissions and alleviate the pressure on global climate change. At the same time, we regularly assess the risks of climate changes to our operations and prepare scenario analyses to enhance our resilience to climate changes. In 2021, the ESG Committee identified climate related risks that may affect the Group's operations and financial position, which were included in a monitoring list. The following are the climate related risks that may affect the Group and the corresponding mitigation measures.

Climate Risks		Mitigation Measures
Physical Risks	Extreme weather caused by climate changes may lead to serious natural disaster events such as droughts, floods, severe hurricanes and wildfires, which may affect daily business operations	✓ Develop emergency measures that maintain normal business operations ✓ Commit to adopting environmentally friendly operational measures to reduce greenhouse gas emissions and alleviate pressure on global climate change
Transitional Risks	Governments and regulators of various countries implement more stringent corporate sustainability policies and information disclosure requirements	✓ Make changes and adaptations in daily business operations ✓ Regularly review and analyze the sustainability disclosure requirements of each place of operation and the international sustainability disclosure requirements ✓ Engage independent sustainability consultants to enhance the ESG disclosure and data collection procedures.

Looking forward, the Group will continue to closely monitor the global and China environmental protection policies and regulatory trends, and invest in environmental protection facilities as necessary to improve the Group's sustainability performance.

A.5 Sustainable Development Goal

After communicating with stakeholders, taking into consideration that business operations will be in high growth stage, the Group has set the 2025 sustainable development goal, aiming to maintain the intensity of greenhouse gas emission, hazardous/non-hazardous waste produced and various types of resources used at the level same as that of 2021. To achieve such goal, we will adopt measures mentioned in this Report.

B. SOCIAL SUSTAINABILITY

This section primarily illustrates the Group's policies and key performance indicators with respect to employment, health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption and community investment of the Group in 2021.

COVID-19 Pandemic

During 2021, the COVID-19 pandemic had been unstable and caused a certain degree of impact to the society and economy. The Group has been paying close attention to the impacts of pandemic developments on its business and stakeholders. We remain highly vigilant and have formulated the following contingency measures to protect the safety of our staff and all stakeholders:

- Establishment of an "anti-pandemic" leading group with the Chairman of the Board as the team leader and all the senior management of the Group as members to comprehensively direct the Group's pandemic prevention and control work, and clarify the emergency measures and disposal process for pandemic prevention and control;

- Real-time disclosure of information on the pandemic and various requirements and arrangements via the Group's WeChat and Weibo to strengthen the publicity of pandemic prevention and control knowledge after the resumption of work, so that employees can support and cooperate with the prevention and control work;

- Arranging for employees to receive COVID-19 vaccination in an orderly manner to reduce the risk of employee infection and protect employee health;

- Arranging for employees to work from home when necessary in accordance with the national pandemic prevention and control instructions, so as to reduce the risk of infection during work;

- Requiring employees to have their body temperature checked at the entrance each time they enter the company premises; minimising the entry of non-Group personnel into our company premises; strictly implementing temperature check, code scanning, checking trip codes, wearing masks and registering visitor information, if work contact is necessary;

- Provision of sanitiser, masks and disinfection supplies to each employee and taking disinfection measures in the office premises on a regular basis;

- Reducing employee gatherings and group activities and maintaining appropriate social distancing; reducing physical meetings and promoting video or teleconferencing; and

- Establishment of an isolation observation area. When employees show suspicious symptoms, they can go to the area for temporary isolation in a timely manner, and maintain ready communication with the local center for disease control and prevention for an effective response mechanism when cases appear.

B.1 Employment

The Group attaches great importance to the positive role of talents in corporate development, and carries out comprehensive construction of a mechanism for selecting, nurturing, employing and retaining talents, striving to create a fair, open, safe and healthy career platform for employees. The Group's human resources department, in accordance with the requirements as set out in the labor laws of the PRC and Hong Kong, strictly abides by the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", the "Regulations on the Supervision and Administration of Occupational Health in the Workplace" and other applicable laws and regulations of the PRC.

Our employees are treated non-discriminatively with respect to recruitment, employment, training, promotion, dismissal and retirement, irrespective of their gender, race, age, disability, family status, marital status, sexual orientation, religious beliefs, nationality or any other factors unrelated to work. We also attach great importance to the rights and interests of female employees, so that women have fair opportunities for promotion.

The Group is committed to attracting outstanding talents to join, and all employees are recruited in accordance with the principles of openness and fairness. We prepare our annual recruitment plan according to the needs of business development. During the process of signing a labor contract with a new employee, it shall be carried out on the basis of equality, voluntariness and negotiation of both parties. We provide all employees with the "Staff Handbook" to protect the rights and interests of employees. The Group strictly abides by the minimum wage requirements of its places of operation, and pays social insurance and retirement pensions for all employees. We set the working hours of employees in accordance with relevant laws. In addition to paid statutory holidays, employees also enjoy sick leave, maternity leave, paternity leave, marriage leave, funeral leave, etc.

In order to retain outstanding talents, the Group conducts employee performance appraisals every year, evaluates the work performance of employees, promotes high-performance and high-potential employees, and adjusts employee remuneration based on the results of the appraisal. Meanwhile, the Group established a clear dismissal system. According to the law and the Staff Handbook, employees are dismissed reasonably and legally, and any unfair or unreasonable dismissal is strictly prohibited.

During 2021, the Group was in full compliance with relevant laws and regulations regarding remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, benefits and other employment-related issues that are material to the Group. We did not receive any complaints or involve in disputes concerning employment.

As of 31 December 2021, the number of employees of the Group was 115. During 2021, 29 employees resigned, representing an annual turnover rate of 25.2%. The relatively high employee turnover rate was mainly due to the Group's business transformation.

Table 5: Employees by Category as of 31 December 2021

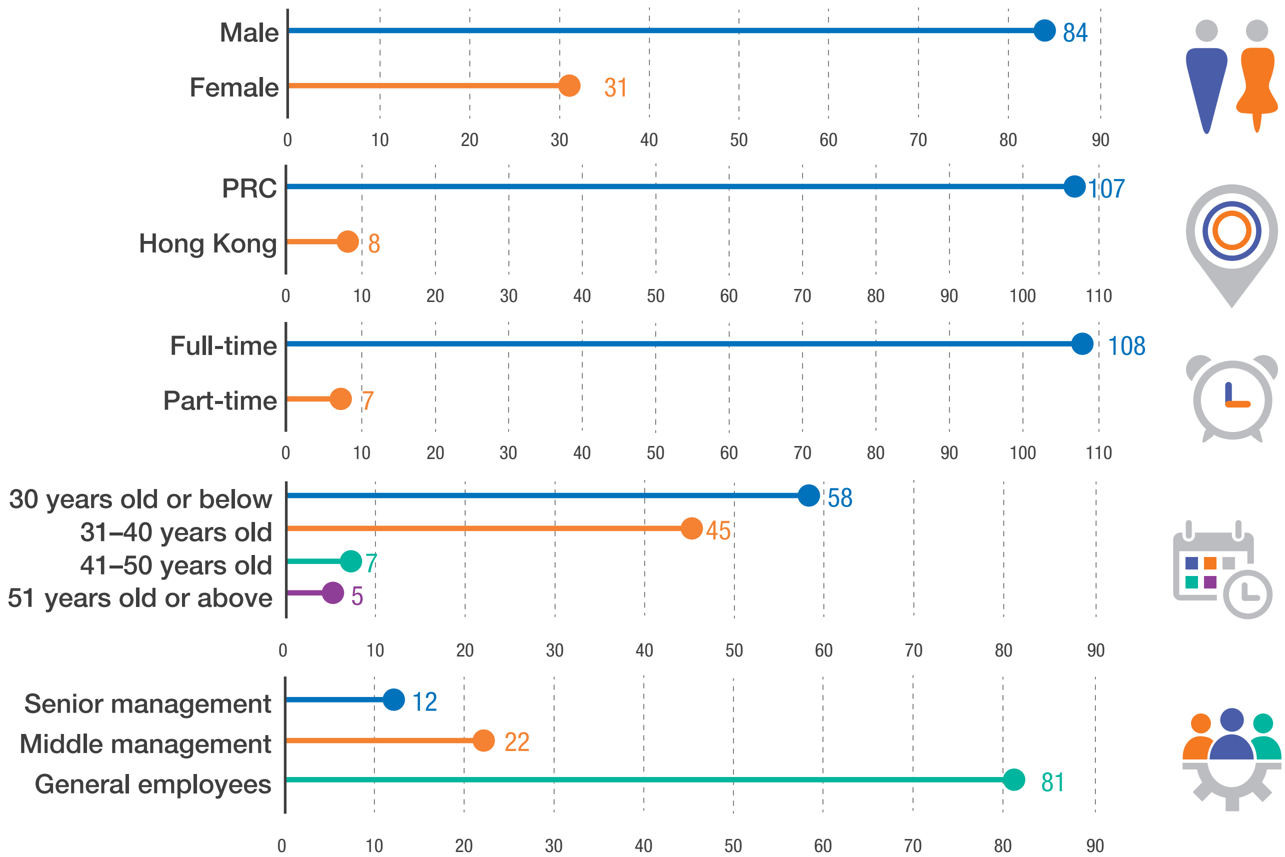
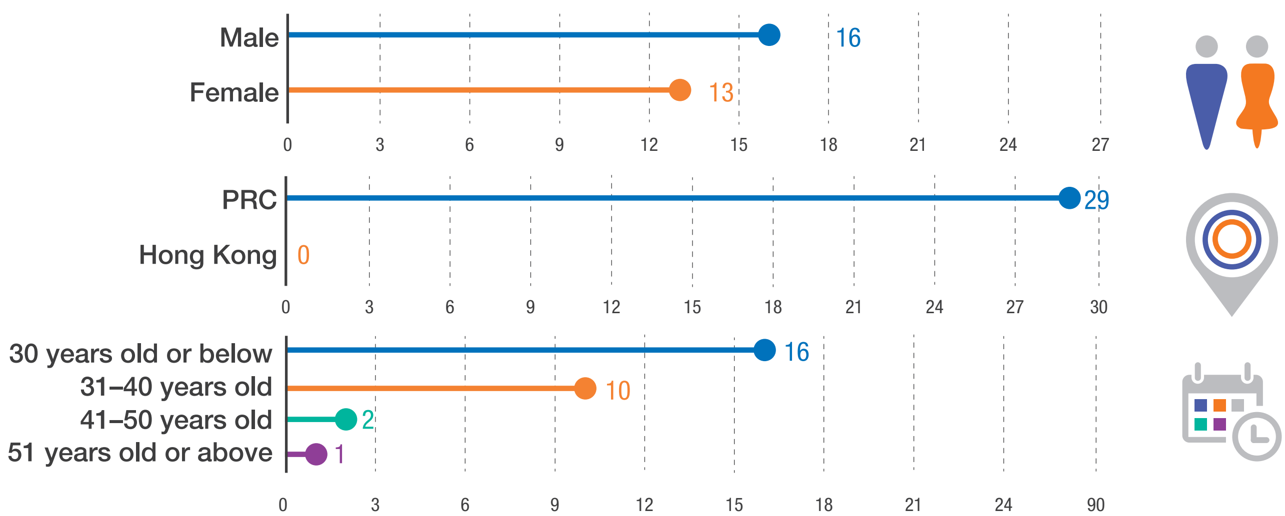


Table 6: Resigned Employees by Category in 2021



B.2 Health and Safety

The Group pledges to provide a safe and healthy working environment for all employees and thoroughly enforcing the PRC and Hong Kong laws and regulations relating to occupational health and safety. We have formulated various work health and safety measures, including the purchase of commercial medical and accident insurance, the provision of health check-ups for employees and safety guidelines for employee induction training, in order to enhance the safety awareness of our employees. In addition, we have introduced a humanistic and caring system, and organised regular corporate culture activities and regular employee medical check-ups. All of our offices are equipped with first aid kits to deal with any emergency situations, and we strive to create a clean, tidy, smoke-free, non-toxic, non-hazardous, healthy and safe working environment for our employees.

During the past three years, the Group did not record any work-related fatalities and losses on working days in relation to work injuries resulted from industrial accidents. In 2021, the Group did not violate any laws and regulations in relation to occupational health and safety.

B.3 Development and Training

The Group attaches great importance to the positive role of talents in corporate development, and carries our comprehensive construction of a mechanism of selecting, nurturing, employing and retaining talents. We provide a full range of training programs for our employees to help them achieve their career development goals. All new employees must participate in induction training to understand the culture, organisational structure, strategy, and business processes of the Group. We arrange dedicated instructors to assess the performance of employees during the probation period, and continue to assist new employees to familiarise themselves with the work process of the Group during the 3 to 6 months after the probation period, so that they can quickly integrate into the work environment. Our business department will develop internal or external professional skills training according to the job needs of different positions. We have formulated a talent nurturing plan and strengthened cooperation with various colleges and universities to provide strong and powerful human resources for the sustainable and stable development of the Group.

In 2021, the Group provided an aggregate of 8,355 hours of training sessions to 115 staff members, and the average training time for each employee was 72.7 hours. The training topics consisted of active participation in online vocational training at the company level in response to the government recommendation and introduction of online training through the Beijing Vocational Skill Improvement Operational Management Platform. All of the Group's employees in PRC participated in the aforementioned platform. In addition, with the expansion of sports lottery retail outlets, the Group trained the staff of new outlets in 2021 in relation to aspects including sports lottery knowledge, equipment management, compliance operation and sales techniques to help the new practitioners master the knowledge of lottery sales and services, and improve the awareness of safety precautions, so as to eliminate any violations of the red line of compliance operation, adhere to conducting lottery sales services in a legal and compliant manner, and jointly build and maintain the brand image of national public welfare lottery.

Table 7: Training Hours of Employees by Category in 2021

	Senior management	Middle management	General employees	Total
Training time (by hours)	130	550	7,675	8,355
Number of employees	12	22	81	115
Average training time per employee (by hours)	10.8	25.0	94.8	72.7

	Male	Female
Training time (by hours)	6,760	1,595
Number of employees	84	31
Average training time per employee (by hours)	80.5	51.5

B.4 Labor Standards

The Group is fully aware that child and forced labor violate basic human rights. The Group strictly abided by the relevant laws and regulations of the PRC and Hong Kong, and prohibited any child labor and forced labor. When recruiting, we will require applicants to produce identification documents including ID cards, graduation certificates and employment history to ensure that the age and other personal information provided by them are correct and the employees are hired legally. In addition, we require all suppliers to strictly prohibit the use of any child labor or forced labor. If any violation of the laws and regulations on the employment of child labor or forced labor is found, the Group will issue a warning or even terminate the cooperation agreement. As a caring employer, the Group provides food allowances, birthday benefits, medical insurance and retirement plans, and arranges flexible working hours or work at home for employees who need to take care of their families.

During 2021, the Group has not violated any laws and regulations in relation to the prevention of child or forced labor.

B.5 Supply Chain Management

While strongly supporting sustainability, the Group also expects its suppliers to fulfill the same social responsibilities. We give priority to the most environmentally friendly and socially responsible suppliers, and strictly monitor the ESG performance of the overall supply chain.

The suppliers of the Group mainly provide product promotion and game R&D technical support and other services. We have formulated stringent supplier assessment procedures, and only make selections based on the price, services, quality and reputation of potential suppliers to prevent a conflict of interest and bribery. The Group takes every measure to prevent relevant employees from receiving personal interests from suppliers, and requires suppliers and relevant employees to declare their interests to avoid transfer of benefits. In addition, we have incorporated sustainability issues into our procurement and outsourcing process and required suppliers to strictly comply with key ESG principles.

During 2021, the Group cooperated with 191 suppliers, which are from the PRC, the United Kingdom, the United States of America, Spain, Brazil, Russia, Australia, Finland, Denmark, the Philippines, Slovakia and Austria.

B.6 Product Responsibility

The Group is committed to creating a healthy online gaming environment, and has been actively responding to regulatory changes and taking all measures to ensure that our online games comply with regulatory requirements, particularly with regard to the protection of underage users.

- In response to the "Notice on Further Strict Management to Prevent Minors from Becoming Addicted to Online Games of the National Press and Publication Administration", the Group, under the guidance of the Game Publishing Committee of the China Audio-video and Digital Publishing Association and the competent national authorities, has jointly issued the "Convention on Self-Discipline for the Prevention of Addiction in the Online Game Industry";

- Establishing a product self-examination task force composed of multiple departments, including technology, operation, distribution and public affairs, to strictly examine all game products and ensure that the implementation and improvement of the anti-addiction system is completed in the first instance;

- Completing the upgrade of the anti-addiction system of all game products, strictly implementing the inclusion of appropriate age reminders for games, limiting the duration of online game services, fully implementing real-name registration and log-in, and regulating and limiting user payments in accordance with national requirements;

- Actively carrying out parental guardianship projects and providing parents with channels such as customer service hotlines, game official accounts and customer service QQ for complaints and feedback from guardians of minors.

The Group fully understands the social responsibility of operating the sports lottery business. Therefore, we specially formulated the "Responsible Lottery" to regulate our product responsibilities in the sports lottery business. As one of the key service providers of China Sports Lottery Administration Centre, the Group actively puts the sports lottery spirit of "Responsibility, Integrity, Solidarity and Innovation" advocated by the sports lottery into practice. We continue to closely work and communicate with various stakeholders including government, customers, employees, communities and non-governmental organisations to develop and implement the best measures to promote responsible gaming.

- Emphasising on integrating the construction of responsible lottery into the daily operation of lottery business for promoting a continuous and healthy development of lottery point of sales. We strive to focus on safe production, asset inspection and safety in sales, thereby ensuring the safe and stable operation of sports lottery services;

- Rigorous review of the locations of our lottery retail outlets to ensure that they are located outside of 200 meters of schools;

- Displaying "Minors under 18 years old are prohibited from buying lottery tickets" signs in prominent positions in lottery outlets, emphasising on regulating the marketing and promotion;

- Actively advocating rational lottery buying with a view to creating a healthy and excellent lottery buying environment;

- Implementing standardised lottery announcement process to demonstrate the "fair, just and open" spirit and strengthen the credibility and transparency of sports lottery;

- Training lottery practitioners with regard to sports lottery knowledge, equipment management, compliance operation, sales skills and other aspects, insisting on legal and compliance sales, and jointly building and maintaining the brand image of the national public welfare lottery.

As a digital sports entertainment community operator, the Group collects plenty of users' personal data in its daily business operations. Therefore, we pay special attention to user data security and privacy protection. We are committed to reducing related risks by establishing professional network security systems and a privacy protection department. We have adopted a variety of measures and technologies that are in line with industry standards to store user data, and significantly limit the number of employees who can access to the servers to prevent data leakage, misuse, tampering or damages, including

- Encrypted transmission through network secure layer technology (SSL);
- Encrypted storage of personal data;
- Restricted access to data center;
- Use of private network channel;
- Network proxy; and
- Password-controlled server.

We only allow employees who have to use the relevant private data to access or modify user data after passing the identity verification process. Meanwhile, we require them to comply with the confidentiality agreement, and if they fail to do so, they will be held legally liable or fired. In addition, we have established the "Crazy Sports Personal Data Protection Agreement". Users of products of the Group are required to pass real-name authentication, and we clearly inform users of the content of user information that may be collected, only collect the minimum amount of necessary data from users to avoid collecting irrelevant private data, and specify the retention period of user data. We also actively enhance the security awareness of users, including reminding them to be cautious about sharing their private data and to set strong personal password, to reduce the risk of data leakage. In case of any personal data leakage, we would follow the established internal procedures to ensure that the concerned users and the public are informed of the case in a timely manner, so that they can take timely remedies according to our suggestions to reduce losses.

The Group is engaged in the creative industry. Hence, we attach great importance to the protection of intellectual property. The "Staff Handbook" stipulates that any invention, creation, compilation, software, technology, trade secret or other forms of intellectual property created by any employee by using any of the Group's resources shall belong to the Group. Such creations shall also be the confidential information of the Group, and the relevant employees must abide by the confidentiality agreement and must not disclose it to the public. We also respect the intellectual property rights of the other companies. If others' creations need to be used, our employees must ensure that the relevant procedures or applications have been carried out according to legal requirements and shall not infringe on the rights of the others. All of the software and information the Group uses are provided with legal licenses, and the Group refuses to use any products or services that violate copyright or intellectual property rights.

In order to establish a sound and mutual relationship with customers, the Group has established a comprehensive customer complaint handling process, which is handled by the customer service department. Customer service representatives will patiently handle complaints and requests from customers, and will also record effective feedback from customers to help improve product experience. Our Dispute Resolution System fully establishes the approaches for handling various opinions and complaints, maintains fairness, and ensures that the staff has a basis for dealing with the relevant issues. If any malicious use of accounts, false accusations, fraud or other misconducts are found, we will also regulate those incompliant users by following the handling approach set out in the Dispute Resolution System, such as issuing warnings, imposing speech restrictions and account suspensions. The Group strongly opposes users conducting any offline transactions, such as purchase and sales of accounts, equipment and game currency, and we would not handle any losses incurred by any user arising therefrom. The customer service department establishes user anti-addiction reminders and proactively prompts users who found to be spending a lot of money not to get addicted to games or buy lottery tickets when communicating with users.

In 2021, the Group received a total of 30 complaints from customers and the complaints resolution rate was 100%. We did not violate any laws and regulations regarding product liability, intellectual property rights and data privacy. We also have no products sold being recalled.

B.7 Anti-corruption

The Group believes that a business operation based on integrity forms the basis of corporate social responsibility. We strictly comply with all laws and regulations in relation to anti-corruption and anti-bribery in the PRC and Hong Kong. We have zero tolerance to any form of corruption. The rules and codes in relation to anti-corruption in the Staff Handbook are more stringent than the requirements of laws and regulations. The Group will stop and handle any violations immediately once discovered. Employees who violate the law will never be tolerated and be handed over to the judicial authorities. Our internal audit department is responsible for monitoring the work of each department, and an email address of whistle-blowing shenji@fengkuang.cn was set up. Employees are encouraged to provide constructive feedback on company management issues, including the reporting of corruption and abuse. We provide regular training to our Directors and employees on business ethics and corruption prevention. In 2021, the Group provided to Directors and employees with a total of 334 hours of anti-corruption related training.

During 2021, the Group did not receive any corruption lawsuits against the Group or its employees. Meanwhile, the Group and its employees were not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering.

B.8 Community Investment

The Group attaches great importance to participating in community building and leverages our resources to contribute to society. We pay special attention to fostering employees' awareness of social responsibility, and encourage them to voluntarily participate in charitable community activities and actively help the needy ones in the society. In 2021, the Group joined hands with the China Youth Development Foundation to launch the "Project Hope Happy Sports Garden"* (希望工程快樂體育園地), we visited the elementary boarding school in Huanggainao Town, Guyuan County, Zhangjiakou, and donated sports equipment that the school lacked such as curlers, basketball frames and skates to the school. The China Youth Development Foundation thanked the Group for support of charity work in China and for contribution to the integration of sports and education and the healthy growth of youth. Through the Beijing Lianxincishan Charity Foundation* (北京蓮心慈善基金會), we also donated winter clothing to people in need during the floods in Henan Province to help them survive the first winter after the disaster. In 2021, our staff participated in a total of 1,400 hours of volunteer service.

DISCLOSURE INDEX

A. Environmental			Page(s)
Aspect A1: Emissions	General Disclosure		
	Information on: (a) the policies; and (b) compliance of relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		38–39
	KPI A1.1	The types of emissions and respective emissions data.	38
	KPI A1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	38
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	39
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	39
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	42
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.	38/42

			Page(s)
Aspect A2: Use of Resources	General Disclosure		
	Policies on effective use of resources (including energy, water and other raw materials).		40–41
	KPI A2.1	Directed and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (such as per production unit, per facility).	40
	KPI A2.2	Water consumption in total and intensity (such as per production unit, per facility).	40
	KPI A2.3	Description of energy use efficiency target(s) set and procedures adopted to achieve them.	42
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, and the water efficiency target(s) set and procedures adopted to achieve them.	41
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	40
Aspect A3: The Environment and Natural Resources	General Disclosure		
	Policies on minimising the impacts of the issuer on the environment and natural resources.		41
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	41
Aspect A4: Climate Change	General Disclosure		
	Policies on identifying and responding to major climate-related events that had affected and may affect the issuer.		42
	KPI A4.1	Description of significant climate-related events that had affected and may affect the issuer and the responsive actions.	42

B. Social			Page(s)
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure		
	Information on: (a) the policies; and (b) compliance of relevant laws and regulations that will have significant impacts on the issuer in respect of remuneration relating to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunities, diversity, anti-discrimination and other benefits and welfare.		44
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	45
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	45
Aspect B2: Health and Safety	General Disclosure		
	Information on: (a) the policies; and (b) compliance of relevant laws and regulations that have a significant impact on the issuer relating to providing a safe environment and protecting employees from occupational hazards.		46
	KPI B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	46
	KPI B2.2	Lost days due to work injury.	46
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	46

			Page(s)
Aspect B3: Development and Training	General Disclosure		
	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities.		46
	KPI B3.1	The percentage of employees trained by gender and employee category (such as senior management, middle management).	47
	KPI B3.2	The average training hours completed per employee by gender and employee category.	47
Aspect B4: Labour Standards	General Disclosure		
	Information on: (a) the policies; and (b) compliance of relevant laws and regulations that will have significant impacts on the issuer in respect of preventing child or forced labour.		47
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	47
	KPI B4.2	Description of the steps taken to eliminate such practices when discovered.	47
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure		
	Policies on managing environmental and social risks of the supply chain.		48
	KPI B5.1	Number of suppliers by geographical region.	48
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	48

			Page(s)
	KPI B5.3	Description of practices relating to identify environmental and social risks along the supply chain, how they are implemented and monitored.	48
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	48
Aspect B6: Product Responsibility	General Disclosure		
	Information on: (a) the policies; and (b) compliance of relevant laws and regulations that have a significant impact on the issuer in respect of health and safety, advertising, labeling and privacy matters relating to products and services provided and method of redress.		48–49
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	51
	KPI B6.2	Number of products and services related complaints received and how they are dealt with.	51
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	50
	KPI B6.4	Description of quality assurance process and recall procedures.	49
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	50

			Page(s)
Aspect B7: Anti-corruption	General Disclosure		
	Information on: (a) the policies; and (b) compliance of relevant laws and regulations that will have significant impacts on the issuer relating to bribery, extortion, fraud and money laundering.		51
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	51
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	51
	KPI B7.3	Description of anti-corruption trainings provided to directors and staff.	51
Community			
Aspect B8: Community Investment	General Disclosure		
	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		52
	KPI B8.1	Focus areas of contribution (such as education, environmental concerns, labour needs, health, culture and sport).	52
	KPI B8.2	Resources (such as money or time) contributed to the focus area.	52

CORPORATE GOVERNANCE REPORT

A. CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining statutory and regulatory standards and adhering to good corporate governance in the conduct of its business. The Board believes that good corporate governance is essential in enhancing the confidence of the Shareholders, potential investors and business partners and is consistent with the Board's pursuit of value creation for the Shareholders.

The Company had applied and complied with all the applicable code provisions of the CG Code throughout the year ended 31 December 2021.

B. DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for securities transactions and dealings, which applies to all the relevant persons as defined in the Model Code, including the Directors, any employee of the Company, or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment or involvement, are likely to come into contact or be in possession of unpublished price sensitive information in relation to the Company or its securities. Specific enquiry has been made of all the Directors who have confirmed their compliance with the required standards set out in the Model Code during the year.

C. BOARD OF DIRECTORS

Board Composition

The Board currently has seven members, comprising three executive Directors and four independent non-executive Directors. Collectively, they bring a broad range of commercial, financial, technology, management and stewardship experiences and varied skills, expertise and qualifications for leading and directing the Group's affairs. The composition of the Board and the Directors' biographical details and other information are set out in the "Directors and Senior Management" section of this Annual Report. The list of Directors identifying the roles and functions of the Directors are published on the respective websites of the Stock Exchange and the Company.

Appointment and Re-election of Directors

Any Director appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of a filling a casual vacancy) or until the next following Annual General Meeting (in the case of an addition to their number) and shall then be eligible for re-election at that meeting. In accordance with the Bye-laws which conform to the requirements of the Listing Rules, one-third of Board members are required to retire by rotation each year at the annual general meeting provided that every Director shall be subject to retirement at least once every three years. Directors, who retire, if eligible, may offer for re-election at the same annual general meeting.

Role and Responsibility of the Board

The management and control of the business of the Company ultimately rests with the Board. The Board sets long term direction and objectives and oversees the management's plans and strategies for the delivery of results. The Board may delegate its responsibilities or functions to board committees and the day-to-day operation to management and ensures appropriate human and financial resources are appropriately applied and that the performance for the achievement of results is evaluated periodically. The Board approves all significant transactions and publication including annual reports, interim reports, circulars and announcements. In cases where Shareholders' approval is required, the Board resolves to convene the necessary Shareholders' meeting to seek Shareholders' approval. Every Director is committed to carrying out his/her duty in good faith and acting honestly with due diligence, skill and care and in the best interest of the Company and the Shareholders at all times.

Board Meetings and Attendance of Directors

All Board and committee meetings adhere to a formal agenda set in advance for consideration/resolution. All Directors may arrange to include matters on the agenda for consideration at Board meetings. Board materials are provided in advance of the meetings and detailed minutes are prepared and made available to all Directors.

Pursuant to the Bye-laws, a Director who to his/her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his/her interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he/she knows his/her interest then exists, or in any other case at the first meeting of the Board after he/she knows that he/she is or has become so interested. A Director shall not vote (nor shall he/she be counted in the quorum) on any resolution of the Board approving any contract or arrangement or proposal in which he/she or any of his/her associate(s) has/have a material interest, and if he/she shall do so, his/her vote shall not be counted (nor shall be counted in the quorum for that resolution). Questions arising at any meeting of the Board shall be decided by a majority of votes.

The Directors give sufficient time and attention of the Group's affair. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance record of each of the Directors for the Board meetings, the board committees meetings and the Annual General Meeting held during the year is listed as follows:

	Number of Meetings Attended/Meetings Entitled to Attend						
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Corporate Governance Committee Meeting	Corporate Social Responsibility Committee Meeting	General Meeting
Executive Directors							
Dr. Zhang Lijun	5/5	N/A	N/A	2/2	N/A	N/A	1/1
Mr. Peng Xitao	5/5	N/A	N/A	N/A	1/1	2/2	1/1
Ms. Cheng Po Chuen	5/5	N/A	2/2	2/2	1/1	2/2	1/1
Independent Non-Executive Directors							
Dr. Loke Yu (alias Loke Hoi Lam)	5/5	4/4	2/2	2/2	N/A	N/A	1/1
Mr. Zang Dongli	5/5	4/4	2/2	2/2	N/A	2/2	1/1
Mr. Zhou Jingping	5/5	4/4	N/A	2/2	1/1	2/2	1/1

Chairman and Chief Executive Officer

The CG Code requires the roles of Chairman and Chief Executive be separated and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who run the business.

In accordance with the Bye-laws, the Board members elect among themselves a Director to be the Chairman. Dr. Zhang has been the Chairman since 8 December 2006. He is responsible for providing leadership to the Board in terms of establishing policies and business directions. Mr. Peng Xitao was appointed as the Chief Executive Officer of the Company since 1 January 2021. He is responsible for daily operation, management and planning of the Group. The division of responsibilities between the Chairman and the Chief Executive Officer have been clearly established and set out in writing.

The Chairman had held one meeting with all independent non-executive Directors in the absence of executive Directors. Except for a general exchanges of ideas among the Directors, no specific or other issues had been raised or discussed as it had been concluded that all issues which would be discussed had been properly dealt with in the meetings of the Board.

Independent Non-Executive Directors

The Company believes that the independent non-executive Directors comprise a good mix of professional and business executives who have significant exposure to the business and accounting environment of Hong Kong and the PRC. The Board believes that such a group is ideally qualified to provide independent advice and guidance to the Board, to serve on the board committees and to act as independent stewards of the Company for the interests of the Shareholders.

During the year, the Company had complied with Rule 3.10 of the Listing Rules regarding the appointment of at least three independent non-executive Directors including at least one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. In addition, the Company also complied with Rule 3.10A of the Listing Rules that the number of independent non-executive Directors represents at least one-third of the Board.

The Board evaluates the independence of all independent non-executive Directors on an annual basis and has established the practice of requesting written confirmation from each independent non-executive Director regarding his/her independence. The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Board considers them to be independent.

The independent non-executive Directors have each entered into a service agreement with the Company for a specific term of three years, and they are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Bye-laws.

Continuing Professional Development

Each newly appointed Director has received comprehensive, formal and tailored induction on appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities under the Listing Rules, legal and other regulatory requirements. The Company provides regular updates to the Directors relating to the Group's business and the business and regulatory environments in which the Group operates.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During 2021, the Directors had attended seminars and/or training sessions, and had read materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements. The Board considered the continuous professional development participated and undertaken by the Directors are sufficient to discharge their duties.

The Directors have access to the advice and services of the Company Secretary and if necessary, have recourse to external professional advice at the Company's expense. Also, the Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group.

BOARD COMMITTEES

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee, Remuneration Committee, Nomination Committee and ESG Committee (which was set up on 18 November 2021 to replace the Corporate Governance Committee and Corporate Social Responsibility Committee). Written terms of reference of all the board committees, which are in line with the CG Code, are available on the respective websites of the Stock Exchange and the Company.

Audit Committee

The Audit Committee was set up in 1999 and currently comprises all four independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam) (the chairman), Mr. Zang Dongli, Mr. Zhou Jingping and Ms. Liu Haoming.

The Audit Committee provides the Board with advice and recommendations on accounting, reporting, internal control and risk management matters and acts as a formal liaison channel for review, communication and problem resolution between the Company and its auditors. The Audit Committee members collectively hold the relevant commercial, industry, financial and auditing experience necessary for the Audit Committee to function effectively and independently.

The Audit Committee's primary functions include:

- to recommend to the Board on the appointment and terms of engagement of the external auditor;
- to review and monitor the appropriateness of accounting policy, accounting practices, financial reporting and disclosure and the application of judgment and estimates related thereto;
- to review the Company's annual and interim reports and any opinion expressed by the external auditor;
- to ensure the Company's practices and procedures with respect to related party transactions are adequate for compliance with the requirements under the Listing Rules and applicable laws and regulations;

- to review with the external auditor issues raised in the external auditor's management letter, queries or similar communications;

- to monitor the external auditor's independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards; and

- to assure that adequate internal controls including financial, operational, compliance controls and risk management are in place and followed.

Four Audit Committee meetings were held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Audit Committee reviewed the audited consolidated financial statements for the year ended 31 December 2020 and the unaudited interim financial statements for the six months ended 30 June 2021 with recommendations to the Board for approval. It also reviewed the risk management and internal control system of the Group, and discussed with the management and the external auditors the accounting policies and practices which may affect the Group and financial reporting matters. The Audit Committee has also actively participated at the full Board or any independent board committees formed from time to time for the purpose of advising the independent shareholders of the Company of transaction(s) which require their input or contributing their independent views in the areas of business, financial, management and operating practices.

Remuneration Committee

The Remuneration Committee was set up in 2007 and currently comprises two independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam) (the chairman) and Mr. Zang Dongli, and one executive Director, namely, Ms. Cheng Po Chuen.

For determining the remuneration packages of the Directors and senior management, the Remuneration Committee has adopted the model that it shall perform an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of the Directors and senior management. It recommends to the Board on the Company's policy and structure for all remuneration of the Board members and senior management, on the establishment of a formal and transparent procedure for developing policy on such remuneration and to determine specific remuneration packages for the Directors and senior management of the Company.

Two Remuneration Committee meetings were held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Remuneration Committee reviewed the remuneration policy, structure and packages for Directors and senior management, the grants of Share Options, and assessed the performance of the executive Directors. Recommendations regarding the review of the remuneration of the Directors and senior management, and the remuneration package of a newly appointed Director, Ms. Liu Haoming, were made by the Remuneration Committee to the Board.

The level of remuneration should be appropriate to attract, retain and motivate the Directors to run the Company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Director. Individual Director would not be involved in deciding his/her own remuneration.

Nomination Committee

The Nomination Committee was set up in 2008 and currently comprises two executive Directors, namely, Dr. Zhang (the chairman) and Ms. Cheng Po Chuen and three independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam), Mr. Zang Dongli and Mr. Zhou Jingping.

The Nomination Committee is responsible for formulating and reviewing the nomination and Board's diversity policy, reviewing the size, structure and composition of the Board, and making recommendations to the Board on nominations, appointment of Directors and Board succession with adequate consideration to the Board's diversity policy. The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective. The Nomination Committee adopts certain criteria to assist in its evaluation including but not limited to the candidate's gender, age, cultural and educational background, professional experience, business background, his/her past responsibility, exposure to the business environment in which the Group operates and intends to be engaged in and his/her experience including directorship or senior management level involvements with other entities, and his/her contribution or achievement to the Group. The Nomination Committee also assesses the independence of the independent non-executive Directors.

The Company has adopted a nomination policy which is summarised as below:

1. committed to maintaining its diversity within the Board, and confirms that its policy of non-discrimination in the selection of Directors;

2. regularly assess the Board's current and projected strengths and needs by, among other things, reviewing the Board's current profile, its Directors' qualifications and the Company's current and future needs;

3. adopts certain criteria to assist in its assessment or evaluation which included the candidate's academic, professional and business background, his/her past responsibility, exposure to the business environment in which the Group operates and intends to be engaged in and candidate's experience including directorship or senior management level involvements with other entities, and candidate's contribution or achievement to the Group; and

4. use any process it deems appropriate for the purpose of evaluating candidates which include, without limitation, personal interviews, background checks, written submissions by the candidates and third party references.

Two Nomination Committee meetings were held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Nomination Committee reviewed the nomination policy, the nominations of Directors, the composition of the Board, the Board's diversity policy, the independence of the independent non-executive Directors, the re-election of all the retiring Directors at the last Annual General Meeting held on 21 May 2021 and the nomination of Ms. Liu Haoming as an independent non-executive Director.

Corporate Governance Committee

The Corporate Governance Committee was set up in 2012 and comprised two executive Directors, namely, Ms. Cheng Po Chuen (the chairman) and Mr. Peng Xitao, and an independent non-executive Director, namely, Mr. Zhou Jingping.

The primary functions of the Corporate Governance Committee are to develop and review the Company's policies and practices on corporate governance in compliance with legal and regulatory requirements. The Corporate Governance Committee also reviews the disclosure systems of the Company and introducing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company.

One Corporate Governance meeting was held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Corporate Governance Committee reviewed the policies and practices on corporate governance of the Company, the training and continuous professional development of the Directors and senior management, and the compliance of policies and practices of the corporate governance of the Company.

The Corporate Governance Committee was replaced by the ESG Committee on 18 November 2021.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was set up on 1 January 2021 and comprised two executive Directors, namely, Mr. Peng Xitao (the chairman) and Ms. Cheng Po Chuen, and two independent non-executive Directors, namely, Mr. Zang Dongli and Mr. Zhou Jingping.

The primary functions of the Corporate Social Responsibility Committee are:

- to give recommendations about the Group's ESG strategies and identify significant ESG risks and opportunities;
- to monitor the effectiveness of ESG risk management; and
- to review the ESG Report.

Two Corporate Social Responsibility Committee meetings were held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Corporate Social Responsibility Committee reviewed the policies and practices on ESG of the Group, and approved the ESG Report for 2020.

The Corporate Social Responsibility Committee was replaced by the ESG Committee on 18 November 2021.

ESG Committee

The ESG Committee was set up on 18 November 2021 and currently comprises two executive Directors, namely, Mr. Peng Xitao (the chairman) and Ms. Cheng Po Chuen, and three independent non-executive Directors, namely, Mr. Zang Dongli, Mr. Zhou Jingping and Ms. Liu Haoming.

The primary functions of the ESG Committee are:

- to give recommendations about the Group's ESG strategies and identify significant ESG risks and opportunities;
- to monitor the effectiveness of ESG risk management;
- to monitor the ESG performance of the Group to ensure its compliance with legal, regulatory and investors' requirements and recommend to the Board;
- to review the ESG Report;
- to develop and review the Company's policies and practices on corporate governance in compliance with legal and regulatory requirements;
- reviews the disclosure systems of the Company and introducing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company; and
- to take actions to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law.

The ESG Committee did not hold any meeting during the year ended 31 December 2021 subsequent to its set up.

Board Diversity

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage.

The Nomination Committee is mandated to formulate the Board's diversity policy for the Board's approval and review and assess its policy regularly.

The Board's diversity policy adopted by the Company is summarised as follow:

- to achieve diversity of the Board through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience;
- to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective;
- the Nomination Committee has primary responsibility for identifying suitably qualified candidates to become member(s) of the Board and, in carrying out this responsibility, will give adequate consideration to the Policy; and
- the Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Company Secretary

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on corporate governance matters. During 2021, Mr. Lam Yau Yiu, the Company Secretary had confirmed that he had taken no less than 15 hours of relevant professional training. The biography of the Company Secretary is set out in the "Directors and Senior Management" section of this Annual Report.

D. FINANCIAL REPORTING AND INTERNAL CONTROL

Directors' and Auditor's Responsibilities for Accounts

The Directors acknowledge that they are responsible for overseeing the preparation of accounts for each financial period, which give a true and fair view of the state of affairs of the Company and of the Group and of the Group's results and cash flow for that period. In preparing the accounts for the year ended 31 December 2021, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

The auditor's respective responsibilities to the Shareholders in respect of the financial statements are included in the "Independent Auditor's Report" section of this Annual Report.

Risk Management and Internal Control

The Board is entrusted with the overall responsibility for establishing and maintaining effective risk management and internal control systems for the Group and overseeing the risk management and internal control systems through the Group's internal audit department. The management of the Group is delegated with the responsibility from time to time to implement and maintain the Board's policies on risk management and internal control. Detailed procedures are developed by management for major business units. The Group's risk management and internal control systems are designed to provide cost-effectiveness and reasonable protection, which safeguards the Group's assets and maintains the integrity of the accounting and reporting systems. The Group emphasises the appointment of qualified, experienced and capable individuals to carry out critical control functions and has put in place a system for effective segregation of key duties and responsibilities. The Board and the Audit Committee periodically evaluate major controls and risks and where necessary, retain external professional services to evaluate or seek improvements to the risk management and internal control systems.

The Group's internal audit department reviews our significant risk management and internal control measures on an on-going basis, aiming to monitor all our major businesses periodically. Overall, the internal audit aims to provide the Board with reasonable assurance that the Group's risk management and internal control systems are effective. During the year, the Audit Committee had reviewed effectiveness of the risk management and internal control systems of the Group on behalf of the Board. The review covered all material control areas including financial, compliance and risk management functions. The management of the Group has provided a confirmation to the Board on the effectiveness of these systems. Based on the results of the review and the confirmation, the Board is satisfied that the Group has maintained sound and adequate risk management and internal controls in all major areas.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the SFO and the Listing Rules that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and disseminating inside information are as follows:

— the Group conducts its affairs with strict compliance with the disclosure requirement under the Listing Rules and the "Guideline on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong;

— the Group has implemented its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcement and its website; and

— the Group has strictly prohibited any unauthorised use of confidential or inside information.

Audit and Related Fees

During the year, the fees paid or payable to the Group's external auditor BDO Limited were as follows:

Audit service	HK$1,300,000
Non-audit services	HK$200,000

E. SHAREHOLDERS' RIGHTS

Right to Convene a Special General Meeting

Pursuant to the Bye-laws, special general meetings shall also be convened by the Company on requisition as provided by the Companies Act of Bermuda. The Directors, notwithstanding anything in the Bye-laws shall, on the requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a special general meeting of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company, and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Right to Put Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board with contact details as below:

Investor Relations
Crazy Sports Group Limited
Suites 3702–3, 37/F, Tower Two,
Times Square,
1 Matheson Street,
Causeway Bay,
Hong Kong

Telephone: (852 2869 8966)
Fax: (852 2869 8960)
E-mail: ir@crazysports.com.hk

Upon receipt of the enquiries, the staff of the investor relations department will consider the concern proposed and raise it to the Company Secretary.

Right to Put Forward Proposals at General Meetings

Pursuant to the Companies Act of Bermuda, any number of members of the Company representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relate or not less than one hundred members of the Company may deposit a written requisition to put forward proposals.

The Company shall then give to members of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; circulate to members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

F. SHAREHOLDERS ENGAGEMENT

The Company attaches great priority to open and effective communications with its shareholders and potential investors on the development of the Company. The Company has established a shareholders' communication policy and reviews it on a regular basis to ensure its effectiveness.

The Company maintains a website through which the Company's updated financial information, announcements, circulars, notices of meetings, press releases and contact details can be accessed by its shareholders and investors. The Board believes that the Company's website provides an alternative means for the investing public to obtain information of the Company in a convenient and timely manner.

The Directors regard all meetings with the Shareholders to be very important as they offer opportunities for direct communication with the Shareholders. When appropriate, presentations would be made at general meetings for the purposes of keeping Shareholders informed of corporate developments. The Chairman and the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee, as well as the Company's auditor provided an opportunity for a dialogue with the Shareholders during the last Annual General Meeting held on 7 May 2021.

In addition, key executives of the Company also participate in conferences and forums with the objective of promoting investor and stakeholder interests in the Group's businesses.

Dividend Policy

The Board adopted a dividend policy on 22 March 2019 that can enhance the transparency of the Company regarding the Shareholders and the investors in their investment decisions.

According to the dividend policy, the Board will consider a number of factors in deciding whether any future dividend will be declared and the amount will be declared. The factors are, but not limited to:

1. the prevailing and expected financial results of the Group;

2. the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

3. the Company's business operation strategy, including expected working capital requirements, capital expenditure requirements and future expansion plans;

4. the Company's liquidity position;

5. retained earnings and distributable profit reserves of the Company;

6. the contractual restrictions on the payment of dividends imposed by the Company's lenders and other institutions, if any; and

7. any other factors that the Board considers to be applicable from time to time.

The Company does not have any pre-determined dividend distribution proportion or ratio.

The declaration, payment and amount of dividends will be subject to the Board's discretion. The Board will review the dividend policy on a regular basis.

G. CONSTITUTIONAL DOCUMENTS

The memorandum of association of the Company and the Bye-laws are published on the respective websites of the Stock Exchange and the Company. During the year, there was no change in the Company's constitutional documents.

DIRECTORS' REPORT

The Directors are pleased to present this Annual Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The principal business activity of the Company is investment holding. The Group is a leading digital sports entertainment community operator in China. It is principally engaged in the development and operation of paid sports information platform, sports social interactive platform, sports quizzing platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the PRC (the "Digital sports entertainment business").

The business review of the Group for the year ended 31 December 2021, as well as further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 10 to 27 of this Annual Report. The discussions forms part of this Directors' Report.

Details of the Company's principal subsidiaries and associates at 31 December 2021 are set out in notes 32 and 18 to the consolidated financial statements, respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2021 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 114 to 225 of this Annual Report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

The dividend policy of the Company is set out on page 72 of this Annual Report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 226 of this Annual Report. This summary is for information only and does not form part of the audited consolidated financial statements.

FIXED ASSETS

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and Share Options during the year, together with explanations thereof, are set out in notes 26 and 29 respectively to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the consolidated financial statements and page 118 of this Annual Report respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company did not have any distributable reserves (2020: Nil). The Company's share premium account in the amount of HK$1,771,496,000 (2020: HK$1,762,398,000) may be distributed in the form of fully paid bonus shares.

MAJOR SUPPLIERS AND CUSTOMERS

Our customer is defined as any paying user who purchases in-game currency, in-game virtual items or premium features of our games and applications. If a paying user makes a payment in our games on two publishing platforms or two different games, the paying user would be considered as two separate paying users and so on and so forth. Furthermore, the Company only has access to the total sum of the payments made by paying users through third-party distribution platforms, without further breakdown. Customers also include (a) third-party game operators with whom we licensed our games to for publishing our games in other geographic regions in consideration of license fees and royalties; (b) game developers/operators whom we provided publishing services in return for service fees; and (c) lottery centres whom we provided sales services of lottery tickets.

During the year ended 31 December 2021, so far as the Company is aware, the revenue attributable to our five largest customers accounted for less than 10% of our revenue for the year. Purchases from the Group's five largest suppliers accounted for approximately 64.1% of the Group's total purchases for the year and purchase from the largest supplier accounted for approximately 22.1% of the Group's total purchases for the year.

Save as disclosed in this Annual Report and so far as the Directors are aware, none of the Directors, or any of his/her close associates or shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year and up to the date of this Annual Report have been:

Executive Directors:

Dr. Zhang Lijun *(Chairman)*
Mr. Peng Xitao *(Chief Executive Officer)*
Ms. Cheng Po Chuen

Independent Non-Executive Directors:

Dr. Loke Yu (alias Loke Hoi Lam)
Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming (appointed on 1 January 2022)

In accordance with the Bye-laws, at each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company or until the next following Annual General Meeting, as appropriate, and shall then be eligible for re-election at that meeting.

DIRECTORS (Continued)

Dr. Zhang and Dr. Loke Yu shall retire from office by rotation. Dr. Loke Yu decided not to stand for re-election. Dr. Zhang, being eligible, offer himself for re-election at the forthcoming Annual General Meeting to be held on 26 May 2022 ("2022 AGM"). Ms. Liu Haoming, who was appointed as an independent non-executive Director with effective date from 1 January 2022, will hold office until the 2022 AGM and, being eligible, will offer herself for re-election.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Board considers them to be independent.

CHANGES IN INFORMATION WITH REGARDS TO DIRECTORS

The change in the information of Directors, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is as follows:

Dr. Loke Yu resigned as an independent non-executive director of each of CIMC-TianDa Holdings Company Limited (a company previously listed on the Stock Exchange) on 25 January 2021, and Zhong An Group Limited on 10 June 2021 and Chiho Environmental Group Limited on 6 December 2021, both of which are listed on the Stock Exchange.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2022 AGM has entered into any service contract, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

SHARE OPTION SCHEMES

Share Option Scheme

On 30 April 2012, the Company terminated the Old Scheme which was substituted by the Share Option Scheme.

Upon termination of the Old Scheme, no further share options will be offered under the Old Scheme. However, the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the Old Scheme. As at 31 December 2021, there was no outstanding share options granted under the Old Scheme.

SHARE OPTION SCHEMES (Continued)

Under the Share Option Scheme, the Directors may, at their discretion, invite any eligible participants to take up Share Options to subscribe for Shares. The Share Option Scheme is effective for the period from 30 April 2012 to 29 April 2022. The total number of Shares which may be allotted and issued upon exercise of all Share Options (excluding Share Options which have lapsed in accordance with the terms of the Share Option Scheme) to be granted under the Share Option Scheme must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme provided that, inter-alia, the Company may seek approval of the Shareholders at general meeting to refresh the limit of Share Option Scheme. The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and the Old Scheme shall not exceed 30% of the share capital of the Company in issue from time to time.

On 28 May 2019, the Shareholders at the Annual General Meeting had approved the Refreshment so that the Company is able to grant Share Options to the eligible participants as incentives or rewards for the contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group. The General Scheme Limit after the Refreshment would be 421,339,526 Shares.

A summary of the principal terms of the Share Option Scheme is given below:

(I) *Purpose of the Share Option Scheme:*
The purpose of the Share Option Scheme is to enable the Group to grant Share Options to the eligible participants as incentives or rewards for their contribution to the Group.

(II) *Participants of the Share Option Scheme:*
The Directors may, in accordance with the provisions of the Share Option Scheme, at their absolute discretion invite any person belonging to any of the following classes of participants to take up Share Options to subscribe for shares of the Company:

a. any employee, executive (including any executive Director but excluding any non-executive Director), manager, consultant or proposed employee, manager, consultant of the Company, any of its subsidiaries, any Holding Company or any Invested Entity;

b. any non-executive Director (including any independent non-executive Director), any subsidiary, any Holding Company or any Invested Entity;

c. any supplier of goods or services to any member of the Group or any Holding Company or any Invested Entity;

d. any customer of the Group or any Holding Company or any Invested Entity;

SHARE OPTION SCHEMES (Continued)

e. any person or entity that provides research, development or other technological support to the Group or any Holding Company or any Invested Entity;

f. any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

g. any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Holding Company or any Invested Entity; and

h. any joint venture partner or business alliance that co-operates with any member of the Group or any Holding Company or any Invested Entity in any area of business operation or development.

(III) Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital it represents as at the date of this Annual Report:
The total number of Shares available for issue under the Share Option Scheme was 273,339,526 Shares, after the Refreshment and the subsequent grants of Share Options, representing approximately 6.04% of the issued share capital as at the date of this Annual Report.

(IV) Maximum entitlement of each participant under the Share Option Scheme:
The total number of Shares issued and which may fall to be issued upon exercise of the Share Options (including both exercised or outstanding Share Options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being unless it is approved by Shareholders at general meeting of the Company with such grantee and his/her associates abstaining from voting. Where any grant of Share Options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the shares issued and to be allotted and issued upon exercise of all Share Options already granted and to be granted (including Share Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million; such further grant of Share Options must be approved by Shareholders at general meeting of the Company.

(V) The period within which the shares must be taken up under Share Options:
The period within which the Share Options must be exercised will be specified by the Company at the time of grant. This period shall not be more than 10 years from the relevant date of grant.

(VI) The minimum period for which an option must be held before it can be exercised:
The Company may specify any minimum period(s) for which an option must be held before it can be exercised at the time of grant of the Share Options. The Share Option Scheme does not contain any such minimum period.

SHARE OPTION SCHEMES (Continued)

(VII) *The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid:*
A nominal consideration of HK$1.00 is payable on acceptance of the grant of an Option within such time specified in the offer (which shall not be later than 10 business days from the date of the grant).

(VIII) *The basis of determining the exercise price:*
The exercise price under the Share Option Scheme shall be a price determined by the Directors but shall not be less than the highest of:

a. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares on the date of the offer of grant which must be a business day;

b. the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares for the five business days immediately preceding the date of the offer of grant which must be a business day; and

c. the nominal value of a Share.

(IX) *The remaining life of the Share Option Scheme:*
The Share Option Scheme has the period of 10 years commencing from 30 April 2012.

The Share Option Scheme will expire on 30 April 2022. The Company will adopt a new share option scheme of the Company after obtaining the Shareholders' approval at the 2022 AGM, and the Stock Exchange has approved the listing of the Shares to be issued in relation to share options to be granted subsequently. Details of the new share option scheme of the Company are set out in the circular enclosed with this Annual Report to be despatched to the Shareholders together with a notice of the 2022 AGM.

SHARE OPTION SCHEMES (Continued)

There were Share Options granted by the Company during the year ended 31 December 2021. Details of the movement of the Share Options for the year ended 31 December 2021 are set out below and in note 29 to the consolidated financial statements.

2021

	Number of Shares issuable under Share Options							
	At beginning of the year	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)	At the end of the year	Exercise price HK$	Exercise period
Executive Directors								
Dr. Zhang Lijun								
— on 25 January 2018	2,000,000	–	(2,000,000)	–	–	–	0.229	25/01/2018 to 24/01/2021
— on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.12	19/03/2021 to 18/03/2026
	2,000,000	1,000,000	(2,000,000)	–	–	1,000,000		
Ms. Wang Chun								
— on 25 January 2018	3,000,000	–	–	–	(3,000,000)	–	0.229	25/01/2018 to 24/01/2021
	3,000,000	–	–	–	(3,000,000)	–		
Mr. Ji Qiang								
— on 5 July 2019	3,000,000	–	–	–	(3,000,000)	–	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	3,000,000	–	–	–	(3,000,000)	–	0.385	05/10/2020 to 04/10/2025
	6,000,000	–	–	–	(6,000,000)	–		
Mr. Peng Xitao								
— on 19 March 2021	–	2,000,000	–	–	–	2,000,000	1.12	19/03/2021 to 18/03/2026
	–	2,000,000	–	–	–	2,000,000		
Ms. Cheng Po Chuen								
— on 30 March 2020	15,000,000	–	–	–	–	15,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	10,000,000	–	–	–	–	10,000,000	0.385	05/10/2020 to 04/10/2025
— on 19 March 2021	–	2,000,000	–	–	–	2,000,000	1.12	19/03/2021 to 18/03/2026
	25,000,000	2,000,000	–	–	–	27,000,000		
Sub-total	36,000,000	5,000,000	(2,000,000)	–	(9,000,000)	30,000,000		

SHARE OPTION SCHEMES (Continued)

2021 (Continued)

	Number of Shares issuable under Share Options							
	At beginning of the year	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)	At the end of the year	Exercise price HK$	Exercise period
Independent non-executive Directors								
Dr. Loke Yu (alias Loke Hoi Lam)								
— on 25 January 2018	750,000	–	(750,000)	–	–	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	500,000	–	–	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	2,250,000	–	(750,000)	–	–	1,500,000		
Prof. Gong Zhankui								
— on 25 January 2018	750,000	–	–	–	(750,000)	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	(1,000,000)	–	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	500,000	–	–	–	(500,000)	–	0.385	05/10/2020 to 04/10/2025
	2,250,000	–	–	–	(2,250,000)	–		
Mr. Wang Linan								
— on 25 January 2018	750,000	–	–	–	(750,000)	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	(1,000,000)	–	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	500,000	–	–	–	(500,000)	–	0.385	05/10/2020 to 04/10/2025
	2,250,000	–	–	–	(2,250,000)	–		
Mr. Zang Dongli								
— on 30 March 2020	–	–	–	–	3,000,000	3,000,000	0.385	30/03/2020 to 29/03/2023
	–	–	–	–	3,000,000	3,000,000		
Mr. Zhou Jingping								
— on 5 October 2020	–	–	–	–	3,000,000	3,000,000	0.385	05/10/2020 to 04/10/2025
	–	–	–	–	3,000,000	3,000,000		
Sub-total	6,750,000	–	(750,000)	–	1,500,000	7,500,000		

SHARE OPTION SCHEMES (Continued)

2021 (Continued)

	Number of Shares issuable under Share Options							
	At beginning of the year	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)	At the end of the year	Exercise price HK$	Exercise period
Employees								
— on 25 January 2018	–	–	–	(3,000,000)	3,000,000	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	42,000,000	–	(5,310,000)	–	–	36,690,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	2,000,000	–	(500,000)	–	–	1,500,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	29,500,000	–	(500,000)	–	–	29,000,000	0.385	05/10/2020 to 04/10/2025
— on 19 March 2021	–	4,000,000	–	–	–	4,000,000	1.12	19/03/2021 to 18/03/2026
	73,500,000	4,000,000	(6,310,000)	(3,000,000)	3,000,000	71,190,000		
Others (note ii)								
— on 25 January 2018	–	–	–	(1,500,000)	1,500,000	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	20,000,000	–	(13,000,000)	–	5,000,000	12,000,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	6,000,000	–	–	–	(3,000,000)	3,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	3,000,000	–	(500,000)	–	1,000,000	3,500,000	0.385	05/10/2020 to 04/10/2025
— on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.12	19/03/2021 to 18/03/2026
Sub-total	29,000,000	1,000,000	(13,500,000)	(1,500,000)	4,500,000	19,500,000		
Total	145,250,000	10,000,000	(22,560,000)	(4,500,000)	–	128,190,000		

Notes:

(i) Ms. Wang Chun and Mr. Ji Qiang resigned as executive Directors on 1 January 2021. Accordingly, Ms. Wang's Share Options are reclassified from executive Directors category to employees category and Mr. Ji Qiang's Share Options are reclassified from executive Directors category to others category.

Prof. Gong Zhankui and Mr. Wang Linan resigned as independent non-executive Directors on 1 January 2021. Accordingly, their Share Options are reclassified from independent non-executive Directors category to others category.

Mr. Zang Dongli and Mr. Zhou Jingping were appointed as independent non-executive Directors of the Company on 1 January 2021. Accordingly, their Share Options are reclassified from others category to independent non-executive Directors category.

(ii) The "others" grantees consist of consultants who were appointed by the Company to provide strategy development advice for the development of the Group and to introduce potential business partners to the Group.

Additional information in relation to the Share Option Scheme and for the Share Options granted during 2021 are set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEMES (Continued)

2020

	Number of Shares issuable under Share Options						
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	At the end of the year	Exercise price HK$	Exercise period
Executive Directors							
Dr. Zhang Lijun							
— on 25 January 2018	2,000,000	–	–	–	2,000,000	0.229	25/01/2018 to 24/01/2021
	2,000,000	–	–	–	2,000,000		
Ms. Wang Chun							
— on 25 January 2018	3,000,000	–	–	–	3,000,000	0.229	25/01/2018 to 24/01/2021
	3,000,000	–	–	–	3,000,000		
Mr. Ji Qiang							
— on 5 July 2019	3,000,000	–	–	–	3,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	3,000,000	–	–	3,000,000	0.385	05/10/2020 to 04/10/2025
	3,000,000	3,000,000	–	–	6,000,000		
Ms. Cheng Po Chuen							
— on 30 March 2020	–	15,000,000	–	–	15,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	–	10,000,000	–	–	10,000,000	0.385	05/10/2020 to 04/10/2025
	–	25,000,000	–	–	25,000,000		
Sub-total	8,000,000	28,000,000	–	–	36,000,000		
Independent non-executive Directors							
Dr. Loke Yu (alias Loke Hoi Lam)							
— on 25 January 2018	750,000	–	–	–	750,000	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	500,000	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	1,750,000	500,000	–	–	2,250,000		

SHARE OPTION SCHEMES (Continued)

2020 (Continued)

	Number of Shares issuable under Share Options						
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	At the end of the year	Exercise price HK$	Exercise period
Prof. Gong Zhankui							
— on 25 January 2018	750,000	–	–	–	750,000	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	500,000	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	1,750,000	500,000	–	–	2,250,000		
Mr. Wang Linan							
— on 25 January 2018	750,000	–	–	–	750,000	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	500,000	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	1,750,000	500,000	–	–	2,250,000		
Sub-total	5,250,000	1,500,000	–	–	6,750,000		
Employees							
— on 5 July 2019	42,000,000	–	–	–	42,000,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	–	2,000,000	–	–	2,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	–	29,500,000	–	–	29,500,000	0.385	05/10/2020 to 04/10/2025
Sub-total	42,000,000	31,500,000	–	–	73,500,000		
Others							
— on 5 July 2019	20,000,000	–	–	–	20,000,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	–	6,000,000	–	–	6,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	–	3,000,000	–	–	3,000,000	0.385	05/10/2020 to 04/10/2025
Sub-total	20,000,000	9,000,000	–	–	29,000,000		
Total	75,250,000	70,000,000	–	–	145,250,0000		

Additional information in relation to the Share Option Scheme and for the Share Options granted during 2020 are set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEMES (Continued)

Subsidiaries Share Option Schemes

On 21 May 2020, the Shareholders at the Annual General Meeting approved the Subsidiaries Share Option Schemes for Easy Prime and Golden Target, to grant Easy Prime Options or Golden Target Options (as the case may be) to the eligible participants as incentives or rewards to encourage the grantees of such options to work towards enhancing the value of Easy Prime and Golden Target and their shares, respectively and for the benefit of the Group as a whole. Pursuant to the Restructuring in December 2020, Golden Target was no longer a subsidiary of the Group. According to the terms of the Subsidiaries Share Option Schemes, the Golden Target Share Option Scheme was terminated.

The Easy Prime Board will have the right to grant to the participants options to subscribe for Easy Prime Shares, which when aggregated with any securities to be granted by Easy Prime subject to any other share option schemes shall not in aggregate exceed the Scheme Mandate Limit unless the approval from the Shareholders in general meeting has been obtained to renew the Scheme Mandate Limit such that the total number of Easy Prime Shares in respect of which options may be granted by the Easy Prime Board under the Easy Prime Share Option Scheme and any other share option schemes of Easy Prime in issue shall not exceed Renewal Limit. Separate approval from the Shareholders in general meeting for granting Easy Prime Options beyond the Scheme Mandate Limit and Renewal Limit may be sought. At present, Easy Prime does not intend to obtain such approval.

The maximum number of Easy Prime Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Easy Prime Share Option Scheme and any other share option schemes of Easy Prime shall not exceed 30% of the total number of Easy Prime Shares in issue from time to time.

SHARE OPTION SCHEMES (Continued)

Subsidiaries Share Option Schemes (Continued)

In addition, for so long as Easy Prime remains a subsidiary of the Company:

1. Any grant of options under the relevant scheme to any Director, chief executive or substantial Shareholder or any of their respective associates shall also be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed grantee of the option).

2. Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the shares which may be issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under such scheme in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of Easy Prime and having an aggregate net asset value, assuming such options were exercised and based on the latest audited accounts of Easy Prime, in excess of HK$5 million, such grant of options shall be subject to prior approval by the Shareholders (voting by way of poll). All connected persons of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

3. The renewal of the Scheme Mandate Limit and the granting of options exceeding any stipulated limits under the Easy Prime Share Option Scheme shall be subject to the approval by the Shareholders in general meeting for so long as Easy Prime remains a subsidiary of the Company.

4. Any alteration of the rules of the scheme to the advantage of the grantees shall comply with the requirements under the Listing Rules and also be subject to the approval by the Shareholders.

SHARE OPTION SCHEMES (Continued)

Share option scheme of subsidiaries (Continued)

A summary of the principal terms of the Easy Prime Share Option Scheme is given below:

(I) *Purpose of the Easy Prime Share Option Scheme:*
The purpose is to enable Easy Prime to grant its share options to the eligible participants as incentives or rewards for their contribution to Easy Prime as well as the Group.

(II) *Participants of the Easy Prime Share Option Scheme:*
The board of directors of Easy Prime may, in accordance with the provisions of the Easy Prime Share Option Scheme, at their absolute discretion invite any person belonging to any of the following classes of participants to take up Easy Prime Options to subscribe for Easy Prime Shares:

a. any employee, executive (including any executive director but excluding any non-executive director), manager, consultant or proposed employee, manager, consultant of Easy Prime and its subsidiaries and the Group;

b. any non-executive director (including independent non-executive director) of Easy Prime Group and the Group;

c. any supplier of goods or services to any member of the Easy Prime Group;

d. any person or entity that provides research, development or other technological support to the Easy Prime Group; and

e. any company wholly owned by one or more persons belonging to any of the above classes.

(III) *Total number of shares available for issue under the Easy Prime Share Option Scheme as at the date of this Annual Report:*
The total number of shares available for issue under the Easy Prime Share Option Scheme is 5,000 shares.

SHARE OPTION SCHEMES (Continued)

(IV) *Maximum entitlement of each participant under the Easy Prime Share Option Scheme:*

The total number of shares issued and which may fall to be issued upon exercise of the Easy Prime Options (including both exercised or outstanding Easy Prime Options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Easy Prime for the time being unless it is approved by Shareholders at general meeting of the Company with such grantee and his/her associates abstaining from voting. Where any grant of Easy Prime Options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the shares issued and to be allotted and issued upon exercise of all Easy Prime Options already granted and to be granted (including Easy Prime Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of Easy Prime and having an aggregate net asset value, assuming such Easy Prime Options were exercised and based on the latest audited accounts of Easy Prime, in excess of HK$5 million, such grant of Easy Prime Options shall be subject to prior approval by the Shareholders (voting by way of poll). All connected persons of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(V) *Period of the Easy Prime Share Option Scheme:*

The Easy Prime Share Option Scheme will remain valid for a period of 10 years commencing on the date of adoption.

(VI) *The period within which the shares must be taken up under Easy Prime Share Option Scheme:*

The period within which the Easy Prime Options must be exercised will be specified by the Company at the time of grant. This period shall not be more than 10 years from the relevant date of grant.

(VII) *The minimum period for which an option must be held before it can be exercised:*

Easy Prime Share Option Scheme does not stipulate either a minimum period for which an Easy Prime Option must be held or any performance targets a grantee is required to achieve before an Easy Prime Option can be exercised.

(VIII) *The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid:*

A nominal consideration of HK$1.00 is payable on acceptance of the grant of an Easy Prime Option within 28 days from the date of the grant.

(IX) *The basis of determining the subscription price per Easy Prime Share:*

The Subscription Price shall be determined by the Easy Prime Board, taking into consideration the prevailing market condition, performance of Easy Prime and after having assessed the efforts, performance and/or future potential contribution of the Participant to the success of the business and operations of Easy Prime, which shall not be less than the par value of the Easy Prime Shares.

No Easy Prime Options or Golden Target Options have been granted under the Subsidiaries Share Option Schemes since the adoption date.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATION

As at 31 December 2021, the Directors and chief executive had the following interests in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

A LONG POSITION IN THE ORDINARY SHARES AND UNDERLYING SHARES OF THE COMPANY:

Name of director	Capacity	Number of ordinary shares held	% of total issued share capital	Number of underlying shares in respect of Share Options granted	% of total issued share capital
Zhang Lijun	Beneficial owner/ Interest of spouse/Founder of discretionary trust	1,034,563,113 *(Note)*	22.86%	1,000,000	0.02%
Peng Xitao	Beneficial owner	55,810,000	1.23%	2,000,000	0.04%
Cheng Po Chuen	Beneficial owner	–	–	27,000,000	0.60%
Loke Yu (alias Loke Hoi Lam)	Beneficial owner	–	–	1,500,000	0.03%
Zang Dongli	Beneficial owner	–	–	3,000,000	0.07%
Zhou Jingping	Beneficial owner	–	–	3,000,000	0.07%

Note: As at 31 December 2021, Dr. Zhang held and was deemed to hold under the SFO in aggregate 1,034,563,113 Shares, representing approximately 22.86% of the Company's issued share capital. These 1,034,563,113 Shares comprised: (i) 72,514,113 Shares directly held by Dr. Zhang; (ii) deemed interest of 9,350,000 Shares directly held by Ms. Wang Chun, spouse of Dr. Zhang; and (iii) deemed interest of 330,199,000 Shares held by Big Step Group Limited and 622,500,000 Shares held by Blazing Ace Limited, both of which are wholly owned by Avis Trend Limited. Avis Trend Limited is wholly owned by Cantrust (Far East) Limited in its capacity as the trustee of a discretionary family trust established by Dr. Zhang as settlor, and the discretionary beneficiaries of the trust include Dr. Zhang, Ms. Wang and their family members.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATION (Continued)

B LONG POSITION IN THE ORDINARY SHARES OF ASSOCIATED CORPORATIONS:

Name of director	Name of associated corporation	Capacity	Number of ordinary shares held	% of total issued share capital
Zhang Lijun	Clear Concept *(Note 1)*	Interest of controlled corporation	98	49%
	VODone Holdings *(Note 2)*	Interest of controlled corporation	2	100%
	Bank of Asia *(Note 3)*	Interest of controlled corporation	8,800,000	5.16%

Note 1: Clear Concept is owned as to 51% by the Company and 49% by Bigland Limited, a company wholly-owned by Dr. Zhang. Dr. Zhang is deemed to be interested in Bigland Limited's 49% in Clear Concept under the SFO.

Note 2: VODone Holdings is a wholly-owned subsidiary of Clear Concept. Dr. Zhang is deemed to be interested in 100% of VODone Holdings under the SFO by virtue of his deemed interest in Clear Concept.

Note 3: Bank of Asia is owned as to 45.49% by the Company and 5.16% by Oasis Sun Investments Limited ("Oasis Sun"), a company wholly-owned by Dr. Zhang. Dr. Zhang is deemed to be interested in Oasis Sun's 5.16% in BOA under the SFO.

Save as disclosed herein, as at 31 December 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO; or notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Same as disclosed in the section above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Except for those transactions set out in note 34 to the consolidated financial statements, no Director had a beneficial interest in any material contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, other than the Directors whose interests are disclosed above, the Company was not aware of any person who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2021 are set out in Note 34 to the consolidated financial statements contained herein.

The Company did not have any related party transaction which was subject to the reporting requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this Annual Report, none of the Directors are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

CONTRACTUAL ARRANGEMENTS

1.A Particulars of Structured Contracts

Subsequent to the Restructuring in December 2020, the telemedia business of the Group was ceased and its related contractual arrangements were terminated.

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

The Group acquired a new business through acquisition of 100% interest in Easy Prime by the Company in November 2018. Through Easy Prime's wholly owned subsidiary, WFOE entering into VIE Contracts with OPCO, pursuant to which the Group is principally engaged in the development and operation of paid sports information platform, sports social interactive platform, sports quizzing platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the PRC (the "Digital sports entertainment business"). The Digital sports entertainment business, through OPCO, become the principal operation of the Group and main component of the continuing operations. Details of the principal licenses held by the OPCO Group are set out on page 35 in the 2018 Circular.

The OPCO agreed to engage the WFOE as the exclusive service provider to provide the OPCO with the Services.

Pursuant to the Restructuring in December 2020, VIE Contracts were terminated and replaced by New VIE Contracts entered into between the WFOE, the OPCO and Hainan Jinyi and Mr. Peng Xitao (collectively as PRC Equity Owners) on 31 December 2020, pursuant to which the Group engages in the development and operation of online and/or mobile game applications, live-streaming platforms and online mobile interactive game applications, online information platforms and related products of sports nature in the PRC.

During the term of the Exclusive Business Cooperation Agreement, without the prior written consent of the WFOE, the OPCO was not allowed to engage or co-operate with any third party for the provision of the same or similar Services.

Principal terms of each of the New VIE Contracts are set out as follows:

(1) Exclusive Business Cooperation Agreement

Parties:	(i) The WFOE; and (ii) The OPCO.
Subject matter:	The OPCO agrees to engage the WFOE as the exclusive service provider to provide the OPCO with the Services. During the term of the Exclusive Business Cooperation Agreement, without the prior written consent of the WFOE, the OPCO is not allowed to engage or cooperate with any third party for the provision of the same or similar Services. The OPCO agreed to pay 100% of its net income to the WFOE as a fee for the Services on a quarterly basis.

1.A Particulars of Structured Contracts (Continued)

(1) Exclusive Business Cooperation Agreement (Continued)

Term: The Exclusive Business Cooperation Agreement shall take effect from the date of its execution, until any of the following circumstances occur:

(i) the WFOE proposes in writing to terminate the Exclusive Business Cooperation Agreement;

(ii) under applicable PRC laws and regulations, the WFOE exercises its call option under the exclusive Call Option Agreement, pursuant to which it acquired all the equity interests of the OPCO; or

(iii) under applicable PRC laws and regulations, the WFOE is allowed to register itself as the shareholder of the OPCO and operate the businesses of the OPCO.

(2) Exclusive Call Option Agreement

Parties:

(i) The WFOE;

(ii) The OPCO; and

(iii) The PRC Equity Owners.

Subject matter: The OPCO and the PRC Equity Owners irrevocably and unconditionally agree to grant exclusive call option to the WFOE, pursuant to which the WFOE may, to the extent permitted under applicable PRC laws and regulations, require:

(i) the PRC Equity Owners to transfer entirely or partially their or their nominees' equity interests in the OPCO to the WFOE or its nominee insofar at the consideration of RMB10, or, unless another price is required by the relevant PRC authority. In such event, the PRC Equity Owners shall reimburse the WFOE or its nominees any consideration paid by the WFOE or its nominees to the PRC Equity Owners in surplus of the said consideration of RMB10; and

(ii) the OPCO to transfer entirely or partially their or their nominees' assets in the OPCO to the WFOE or its nominee insofar at the consideration of RMB10, or, unless another price is required by the relevant PRC authority. In such event, the PRC Equity Owners shall reimburse the WFOE or its nominees any consideration paid by the WFOE or its nominees to the PRC Equity Owners in surplus of the said consideration of RMB10.

1.A Particulars of Structured Contracts (Continued)

(2) Exclusive Call Option Agreement (Continued)

In addition, without the prior written consent of the WFOE, the OPCO and the PRC Equity Owners, among other things:

(i) shall not alter the registered capital of the OPCO;

(ii) shall not sell, transfer or mortgage any assets, businesses or incomes of the OPCO;

(iii) shall not enter into any merger, acquisition or investment by the OPCO;

(iv) shall not procure the declaration or actual distribution of any profits, bonus or dividend by the OPCO; and

(v) shall not enter into any agreement which will be in conflict with the Exclusive Call Option Agreement or the interests of the WFOE under the Exclusive Call Option Agreement.

Term: The Exclusive Call Option Agreement has an initial term of 10 years from the date of its execution and will be extended automatically, unless otherwise determined by the WFOE or any of the following circumstances occur.

(i) under applicable PRC laws and regulations, the WFOE exercised its call option under the Exclusive Call Option Agreement, pursuant to which it acquired all the equity interests of the OPCO; or

(ii) under applicable PRC laws and regulations, the WFOE is allowed to register itself as the shareholder of the OPCO and operate the business of the OPCO.

(3) Shareholders' Voting Right Entrustment Agreement

Parties:

(i) The WFOE;

(ii) The OPCO; and

(iii) The PRC Equity Owners.

1.A Particulars of Structured Contracts (Continued)

(3) Shareholders' Voting Right Entrustment Agreement (Continued)

Subject matter: The PRC Equity Owners irrevocably agree to entrust the WFOE all its voting rights in the OPCO, including but not limited to the followings:

(i) as the agent of the PRC Equity Owners, to convene and attend the shareholders' meetings of the OPCO in accordance with the articles of association of the OPCO;

(ii) to represent the PRC Equity Owners and discuss, approve and exercise the voting rights at the shareholders' meetings of the OPCO; and

(iii) any other voting rights as authorised under the articles of association of the OPCO.

The PRC Equity Owners agreed and confirmed that no prior consent from them is required for exercising the aforesaid voting rights.

In addition, the PRC Equity Owners irrevocably undertake, among other things, that they will neither, directly or indirectly (either on their own or through any other individual or legal entity), participate or engage in any main business which is or may be in competition with the business of the OPCO or its associated company, or acquire or hold any such business, nor carry on any activities which may lead to any material conflict of interest between itself and the WFOE.

Term: The Shareholders' Voting Right Entrustment Agreement shall take effect from the date of its execution, until any of the following circumstances occur:

(i) the parties under the Shareholders' Voting Right Entrustment Agreement agree in writing to terminate the Shareholders' Voting Right Entrustment Agreement;

(ii) under applicable PRC laws and regulations, the WFOE exercises its call option under the Exclusive Call Option Agreement, pursuant to which it acquired all the equity interests of the OPCO; or

(iii) under applicable PRC laws and regulations, the WFOE is allowed to register itself as the shareholder of the OPCO and operate the businesses of the OPCO.

1.A Particulars of Structured Contracts (Continued)

(4) Equity Pledge Agreement

Parties:

(i) The WFOE;

(ii) The OPCO; and

(iii) The PRC Equity Owners

Subject matter: The PRC Equity Owners agree to pledge all of their equity interests in the OPCO to the WFOE to secure the performance of all their obligations and also the obligations of the OPCO under the New VIE Contracts.

If the PRC Equity Owners and/or the OPCO breach any obligation under the New VIE Contracts, the WFOE shall have the rights to, among others, dispose the pledged equity interests.

In addition, pursuant to the Equity Pledge Agreement, the PRC Equity Owners undertake to the WFOE, among others, not to transfer their interests in the OPCO and not to create any pledge thereon without prior written consent of the WFOE.

The PRC Equity Owners shall register the equity pledge with the relevant authorities and provide the documentary proof of successful registration to the WFOE within 30 business days from the date of the Equity Pledge Agreement.

Term: The Equity Pledge Agreement shall become effective upon registration of the equity pledge and shall remain binding until the PRC Equity Owners discharge all their obligations under the New VIE Contracts, or until any of the following circumstances occur:

(i) under applicable PRC laws and regulations, the WFOE exercised its call option under the Exclusive Call Option Agreement, pursuant to which it acquired all the equity interests of the OPCO; or

(ii) under applicable PRC laws and regulations, the WFOE is allowed to register itself as the shareholder of the OPCO and operate the businesses of the OPCO.

1.A Particulars of Structured Contracts (Continued)

(5) WFOE's undertaking

Parties:	The WFOE
Subject matters:	The WFOE undertakes that the authorisations under the Shareholders' Voting Right Entrustment Agreement will be granted to officers of the Company who are unrelated to the PRC Equity Owners.

Pursuant to the New VIE Contracts, the WFOE was able to control the finance and operation of the OPCO so as to obtain the economic interest and benefits from its business activities despite the lack of registered equity ownership. The Group had the right to consolidate the financial results of the OPCO Group in its consolidated accounts as if it were a subsidiary of the Group.

As Mr. Peng Xitao is a partner of Hainan Jinyi and is an executive Director, this contractual relationship constitutes continuous connected transactions. The Company had applied and had been granted a waiver to such continuous connected transactions from the Stock Exchange on 5 February 2021 as disclosed in the announcement of the Company dated 9 February 2021.

In order to avoid any practical difficulties in enforcing the New VIE Contracts and to protect the assets and the operations of OPCO, the Limited Partners and their spouses have made an undertaking with principal terms as follows:

A. Each of the Limited Partners and their spouses acknowledges and confirms that:

1. the shareholders of OPCO are the Limited Partners (99%) and Mr. Peng Xitao (1%) who are nominated by the WFOE; and

2. the equity interests held by such Limited Partner in OPCO do not form part of his personal assets and his matrimonial assets jointly owned by him and his spouse.

1.A Particulars of Structured Contracts (Continued)

B. Each of the spouses of the Limited Partners unconditionally and irrevocably undertakes:

1. not to take any action with the intent to interfere with the contractual arrangements, including making any claim that will give rise to hindrance over the performance of the Limited Partner's obligations under the New VIE Contracts;

2. that no consent or authorisation is needed from his spouse in case the Limited Partner executes any legal document to perform, amend, or supplement the New VIE Contracts;

3. to be bound by the New VIE Contracts and to waive any rights or entitlements to the equity interests of OPCO in the event that the spouse of the Limited Partner obtains any equity interests held by the Limited Partner in OPCO directly and/or through the Limited Partnership for any reason; and

4. that the Limited Partner, his successor, guardian, creditor, spouse or any other person that may be entitled to assume rights in the equity interests in OPCO directly or through the Limited Partnership held by him upon his death, incapacity, divorce, bankruptcy or any circumstances that may affect his ability to exercise his shareholder's rights in OPCO and/or his rights as a limited partner in the Limited Partnership (where applicable), he will not, in any manner and in any circumstances, carry out any act that may affect or hinder the fulfilment of the spouse's obligations under the New VIE Contracts.

C. Each of the Limited Partners irrevocably undertakes that:

1. he will not exercise shareholder's rights or entitlements to the equity interest in OPCO directly and/or through the Limited Partnership without the consent of the WFOE;

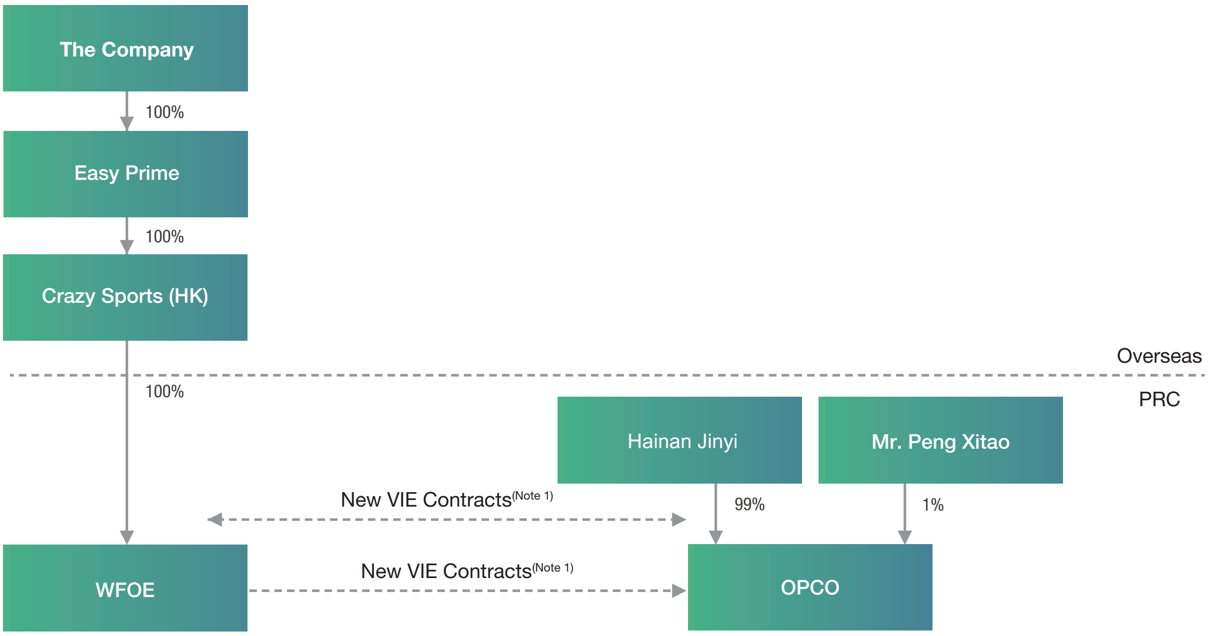
2. should any change occur in the marriage between the Limited Partner and his spouse, the Limited Partner shall inform the WFOE of such change and provide the relevant documentary proof, so as to allow the WFOE to act accordingly;

3. without the consent of the WFOE, the Limited Partner shall not agree to pledge, entrust, transfer or invest or transfer the equity interest in OPCO directly or through the Limited Partnership to any party other than the WFOE; and

4. if any Limited Partner becomes Resigning Partner, the WFOE shall be entitled to retrieve the Resigning Partner's interest in the Limited Partnership and/or OPCO, the WFOE shall then be entitled to nominate a new partner to replace the Resigning Partner and the death or incapacity or bankruptcy of the Resigning Partner shall not affect the operation and management of OPCO and the WFOE's control over OPCO.

1.B Structured Contract Flowchart

Set out below is a chart outlining simplified shareholding structure under the New VIE Contracts.



Note:

(1) *The New VIE Contracts arrangements through which the business of Easy Prime Group is operated as described in paragraph 1.A above.*

"–" *denotes shareholding relationship*

"..." *denotes contractual relationship*

2. REVENUE AND ASSETS SUBJECT TO THE NEW VIE CONTRACTS

For the year ended 31 December 2021, the revenue recorded by the Group arising from the New VIE Contracts relating to the Digital sports entertainment business amounted to HK$501,184,000 (2020: HK$300,805,000). The assets of OPCO Group have been consolidated into the financial statements of the Group under the New VIE Contracts. The total assets of OPCO Group as at 31 December 2021 amounted to HK$608,727,000 (2020: HK$581,758,000).

3. THE EXTENT TO WHICH THE CONTRACTUAL ARRANGEMENTS RELATING TO REQUIREMENTS OTHER THAN THE FOREIGN OWNERSHIP RESTRICTION

As advised by the Company's PRC legal advisers, according to the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (外商投資准入特別管理措施(負面清單)(2021年版)) (the "**Negative List**"), the Company, as a foreign entity, is not allowed to hold any equity interests of the OPCO under the current PRC laws. Although the current PRC laws do not expressly prohibit the establishment of VIE structures, the restrictive access and special investment prohibition management measures stipulated in the Negative List and relevant provisions in the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) (the "**Security Review**") must be complied with. In this respect, the Company's PRC legal adviser is of the opinion that:

(a) the New VIE Contracts are legal, valid and binding on all contractual parties;

(b) the New VIE Contracts would not be deemed as "concealing illegal intentions with a lawful form" or "civil legal acts carried out with false intentions" and void under the current PRC laws;

(c) no approval from administrative authority is required for the execution of the New VIE Contracts; and

(d) there are currently no judicial practice which indicates that the New VIE Contracts would violate the provisions under the Negative List and the Security Review.

4. REASONS FOR THE CONTRACTUAL ARRANGEMENTS AND ASSOCIATED RISKS

Currently, the regulatory requirements of the Internet information services in the PRC does not allow foreign ownership in OPCO Group which is the holder of certain business licenses which can only be held by PRC legal entities. Accordingly, the arrangements contemplated under the New VIE Contracts did not involve direct investment by the Company in OPCO.

The New VIE Contracts were subject to the following risks during the year:

(i) There can be no assurance that the New VIE Contracts will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Contracts will be deemed to be in compliance of the PRC laws and regulations;

(ii) The Group relies on contractual arrangements under the New VIE Contracts with the OPCO to operate the mobile game and applications business in the PRC. These contractual arrangements may not be as effective in providing the Group with control over the OPCO as direct ownership;

(iii) The Group's control over the OPCO is based on the contractual arrangement under the New VIE Contracts. Therefore, conflict of interests of the PRC Equity Owners will adversely affect the interests of the Company;

4. REASONS FOR THE CONTRACTUAL ARRANGEMENTS AND ASSOCIATED RISKS (Continued)

The New VIE Contracts were subject to the following risks during the year: (Continued)

(iv) The New VIE Contracts may be subject to the scrutiny by the PRC tax authorities and additional taxes may be imposed;

(v) The New VIE Contracts provides for dispute resolution by way of arbitration in accordance with the arbitration rules of the Arbitration Commission. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in the OPCO in case of disputes;

(vi) A substantial amount of costs and time may be involved in transferring the ownership of the OPCO to the Group;

(vii) The Company does not have any insurance which covers the risks relating to the New VIE Contracts and the transactions contemplated thereunder; and

(viii) The WFOE bears economic risks which may arise from difficulties in the operation of the OPCO's business.

The Group has adopted the following measures to ensure legal and regulatory compliance and implementation in respect of the New VIE Contracts:

(i) the Group has appointed a board representative to the board of the OPCO and set up a team stationing at the OPCO monitoring the daily managerial and operational activities of the OPCO. The representative submits monthly reviews of OPCO's operations to the Board;

(ii) upon receiving notification of any major events of the OPCO by the representative, the registered shareholders of the OPCO must report to the Company Secretary of the Company, who must in turn report to the Board;

(iii) the chief financial officer of the Company shall conduct regular site visits to the OPCO and conduct personnel interviews quarterly and submit reports to the Board;

(iv) all seals, chops, incorporation documents and all other legal documents of the OPCO must be kept at the office of the WFOE;

(v) the chief financial officer shall collect monthly management accounts, bank statements and cash balances and major operational data of the OPCO for review. Upon discovery of any suspicious matters, the chief financial officer must report to the Board;

4. REASONS FOR THE CONTRACTUAL ARRANGEMENTS AND ASSOCIATED RISKS (Continued)

The Group has adopted the following measures to ensure legal and regulatory compliance and implementation in respect of the New VIE Contracts: (Continued)

(vi) when there is a delay of the payment of the service fees from the OPCO to the WFOE, the chief financial officer must meet with the registered shareholders of the OPCO to investigate, and should report any suspicious matters to the Board. In extreme cases, the registered shareholder(s) of the OPCO will be removed and replaced;

(vii) the OPCO must submit copies of latest bank statements for every bank accounts of the OPCO within 15 days after each month end; and

(viii) the OPCO must assist and facilitate the Company to conduct quarterly on-site internal audit on the OPCO.

5. ANY MATERIAL CHANGE IN THE NEW VIE CONTRACTS AND UNWINDING OF THE NEW VIE CONTRACTS

During the year ended 31 December 2021, except for the above mentioned, there was no material change in the New VIE Contracts, and/or the circumstances under which they were adopted, and none of the New VIE Contracts has been unwound as none of the restrictions that led to the adoption of New VIE Contracts has been removed.

MANAGEMENT CONTRACT

During the year ended 31 December 2021, no other contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered or existed.

CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors had reviewed the continuing connected transactions and confirmed that the transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole according to the agreement governing them. The transactions carried out during the year have been entered into in accordance with the relevant provisions of the New VIE Contracts and have been operated so that the consolidated profit generated by OPCO Group has been substantially retained by the Group, and no dividends or other distributions have been made by OPCO to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

The Company's auditors, BDO Limited, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited have issued a letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. Nothing has come to their attention that causes them to believe that such transactions: (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant New VIE Contracts governing such transactions; and (iii) that dividends or other distributions made by OPCO to the holders of its equity interests were not otherwise subsequently assigned or transferred to the Group. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

EMOLUMENT POLICY

The Group remunerates the Directors and its staff primarily based on their contributions, responsibilities, qualifications and experience under the remuneration policy set up by the Remuneration Committee. The Group has implemented share option schemes as incentive to the Directors and eligible employees.

EMOLUMENTS OF DIRECTORS, SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, the senior management and the five highest paid individuals in the Group are set out in notes 10 and 11 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

Throughout the year ended 31 December 2021, the Company has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also adheres to the principle of recycling and reducing. Double sided printing and copying, using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are being implemented in the offices. For details on the Group's environmental policy, please refer to the Environmental, Social and Governance Report set out on pages 34 to 58 of this Annual Report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For our relationship with employees, please refer to the paragraph headed "Employee and Remuneration Policies" as set out in the "Management Discussion and Analysis" on page 27 of this Annual Report. The Group also understands that it is important to maintain good relationships with customers, suppliers and other business partners to achieve its long-term goals. Accordingly, our senior management has kept good communication, promptly exchanged ideas and shared business updates with them when appropriate. During the year, there was no material and significant dispute between the Group and its customers, suppliers and other business partners.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, the Directors shall be indemnified against all losses and liabilities which they may incur in connection with their duties. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this Annual Report.

DONATION

During the year, the Group made donations of total RMB20,000.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 December 2021 has been reviewed by the Audit Committee. Information on the composition and the work of the Audit Committee is set out in the "Corporate Governance Report" section of this Annual Report.

AUDITOR

The consolidated financial statements have been audited by BDO Limited.

A resolution for the re-appointment of BDO Limited as auditors of the Company will be proposed at the 2022 AGM.

SUBSEQUENT EVENTS

On 2 February 2022, the Company (through Smart Token), other sellers and Bank of Asia entered into the Heads of Agreement with Ammbr Limited as a result that (i) 37,500,000 new shares of Bank of Asia for a total subscription price of US$56,000,000 (equivalent to HK$436,800,000) be allotted and issued to the SPV; (ii) 130,408,845 existing shares of Bank of Asia sold to the SPV for a total cash consideration of US$260,817,690 (equivalent to approximately HK$2,034,378,000); and (iii) Ammbr Limited has conditionally granted severally to each of the sellers the put option to sell to the SPV in aggregate 31,412,568 existing shares of Bank of Asia on 14 September 2024 at US$4.46 (equivalent to approximately HK$34.79) per share of Bank of Asia to be satisfied in virtual assets created by Ammbr Limited. Further details are set out in the Company's circular dated 2 March 2022.

A special general meeting of the Company was held on 22 March 2022 that the Shareholders had approved the entering into the Agreement and the transactions contemplated thereunder in relation to, among other things, the Disposal.

Save as disclosed above, no other matter has occurred that bears significant effect to the Group between the year end date and the date of this Annual Report.

On behalf of the Board

Mr. Peng Xitao
Chief Executive Officer

Hong Kong
25 March 2022

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENT

FIVE-YEAR FINANCIAL SUMMARY

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF CRAZY SPORTS GROUP LIMITED
(FORMERLY KNOWN AS V1 GROUP LIMITED)
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Crazy Sports Group Limited (formerly known as V1 Group Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 114 to 225, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill and intangible assets

Refer to notes 4(d), 4(g), 5, 16 and 17 in the consolidated financial statements.

The Group has goodwill with carrying amount of HK$444,093,000 and intangible assets of HK$126,800,000 respectively relating to the cash generating unit ("CGU") of digital sports entertainment business.

We focused on these areas due to the size of goodwill and intangible assets. Furthermore, the directors' assessment of the value-in-use calculation of the Group's CGU involves judgment and estimates about future results of the business, key assumptions including budgeted gross margins, discount rate and growth rate applied to future cash flow forecast.

Our response:

Our procedures in relation to management's impairment assessment included:

— Assessing the valuation methodology;

— Challenging the reasonableness of key assumptions adopted in the valuation, such as the discount rate, based on our knowledge of the business and industry and available market data; and

— Reconciling input data to supporting evidence, such as latest financial forecasts approved by the management and considering the reasonableness of these forecasts.

Valuations of financial assets at fair value through other comprehensive income ("FVOCI")

Refer to notes 4(h), 5, 19 and 39 in the consolidated financial statements.

Financial assets at FVOCI included investment funds which amounted to approximately HK$402,484,000 as at 31 December 2021.

The valuations of the investment funds carried at fair value had been determined by management with assistance of an independent professional valuer. Such valuations involve the determination of the valuation models and the selection of different inputs and the assumptions made in the valuation models by management and the independent professional valuer. Any changes in valuation models adopted and inputs and assumptions applied could lead to significant changes in amounts reported as fair value in the consolidated financial statements.

We identified valuations of financial assets at FVOCI as a key audit matter because the valuation of financial instruments without a quoted price in an active market is a complex area and involves a higher degree of estimation, uncertainty and judgment. These financial instruments are material to the Group.

Our response:

Our procedures on valuations of financial assets at FVOCI relating to investment funds included:

— Assessing the valuation methodology applied on the financial instruments;

— Challenging the reasonableness of key assumptions in the valuation based on our knowledge;

— Reconciling input data used in the valuation to supporting evidence; and

— Assessing the scope, expertise and independence of the independent professional valuer appointed by the Group.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited
Certified Public Accountants

Choi Man On
Practising Certificate no. P02410

Hong Kong, 25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
CONTINUING OPERATIONS			
Revenue	6(c)	511,218	300,805
Cost of revenue		(282,050)	(170,104)
Gross profit		229,168	130,701
Other gains and losses	7	42,461	83,405
Selling and marketing expenses		(110,513)	(52,903)
Administrative expenses		(80,590)	(61,354)
Reversal of impairment/(impairment) of interest in an associate	18	42,211	(870)
Share of results of associates	18	18,749	(31,734)
Finance costs	8	(993)	(856)
Profit before income tax	9	140,493	66,389
Income tax credit	12(a)	2,715	2,136
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		143,208	68,525
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations, net of tax	13	–	(199,861)
PROFIT/(LOSS) FOR THE YEAR		143,208	(131,336)
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
— Exchange differences arising on translation of foreign operations		(10,847)	15,601
— Reclassification upon disposal of subsidiaries		18,390	8,541
		7,543	24,142
Item that will not be reclassified to profit or loss:			
— Fair value change on financial assets at fair value through other comprehensive income		11,417	9,010
Other comprehensive income for the year, net of tax		18,960	33,152
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		162,168	(98,184)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company			
Profit for the year from continuing operations		157,012	68,584
Loss for the year from discontinued operations		–	(200,500)
Profit/(loss) for the year attributable to owners of the Company		157,012	(131,916)
Non-controlling interests			
Loss for the year from continuing operations		(13,804)	(59)
Profit for the year from discontinued operations		–	639
(Loss)/profit for the year attributable to non-controlling interests		(13,804)	580
		143,208	(131,336)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		178,733	(98,415)
Non-controlling interests		(16,565)	231
		162,168	(98,184)
EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
— Basic (HK cents)	14	3.47	(3.07)
— Diluted (HK cents)	14	3.45	(3.07)
EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
— Basic (HK cents)	14	3.47	1.59
— Diluted (HK cents)	14	3.45	1.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	15	6,629	7,806
Goodwill	16	444,093	426,941
Intangible assets	17	126,800	53,095
Interests in associates	18	72,275	11,181
Financial assets at fair value through other comprehensive income	19	402,484	361,651
Right-of-use assets	28	6,349	22,557
Deferred tax assets	25	331	318
Prepayments for purchase of intangible assets	21	10,522	—
		1,069,483	883,549
CURRENT ASSETS			
Trade receivables	20	60,556	35,805
Other receivables, deposits and prepayments	21	141,303	73,372
Inventories		—	372
Financial assets at fair value through profit or loss	19	4,118	50,612
Amount due from an associate	34(c)	—	33,382
Amounts due from related companies	34(f)	1,042	163
Tax receivables		174	169
Cash and cash equivalents	30	80,938	109,764
		288,131	303,639
TOTAL ASSETS		1,357,614	1,187,188
CURRENT LIABILITIES			
Trade and other payables	22	72,791	94,909
Contract liabilities	23	55,258	14,673
Lease liabilities	24	3,253	12,251
Amounts due to related companies	34(g)	42,029	46,952
Bank borrowings	24	12,257	8,838
Tax payable		112,094	112,094
		297,682	289,717
NET CURRENT (LIABILITIES)/ASSETS		(9,551)	13,922
TOTAL ASSETS LESS CURRENT LIABILITIES		1,059,932	897,471

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	25	3,762	6,269
Lease liabilities	24	3,556	10,304
		7,318	16,573
NET ASSETS		1,052,614	880,898
EQUITY			
Share capital	26	45,262	45,036
Reserves		1,007,352	819,297
Equity attributable to owners of the Company		1,052,614	864,333
Non-controlling interests		—	16,565
TOTAL EQUITY		1,052,614	880,898

Peng Xitao
Director

Cheng Po Chuen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company								
	Share capital *(note 26)* HK$'000	Share premium *(note 27(a))* HK$'000	Investment revaluation reserve *(note 27(b))* HK$'000	Other reserves *(note 27(c))* HK$'000	Share-based compensation reserve *(note 27(d))* HK$'000	Exchange fluctuation reserve *(note 27(e))* HK$'000	Retained profits/ (accumulated losses) HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2020	42,134	1,702,600	20,541	1,059,408	3,559	19,930	(1,951,167)	16,429	913,434
Loss for the year	–	–	–	–	–	–	(131,916)	580	(131,336)
Other comprehensive income	–	–	9,010	–	–	24,491	–	(349)	33,152
Total comprehensive income for the year	–	–	9,010	–	–	24,491	(131,916)	231	(98,184)
Issuance of shares *(note 26)*	2,902	59,798	–	–	–	–	–	–	62,700
Transfer upon disposal of subsidiaries	–	–	(8,057)	–	–	–	8,057	–	–
Disposal of subsidiaries *(note 36(b))*	–	–	–	–	–	–	–	(95)	(95)
Capital injection in a subsidiary	–	–	–	–	–	–	625	–	625
Recognition of share-based payment expense *(note 29)*	–	–	–	–	2,418	–	–	–	2,418
At 31 December 2020 and 1 January 2021	45,036	1,762,398	21,494	1,059,408	5,977	44,421	(2,074,401)	16,565	880,898
Profit for the year	–	–	–	–	–	–	157,012	(13,804)	143,208
Other comprehensive income	–	–	11,417	–	–	10,304	–	(2,761)	18,960
Total comprehensive income for the year	–	–	11,417	–	–	10,304	157,012	(16,565)	162,168
Recognition of share-based payment expense *(note 29)*	–	–	–	–	1,291	–	–	–	1,291
Lapse of share options *(note 29)*	–	–	–	–	(319)	–	319	–	–
Exercise of share options *(note 29)*	226	9,098	–	–	(1,067)	–	–	–	8,257
At 31 December 2021	45,262	1,771,496	32,911	1,059,408	5,882	54,725	(1,917,070)	–	1,052,614

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES		
Profit before income tax from continuing operations	140,493	66,389
Loss before income tax from discontinued operations	–	(199,861)
	140,493	(133,472)
Depreciation of property, plant and equipment	2,278	3,659
Depreciation of right-of-use assets	5,762	11,839
Gain on the modification of lease	(311)	172
Dividend income from financial assets at fair value through other comprehensive income	(32,751)	(26,459)
Dividend income from financial assets at fair value through profit or loss	(448)	(19,569)
Amortisation of intangible assets	24,838	36,623
Loss on written off intangible assets	–	102,522
Loss on written off goodwill	–	933
Loss/(gain) on disposal of property, plant and equipment	702	(202)
Gain on disposal of an associate	(102)	–
Net (gain)/loss on disposal of subsidiaries	(20,397)	22,355
Loss/(gain) on deemed disposal of an associate	91	(35,664)
(Reversal of impairment)/impairment of interest in an associate	(42,211)	870
Share of results of associates	(18,749)	31,734
Share-based payment expenses	1,291	2,418
Interest income	(132)	(194)
Interest expense	993	1,295
Gain on realisation of financial assets at fair value through profit or loss	(6,892)	(8,442)
Loss on settlement of financial assets at fair value through profit or loss	–	3,085
Loss on derecognition of financial assets at fair value through profit or loss	–	27,978
Fair value loss/(gain) on financial assets at fair value through profit or loss	27,304	(7,531)
Waiver of fund management fee of financial assets at fair value through other comprehensive income	–	(14,531)
Waiver of dividend payable	(1,331)	–
Waiver of other payables	(6,618)	–
Loss on written off of property, plant and equipment	185	–
Operating cash flows before working capital changes	73,995	(581)
Increase in trade receivables	(22,962)	(15,158)
Increase in other receivables, deposits and prepayments	(43,298)	(24,723)
Decrease in inventories	381	14,327
Decrease/(increase) in amount due from an associate	34,200	(18,760)
(Increase)/decrease in amounts due from related companies	(861)	372
(Decrease)/increase in trade payables	(9,301)	16,920
Increase/(decrease) in other payables	3,809	(4,722)
Increase in amounts due to related companies	5,790	40,766
Increase/(decrease) in contract liabilities	39,524	(29,686)
Effect of foreign exchange rate changes	6,723	(7,937)
Net cash generated from/(used in) operating activities	88,000	(29,182)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(2,984)	(1,672)
Proceeds from disposal of property, plant and equipment		581	1,839
Purchases of intangible assets		(114,656)	(1,268)
Purchase of financial assets at fair value through other comprehensive income		(29,416)	-
Proceeds from disposal of financial assets at fair value through profit or loss		26,530	10,820
Proceeds from disposal of financial assets at fair value through other comprehensive income		–	16,715
Acquisition of subsidiaries, net of cash acquired		350	(507)
Disposal of subsidiaries, net of cash disposed		(1,997)	2,392
Proceeds from redemption of financial asset at amortised cost		–	1,115
Settlement for consideration payable for acquisition of subsidiaries		(8,034)	(28,883)
Dividend received		10,000	26,459
Interest received		132	194
Net cash (used in)/generated from investing activities		(119,494)	27,204
FINANCING ACTIVITIES			
Interest paid		(469)	(434)
Issuance of new shares		8,257	62,700
Proceeds from bank borrowings		12,073	11,784
Repayment of bank borrowings		(9,055)	(8,358)
Repayment of lease liabilities		(5,724)	(13,014)
Net cash generated from financing activities	30	5,082	52,678
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(26,412)	50,700
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		109,764	58,920
Effect of foreign exchange rate changes		(2,414)	144
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	80,938	109,764

1. GENERAL

Crazy Sports Group Limited (formerly known as V1 Group Limited) (the "Company") is a limited liability company incorporated in Bermuda. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. Its principal place of business in Hong Kong is located at Suites 3702–3, 37/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (thereafter referred to as the "Group") are principally engaged in the development and operation of paid sports information platform, sports social interactive platform, sports quizzing platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the People's Republic of China (the "PRC") (the "Digital sports entertainment business"). In prior year, the Group was also engaged in the operation of online trading platform, provision of internet information services included internet audio-visual new media and other Internet+ business in the PRC and the operation of a satellite TV station in Dubai, the United Arab Emirates (the "UAE") (the "Telemedia and e-commerce business"). On 7 December 2020, the Telemedia and e-commerce business was disposed of and was presented as discontinued operations in the consolidated financial statements for the year ended 31 December 2020 (note 13).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amended HKFRSs

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. Except for the above mentioned, the Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRSs are summarised below.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform"). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new or amended HKFRSs (Continued)

Amendments to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021

Effective 1 June 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

In the annual financial statements for the year ended 31 December 2020, the Group had elected to utilise the practical expedient for all rent concessions that meet the criteria.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

On 9 April 2021, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued another amendment to HKFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted including the financial statements not authorised for issue at 9 April 2021. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment Covid-19-Related Rent Concessions. The Group has early adopted the amendment Covid-19-Related Rent Concessions beyond 30 June 2021 in the current annual financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of accounting estimates[3]
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction[3]
Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Annual Improvements to HKFRSs 2018-2020[1]	

1 *Effective for annual periods beginning on or after 1 January 2022*

2 *Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022*

3 *Effective for annual periods beginning on or after 1 January 2023*

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Continued)

The Group does not expect the adoption of these amendments will have significant impact on the Group's results and financial position.

Amendments to HKAS 1 and HKFRS Practice Statements 2, Disclosure of Accounting Policies

The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group does not expect the adoption of these amendments will have significant impact on the Group's results and financial position.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments introduce a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Group does not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

HKAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. For entities which may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Group does not expect the adoption of these amendments will have significant impact on the Group's results and financial position.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' of a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can be either incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Group does not expect the adoption of these amendments will have significant impact on the Group's results and financial position.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group does not expect the adoption of these amendments will have significant impact on the Group's results and financial position.

Annual Improvements to HKFRSs 2018–2020

The annual improvements amends a number of standards, including:

— HKFRS 1, First-time Adoption of International Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

— HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

Annual Improvements to HKFRSs 2018–2020 (Continued)

— HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

— HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. The Group does not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (collectively HKFRSs) issued by the HKICPA and the provisions of the Hong Kong Companies Ordinance, Cap. 622 which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of measurement and going concern assumption

The financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

The consolidated financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern, notwithstanding the fact that the Group had net current liabilities of HK$9,551,000 as at 31 December 2021.

In the opinion of the directors of the Company (the "Directors"), the Group is able to maintain itself as a going concern in the coming year by taking into consideration that the original shareholder of Easy Prime Developments Limited, a wholly-owned subsidiary of the Company, has agreed not to demand for any repayment of the other payable balance due to them with carrying amount of HK$41,784,000 as at 31 December 2021 until the Group is in a financial position to do so.

3. BASIS OF PREPARATION (Continued)

(b) Basis of measurement and going concern assumption (Continued)

Based on the above, the Directors are satisfied that the Group will have sufficient cash resources to satisfy their future working capital and other financing requirements and it is appropriate to prepare these consolidated financial statements on a going concern basis. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern.

(c) Functional and presentation currency

The functional currency of the Company is Renminbi ("RMB"), while the consolidated financial statements are presented in Hong Kong dollars ("HK$"), which the Directors considered it is more beneficial to the users of the financial statements. As the Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited, the Directors consider that it will be more appropriate to continuously adopt Hong Kong dollars as the Group's and the Company's presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Business combination and basis of consolidation (Continued)

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, all amounts previously recognised in other comprehensive income in relation to that associate are recognised on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest it that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

(d) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 4(p)), and whenever there is an indication that the unit may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Goodwill (Continued)

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	Over the remaining terms of the lease but not exceeding 5 years
Motor vehicles	5 years
Plant, machinery and equipment	5 years
Computer hardware and software	3–5 years
Furniture, fixtures and office equipment	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in HKFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) As a lessee (Continued)

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies HKFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in HKFRS 9 to the net investment in the lease (see note 4(h)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other revenue".

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (other than goodwill)

(i) Intangible assets acquired separately and in a business combination

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss and included in cost of revenue and administrative expenses. The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives as follows:

Internet SNS assets	Indefinite
Platform and domain	Indefinite
Purchased software and technology	10–15 years
License and platform	2–10 years
Copy rights and patents	1–7 years
Games and applications	3–5 years

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in administrative expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets (other than goodwill) (Continued)

(ii) Internally generated intangible assets (research and development costs) (Continued)

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(v) Impairment of intangible assets

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (note 4(p)).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. ECLs are measured on either of the following bases:

- 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, lease liabilities, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

— provides all of the benefits received and consumed simultaneously by the customer;

— creates or enhances an asset that the customer controls as the Group performs; or

— does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Revenue for advertising and service income and lottery advertisement income

Revenue is recognised when the services are rendered over time as those services provides all of the benefits received and consumed simultaneously by the customer. The performance obligation is satisfied when the associate used the advertising and Internet information services in their daily operations on the government lottery centres used the Group's services. The transaction price for the services are charged at a fixed rate with no significant variable consideration. Invoices are issued on a monthly basis and are usually payable within 90 days. No significant financial component existed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition (Continued)

Revenue for e-commerce trading income

Revenue is recognised when the customer takes possession of and accepts the products. Invoices are issued when the customer takes possession of and accepts the products. No significant financial component existed.

Revenue under Digital sports entertainment business segment

Revenues are derived principally from the provision of games, sports social interactive platform, paid sports lottery information platform and provision of sale services of lottery tickets. The Group sells virtual currency to end users. The end users can register the virtual currency to their user accounts in the Group's platforms and then gain access to the Group's paid online products or services, such as interactive games, sports social interactive platform and paid sports lottery information platform. Revenue from exchange of gifts represent the virtual currency the end users used for exchanging gifts. Receipts from the sales of virtual currency are deferred and recorded as "contract liabilities" (note 4(k)) in the consolidated statement of financial position.

The games published by the Group comprised of interactive games, self-developed mobile games and cooperating mobile games.

Revenue from the interactive games represents the gross pay-ins, net of the gross payouts to end users. Gross pay-ins represents the value of virtual currency received from end users when they participated in the interactive games. Gross payouts represent the aggregate rewards in terms of virtual currency paid to the end users.

The Group operates self-developed mobile games under free-to-play model. Game players purchase game credits which are virtual currency for acquisition of in-game virtual items for better in-game experience. The Group sells prepaid game credits through cooperation with various third party game distribution platforms and payment channels. These game distribution platforms include major online application stores.

The Group has evaluated the respective roles and responsibilities of the Group, third-party distribution platforms and third-party payment channels in the delivery of game experiences to the paying players ("Paying Players") in determining if the Group is acting as principal or as an agent in the arrangement. The Group is responsible for the hosting the self-developed games, providing customers' services to game players, determining the selling price of the in-game token, selection of distribution and payment channels and preventing, detecting and resolving cheating and hacking activities. The Group has evaluated and determined that it is the primary obligor in the rendering services to game players. Accordingly, the Group considers that the Paying Players as their customers and the game operation income reported in the consolidated financial statements are on gross basis for self-developed mobile games. Service charges by third-party distribution platforms and third-party payment channels are recorded as direct costs. Third party distribution platforms and third-party payment channels collect the payment from the Paying Players and remit the cash net of commission charges which are pre-determined according to the relevant terms entered into between the Group and the third-party distribution platforms or third-party payment channels.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition (Continued)

Revenue under Digital sports entertainment business segment (Continued)

Upon the sales of game credits or in-game virtual items, the Group typically has an implied obligation to provide the services which enable the game credits or in-game virtual items to be displayed, used or converted into other in-game virtual currencies/items in the games. As a result, the proceeds received from sales of game credits or in-game virtual items are initially recorded as "contract liabilities" (note 4(k)). The attributable portion of the deferred revenue relating to values of the game credits consumed and in-game virtual items converted are recognised as revenue upon the consumption of game credits and virtual items by Paying Players.

For revenue from cooperating mobile games, the Group has no right on the operation and pricing of the games. As the Group is acting as an agent, the Group has recognised the net proceeds to be received from the mobile game operators and the third-party channels as revenue from cooperating mobile games.

Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the group recognises the related revenue for revenue under Digital sports entertainment business segment (see note 4(j)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

(l) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income taxes (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange fluctuation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange fluctuation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange fluctuation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange fluctuation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefits

Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. For forfeited contributions that are not vest fully, if any, may be used to reduce the existing level of contributions. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. Prior to the MPF Scheme being effective, the Group did not have any pension arrangements for its employees.

The employees of the Group's subsidiaries in the PRC are members of central pension schemes operated by the local governments in the PRC and these subsidiaries make mandatory contributions to these central pension schemes to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiaries are based on certain percentages of the employees' salaries cost in accordance with the relevant regulations in the PRC, and are charged to profit or loss as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the central pension schemes operated by the local governments in the PRC.

(o) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share-based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Share-based payments (Continued)

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. When the entity cannot estimate reliably the fair value of goods or services received, they are indirectly measured by reference to the fair value of the equity instruments granted. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

(p) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- goodwill and other intangible assets;
- investments in subsidiaries and associates.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(q) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probably will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits which are subject to an insignificant risk of changes in value.

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

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

(ii) has significant influence over the Company; or

(iii) is a member of key management personnel of the Company or the Company's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation and post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the Group entities, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the group entities are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Valuation of intangible assets and useful lives

The Group has made estimations and assumptions in relation to the potential future cash flows of identifiable intangible assets. This assessment involves estimations and assumptions relating to potential future revenues, appropriate discount rates and the useful lives of such assets. These estimations and assumptions impact the consolidated statement of profit or loss and other comprehensive income over the useful life of the intangible asset.

(ii) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(iii) Impairment of trade and other receivables

The Group makes allowance for impairment on trade and other receivables based on assumptions about risk of default and ECL rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

(iv) Fair value measurement

Certain assets included in the Group's financial statements require measurement at, and disclosure of, fair value. Further details of fair value measurement are disclosed in note 39.

(v) Impairment of interests in an associate, Bank of Asia (BVI) Limited ("BOA")

Determining whether impairment loss should be recognised in relation to interest in BOA requires an estimation of the recoverable amount of the interest in BOA which is the higher of value in use and fair value less costs of disposal.

The Group's management engaged an independent qualified professional valuer to assist them to determine the recoverable amount of interest in BOA based on the past performance of BOA and the expectations from the Group's management for the market development estimate.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(v) Impairment of interests in an associate, Bank of Asia (BVI) Limited ("BOA") (Continued)

As at 31 December 2021, the Group had interest in BOA with carrying amount of approximately HK$72,275,000 and an accumulated impairment loss of HK$138,759,000 was recognised in respect of the Group's interest in BOA. Further details of interests in associates are disclosed in note 18.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The chief operating decision maker has been identified as the executive directors.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Directors in order to allocate resources and assess performance of the segment.

For the year ended 31 December 2021, following the disposal of subsidiaries on 7 December 2020, the Group has only one reportable operating segment which is the Digital sports entertainment business. Thus, no operating segments have been aggregated to form the above reportable operating segment. Details of the discontinued operations are further set out in note 13.

Continuing operations:

— The Digital sports entertainment business specialised in the development and operation of paid sports information platform, sports social interactive platform, sports quizzing platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the PRC; and

Discontinued operations:

— The Telemedia and e-commerce business involved the operation of online trading platform, provision of Internet information services included Internet audio-visual new media and other Internet+ business in the PRC and a satellite TV station in Dubai, the UAE (discontinued during 2020 (note 13)).

6. SEGMENT REPORTING (Continued)

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision makers for assessment of segment performance.

For the year ended 31 December 2020

	Continuing operations Digital sports entertainment business HK$'000	Discontinued operations Telemedia and e-commerce business HK$'000	Total HK$'000
Revenue from external customers	300,805	2,159,622	2,460,427
Reportable segment gross profit/(loss)	130,701	(17,313)	113,388
Reportable segment profit/(loss)	65,848	(199,861)	(134,013)
Interest income	98	61	159
Interest expense	(511)	(439)	(950)
Depreciation and amortisation	26,428	21,850	48,278
Reportable segment assets	581,758	–	581,758
Additions to non-current assets	13,854	19,992	33,846
Reportable segment liabilities	106,893	–	106,893

6. SEGMENT REPORTING (Continued)

(a) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities, and other material items

	2020 HK$'000
Revenue	
Reportable segment revenue	2,460,427
Elimination of discontinued operations	(2,159,622)
Consolidated revenue	300,805
Profit before income tax credit and discontinued operations	
Reportable segment loss	(134,013)
Segment loss from discontinued operations	199,861
Other gains and losses	80,478
Impairment loss on interest in an associate	(870)
Share of results of associates	(31,734)
Finance costs	(345)
Unallocated expenses:	
— Legal and professional fee	(6,870)
— Share-based payment expenses	(2,418)
— Staff costs	(24,493)
— Others	(13,207)
Consolidated profit before income tax credit from continuing operations	66,389

6. SEGMENT REPORTING (Continued)

(a) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities, and other material items (Continued)

	2020 HK$'000
Assets	
Reportable segment assets	581,758
Other financial assets	412,263
Interests in associates	11,181
Right-of-use assets	20,354
Amount due from an associate	33,382
Other receivables, deposits and prepayments	34,810
Cash and cash equivalents	85,880
Unallocated corporate assets	7,560
Consolidated total assets	1,187,188
Liabilities	
Reportable segment liabilities	106,893
Deposits received, other payables and accruals	19,928
Lease liabilities	20,423
Tax provision for gain on disposal of subsidiaries	112,094
Unallocated corporate liabilities	46,952
Consolidated total liabilities	306,290
Other material items	
Reportable depreciation and amortisation	48,278
Unallocated	3,843
Consolidated depreciation and amortisation	52,121

6. SEGMENT REPORTING (Continued)

(b) Geographical information

During 2021, 100% (2020: over 90%) of the Group's revenue is attributable to customers in the PRC and over 80% (2020: over 90%) of the Group's total non-current assets other than financial assets and deferred tax assets are located in the PRC and the remaining non-current assets are located in Hong Kong (2020: Hong Kong).

(c) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing or revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Continuing operations Digital sports entertainment business		Discontinued operations Telemedia and e-commerce business		Total	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Paid sports information platform	**131,292**	53,716	**–**	–	**131,292**	53,716
Sports social interactive platform	**85,374**	44,978	**–**	–	**85,374**	44,978
Sports and leisure games	**263,610**	199,656	**–**	–	**263,610**	199,656
Lottery related commission income	**30,942**	2,455	**–**	–	**30,942**	2,455
E-commerce trading platform	**–**	–	**–**	2,138,169	**–**	2,138,169
Advertising and services income	**–**	–	**–**	21,453	**–**	21,453
	511,218	300,805	**–**	2,159,622	**511,218**	2,460,427
Timing of revenue recognition						
At a point in time	**–**	10	**–**	2,138,169	**–**	2,138,179
Transferred over time	**511,218**	300,795	**–**	21,453	**511,218**	322,248
	511,218	300,805	**–**	2,159,622	**511,218**	2,460,427

6. SEGMENT REPORTING (Continued)

(d) Major customers

There were no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the years ended 31 December 2021 and 2020.

7. OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Continuing operations		
Dividend income from financial assets at FVOCI *(note 19(b))*	32,751	26,459
Net gain on disposal of subsidiaries	20,397	–
Gain on realisation of financial assets at FVTPL *(note 19(c))*	6,892	8,442
Government grants	3,315	2,092
Waiver of other payables	6,618	–
Waiver of dividend payable	1,331	–
Dividend income from financial assets at FVTPL *(note 19(c))*	448	19,569
Gain on modification of lease	311	–
Interest income	132	133
Gain on disposal of an associate *(note 18)*	102	–
Waiver of fund management fee of financial assets at FVOCI *(note 19(b)(i))*	–	14,531
Loss on settlement of financial assets at FVTPL	–	(3,085)
Loss on derecognition of financial assets at FVTPL	–	(27,978)
(Loss)/gain on deemed disposal of an associate *(note 18)*	(91)	35,664
Loss on written off of property, plant and equipment	(185)	–
Loss on disposal of property, plant and equipment	(702)	–
Net foreign exchange losses	(2,808)	(3,302)
Fair value (loss)/gain on financial assets at FVTPL	(27,304)	7,531
Others, net	1,254	3,349
	42,461	83,405

8. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Continuing operations		
Interest on lease liabilities	524	422
Interest on bank borrowings	469	434
	993	856

9. PROFIT BEFORE INCOME TAX

Continuing operations

Profit before income tax is arrived at after charging/(crediting):

	2021 HK$'000	2020 HK$'000
Staff costs (excluding directors' remuneration *(note 10)*)		
— Salaries and wages	25,058	12,208
— Pension fund contributions	3,851	1,201
— Share-based payments	653	1,576
	29,562	14,985
Depreciation of property, plant and equipment	2,278	2,807
Depreciation of right-of-use assets	5,762	4,867
(Reversal of impairment)/impairment of interest in an associate	(42,211)	870
Amortisation of intangible assets included in		
— Cost of revenue	18,099	19,077
— Administrative expenses	6,739	3,520
Auditor's remuneration		
— Audit service	1,300	1,500
— Non-audit service	200	280

10. DIRECTORS' REMUNERATION

	2021 HK$'000	2020 HK$'000
Directors' fees		
— Executive directors	9,840	8,325
— Independent non-executive directors	491	871
Basic remuneration, allowances and benefits in kind	12,604	9,597
Pension fund contributions	193	119
Share-based payments	638	842
	23,766	19,754

Directors' remuneration is disclosed as follows:

	Directors' fees HK$'000	Basic remuneration, allowances, and benefits in kind HK$'000	Share-based payments HK$'000	Pension fund contributions HK$'000	Total HK$'000
2021					
Executive directors					
Dr. Zhang Lijun	9,600	8,400	128	18	18,146
Ms. Cheng Po Chuen[1]	120	2,730	255	18	3,123
Mr. Peng Xitao[2]	120	1,474	255	157	2,006
Independent non-executive directors					
Dr. Loke Yu (alias Loke Hoi Lam)	251	–	–	–	251
Mr. Zang Dongli[5]	120	–	–	–	120
Mr. Zhou Jingping[5]	120	–	–	–	120
	10,331	12,604	638	193	23,766

10. DIRECTORS' REMUNERATION (Continued)

Directors' remuneration is disclosed as follows: (Continued)

	Directors' fees HK$'000	Basic remuneration, allowances, and benefits in kind HK$'000	Share-based payments HK$'000	Pension fund contributions HK$'000	Total HK$'000
2020					
Executive directors					
Dr. Zhang Lijun	8,095	1,157	–	18	9,270
Ms. Cheng Po Chuen[1]	–	2,000	581	12	2,593
Ms. Wang Chun[3]	230	5,992	–	11	6,233
Mr. Ji Qiang[3]	–	448	174	78	700
Independent non-executive directors					
Dr. Loke Yu (alias Loke Hoi Lam)	301	–	29	–	330
Mr. Wang Linan[4]	285	–	29	–	314
Prof. Gong Zhankui[4]	285	–	29	–	314
	9,196	9,597	842	119	19,754

There were no arrangements under which a director waived or agreed to waive any remuneration for the year (2020: Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year (2020: Nil).

1 *Ms. Cheng Po Chuen was appointed as executive director on 18 April 2020.*

2 *Mr. Peng Xitao was appointed as executive director on 1 January 2021.*

3 *Ms. Wang Chun and Mr. Ji Qiang resigned as executive director on 1 January 2021.*

4 *Mr. Wang Linan and Prof. Gong Zhankui resigned as independent non-executive director on 1 January 2021.*

5 *Mr. Zang Dongli and Mr. Zhou Jingping were appointed as independent non-executive director on 1 January 2021.*

11. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, three (2020: three) were directors of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining two (2020: two) individuals are as follows:

	2021 HK$'000	2020 HK$'000
Basic remuneration, allowances and benefits in kind	5,414	2,043
Pension fund contributions	18	37
Share-based payments	190	449
	5,622	2,529

Their emoluments are within the following bands:

	2021 Number of employees	2020 Number of employees
HK$4,000,001 to HK$4,500,000	1	–
HK$1,000,001 to HK$1,500,000	1	2

The emoluments paid or payable to members of senior management (excluding the directors of the Company) were within the following bands:

	2021 Number of employees	2020 Number of employees
HK$1,000,001 to HK$1,500,000	–	1
Below HK$1,000,000	2	3

12. INCOME TAX CREDIT

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK$'000	2020 HK$'000
Current tax		
— Hong Kong profits tax for the year	–	–
— PRC income tax for the year	–	48
	–	48
Deferred taxation *(note 25)*		
— Attributable to the reversal of temporary differences	(2,715)	(2,184)
Income tax credit	(2,715)	(2,136)
Represented by:		
— Continuing operations	(2,715)	(2,136)
— Discontinued operations	–	–
	(2,715)	(2,136)

No provision was made for Hong Kong profits tax as the Group had no assessable profits in Hong Kong during the year.

Arab Business TV FZ-LLC is incorporated as a free zone limited liability company in Dubai. Pursuant to the income tax rules and regulations in Dubai, it is exempted from income tax for a period of 50 years. Following the disposal of Golden Target Global Limited ("Golden Target") (notes 13 and 36), it was disposed of accordingly.

Beijing Crazy Sports Management Company Limited (北京瘋狂體育產業管理有限公司) which is recognised as a high-technology company according to PRC tax regulations and is entitled to a preferential tax rate of 15% for the years ended 31 December 2021 and 2020.

Khorgos Crazy New Game Network Technology Company Limited ("Khorgos Crazy") (霍爾果斯瘋狂新遊網絡科技有限公司), a company incorporated as a limited liability company in Khorgos Special Region, Xinjiang, PRC. Pursuant to the tax exemption document and complied with PRC tax regulations, Khorgos Crazy is exempted from income tax for the years ended 31 December 2021 and 2020.

12. INCOME TAX CREDIT (Continued)

(b) The income tax credit for the year can be reconciled to the accounting profit/(loss) as follows:

	2021 HK$'000	2020 HK$'000
Profit/(loss) before income tax		
— Continuing operations	**140,493**	66,389
— Discontinued operations	**–**	(199,861)
	140,493	(133,472)
Taxation calculated at PRC income tax of 25% (2020: 25%)	**35,123**	(33,368)
Tax effect of non-taxable income	**(25,850)**	(11,666)
Tax effect of expenses not deductible for taxation purposes	**12,351**	29,448
Effect of lower tax rate applicable to subsidiaries as a result of preferential tax policy as described in (a)	**(2,417)**	1,359
Effect of tax rate in foreign jurisdictions	**(925)**	4,905
Tax effect of temporary difference not recognised	**(20,997)**	7,186
Income tax credit for the year	**(2,715)**	(2,136)

13. DISCONTINUED OPERATIONS

On 7 December 2020, the Company and the New Rock Capital Fund LP (formerly known as CATV Cayman LP) (the "New Rock Capital Fund"), an exempted limited partnership registered in the Cayman Islands, entered into a sales and purchase agreement (the "Sales and Purchase Agreement"), pursuant to which the Company agreed to dispose the entire issued share capital of Golden Target and 99.9% equity interest in V1 (China) Investment Co., Ltd. ("China Investment") at a consideration of US$11,080,000. The consideration is satisfied by way of admission of subscription of limited partnership interest in the New Rock Capital Fund at a subscription price of US$11,080,000 (equivalent to approximately HK$85,870,000) by the Company's wholly owned subsidiary, Goal Dynasty Limited. The disposal of Golden Target and China Investment was completed on 7 December 2020.

13. DISCONTINUED OPERATIONS (Continued)

Following the disposal of China Investment, property, plant and equipment of the telemedia business were disposed of accordingly. Following the disposal of Golden Target, the Group ceased to have control over CATV Group Limited and its subsidiaries ("CATV Group") which operated the broadcasting TV CGU (CATV). Also, the Group has terminated its internet information services agreement, which is the source of revenue for the telemedia business, on 7 December 2020.

On 20 November 2020, the Group entered into a sales and purchase agreement with an independent third party to dispose its entire equity interest in Beijing Liangzi Port Technology Company Limited ("Beijing Liangzi Port") at a consideration of RMB10,000,000. The disposal of Beijing Liangzi Port was completed on 27 November 2020.

Following the disposal of Beijing Liangzi Port, China Investment and Golden Target (together referred to as the "Disposal Companies"), the Group ceased to operate its Telemedia and e-commerce business.

The abovementioned disposals constitute a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as the Disposal Companies, which mainly consisted of the Telemedia and e-commerce business, represented one of the major lines of business of the Group. The operation of the Telemedia and e-commerce businesses for the year ended 31 December 2020 was presented as discontinued operations in the consolidated financial statements. The carrying amounts of the assets and liabilities of the Disposal Companies at the date of disposal are disclosed in note 36.

After the abovementioned disposals, the Group retains Digital sports entertainment business as continuing operations.

13. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2020 to the dates of completion of the disposals *(note (b))* HK$'000
Revenue *(note (a))*	2,159,622
Cost of revenue	(2,176,935)
Gross loss	(17,313)
Other gains and losses	(1,178)
Selling and marketing expenses	(23,025)
Administrative expenses	(32,096)
Written off intangible assets	(102,522)
Written off goodwill	(933)
Finance costs	(439)
Loss before income tax	(177,506)
Loss on disposal of the Disposal Companies *(note 36)*	(22,355)
Loss for the year from discontinued operations	(199,861)
Operating cash outflows	(85,469)
Investing cash inflows	17,000
Financing cash inflows	75,104
Net cash inflows	6,635

13. DISCONTINUED OPERATIONS (Continued)

Loss before income tax has been arrived at after charging:

	1 January 2020 to the dates of completion of the disposals *(note (b))* HK$'000
Depreciation of property, plant and equipment	852
Depreciation of right-of-use assets	6,972
Amortisation of intangible assets	14,026
Interest on lease liabilities	439

Note (a):

	1 January 2020 to the dates of completion of the disposals (note (b)) HK$'000
Timing of revenue recognition	
At a point in time	*2,138,169*
Transferred over time	*21,453*
	2,159,622

Note (b):

The disposal of Beijing Liangzi Port was completed on 27 November 2020. The disposal of Golden Target and China Investment was completed on 7 December 2020.

14. EARNINGS/(LOSS) PER SHARE

Continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

Earnings/(loss)

	2021 HK$'000	2020 HK$'000
Profit/(loss) attributable to owners of the parent	157,012	(131,916)
Add: Loss for the year from discontinued operations	–	200,500
Earnings for the purposes of basic and diluted earnings per share from continuing operations	157,012	68,584

Number of shares

	2021 '000	2020 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	4,521,615	4,301,910
Effect of dilutive potential ordinary shares: — share options	33,972	N/A
Weighted average number of ordinary shares for the purpose of dilutive earnings/(loss) per share	4,555,587	4,301,910

Earnings/(loss) per share

	2021 HK Cents	2020 HK Cents
— Basic	3.47	(3.07)
— Diluted	3.45	(3.07)

14. EARNINGS/(LOSS) PER SHARE (Continued)

Discontinued operations

For the year ended 31 December 2020, basic loss per share for the discontinued operations is HK$4.66 cents per share (2021: N/A) and diluted loss per share for the discontinued operations is HK$4.66 cents per share (2021: N/A), based on the loss for the year from the discontinued operations of HK$200,500,000 and the denominators detailed above for both basic and diluted loss per share.

The computation of diluted loss per share for the year ended 31 December 2020 does not assume the exercise of the outstanding share options as they had an anti-dilutive effect on the loss per share calculation.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Computer hardware and software HK$'000	Furniture, fixture, and office equipment HK$'000	Total HK$'000
Cost:						
At 1 January 2020	17,603	11,649	40,412	21,332	1,867	92,863
Acquisition of a subsidiary	–	–	–	473	–	473
Additions	46	–	756	854	16	1,672
Disposals	–	(3,256)	(10,506)	(3,391)	(103)	(17,256)
Disposal of subsidiaries *(note 36)*	–	–	(3,116)	(2,176)	(34)	(5,326)
Exchange adjustments	879	496	1,818	816	119	4,128
At 31 December 2020	18,528	8,889	29,364	17,908	1,865	76,554
Acquisition of a subsidiary	–	–	–	6	–	6
Additions	1,818	680	11	338	137	2,984
Disposals	–	(3,262)	(4,021)	–	(430)	(7,713)
Disposal of subsidiaries	(4,604)	(2,262)	–	(451)	(41)	(7,358)
Written off	–	(1,851)	–	–	–	(1,851)
Exchange adjustments	585	236	1,119	573	89	2,602
At 31 December 2021	**16,327**	**2,430**	**26,473**	**18,374**	**1,620**	**65,224**

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Computer hardware and software HK$'000	Furniture, fixture, and office equipment HK$'000	Total HK$'000
Accumulated depreciation and impairment:						
At 1 January 2020	16,185	8,521	35,093	19,382	1,532	80,713
Charge for the year	501	491	1,271	1,282	114	3,659
Disposals	–	(2,781)	(9,670)	(3,090)	(78)	(15,619)
Disposal of subsidiaries *(note 36)*	–	–	(2,046)	(1,489)	(27)	(3,562)
Exchange adjustments	916	368	1,386	808	79	3,557
At 31 December 2020	17,602	6,599	26,034	16,893	1,620	68,748
Charge for the year	867	517	358	401	135	2,278
Disposals	–	(2,882)	(3,107)	–	(441)	(6,430)
Disposal of subsidiaries	(4,604)	(1,835)	–	(404)	(27)	(6,870)
Written back	–	(1,666)	–	–	–	(1,666)
Exchange adjustments	571	162	1,077	674	51	2,535
At 31 December 2021	**14,436**	**895**	**24,362**	**17,564**	**1,338**	**58,595**
Carrying amount:						
At 31 December 2021	**1,891**	**1,535**	**2,111**	**810**	**282**	**6,629**
At 31 December 2020	926	2,290	3,330	1,015	245	7,806

16. GOODWILL

	HK$'000
Cost:	
At 1 January 2020	661,738
Derecognised on disposal of subsidiaries	(4,472)
Written off	(254,789)
Exchange adjustments	24,464
At 31 December 2020	426,941
Exchange adjustments	17,152
At 31 December 2021	**444,093**
Accumulated impairment losses:	
At 1 January 2020	257,066
Derecognised on disposal of subsidiaries	(4,472)
Written off	(253,856)
Exchange adjustments	1,262
At 31 December 2020 and 31 December 2021	–
Carrying amount:	
At 31 December 2021	**444,093**
At 31 December 2020	426,941

16. GOODWILL (Continued)

For the purpose of impairment testing, cost of goodwill is allocated to the cash generating units ("CGU") identified as follows:

	2021 HK$'000	2020 HK$'000
Tele-media CGU (TMD) — PRC	–	–
Broadcasting TV CGU (CATV) — Dubai	–	–
Digital sports entertainment business CGU— PRC	444,093	426,941
	444,093	426,941

Following the termination of internet information services agreements and the discontinued operations (notes 13 and 36), the goodwill for tele-media CGU (TMD) was written off as the Group will no longer carrying out telemedia and e-commerce related businesses. Following the disposal of Golden Target, the goodwill for broadcasting TV CGU (CATV) was derecognised.

Digital sports entertainment business CGU

The respective recoverable amount and the carrying value of the Digital sports entertainment business CGU as at 31 December 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
Recoverable amount	2,399,401	929,818
Carrying value of assets allocated (including goodwill)	583,871	480,036

For the purpose of impairment testing for assets allocated to the Digital sports entertainment business CGU in 2021 and 2020, the recoverable amounts of the CGU have been determined from value-in-use calculations based on cash flow projections from approved budgets covering a five-year period. It is determined with reference to the valuation prepared by Graval Consulting Limited ("Graval"), an independent firm of professionally qualified valuer. Cash flow beyond the five-year period is extrapolated using an estimated average growth rate of 2% (2020: 3%), which does not exceed the long-term growth rate for sports related applications industry in the PRC. Cash flows for the first five financial periods are based on expected paying users and paying rates estimated by management. Budgeted gross margin is determined based on the unit's past performance and management's expectations for the market development.

16. GOODWILL (Continued)

Digital sports entertainment business CGU (Continued)

	2021	2020
Operating margin	23% – 29%	11% – 30%
Discount rate	20.87%	20.58% – 21.08%
Growth rate within the five-year period	15% – 64%	7% – 51%

Assumptions were used in the value-in-use calculation of the Digital sports entertainment business CGU for 31 December 2021 and 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Revenue growth rate

The revenue growth rate is based on the average growth achieved in the past years and the expected revenue from newly launched games and applications.

(b) Operating profit margin

The basis used to determine the value assigned to the budgeted operating profit margins is the operating profit margins achieved in the past years and the expectation for market development.

(c) Discount rate

The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

The values assigned to the key assumptions on market development and the discount rate are consistent with external information sources. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount. As at 31 December 2021 and 2020, management determines that there are no impairment on goodwill.

17. INTANGIBLE ASSETS

	Internet SNS assets HK$'000	Platform and domain HK$'000	Purchased software and technology HK$'000	License and platform HK$'000 *(note (a))*	Copyrights and patents HK$'000	Games and applications HK$'000 *(note (b))*	Total HK$'000
Cost:							
At 1 January 2020	59,500	29,960	210,143	18,472	12,615	84,101	414,791
Acquisition of a subsidiary *(note 35)*	–	–	–	9,112	–	–	9,112
Additions	–	–	–	–	1,268	–	1,268
Disposal of subsidiaries *(note 36)*	–	(29,841)	–	(18,401)	–	–	(48,242)
Written off	(59,500)	–	(210,143)	–	–	–	(269,643)
Exchange adjustments	–	(119)	–	402	792	4,833	5,908
At 31 December 2020	–	–	–	9,585	14,675	88,934	113,194
Acquisition of a subsidiary	–	–	–	4,320	–	–	4,320
Additions	–	–	11,048	–	73,052	6,912	91,012
Exchange adjustments	–	–	169	452	1,705	3,678	6,004
At 31 December 2021	**–**	**–**	**11,217**	**14,357**	**89,432**	**99,524**	**214,530**
Amortisation and impairment:							
At 1 January 2020	10,000	10,000	144,475	6,158	10,162	24,000	204,795
Amortisation for the year	–	–	12,646	1,380	2,025	20,572	36,623
Disposal of subsidiaries *(note 36)*	–	(10,000)	–	(7,947)	–	–	(17,947)
Written off	(10,000)	–	(157,121)	–	–	–	(167,121)
Exchange adjustments	–	–	–	409	690	2,650	3,749
At 31 December 2020	–	–	–	–	12,877	47,222	60,099
Amortisation for the year	–	–	–	1,938	3,918	18,982	24,838
Exchange adjustments	–	–	–	30	577	2,186	2,793
At 31 December 2021	**–**	**–**	**–**	**1,968**	**17,372**	**68,390**	**87,730**
Carrying amount:							
At 31 December 2021	**–**	**–**	**11,217**	**12,389**	**72,060**	**31,134**	**126,800**
At 31 December 2020	–	–	–	9,585	1,798	41,712	53,095

17. INTANGIBLE ASSETS (Continued)

Notes:

(a) *As at 1 January 2020, the balance represents the broadcasting TV license acquired through acquisition of CATV Group Limited and its subsidiaries during 2016, with estimated useful life of ten years are tested for impairment of broadcasting TV CGU (CATV) (note 16). During 2020, the broadcasting TV license was disposed of following the disposal of Golden Target as discussed in notes 13 and 36(b).*

As described in note 35, the Group has acquired the Permission License (as defined in note 35) by the acquisition of Hainan Ri Chang (as defined in note 35) during 2020. The Permission License has an estimated useful lives of five years.

In 2021, the Group has acquired a platform for distributing games and applications by acquisition of a subsidiary. The platform has an indefinite useful life.

(b) *Mobile games and applications represent the sports related mobile games and online information platform and live streaming application developed by the Group and related development costs are capitalised and amortised on a straight-line basis over the estimated economic lives, which range from three to five years.*

As the intangible assets can generate cash inflows of Digital sports entertainment business CGU, the carrying amount has been taken into consideration for the impairment assessment of goodwill allocated to the Digital sports entertainment business CGU. For testing the impairment of Digital sports entertainment business CGU , the recoverable amount was determined based on value in use estimated by Graval, an independent firm of professionally qualified valuer. For details of the assessment, please refer to note 16.

The Directors concluded that the value in use estimated is sufficient to justify the carrying value of the assets allocated to Digital sports entertainment business CGU and hence no impairment is necessary as at 31 December 2021 and 2020.

18. INTERESTS IN ASSOCIATES

	2021 **HK$'000**	2020 HK$'000
Share of net assets other than goodwill	**27,899**	(10,504)
Goodwill	**183,135**	238,181
	211,034	227,677
Less: impairment	**(138,759)**	(216,496)
	72,275	11,181

18. INTERESTS IN ASSOCIATES (Continued)

Particulars of the Group's associates are as follows:

Name of company	Form of business structure	Place of incorporation and operation	Percentage of ownership interests/ voting rights/ profit share	Principal activity
VODone Datamedia Technology Co., Ltd. ("TMD1")	Limited company	PRC	Nil (2020: 49%)	Provision of telemedia business support and content services *(note 1)*
BOA	Limited company	British Virgin Islands (the "BVI")	45.49% (2020: 45.95%)	Provision of BVI banking services *(note 2)*

Note 1: *The acquisition of the associates was related to the Group's telemedia business in the PRC. Pursuant to a sales and purchase agreement signed on 30 September 2021 with an independent third party, the Group has disposed all its interest in TMD1. The gain on disposal of an associate amounted to HK$102,000 has been recognised as other gains and losses in the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2021.*

Note 2: *BOA is established to provide online banking services mainly for BVI companies. During 2018, the Group's subsidiary, Smart Token Holdings Limited ("Smart Token") entered into a subscription agreement (the "Second Subscription Agreement") and completed the subscription of new shares of BOA. Afterward the Group holds 37.53% equity interest in BOA. In 2019, pursuant to the Second Subscription Agreement, BOA undertook to Smart Token that it should commence commercial operation and offer banking business to customers as granted under the approval Letter on or before 27 September 2017, failing which Smart Token might require the guarantor to transfer to it for nil consideration such number of shares as would be equal to 10% of the total number of shares of BOA (the "Compensation Shares") in issue immediately after completion of the Second Subscription Agreement. On 17 August 2019, BOA had notified the Company that the British Virgin Islands Financial Services Commission had approved the transfer of the Compensation Shares to Smart Token, and accordingly the Group holds 47.53% equity interest in BOA.*

During 2021, the equity interest held by the Group in BOA was diluted from 45.95% to 45.49% (2020: from 47.53% to 45.95%) due to issuance of share capital by BOA. The dilution of interest resulted in a deemed disposal of interest in an associate and a loss of HK$91,000 (2020: gain of HK$35,664,000) is recognised. The amount is included in the Group's other gains and losses in the consolidated statement of profit or loss and other comprehensive income.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

18. INTERESTS IN ASSOCIATES (Continued)

As at 31 December 2020, an accumulated impairment loss of HK$180,970,000 was recognised in respect of the Group's interest in BOA based on the recoverable amount, being the higher of value in use and fair value less cost of disposal, determined by the management. Headquartered in BVI, BOA was awarded its banking license from the BVI Financial Services Commission. BOA's business operation covers banking services including deposits and loans in multiple currencies, cross-border payments and remittance. In 2021, BOA generated profit for the year due to development in financial advisory services. As at 31 December 2021, the recoverable amount of the Group's interest in BOA, which represents the fair value less cost of disposal, is higher than its carrying amount. Accordingly, a reversal of impairment loss of HK$42,211,000 in respect of the Group's interest in BOA is recognised in the consolidated statement of profit or loss and other comprehensive income for the year and it results in the carrying amount of the Group's interest in BOA of HK$72,275,000 as at 31 December 2021. The recoverable amount is measured by reference to a valuation report issued by Graval, an independent firm of professionally qualified valuer, with market approach, which is level 3 inputs in terms of HKFRS 13. The key parameters are as below:

	2021	2020
Adjusted price-to-book ratio ("P/B Ratio")	4.12	0.76
Discount for lack of marketability	37.13%	15.80%
Control premium	N/A	13.43%

18. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information (material associate)

BOA

	2021 HK$'000	2020 HK$'000
As at 31 December		
Current assets	487,056	31,973
Non-current assets	4,187	10,386
Current liabilities	(429,205)	(21,225)
Non-current liabilities	(709)	(1,512)
Net assets	61,329	19,622
Included in the above amounts are:		
Cash and cash equivalents	2,030	12,214
Current financial liabilities (excluding trade and other payables)	(364,189)	(20,189)
Non-current financial liabilities (excluding other payables and provisions)	(709)	(1,512)
Year ended 31 December		
Revenue	134,787	850
Profit/(loss) for the year	41,441	(68,107)
Total comprehensive income	41,441	(68,107)
Dividend received from associate	–	–
Included in the above amounts are:		
Depreciation and amortisation	5,180	5,535

18. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information (material associate) (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2021 HK$'000	2020 HK$'000
Net assets of the associate	61,329	19,622
Proportion of the Group's ownership interest in the associate	45.49%	45.95%
Goodwill	183,135	183,135
	211,034	192,151
Less: impairment	(138,759)	(180,970)
Carrying amount of the Group's interest in the associate	72,275	11,181

Summarised financial information (immaterial associate)

	2021 HK$'000	2020 HK$'000
As at 31 December		
Carrying amount of immaterial associate	–	–
Year ended 31 December		
Loss for the year	(210)	(246)
Total comprehensive income	(210)	(246)

19. OTHER FINANCIAL ASSETS

	2021 HK$'000	2020 HK$'000
Current assets		
Financial assets at FVTPL		
Compensation arising from profit guarantee *(note (a))*	**3,579**	3,193
Listed equity investment *(note (c))*	**539**	47,419
	4,118	50,612
Non-current assets		
Financial asset at FVOCI		
Investment funds *(note (b))*	**402,484**	361,651

Notes:

(a) *Pursuant to the profit guarantee arrangement in relation to the acquisition of 3GUU Group, the Group is entitled to recover the related consideration shares at no cost as the actual result of 3GUU Group for the year ended 31 December 2013 was less than the relevant profit target. The Group has decided not to recall the consideration shares and asked the vendors to dispose of the related shares to settle the compensation in cash. Compensation is determined on the agreed number of shares to be disposed of at their fair value at the end of reporting period. The Directors classified the investment as financial asset at fair value through profit or loss.*

(b) *The investment funds are as follows:*

(i) *On 14 December 2015, the Group entered into a Limited Partnership Agreement (the "Agreement") to subscribe, as a limited partner, in the total amount of US$31,250,000 (equivalent to HK$243,348,000) of China Prosperity Capital Mobile Internet Fund, L.P. (the "Mobile Internet Fund"). The timing of capital contribution of the investment is generally on an "as needed" basis. During 2018, the Group have wholly settled the committed investment of US$31,250,000 to the Mobile Internet Fund.*

The Mobile Internet Fund was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in equity and/or equity-related securities of companies that operate in or otherwise derive significant business opportunities from the mobile Internet sector, its related technologies, products and services. The Directors classified the investment as financial asset at FVOCI as it is held for long term strategic gains and not for trading. During 2020, the Mobile Internet Fund declared dividend and waived its fund management fee of prior years. The Mobile Internet Fund also declared dividend during 2021.

As at 31 December 2021, a fair value loss of HK$29,537,000 (2020: fair value gain of HK$7,660,000) was recognised as other comprehensive income and decreased the investment revaluation reserve (2020: increased the investment revaluation reserve). Also, dividend income of HK$16,715,000 was recognised as "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income (2020: dividend income of HK$26,459,000 and waiver of fund management fee of HK$14,531,000).

As at 31 December 2021, fair value of investment in the Mobile Internet Fund is amounted to HK$226,905,000 (2020: HK$256,442,000).

19. OTHER FINANCIAL ASSETS (Continued)

Notes: (Continued)

(b) The investment funds are as follows: (Continued)

(ii) In 2017, the Group entered into a limited partnership agreement to subscribe, as a limited partner, in the total amount of US$2,000,000 (equivalent to HK$15,574,000) of Golden Rock Cayman LP (the "Golden Rock"). The Golden Rock was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in securities and/or equity of companies that operate in Internet related sectors. The Group is a limited partner in Golden Rock and does not have control nor significant influence in its operational and financing decisions. The Directors classified the investment as financial asset at FVOCI as it is held for long term strategic gains and not for trading.

The Golden Rock Fund declared dividend in 2021. As at 31 December 2021, a fair value gain of HK$4,590,000 (2020: fair value gain of HK$1,350,000) with respect to the remaining US$2,000,000 interest was recognised as other comprehensive income earned and credited to the investment revaluation reserve (2020: credited to the investment revaluation reserve). Also, dividend income of HK$6,036,000 was recognised as "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2021, fair value of investment in the Golden Rock is amounted to HK$23,929,000 (2020: HK$19,339,000).

(iii) As described in note 13, the consideration of disposal of Golden Target and China Investment is satisfied by way of admission of subscription of limited partnership interest in the New Rock Capital Fund. The New Rock Capital Fund was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in telemedia related sectors. The Group is a limited partner in the New Rock Capital Fund and does not have control nor significant influence in its operational and financing decisions. The Directors classified the investment as financial asset at FVOCI as it is held for long term strategic gains and not for trading.

As at 31 December 2020, the fair value of New Rock Capital Fund was determined based on the transaction price of a recent arm's length transaction as described in note 13.

In 2021, the Group requested capital injection of HK$29,416,000 into the New Rock Capital Fund.

The New Rock Capital Fund declared dividend in 2021. As at 31 December 2021, a fair value gain of HK$36,364,000 (2020: Nil) was recognised as other comprehensive income earned and credited to the investment revaluation reserve (2020: Nil). Also, dividend income of HK$10,000,000 was recognised as "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2021, fair value of investment in the New Rock Capital Fund is amounted to HK$151,650,000 (2020: HK$85,870,000).

(c) It represents certain equity investments of listed securities in NASDAQ. One of the listed securities declared dividend during 2021 and 2020. As at 31 December 2021, fair value loss of HK$27,690,000 and dividend income of HK$448,000 were recognised as "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income (2020: fair value gain of HK$18,502,000 and dividend income of HK$19,569,000). Also, the Group recognised a realised gain amounted to HK$6,892,000 from disposal of listed securities.

20. TRADE RECEIVABLES

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	2021 HK$'000	2020 HK$'000
Within 6 months	23,932	28,365
Over 6 months but within 1 year	36,385	7,311
Over 1 year but within 2 years	239	129
	60,556	35,805

The Group and the Company assessed impairment loss based on the accounting policy stated in note 4(h)(ii). No impairment loss on trade receivables is recognised as the expected credit loss assessed is not material to the financial statements. The Group has a policy allowing its customers credit periods normally ranging from 10 to 90 days. The Group does not hold any collateral as security.

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Other tax receivables	21,733	18,505
Purchase deposits	–	11,800
Other receivables	80,496	13,959
Prepayments	42,578	25,262
Deposits	7,018	3,846
	151,825	73,372
Represented by:		
Non-current portion	10,522	–
Current portion	141,303	73,372
	151,825	73,372

22. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	9,754	18,456
Deposits received	84	13,745
Accruals	9,156	12,388
Dividends payable	–	1,331
Other payables	53,797	48,989
	72,791	94,909

Included in trade and other payables are trade creditors with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	2021 HK$'000	2020 HK$'000
Within 6 months	8,500	17,753
Over 6 months but within 1 year	346	227
Over 1 year but within 2 years	844	476
Over 2 years	64	–
Total trade payables	9,754	18,456
Accrued liabilities and other liabilities	63,037	76,453
	72,791	94,909

23. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Contract liabilities arising from games and applications	55,258	14,673

Movements in contract liabilities:

	Games and applications HK$'000	E-commerce trading platform HK$'000	Total HK$'000
Balance as at 1 January 2020	15,932	28,427	44,359
Exchange realignment	807	138	945
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(16,009)	(28,565)	(44,574)
Increase in contract liabilities as a result of sales of virtual currency from users of games and applications	13,943	–	13,943
Balance as at 31 December 2020 and 1 January 2021	14,673	–	14,673
Exchange realignment	1,061	–	1,061
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(15,033)	–	(15,033)
Increase in contract liabilities as a result of sales of virtual currency from users of games and applications	54,557	–	54,557
Balance as at 31 December 2021	55,258	–	55,258

24. LOANS AND BORROWINGS

	2021 HK$'000	2020 HK$'000
Current liabilities		
Bank loans due for repayment within one year	12,257	8,838
Lease liabilities — current portion	3,253	12,251
Loans and borrowings — repayable within one year	15,510	21,089
Non-current liabilities		
Lease liabilities — non-current portion	3,556	10,304

The bank borrowings represented the loans below:

(a) As at 31 December 2021, the balance represented by bank loans granted by the Bank of China are secured by certain corporate guarantees as detailed in note 34(d) and bear interest ranging from 3.16% to 3.78% per annum. The loans are carried at amortised cost. The loans are repayable within one year on 16 March 2022 and 29 June 2022.

(b) As at 31 December 2020, the balance represented by bank loans granted by the Bank of China are secured by certain corporate guarantees as detailed in note 34(e) and bear interest ranging from 3.85% to 3.9% per annum. The loans are carried at amortised cost. The loans are repayable within one year on 19 January 2021, 21 January 2021, 24 June 2021 and 9 December 2021.

(c) As at 31 December 2020 and 2021, the fair value of bank borrowings approximates to their carrying amount largely due to the short-term maturities.

24. LOANS AND BORROWINGS (Continued)

Lease liabilities

	Properties HK$'000
At 1 January 2020	27,491
Additions	21,507
Interest expense *(note 28)*	861
Lease payments *(note 28)*	(13,014)
Modification of lease	(15,261)
Exchange realignment	971
At 31 December 2020 and 1 January 2021	22,555
Additions	8,500
Interest expense *(note 28)*	524
Lease payments *(note 28)*	(5,724)
Modification of lease	(12,342)
Disposal of a subsidiary	(7,139)
Exchange realignment	435
At 31 December 2021	6,809

Future lease liabilities are payable as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
At 31 December 2021			
Not later than one year	3,432	(179)	3,253
Later than one year and not later than five years	3,622	(66)	3,556
	7,054	(245)	6,809

24. LOANS AND BORROWINGS (Continued)

Lease liabilities (Continued)

Future lease liabilities are payable as follows: (Continued)

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
At 31 December 2020			
Not later than one year	13,069	(818)	12,251
Later than one year and not later than five years	10,606	(302)	10,304
	23,675	(1,120)	22,555

The present value of future lease payments are analysed as:

	2021 HK$'000	2020 HK$'000
Current liabilities	**3,253**	12,251
Non-current liabilities	**3,556**	10,304
	6,809	22,555

25. DEFERRED TAXATION

Details of the deferred tax liabilities and assets recognised and movements during the year are as follows:

	Fair value adjustment HK$'000	Contract liabilities HK$'000	Impairment loss on other receivables HK$'000	Total HK$'000
At 1 January 2020	(8,978)	591	300	(8,087)
Credit to profit or loss for the year	2,777	(593)	–	2,184
Exchange realignment	(68)	2	18	(48)
At 31 December 2020 and 1 January 2021	(6,269)	–	318	(5,951)
Credit to profit or loss for the year	2,715	–	–	2,715
Exchange realignment	(208)	–	13	(195)
At 31 December 2021	**(3,762)**	**–**	**331**	**(3,431)**

The deferred income tax balance is as follows:

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**331**	318
Deferred tax liabilities	**(3,762)**	(6,269)
	(3,431)	(5,951)

25. DEFERRED TAXATION (Continued)

A deferred tax asset has not been recognised for the following:

	2021 HK$'000	2020 HK$'000
Deductible temporary differences	–	4,332
Unused tax losses	130,857	181,011
	130,857	185,343

Out of the tax losses of the Group as at 31 December 2021, approximately HK$93,218,000 (2020: HK$135,793,000) has an expiry period of five years since 2016. No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profit streams. The deductible temporary differences can be carried forward indefinitely. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. As at 31 December 2021, the Group has not recognised deferred tax liabilities of HK$52,474,000 (2020: HK$64,749,000) in respect of temporary differences relating to the unremitted profits of subsidiaries amounting to HK$524,740,000 (2020: HK$647,492,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

26. SHARE CAPITAL

	2021 HK$'000	2020 HK$'000
Authorised:		
50,000,000,000 ordinary shares of HK$0.01 each	**500,000**	500,000
Issued and fully paid:		
4,503,575,442 (2020: 4,213,395,262) ordinary shares of HK$0.01 each at beginning of year	**45,036**	42,134
Issuance of shares upon exercise of 22,560,000 share options *(note 29)*	**226**	–
Issuance of shares upon placing *(notes (i) and (ii))*	**–**	2,902
4,526,135,442 (2020: 4,503,575,442) ordinary shares of HK$0.01 each at end of year	**45,262**	45,036

Notes:

(i) On 20 January 2020, the Company and an independent third party (the "January 2020 Placee") entered into a conditional placing agreement (the "January 2020 Placing") pursuant to which the Company has conditionally agreed to allot and issue 75,000,000 ordinary shares (the "January 2020 Placing Shares") to the January 2020 Placee at a price of HK$0.200 per January 2020 Placing Share. The January 2020 Placing was completed on 4 February 2020. The proceeds from the January 2020 Placing of HK$15,000,000 was received during 2020.

(ii) On 7 December 2020, the Company entered into the conditional placing agreements (the "December 2020 Placing") with each of the independent third parties (the "December 2020 Placees") pursuant to which the Company has conditionally agreed to allot and issue 215,180,180 ordinary shares (the "December 2020 Placing Shares") to the December 2020 Placees at a price of HK$0.222 per December 2020 Placing Share. The December 2020 Placing was completed on 21 December 2020. The proceeds from the December 2020 Placing of HK$47,700,000 was received during 2020.

27. RESERVES

Company

	Share premium HK$'000 *(note (a))*	Investment revaluation reserve HK$'000 *(note (b))*	Other reserves HK$'000 *(note (c))*	Share-based compensation reserve HK$'000 *(note (d))*	(Accumulated losses)/ retained profits HK$'000	Total reserves HK$'000
At 1 January 2020	1,702,600	12,484	523,125	3,559	(1,245,227)	996,541
Loss and total comprehensive income for the year	–	9,010	–	–	(1,267,541)	(1,258,531)
Recognition of share-based payment expense *(note 29)*	–	–	–	2,418	–	2,418
Issuance of shares *(note 26)*	59,798	–	–	–	–	59,798
At 31 December 2020 and 1 January 2021	1,762,398	21,494	523,125	5,977	(2,512,768)	(199,774)
Loss and total comprehensive income for the year	–	(24,947)	–	–	(44,540)	(69,487)
Recognition of share-based payment expense *(note 29)*	–	–	–	1,291	–	1,291
Lapse of share options *(note 29)*	–	–	–	(319)	319	–
Exercise of share options *(note 29)*	9,098	–	–	(1,067)	–	8,031
At 31 December 2021	**1,771,496**	**(3,453)**	**523,125**	**5,882**	**(2,556,989)**	**(259,939)**

Notes:

(a) *The balance represents the excess of consideration received for issue of shares over the corresponding par value of the issued shares. The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended).*

(b) *Investment revaluation reserve represents change in fair value of financial assets at fair value through other comprehensive income.*

(c) *The Group's other reserves represent:*

   (i) *the difference between the amount by which the non-controlling interests are adjusted and the fair value of the shares of the subsidiary granted to employees; and*

   (ii) *certain portion of the profits of the Group's subsidiaries established in the PRC transferred from the retained earnings which are restricted to use pursuant to the relevant laws and regulations in the PRC.*

(d) *Share-based compensation reserve comprises the value of the unexercised share option granted by the Company recognised in accordance with the accounting policy adopted for share-based payments in note 4(o).*

(e) *Exchange fluctuation reserve represents gains/losses arising on retranslating the net assets of foreign operations into Hong Kong dollars.*

28. LEASE

Leases as lessee

The Group leases office properties. The leases typically run for a period of one to three years. Lease payments are renegotiated every one to three years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

	Properties HK$'000
At 1 January 2020	27,335
Modification of lease	(15,433)
Additions	21,507
Depreciation charge for the year	(11,839)
Exchange realignment	987
At 31 December 2020 and 1 January 2021	22,557
Additions	8,500
Depreciation charge for the year	(5,762)
Modification of lease	(12,031)
Disposal of a subsidiary	(7,360)
Exchange realignment	445
At 31 December 2021	**6,349**

28. LEASE (Continued)

Leases as lessee (Continued)

(ii) Amounts recognised in profit or loss

	2021 HK$'000	2020 HK$'000
Continuing and discontinued operations:		
Interest on lease liabilities *(note 24)*	524	861
Expenses relating to short-term leases	1,378	2,206
(Gain)/loss on the modification of lease	(311)	172
	1,591	3,239
Continuing operations:		
Aggregate undiscounted commitments for short-term leases	–	64

(iii) Amounts recognised in statement of cash flows

	2021 HK$'000	2020 HK$'000
Total cash outflow for leases	(5,724)	(13,014)

29. SHARE-BASED PAYMENT

Equity-settled share option scheme of the Company

On 27 April 2012, the shareholders of the Company approved the adoption of a new share option scheme (the "2012 Scheme") and the termination of the share option scheme adopted on 7 June 2002. The 2012 Scheme was adopted by the Company on 30 April 2012.

Under the 2012 Scheme, the Directors may, at their discretion, invite any eligible participants to take up share option(s) ("Share Option(s)") to subscribe for ordinary share(s) of HK$0.01 each in the share capital of the Company ("Share(s)"). The exercise price for the Share Options shall be determined in accordance with the 2012 Scheme and the relevant provisions of the Listing Rules. The costs for the value of the grant of share options were recognised as an expense during the year.

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

In the annual general meeting of the Company held on 21 May 2020, the share option scheme of two wholly owned subsidiaries of the Company was adopted by two ordinary resolutions passed by the shareholders of the Company.

The terms and conditions of the grants and movements in the number of Share Options under the 2012 Scheme during the year were as follows:

2021

	Number of Shares issuable under Share Options							
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassification *(note (i))*	At the end of the year	Exercise price HK$	Exercise period
Executive directors								
Dr. Zhang Lijun								
— on 25 January 2018	2,000,000	–	(2,000,000)	–	–	–	0.229	25/01/2018 to 24/01/2021
— on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.12	19/03/2021 to 18/03/2026
	2,000,000	1,000,000	(2,000,000)	–	–	1,000,000		
Ms. Wang Chun								
— on 25 January 2018	3,000,000	–	–	–	(3,000,000)	–	0.229	25/01/2018 to 24/01/2021
	3,000,000	–	–	–	(3,000,000)	–		
Mr. Ji Qiang								
— on 5 July 2019	3,000,000	–	–	–	(3,000,000)	–	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	3,000,000	–	–	–	(3,000,000)	–	0.385	05/10/2020 to 04/10/2025
	6,000,000	–	–	–	(6,000,000)	–		
Mr. Peng Xitao								
— on 19 March 2021	–	2,000,000	–	–	–	2,000,000	1.12	19/03/2021 to 18/03/2026
	–	2,000,000	–	–	–	2,000,000		
Ms. Cheng Po Chuen								
— on 30 March 2020	15,000,000	–	–	–	–	15,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	10,000,000	–	–	–	–	10,000,000	0.385	05/10/2020 to 04/10/2025
— on 19 March 2021	–	2,000,000	–	–	–	2,000,000	1.12	19/03/2021 to 18/03/2026
	25,000,000	2,000,000	–	–	–	27,000,000		
Sub-total	36,000,000	5,000,000	(2,000,000)	–	(9,000,000)	30,000,000		

29. SHARE-BASED PAYMENT (Continued)

2021 (Continued)

	Number of Shares issuable under Share Options							
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassi-fication *(note (i))*	At the end of the year	Exercise price HK$	Exercise period
Independent non-executive directors								
Dr. Loke Yu (alias Loke Hoi Lam)								
— on 25 January 2018	750,000	–	(750,000)	–	–	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	500,000	–	–	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	2,250,000	–	(750,000)	–	–	1,500,000		
Prof. Gong Zhankui								
— on 25 January 2018	750,000	–	–	–	(750,000)	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	(1,000,000)	–	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	500,000	–	–	–	(500,000)	–	0.385	05/10/2020 to 04/10/2025
	2,250,000	–	–	–	(2,250,000)	–		
Mr. Wang Linan								
— on 25 January 2018	750,000	–	–	–	(750,000)	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	(1,000,000)	–	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	500,000	–	–	–	(500,000)	–	0.385	05/10/2020 to 04/10/2025
	2,250,000	–	–	–	(2,250,000)	–		
Mr. Zang Dongli								
— on 30 March 2020	–	–	–	–	3,000,000	3,000,000	0.385	30/03/2020 to 29/03/2023
	–	–	–	–	3,000,000	3,000,000		
Mr. Zhou Jingping								
— on 5 October 2020	–	–	–	–	3,000,000	3,000,000	0.385	05/10/2020 to 04/10/2025
	–	–	–	–	3,000,000	3,000,000		
Sub-total	6,750,000	–	(750,000)	–	1,500,000	7,500,000		

29. SHARE-BASED PAYMENT (Continued)

2021 (Continued)

	Number of Shares issuable under Share Options							
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassi-fication *(note (i))*	At the end of the year	Exercise price HK$	Exercise period
Employees								
— on 25 January 2018	–	–	–	(3,000,000)	3,000,000	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	42,000,000	–	(5,310,000)	–	–	36,690,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	2,000,000	–	(500,000)	–	–	1,500,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	29,500,000	–	(500,000)	–	–	29,000,000	0.385	05/10/2020 to 04/10/2025
— on 19 March 2021	–	4,000,000	–	–	–	4,000,000	1.12	19/03/2021 to 18/03/2026
	73,500,000	4,000,000	(6,310,000)	(3,000,000)	3,000,000	71,190,000		
Others *(note (ii))*								
— on 25 January 2018	–	–	–	(1,500,000)	1,500,000	–	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	20,000,000	–	(13,000,000)	–	5,000,000	12,000,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	6,000,000	–	–	–	(3,000,000)	3,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	3,000,000	–	(500,000)	–	1,000,000	3,500,000	0.385	05/10/2020 to 04/10/2025
— on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.12	19/03/2021 to 18/03/2026
Sub-total	29,000,000	1,000,000	(13,500,000)	(1,500,000)	4,500,000	19,500,000		
Total	145,250,000	10,000,000	(22,560,000)	(4,500,000)	–	128,190,000		

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

2020

	Number of Shares issuable under Share Options						
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	At the end of the year	Exercise price HK$	Exercise period
Executive directors							
Dr. Zhang Lijun							
— on 25 January 2018	2,000,000	–	–	–	2,000,000	0.229	25/01/2018 to 24/01/2021
	2,000,000	–	–	–	2,000,000		
Ms. Wang Chun							
— on 25 January 2018	3,000,000	–	–	–	3,000,000	0.229	25/01/2018 to 24/01/2021
	3,000,000	–	–	–	3,000,000		
Mr. Ji Qiang							
— on 5 July 2019	3,000,000	–	–	–	3,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	3,000,000	–	–	3,000,000	0.385	05/10/2020 to 04/10/2025
	3,000,000	3,000,000	–	–	6,000,000		
Ms. Cheng Po Chuen							
— on 30 March 2020	–	15,000,000	–	–	15,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	–	10,000,000	–	–	10,000,000	0.385	05/10/2020 to 04/10/2025
	–	25,000,000	–	–	25,000,000		
Sub-total	8,000,000	28,000,000	–	–	36,000,000		

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

2020 (Continued)

	Number of Shares issuable under Share Options						
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	At the end of the year	Exercise price HK$	Exercise period
Independent non-executive directors							
Dr. Loke Yu (alias Loke Hoi Lam)							
— on 25 January 2018	750,000	–	–	–	750,000	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	500,000	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	1,750,000	500,000	–	–	2,250,000		
Prof. Gong Zhankui							
— on 25 January 2018	750,000	–	–	–	750,000	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	500,000	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	1,750,000	500,000	–	–	2,250,000		
Mr. Wang Linan							
— on 25 January 2018	750,000	–	–	–	750,000	0.229	25/01/2018 to 24/01/2021
— on 5 July 2019	1,000,000	–	–	–	1,000,000	0.385	05/07/2019 to 04/07/2022
— on 5 October 2020	–	500,000	–	–	500,000	0.385	05/10/2020 to 04/10/2025
	1,750,000	500,000	–	–	2,250,000		
Sub-total	5,250,000	1,500,000	–	–	6,750,000		

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

2020 (Continued)

	Number of Shares issuable under Share Options						
	At beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	At the end of the year	Exercise price HK$	Exercise period
Employees							
— on 5 July 2019	42,000,000	–	–	–	42,000,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	–	2,000,000	–	–	2,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	–	29,500,000	–	–	29,500,000	0.385	05/10/2020 to 04/10/2025
Sub-total	42,000,000	31,500,000	–	–	73,500,000		
Others							
— on 5 July 2019	20,000,000	–	–	–	20,000,000	0.385	05/07/2019 to 04/07/2022
— on 30 March 2020	–	6,000,000	–	–	6,000,000	0.385	30/03/2020 to 29/03/2023
— on 5 October 2020	–	3,000,000	–	–	3,000,000	0.385	05/10/2020 to 04/10/2025
Sub-total	20,000,000	9,000,000	–	–	29,000,000		
Total	75,250,000	70,000,000	–	–	145,250,000		

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

Notes:

(i) *Ms. Wang Chun and Mr. Ji Qiang resigned as executive directors of the Company on 1 January 2021. Accordingly, Ms. Wang Chun's Share Options are reclassified from executive directors category to employees category and Mr. Ji Qiang's Share Options are reclassified from executive directors category to others category.*

Prof. Gong Zhankui and Mr. Wang Linan resigned as independent non-executive directors on 1 January 2021. Accordingly, their Share Options are reclassified from independent non-executive directors category to others category.

Mr. Zang Dongli and Mr. Zhou Jingping were appointed as independent non-executive directors of the Company on 1 January 2021. Accordingly, their Share Options are reclassified from others category to independent non-executive Directors category.

(ii) *The "others" grantees consist of consultants who were appointed by the Company to provide strategy development advice for the development of the Group and to introduce potential business partners to the Group.*

On 30 March 2020, a total of 23,000,000 share options were granted to eligible participants under the 2012 Scheme and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$0.385 per share. The options were vested immediately and may be exercisable during the period from 30 March 2020 to 29 March 2023.

Fair value of share options granted was determined using Binomial valuation method and assumptions are as follows:

Fair value at grant date	HK$0.0146
Weighted average share price at grant date	HK$0.135
Weighted average contractual life	3 years
Expected volatility	74.86%
Expected dividend rate	0%
Risk-free interest rate	0.62%

On 5 October 2020, a total of 47,000,000 share options were granted to directors and eligible participants under the 2012 Scheme and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$0.385 per share. The options were vested immediately and may be exercisable during the period from 5 October 2020 to 4 October 2025.

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

Fair value of share options granted was determined using Binomial valuation model and assumptions are as follows:

Fair value at grant date	HK$0.0382 – HK$0.0581
Weighted average share price at grant date	HK$0.222
Weighted average contractual life	5 years
Expected volatility	72.26%
Expected dividend rate	0%
Risk-free interest rate	0.18%

On 19 March 2021, a total of 10,000,000 share options were granted to directors and eligible participants under the 2012 Scheme and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$1.12 per share. The options are vested immediately and may be exercisable during the period from 19 March 2021 to 18 March 2026. Accordingly, the related share-based payment expenses amounted to HK$1,291,000 was recognised in the consolidated statement of profit or loss and other comprehensive income and credited to the share-based compensation reserve.

Fair value of Share Options granted was determined using the Binomial valuation model and assumptions are as follows:

Fair value at grant date	HK$0.102 – HK$0.274
Weighted average closing price immediately before the date of grant	HK$0.57
Weighted average contractual life	5 years
Expected volatility	77.09%
Expected dividend rate	0%
Risk-free interest rate	0.75%

The expected volatility is estimated with reference to the historical volatility of the daily share price of the Company for a period equal to the expected life preceding the grant date. The expected life of the options is based on the contractual life of the options and historical data over the past years, and is not necessarily indicative of the exercise patterns that may occur. Expected dividend rate is based on historical dividend rates of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

Details and movements of share options are as follows:

	Weighted average exercise price	Number '000
At 1 January 2020	HK$0.370	75,250
Granted during the year	HK$0.385	70,000
At 31 December 2020 and 1 January 2021	HK$0.377	145,250
Granted during the year	HK$1.120	10,000
Exercised during the year	HK$0.366	(22,560)
Lapsed during the year	HK$0.229	(4,500)
At 31 December 2021	**HK$0.442**	**128,190**

The weighted average exercise price of options outstanding at the end of the year is HK$0.442 (2020: HK$0.377) and their weighted average remaining contractual life was 1.94 years (2020: 2.14 years). The weighted average closing share price immediately before the dates of exercise of Share Options during the year is HK$0.584.

Of the total number of options outstanding at the end of the year, all were vested immediately at their respective date of grant and exercisable at the end of the year.

No share options were exercised during the year ended 31 December 2020.

In 2021, 4,500,000 share options lapsed. Accordingly, the related share-based compensation reserve of HK$319,000 was released to retained profits.

30. NOTES SUPPORTING CASH FLOW STATEMENT

(a) Cash and cash equivalents comprise:

	2021 HK$'000	2020 HK$'000
Cash available on demand	**80,938**	109,764

The Group's bank balances that are denominated in foreign currencies of the relevant group entities (whose functional currency is HK$) are set out as below:

	2021 HK$'000	2020 HK$'000
Denominated in RMB	**71,854**	50,750
Denominated in USD	**2,817**	27,487

(b) Reconciliation of liabilities arising from financing activities:

	Bank borrowings HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 January 2021	8,838	22,555	31,393
Changes from financing cash flows			
Proceeds from bank borrowings	12,073	–	12,073
Repayment of bank borrowings	(9,055)	–	(9,055)
Payment of lease liabilities	–	(5,724)	(5,724)
Interest paid	(469)	–	(469)
Total changes from financing cash flows	2,549	(5,724)	(3,175)
Other changes			
Interest expense	469	524	993
Addition of new lease	–	8,500	8,500
Modification of lease	–	(12,342)	(12,342)
Disposal of subsidiaries	–	(7,139)	(7,139)
Exchange differences	401	435	836
Total liability-related other changes	870	(10,022)	(9,152)
At 31 December 2021	12,257	6,809	19,066

30. NOTES SUPPORTING CASH FLOW STATEMENT (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2020	5,572	27,491	33,063
Changes from financing cash flows			
Proceeds from bank borrowings	11,784	–	11,784
Repayment of bank borrowings	(8,358)	–	(8,358)
Payment of lease liabilities	–	(13,014)	(13,014)
Interest paid	(434)	–	(434)
Total changes from financing cash flows	2,992	(13,014)	(10,022)
Other changes			
Interest expense	434	861	1,295
Addition of new lease	–	21,507	21,507
Modification of lease	–	(15,261)	(15,261)
Exchange differences	(160)	971	811
Total liability-related other changes	274	8,078	8,352
At 31 December 2020	8,838	22,555	31,393

(c) Significant non-cash transactions

Save as disclosed in notes 13, 18, 19 and 36, the Group had no significant non-cash transactions during the years.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The following is the statement of financial position of the Company as at 31 December 2021 and 31 December 2020:

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		352	930
Interests in subsidiaries		946,928	939,946
Financial assets at fair value through other comprehensive income		250,834	275,781
		1,198,114	1,216,657
CURRENT ASSETS			
Other receivables, deposits and prepayments		24,542	1,175
Financial assets at fair value through profit or loss		4,118	50,612
Amounts due from subsidiaries		632,871	606,592
Amounts due from a related company		33	33
Cash and cash equivalents		8,336	64,857
		669,900	723,269
CURRENT LIABILITIES			
Deposits received, other payables and accruals		184,479	195,121
Amounts due to subsidiaries		1,888,861	1,888,861
Amount due to a related company		3,603	3,603
Dividend payable		–	1,331
Tax payable		5,748	5,748
		2,082,691	2,094,664
NET CURRENT LIABILITIES		(1,412,791)	(1,371,395)
NET LIABILITIES		(214,677)	(154,738)
EQUITY			
Share capital	26	45,262	45,036
Reserves	27	(259,939)	(199,774)
TOTAL EQUITY		(214,677)	(154,738)

Peng Xitao	**Cheng Po Chuen**
Director	*Director*

32. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ kind of entity	Place of operation	Nominal value of issued ordinary/ registered and paid up capital	Attributable equity interest held by the Company Directly	Attributable equity interest held by the Company Indirectly	Principal activities
第一視頻信息工程集團有限公司 (VODone Information Engineering Group Co., Ltd.) ("TMD2")	PRC/ Limited liability company	PRC	RMB450,000,000	–	100%	Provision of technical and promotional and advertising services
北京日升影響文化交流有限公司 (Beijing Adpeople International Culture Exchange Co., Ltd.) ("TMD3")	PRC/ Wholly-owned foreign enterprise	PRC	RMB301,975,900	–	100%	Provision of advertisement production services
Crazy Sports (HK) Limited	Hong Kong/ Limited liability company	Hong Kong	HK$300,000	–	100%	Investment holding
瘋狂新遊(北京)技術有限公司 (Crazy New Game (Beijing) Technology Company Limited)	PRC/ Wholly-owned foreign enterprise	PRC	RMB1,000,000	–	100%	Investment holding
北京瘋狂體育產業管理有限公司 (Beijing Crazy Sports Management Company Limited) ("Crazysports")	PRC/ Limited liability company	PRC	RMB10,230,000	–	100%	Development and operation of mobile applications
霍爾果斯瘋狂新遊網絡科技有限公司 Khorgos Crazy	PRC/ Limited liability company	PRC	RMB1,000,000	–	100%	Development and operation of mobile applications
Easy Prime Developments Limited	BVI/ Limited liability company	Hong Kong	USD10,000	100%	–	Investment holding
海南日昌新通信息科技有限公司 Hainan Ri Chang (as defined in note 35)	PRC/ Limited liability company	PRC	RMB10,000,000	–	100%	Software development
Smart Token	BVI/ Limited liability company	Hong Kong	USD1,000	100%	–	Investment holding
Goal Dynasty Limited	BVI/ Limited liability company	Hong Kong	USD1	100%	–	Investment holding

33. CAPITAL COMMITMENTS

	2021 HK$'000	2020 HK$'000
Contracted, but not provided for: — Intangible assets	7,232	4,714

34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the year:

	Notes	2021 HK$'000	2020 HK$'000
Service fee income earned from a former related company, VODone Telemedia Co., Ltd.	(i)	–	3,603
Service fee income earned from a former associate, TMD1	(i), (ii)	–	2,173
Management fee charge by TMD1	(i), (iii)	–	13,395

34. RELATED PARTY TRANSACTIONS (Continued)

Notes:

(i) The transactions were made at prices mutually agreed by both parties.

(ii) Service fee income was charged in accordance with the terms and conditions of the exclusive technology support and services agreements entered with TMD1 dated 29 April 2006. The contractual agreement was terminated following the restructuring of the Group in 2020.

(iii) TMD1 provided management services to the Group in order to assist the Group in providing the Internet information services. The fee was charged at cost basis and terms agreed between the related parties. The contractual agreement was terminated following the restructuring in 2020.

(b) The remuneration of directors and other members of key managements during the year is as follows:

	2021 HK$'000	2020 HK$'000
Short term benefits	**24,591**	21,394
Share-based payments	**638**	974
	25,229	22,368

(c) The amount due from an associate mainly arising from the trading transaction detailed in note (a) above are unsecured, interest-free and repayable on demand.

(d) On 9 March 2021, Mr. Peng Xitao, being the director of the Group, entered into a guarantee agreement with a third party corporate, Beijing Yizhuang International Finance Guarantee Co., Ltd. ("Beijing Yizhuang"), pursuant to which unlimited personal guarantee by Mr. Peng Xitao and corporate guarantee by a subsidiary of the Group were guaranteed to Beijing Yizhuang as counter-guarantee. Beijing Yizhuang will provide guarantee to the Bank of China for a banking facility of RMB5,000,000.

On 25 June 2021, Mr. Peng Xitao, being the director of the Group, and Mr. Wei Guilei, being the director of a subsidiary of the Group, entered into a guarantee agreement with a third party corporate, Beijing SME Finance Re-guarantee Co., Ltd. ("Beijing SME"), pursuant to which a property owned by Mr. Peng Xitao and unlimited personal guarantee by Mr. Peng Xitao and Mr. Wei Guilei were guaranteed to Beijing SME as counter-guarantee. Beijing SME will provide guarantee to the Bank of China for a banking facility of RMB5,000,000.

34. RELATED PARTY TRANSACTIONS (Continued)

(e) On 25 June 2019, Mr. Peng Xitao, being the director of the Group and the director of Crazysports, Mr. Hou Liqiang (候力強先生) and Mr. Wei Guilei, being the director of Crazysports, entered into a guarantee agreement with a third party corporate, Beijing Zhongguancun Technology Financing Guarantee Co., Ltd. ("Beijing Zhongguancun"), pursuant to which a property owned by Mr. Hou Liqiang and Mr. Wei Guilei and unlimited personal guarantee by Mr. Peng Xitao was guaranteed to Beijing Zhongguancun as counter-guarantee. Beijing Zhongguancun will provide guarantee to the Bank of China for a banking facility of RMB10,000,000, in relation to abovementioned the bank borrowing.

(f) Amounts due from related companies, which is disclosed pursuant to the disclosure requirements of the Hong Kong Companies Ordinance, is as follows:

Details of the balances with the related companies are as follows:

	2021 **HK$'000**	2020 HK$'000
Balance at 1 January	**163**	783
Balance at 31 December	**1,042**	163
Maximum amount outstanding during the year	**1,042**	783

The amounts due from the related companies are interest-free, unsecured and repayable on trading terms.

There was no amount due but unpaid, nor any allowance for doubtful debts made against the principal amounts at 31 December 2021 and 2020.

(g) The amounts due to related companies are interest-free, unsecured and repayable on demand.

35. ACQUISITION

Acquisition of Hainan Ri Chang Xin Tong Information Technology Company Limited ("Hainan Ri Chang")

On 18 December 2020, the Group entered into a sale and purchase agreement with an independent third party for purchase of 100% equity interest in Hainan Ri Chang at a total consideration of RMB8,000,000.

The Group has applied the concentration test to the acquisition of Hainan Ri Chang. The fair value of the gross assets of Hainan Ri Chang was substantially concentrated in the permission license for operating an online sports event platform and reward points system (the "Permission License"). The acquisition of Hainan Ri Chang is determined by the Directors to be acquisition of assets and liabilities, being the intangible assets.

The allocation to respective assets and liabilities are as follows:

	HK$'000
Intangible assets	9,112

36. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries during the year ended 31 December 2021 (material disposal of subsidiaries)

(a) Disposal of Beijing Cloud Times Digital Technology Co., Ltd. ("Beijing Cloud")

On 28 February 2021, the Company disposed of the entire equity interest in Beijing Cloud to an independent third party, at consideration of RMB200,000 (equivalent to HK$240,000).

The net assets of Beijing Cloud at the date of disposal were as follows:

	28 February 2021 HK$'000
Property, plant and equipment	439
Right-of-use assets	3,559
Other receivables, deposits and prepayments	3,478
Cash and cash equivalents	142
Trade and other payables	(3,787)
Lease liabilities	(3,407)
Net assets disposed of	424

36. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of subsidiaries during the year ended 31 December 2021 (material disposal of subsidiaries) (Continued)

(a) Disposal of Beijing Cloud Times Digital Technology Co., Ltd. ("Beijing Cloud") (Continued)

The gain arising from the disposal recognised in the consolidated statement of profit or loss and other comprehensive income is calculated as follows:

	28 February 2021 HK$'000
Total consideration	240
Less: Net assets disposed of	(424)
Add: Realisation of exchange fluctuation reserve	16,909
Gain on disposal of subsidiaries included in continuing operations	16,725

Net cash inflow arising on disposal

	28 February 2021 HK$'000
Total cash consideration	240
Cash and cash equivalents disposed of	(142)
	98

36. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of subsidiaries during the year ended 31 December 2020

(b) Disposal of Golden Target and China Investment

On 7 December 2020, pursuant to the Sales and Purchase Agreement dated 7 December 2020 entered into between the Company and New Rock Capital Fund, the Group disposed of its entire issued share capital of Golden Target and 99.9% equity interest in China Investment at a consideration of US$11,080,000. The consideration is satisfied by way of admission of subscription of limited partnership interest in the New Rock Capital Fund at a subscription price of US$11,080,000 (equivalent to approximately HK$85,870,000) by the Company's wholly owned subsidiary, Goal Dynasty Limited.

Further details are set out in the Company's announcement dated 7 December 2020.

The net assets of Golden Target and China Investment at the date of disposal on 7 December 2020 were as follows:

	Golden Target HK$'000	China Investment HK$'000	Total HK$'000
Property, plant and equipment	493	831	1,324
Financial assets at FVOCI	–	76,028	76,028
Intangible assets	30,295	–	30,295
Other receivables, deposits and prepayments	1,599	57	1,656
Cash and cash equivalents	1,184	752	1,936
Trade and other payables	(921)	–	(921)
Net assets disposed of	32,650	77,668	110,318

36. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of subsidiaries during the year ended 31 December 2020 (Continued)

(b) Disposal of Golden Target and China Investment (Continued)

The loss arising from the disposal shown in the consolidated statement of profit or loss and other comprehensive income is calculated as follows:

	HK$'000
Fair value of subscribed financial assets at FVOCI *(note 19(b)(iii))*	85,870
Less: Net assets disposed of	(110,318)
Add: Non-controlling interests	95
Add: Realisation of exchange fluctuation reserve	9,307
Loss on disposal of subsidiaries included in discontinued operations	(15,046)

Net cash outflow arising on disposal

	HK$'000
Cash and cash equivalents disposed of	(1,936)

(c) Disposal of Beijing Liangzi Port

On 20 November 2020, the Group entered into a sales and purchase agreement with an independent third party to dispose its entire equity interest in Beijing Liangzi Port at a consideration of HK$11,144,000 (equivalent to RMB10,000,000). The disposal was completed on 27 November 2020.

36. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of subsidiaries during the year ended 31 December 2020 (Continued)

(c) Disposal of Beijing Liangzi Port (Continued)

The net assets of Beijing Liangzi Port at the date of disposal on 27 November 2020 were as follows:

	HK$'000
Property, plant and equipment	440
Other receivables, deposits and prepayments	24,029
Inventories	21,810
Cash and cash equivalents	6,816
Trade and other payables	(35,408)
Net assets disposed of	17,687

The loss arising from the disposal shown in the consolidated statement of profit or loss and other comprehensive income is calculated as follows:

	HK$'000
Total consideration	11,144
Less: Net assets disposed of	(17,687)
Less: Realisation of exchange fluctuation reserve	(766)
Loss on disposal of subsidiaries included in discontinued operations	(7,309)

Net cash inflow arising on the disposal:

	HK$'000
Cash consideration	11,144
Cash and cash equivalents disposed of	(6,816)
	4,328

37. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate, currency and equity price risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amount due from an associate and related companies arising from trade transactions. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are state-owned commercial banks in China or public listed companies. Most of the bank deposits of the Group are placed with commercial banks with an acceptable credit rating.

Trade receivables

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance. The Group does not provide financial guarantee which would expose the Group to credit risk.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicated significantly different loss patterns for different customer segments, the grouping for trade receivables for the assessment of ECLs is by aging of past due day. After applying the ECL model, the Directors considered that no provision for impairment loss on trade receivables is required as the calculated ECL is minimal.

37. FINANCIAL RISK MANAGEMENT (Continued)

Other receivables and amount due from an associate

The Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and amount due from an associate based on historical settlement records and past experience as well as ECL assessment. It is considered low risk as the debtors are considered, in the short term, to have a strong capacity to meet its obligations. The movement in provision for impairment of other receivables and amount due from an associate is as follows:

	HK$'000
At 1 January 2020	54,555
Exchange realignment	115
At 31 December 2020 and 1 January 2021	54,670
Exchange realignment	85
At 31 December 2021	54,755

Amounts due from related companies

The Directors consider that the credit risk arising from trading transactions with the related companies is minimal. After applying the expected credit loss rate to gross amount of related companies, the management considered that no significant impairment loss of financial assets should be recognised in the consolidated financial statements.

Liquidity risk

The Group's policy are to regularly monitor its liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

At the end of reporting period, all the Group's and the Company's financial liabilities based on contractual undiscounted cash flows are within one year or on demand.

37. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Group's bank deposits have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. The Directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank deposits have short maturity periods.

The Group's fair value interest rate risk mainly arises from borrowings as disclosed in note 24. Borrowings were issued at fixed rates which expose the Group to fair value interest rate risk. The Group has no cash flow interest rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The Group analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest bearing positions. Various scenarios are run taking into consideration renewal of the existing positions. Based on the simulations performed, the impact on profit or loss and net assets of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates) would be an increase of HK$43,000 (2020: HK$47,000) or a decrease of HK$43,000 (2020: HK$47,000). The gain or loss potential is then compared to the limits determined by management.

Currency risk

Most of the subsidiaries' functional currency is RMB since majority of the revenue of the Group are derived from operations in the PRC. RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Other than the above, the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

Equity price risk

The Group is exposed to equity price changes arising from equity instruments measured at FVTPL.

The Group's listed investments are listed on NASDAQ. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to other industry indicators, as well as the Group's liquidity needs.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective listed equity instruments had been 5% higher/lower, profit (2020: loss) for the year would increase/decrease (2020: decrease/increase) by HK$27,000 (2020: HK$2,371,000).

38. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

The gearing ratio as at 31 December 2021 and 2020 were as follows:

	2021 HK$'000	2020 HK$'000
Bank borrowings	12,257	8,838
Total equity	1,052,614	880,898
Gearing ratio	1.16%	1.00%

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2021 and 2020 may be categorised as follows:

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost	251,783	215,424
Financial assets at FVTPL	4,118	50,612
Financial assets at FVOCI	402,484	361,651
	658,385	627,687
Financial liabilities		
Financial liabilities at amortised cost	133,802	159,509

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2021			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets at FVOCI	**–**	**–**	**402,484**	**402,484**
Financial assets at FVTPL	**4,118**	**–**	**–**	**4,118**
	4,118	**–**	**402,484**	**406,602**

	2020			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVOCI	–	–	361,651	361,651
Financial assets at FVTPL	50,612	–	–	50,612
	50,612	–	361,651	412,263

For the financial assets at fair value through other comprehensive income, it mainly consisted of unlisted investment fund as detailed in note 19.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

Significant unobservable inputs

Mobile Internet Fund

The fair value of the Mobile Internet Fund as at 31 December 2021 and 2020 are arrived at based on a valuation carried out by Graval, an independent firm of professionally qualified valuer. The fair value was determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the Mobile Internet Fund, which are appraised by market approach referencing to comparable companies' benchmark multiples.

Market multiples of comparable companies adopted	**At 31 December 2021**	At 31 December 2020
— Price-to-earnings ratio ("P/E Ratio")	**35.10**	50.88
— P/B Ratio	**3.09**	N/A
— Price-to-sales ratio ("P/S Ratio")	**4.71 – 7.43**	N/A
— Market rate of return	**–0.83 – 1.75**	–0.70 – 1.85
Discount for lack of marketability	**15.80%**	15.80%

Had the P/E Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$347,000 (2020: increase by HK$345,000). Had the P/E Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$347,000 (2020: decrease by HK$345,000).

Had the P/B Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$34,000 (2020: N/A). Had the P/B Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$34,000 (2020: N/A).

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$558,000 (2020: N/A). Had the P/S Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$558,000 (2020: N/A).

Had the market rate of return of comparable companies adopted increased by 1%, it would increase the fair value of unlisted investment HK$208,000 (2020: increase by HK$213,000). Had the market rate of the comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$208,000 (2020: decrease by HK$213,000).

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

Significant unobservable inputs (Continued)

Golden Rock

The fair value of the Golden Rock as at 31 December 2021 is arrived at based on a valuation carried out by Graval, an independent firm of professionally qualified valuer. The fair value of the Golden Rock as at 31 December 2020 was arrived at based on a valuation carried out by Beijing Lixin Donghua Assets Appraisal Co., Ltd., an independent firm of professionally qualified valuer. The fair value was determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the Golden Rock, which are appraised by market approach referencing to comparable companies' benchmark multiples.

Market multiples of comparable companies adopted	**At 31 December 2021**	At 31 December 2020
— P/S Ratio	**6.35**	5.04
— P/B Ratio	**N/A**	6.27
Discount for lack of marketability	**15.80%**	24.90%

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$277,000 (2020: increase by HK$794,000). Had the P/S Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$277,000 (2020: decrease by HK$794,000).

In 2020, had the P/B Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment HK$1,169,000. Had the P/B Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$1,169,00.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

Significant unobservable inputs (Continued)

New Rock Capital Fund

As at 31 December 2020, the fair value of New Rock Capital Fund was determined based on the transaction price of a recent arm's length transaction as described in note 13.

The fair value of the New Rock Capital Fund as at 31 December 2021 is arrived at based on a valuation carried out by Graval, an independent firm of professionally qualified valuer. The fair value is determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the New Rock Capital Fund, which are appraised by market approach referencing to comparable companies' benchmark multiples.

Market multiples of comparable companies adopted	At 31 December 2021
— P/S Ratio	1.87 – 6.35
— P/B Ratio	0.47 – 3.84
— Discount for lack of marketability	15.8%

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$419,000. Had the P/S Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$419,000.

Had the P/B Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$314,000. Had the P/B Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK$314,000.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

The following table shows the reconciliation of Level 3 fair value measurement of the unlisted investment fund:

	2021 HK$'000	2020 HK$'000
Balance as at 1 January	361,651	355,383
Disposal	–	(16,715)
Addition *(note 19(b)(iii))*	29,416	85,870
Change in fair value (included in other comprehensive income)	11,417	9,010
Disposal of subsidiaries *(note 36(b))*	–	(76,028)
Exchange difference	–	4,131
Balance as at 31 December	402,484	361,651

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values.

There were no transfers between levels during the period.

40. MATERIAL INTEREST OF DIRECTORS IN TRANSACTION, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company was a party and in which the directors of the Company or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

41. DIVIDEND

The directors of the Company have decided not to declare any dividend for the years ended 31 December 2021 and 2020.

42. EVENTS AFTER THE REPORTING PERIOD

On 2 February 2022, the existing shareholders of BOA, except for Oasis Sun Investments Limited (including Smart Token Holdings Limited, a direct wholly-owned subsidiary of the Company) (the "Seller") and BOA entered into the heads of agreement dated 2 February 2022 (the "Agreement") (as amended and supplemented by the supplemental agreement dated 25 February 2022) with Ammbr Limited as a result that (i) 37,500,000 new shares of BOA for a total subscription price of US$56,000,000 (equivalent to HK$436,800,000) be allotted and issued to the special purpose vehicle to be set up by Ammbr Limited (the "SPV"); (ii) 130,408,845 existing shares of BOA sold to the SPV for a total cash consideration of US$260,817,690 (equivalent to approximately HK$2,034,378,000); and (iii) Ammbr Limited has conditionally granted severally to each of the Sellers the put option to sell to the SPV in aggregate 31,412,568 existing shares of BOA on 14 September 2024 at US$4.46 (equivalent to approximately HK$34.79) per share of BOA to be satisfied in virtual assets created by Ammbr Limited. Further details are set out in the Company's circular dated 2 March 2022.

A special general meeting of the Company was held on 22 March 2022 that the shareholders of the Company had approved the entering into the Agreement and the transactions contemplated thereunder in relation to, among other things, the disposal of in aggregate of 62,551,984 shares of BOA in two batches by Smart Token to the SPV pursuant and in accordance with the terms of the Agreement.

43. PLEDGE OF ASSET

Save for those disclosed in other parts of this report, at 31 December 2021, an intangible asset with carrying amount of HK$Nil (31 December 2020: N/A) was pledged to a corporate guarantee for counter guarantee of a secured bank loan.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were reviewed by the Audit Committee and approved and authorised for issue by the Board of Directors on 25 March 2022.

FIVE-YEAR
FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group and reclassified as appropriate, is set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	**511,218**	2,460,427	2,444,825	3,381,809	510,626
Gross profit/(loss)	**229,168**	113,388	127,302	(32,616)	(116,346)
Profit/(loss) before income tax	**140,493**	(133,472)	(194,098)	(654,714)	(371,700)
Profit/(loss) for the year	**143,208**	(131,336)	(190,536)	(654,988)	(371,700)
Profit/(loss) for the year attributable to owners of the Company	**157,012**	(131,916)	(185,190)	(647,558)	(366,304)
Total comprehensive income for the year	**162,168**	(98,184)	(215,757)	(682,910)	(339,708)
Total comprehensive income for the year attributable to owners of the Company	**178,733**	(98,415)	(209,096)	(675,865)	(336,844)

Note: The result of the year ended 31 December 2020 was presented on a combined basis of the Group from both continuing and discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Assets					
Non-current assets	**1,069,483**	883,549	1,019,494	1,218,487	1,143,523
Current assets	**288,131**	303,639	252,773	416,204	582,387
Total assets	**1,357,614**	1,187,188	1,272,267	1,634,691	1,725,910
Equity					
Equity attributable to owners of the Company	**1,052,614**	864,333	897,005	1,120,807	1,496,258
Non-controlling interests	**—**	16,565	16,429	15,370	21,276
Total equity	**1,052,614**	880,898	913,434	1,136,177	1,517,534
Liabilities					
Non-current liabilities	**7,318**	16,573	22,419	99,644	–
Current liabilities	**297,682**	289,717	336,414	398,870	208,376
Total liabilities	**305,000**	306,290	358,833	498,514	208,376
Total equity and liabilities	**1,357,614**	1,187,188	1,272,267	1,634,691	1,725,910

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this Annual Report, unless the context otherwise requires, the following expressions shall have the following meaning:

"2018 Circular"	the major and connected transaction circular of the Company dated 28 September 2018;
"2020"	the financial year ended 31 December 2020;
"2021"	the financial year ended 31 December 2021;
"5G"	5th generation mobile networks;
"Agreement" or "Heads of Agreement"	the Heads of Agreement dated 2 February 2022 entered into between the existing shareholders of Bank of Asia, Bank of Asia and Ammbr Limited in relation to, amongst others, the Subscriptions and the Share Sale (as amended and supplemented by the Supplemental Agreement);
"AI"	artificial intelligence;
"Annual General Meeting"	the annual general meeting of the Company;
"Annual Report"	the annual report of the Company for 2021;
"AR"	augmented reality;
"associates"	has the meaning ascribed to it under the Listing Rules;
"Audit Committee"	the audit committee of the Company;
"Bank of Asia" or "BOA"	Bank of Asia (BVI) Limited, a company incorporated under the laws of BVI with limited liability and a general banking license;
"Board"	the board of Directors;
"BVI"	the British Virgin Islands;
"Bye-laws"	the bye-laws of the Company as amended, supplemented or otherwise modified from time to time;
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"Clear Concept"	Clear Concept International Limited, an investment holding company; incorporated in the BVI with limited liability and is owned as to 51% by the Company and 49% by Dr. Zhang;

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"Company"	Crazy Sports Group Limited (formerly known as V1 Group Limited), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 82);
"Corporate Governance Committee"	the corporate governance committee of the Company;
"Corporate Social Responsibility Committee"	the corporate social responsibility committee of the Company;
"Crazy Sports (HK)"	Crazy Sports (HK) Limited, a wholly-owned subsidiary of the Company;
"Director(s)"	the director(s) of the Company;
"Disposal"	the disposal of in aggregate of 62,551,984 shares of Bank of Asia in two batches by Smart Token to the SPV pursuant and in accordance with the terms of the Agreement;
"Dr. Zhang"	Dr. Zhang Lijun, an executive Director and the Chairman of the Company;
"Easy Prime"	Easy Prime Developments Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company;
"Easy Prime Board"	the board of directors of Easy Prime;
"Easy Prime Group"	Easy Prime and its subsidiaries;
"Easy Prime Options"	share option(s) granted under Easy Prime Share Option Scheme;
"Easy Prime Share Option Scheme"	the share option scheme of Easy Prime approved by Shareholders at the Annual General Meeting held on 21 May 2020;
"Easy Prime Share(s)"	share(s) of US$1.00 each in the capital of Easy Prime, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of Easy Prime from time to time;
"ESG"	environmental, social and governance;
"ESG Committee"	the environmental, social and governance committee of the Company;

"FIFPro"	Fédération Internationale des Associations de Footballeurs Professionnels;
"General Scheme Limit"	the limit imposed under the rules of the Share Option Scheme on the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme, being 10% of the issued shares of the Company as at the date of adoption of the Share Option Scheme which may be "refreshed" pursuant to the rules of the Share Option Scheme;
"Golden Target"	Golden Target Global Limited, a company incorporated in BVI with limited liability and was a wholly-owned subsidiary of the Company until the Restructuring;
"Golden Target Board"	the board of directors of Golden Target;
"Golden Target Group"	Golden Target and its subsidiaries;
"Golden Target Options"	share option(s) granted under the Golden Target Share Option Scheme;
"Golden Target Share Option Scheme"	the share option scheme of Golden Target approved by Shareholders at the Annual General Meeting held on 21 May 2020;
"Golden Target Share(s)"	share(s) of US$1.00 each in the capital of Golden Target, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of Golden Target from time to time;
"Group", "Crazy Sports", "Crazy Sports Group", "our Group", "we", "us" or "our"	the Company, together with its subsidiaries;
"Hainan Jinyi" or "Limited Partnership"	海南金易紅單資訊科技合夥企業 (Hainan Jinyi Hongdan Information Technology*), a limited partnership established in the PRC and the equity interest of which is held as to 30%, 30% and 40% by Mr. Sun Yongjun, Mr. Wei Guilei and Mr. Peng Xitao respectively;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Holding Company"	the controlling shareholder (as defined in the Listing Rules) of the Company;
"Invested Entity"	the entity in which any member of the Group holds any equity interest;

"IP"	intellectual property;
"Limited Partners"	the limited partners of Hainan Jinyi;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
"New VIE Contracts"	the VIE Contracts signed between the WFOE, the OPCO and the PRC Equity Owners on 31 December 2020;
"NFT"	non-fungible token;
"Nomination Committee"	the nomination committee of the Company;
"Old Scheme"	the share option scheme of the Company adopted on 7 June 2002;
"OPCO"	Beijing Crazy Sports Management Company Limited* (北京瘋狂體育產業管理有限公司), a company established in the PRC;
"OPCO Group"	OPCO and its subsidiaries;
"PRC"	the People's Republic of China;
"PRC Equity Owner(s)"	the shareholder(s) of OPCO;
"R&D"	research and development;
"Refreshment"	the refreshment of the 10% General Scheme Limit by the Shareholders at the annual general meeting that the Company may grant new Share Options to subscribe for new Shares representing in aggregate up to 10% of its issued share capital as at 21 May 2019;
"Remuneration Committee"	the remuneration committee of the Company;

"Renewal Limit"	the limit that the Shareholders in general meeting has approved the renew of the Scheme Mandate Limit such that the total number of Easy Prime Shares or Golden Target Shares (as the case may be) in respect of which options may be granted by the Easy Prime Board or Golden Target Board (as the case may be) under the Easy Prime Share Option Scheme or Golden Target Share Option Scheme (as the case may be) and any other share option schemes of Easy Prime or Golden Target (as the case may be) in issue shall not exceed 10% of the total number of Easy Prime Shares or Golden Target Shares (as the case may be) in issue as at the date of approval to renew such limit;
"Restructuring"	the restructuring of the telemedia business of the Group as per announcement of the Company made on 7 December 2020, 11 December 2020 and 24 December 2020;
"RMB"	Renminbi, the lawful currency of the PRC;
"Scheme Mandate Limit"	10% of the total number of Easy Prime Shares in issue;
"Services"	the business support, technical and consulting services, including but not limited to, technical services, business and marketing consultation, intellectual property leasing, system integration and maintenance, research and development of products and intellectual property and Internet network support provided by WFOE to OPCO;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company;
"Share Option(s)"	share option(s) granted under the Share Option Scheme;
"Share Option Scheme"	the existing share option scheme of the Company adopted on 30 April 2012;
"Share Sale"	the sale and purchase for the in aggregate of 130,408,845 existing shares of Bank of Asia in two batches pursuant to and in accordance with the terms of the Agreement;
"Shareholder(s)"	holder(s) of Share(s);
"Smart Token"	Smart Token Holdings Limited, a company incorporated in BVI with limited liability, a direct wholly-owned subsidiary of the Company and one of the sellers;

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"SPV"	the special purpose vehicle to be set up by Ammbr Limited in BVI for the Subscriptions and the Share Sale;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscriptions"	the subscription by the SPV for the in aggregate of 37,500,000 new shares of Bank of Asia in three tranches pursuant to and in accordance with the terms of the Agreement;
"Subsidiaries Share Option Schemes"	collectively, the Easy Prime Share Option Scheme and the Golden Target Share Option Scheme;
"Supplemental Agreement"	the Supplemental Agreement dated 25 February 2022 entered into between the parties to the Agreement;
"UEFA Euro"	UEFA European Football Championship;
"US$"	United States dollars, the lawful currency of the United States of America
"VIE"	variable interest entity;
"VIE Contracts"	collectively, (i) the Exclusive Business Cooperation Agreement; (ii) the Exclusive Call Option Agreement; (iii) the Shareholders' Voting Right Entrustment Agreement; (iv) the Equity Pledge Agreement; and (v) the WFOE's Undertaking entered into among the WFOE, the OPCO and the PRC Equity Owners;
"VODone Holdings"	VODone Holdings Limited, an investment holding company incorporated in Hong Kong with limited liability and is wholly-owned by Clear Concept;
"VR"	virtual reality;
"WFOE"	瘋狂新遊(北京)技術有限公司 (Crazy New Game (Beijing) Technology Company Limited*), a wholly owned subsidiary of the Easy Prime, and a special purpose company established in the PRC with limited liability;
"XR"	extended reality; and
"%"	per cent.

* *for identification purposes only*