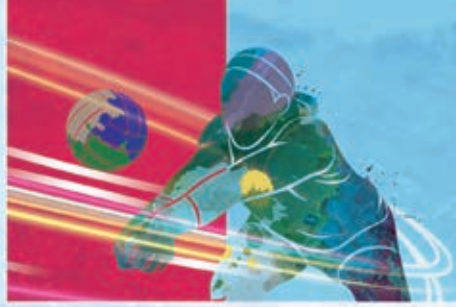




CRAZY SPORTS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 82



INTERIM REPORT 2022



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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)
(*retired on 26 May 2022*)
Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming

AUDIT COMMITTEE

Ms. Liu Haoming (*Chairman*)
(*appointed as Chairman on 26 May 2022*)
Dr. Loke Yu (alias Loke Hoi Lam) (*Chairman*)
(*retired on 26 May 2022*)
Mr. Zang Dongli
Mr. Zhou Jingping

NOMINATION COMMITTEE

Dr. Zhang Lijun (*Chairman*)
Dr. Loke Yu (alias Loke Hoi Lam)
(*retired on 26 May 2022*)
Ms. Cheng Po Chuen
Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming
(*appointed on 26 May 2022*)

REMUNERATION COMMITTEE

Mr. Zang Dongli (*Chairman*)
(*appointed as Chairman on 26 May 2022*)
Dr. Loke Yu (alias Loke Hoi Lam) (*Chairman*)
(*retired on 26 May 2022*)
Ms. Cheng Po Chuen
Ms. Liu Haoming
(*appointed on 26 May 2022*)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

EXECUTIVE COMMITTEE

(*established on 5 July 2022*)

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

AUTHORISED REPRESENTATIVES

Dr. Zhang Lijun
Mr. Lam Yau Yiu

CORPORATE INFORMATION (CONTINUED)

COMPANY SECRETARY

Mr. Lam Yau Yiu

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

Tricor Tengis Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor,
31 Victoria Street,
Hamilton HM 10,
Bermuda

PRINCIPAL PLACE 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

2022 INTERIM RESULTS HIGHLIGHTS

Entering 2022, Crazy Sports accelerated the development of its digital sports entertainment business, and expanded its business presence in digital sports community ecosystem through R&D, internal talent resources and strategic partnership. Through its strategies on digital sports, metaverse and e-sports, Crazy Sports strives to attract sports and culture enthusiasts as well as the younger generation to co-create and participate in the multi-dimensional, real-time and dynamic digital sports entertainment platform. By the end of June 2022, the total number of platform users grew by 48.8% year-on-year to 57.9 million. Crazy Sports has become the leading digital sports entertainment community operator in China.

BUSINESS REVIEW AND OUTLOOK

- The Group's revenue grew by 25.1% year-on-year to HK\$286.5 million during the Period, while profit attributable to owners of the Company reached HK\$49.2 million. The total number of platform users grew by 48.8% year-on-year to 57.9 million, with monthly active users totalled 3.37 million, up 28.6%. The growth in user base and revenue were attributable to the Group's precise market positioning, actively seizing opportunities in the trillion-worth digital sports entertainment market in China, and successfully creating an all-round online and offline sports community ecosystem that aligns the integrated traffic flow and diversified commercialisation positioning. In 2022, in order to further expand its presence in digital entertainment business, and to attract the participation of "Generation Z" users, the Group has chosen sports and games as its entry point, leveraging its long standing digital experience and advantages, sought to build up a metaverse platform that enjoys synergy of "content + ecology + technology". The metaverse platform has demonstrated satisfactory progress in the first half of the year, which included "Crazy Soccer", the first metaverse sports game launched early this year in China and "Qiankun Digital Collectibles", the digital collectibles platform. The Group's strategies on digital sports, metaverse and e-sports have not only unleashed strong vitality, empowered the platform ecosystem in all aspects and successfully drew in a great inflow of users, but also channeled into the existing solid user base for Crazy Sports' sports entertainment ecosystem.

2022 INTERIM RESULTS HIGHLIGHTS (CONTINUED)

- Leveraging its outstanding digital innovation and R&D capabilities, the Group actively pursued various smart upgrades for its products. In 2022, Crazy Red Insights continued to upgrade its Red Insights' AI big data model. By virtue of its strongly established matrix of AI big data + content + users + channels, Crazy Red Insights was able to sustain continued growth. At the same time, major upgrades to a number of games has been made while introducing new expansion packs. Since the beginning of the year, in addition to sports games publishing, the Group started to disseminate original IPs featured with traditional Chinese culture, and to introduce the new mythical mobile card game "Genesis: Anthem of Deities" (太初行), a premium game designed to meet the latest trend and needs of the young generation. Qiankun Digital Collectibles, the Group's self-developed digital collectibles platform, was launched in April 2022. The platform relies on premium IP strategy to offer its users with richer online cultural experience and distribution of themed digital collectibles, Qiankun Digital Collectibles contributes to empower the real economy, while the platform completed a crossover with the Group's signature product "Ace Soccer" (球場風雲), paving the way for its development in the next internet era.
- By conforming to the latest trend in the sports culture industry, the Group puts efforts into diversifying businesses, as well as improving its operational efficiency and optimising cost effectiveness in various business segments. In 2022, the Group is committed to improve cost control and enhancing expense management measure, with the ultimate objective to improve its capital returns. As of the end of June 2022, the Group's administrative expense to sales ratio decreased by 4.75 percentage points year-on-year to 13.4%.

2022 INTERIM RESULTS HIGHLIGHTS (CONTINUED)

- In the second half of 2022, the kick-off of the Qatar World Cup in November will stimulate a new wave of lottery passion across the country. Crazy Sports has already adopted strategic layout early this year focusing on the upcoming World Cup. For instance, some exclusive World Cup-themed products will be made available for its users, extensive effort is made to explore key channels cooperation to head for championship in the World Cup. Revenue from Crazy Red Insights are expected to reach new heights. Offline sports lottery retail sales channels will be linked up with online users to enhance lottery sales. Meanwhile, soccer games, namely “Ace Soccer”, “Soccer Manager” (夢幻足球世界), “The Green Dynasty” (綠茵王朝) and “All Star Football” (全明星足球) will be enlisted into the categories of “soccer e-sports”, “management simulation”, “card-based game” and “character raising” respectively, thereby achieving an all-round coverage for soccer game users of various categories through its comprehensive product portfolio. Besides, Crazy Sports will launch a series of World Cup-themed activities which include soccer celebrities card packs and digital collectibles crossed over Qiankun Digital Collectibles, which certainly will trigger a new round of World Cup passion for soccer fans, bringing about significant increase in users’ demand for various business segments of the Group.

CORE STRATEGIES

As a leading digital sports entertainment community operator and a leading enterprise in the internet sports industry in China, the Group adheres to the nation’s strategy to become a sports powerhouse and to deeply cultivate into the trillion-worth digital sports entertainment industry racetrack. Leveraging its unique massive sports users’ database, utilising big data, artificial intelligence and blockchain technology to empower traditional sports events, Crazy Sports has established the “Events + Quizzes, IP + Sports Games, Crazy Red Insights + Lottery Sales” as its core pathway to materialise its digital sports strategy. Meanwhile, the Group is committed to its metaverse strategy and e-sports strategy in 2022, and launched its metaverse games and digital collectibles platform, with a view to bring about richer online sports and entertainment cultural experience to users. The Group’s digital sports, metaverse and e-sports strategies are closely connected to the national policies of building a leading sports nation and of promoting national copyright innovation. Adhering to the mission of “Let Sports Create Happiness”, we are committed to serving users with a multi-dimensional, innovative and premium IP-based digital entertainment platform, providing users with unique sports entertainment services.

MANAGEMENT DISCUSSION AND ANALYSIS

CORE BUSINESS REVIEW

Paid Sports Information Platform – Crazy Red Insights APP

Excellent growth momentum in revenue by enhancing smart upgrades, make ready for the World Cup

Revenue of the paid sports information platform increased by 42.0% to HK\$96.7 million during the Period as compared with 2021. In 2022, the World Cup qualifiers, UEFA Nations League, Top Five Europa Leagues, UEFA Champions League and NBA tournaments were held back-to-back, users turned their attention to tournaments and sports lottery. Leveraging Crazy Red Insights' strong matrix of "AI big data + content + users + channels" (which was established during the UEFA Euro in 2021), taking advantage of the growth of lottery sales in the first half of 2022, and lots of intensive sports events on the agenda, Crazy Red Insights sustained promising growth in 2022. The followings were key business strategies implemented by us:

– *Product iteration and upgrade, deeply cultivated in AI big data R&D intelligence*

As a leading digital sports entertainment operator in China, technologies and R&D have always been the key investment areas of Crazy Sports. In the first half of 2022, while the R&D of AI big data "Red Insights Model" (紅單模型) was underway, Crazy Red Insights continued its upgrade. The 4.0 version of big data "Red Insights Model" was developed by well-known analyst teams in China and its core algorithm leans on real-time dynamic data and event information. The key highlights of the design is to help users to solve tedious data and to run statistics and computation of data and information, among which, "Big Head Index" (大頭指數), one of its flagship products, was favoured by users since its initial launch into the market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Since its products' upgrade, the platform currently comprises four types of AI algorithms, including "Red Insights Model", "Tips on Tournament" (賽事錦囊), "Model Analysis" (模型分析) and "Big Data" (大數據), which serve the APPs users' end. Regarding live sportscast, event animation, as self-developed by Crazy Red Insights, has become an interactive tool between sports experts and users. Through the live sportscast of event animation, sports experts can pay attention to the event's dynamic real-time information, discuss the trend of the game in real-time and explain the content of the game's replay with the users. During their interaction, sports experts may readily promote products and discounted packages on the platform, which further increase the users' paying rate.

The R&D of Crazy Red Insights' big data has also attracted attention from the industry peers. On 1 June 2022, PricewaterhouseCoopers announced the list of winners for the first phase of "Sports Science and Tech Award" (體育風雲科技獎), 15 domestic and overseas products/scientific and technologies achievements were nominated. Crazy Red Insights was selected as one of the top three in the Sports Commerce (Mass) Category. The Sports Science and Tech Award is the first sports technology judging event jointly organised by PricewaterhouseCoopers and Capital Institute of Physical Education. It was directed by the goal of building a sports power house, as well as to promote high quality development of sports science and technology in the new era, and to encourage technology innovation in the sports industry. The election panel conducted independent evaluation to both domestic and overseas participating projects, based on the guiding principle of "positive contribution to the development of the sports industry and inspiring science and technology innovation". On Crazy Red Insights, the panel highlighted that "by leveraging technologies such as AI and big data, it allows people to participate sports in a smart, scientific and convenient way".

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

— *Optimised services to attract new users and to enhance paying user ratio*

Driven by overall enthusiasm towards the tournaments, Crazy Red Insights has made some adjustments to users' experience for both new and existing users. To encourage more new users to pay, Crazy Red Insights has introduced special offer exclusively to new users, which doubled the paying rate among new users. Meanwhile, users can get high value information at a relatively low price and this has increased repeated purchase among users. With regard to increasing the paying ratio of users, thanks to its long business history, Crazy Red Insights has accumulated a critical mass of new and existing loyal users. In 2022, Crazy Red Insights launched a new "Monthly One-to-One VIP Customers Package" (月度一對一大客戶套餐) on top of the existing packages so as to elevate existing users to pay. With VIP users in mind, the platform specifically launched the premium service package and provided one-on-one coaching as well as in-depth content coverage. Hence, the number of VIP users increased by 500%, and also extended the service cycle for both new and existing users.

In addition, in response to 200 million existing users registered at Crazy Red Insights and China Soccer Lottery (中國足彩網), Crazy Red Insights set up a special team tasked with introducing and promoting new products to existing users in a reasonable and orderly manner, which was widely recognised and has successfully elicited purchases among existing users. This year, Crazy Red Insights put a lot of efforts in product contents and services, among which, apart from timely event information and video contents, in-depth coverage and analysis on important sports events and tournament were also made available, which have received much appreciation from the existing users.

- *Preparing for the upcoming Qatar World Cup, Crazy Red Insights is set to welcome more emerging opportunities*

Subsequent to the 2018 Russia World Cup, Analysys (易觀) released the “China Online Sports Market Annual Comprehensive Analysis 2019” (《中國在線體育市場年度綜合分析2019》) in which paid sports lottery information became a focus of the report due to its rapid development. Crazy Red Insights platform, taking full advantage of the Russia World Cup, got on par with its competitors and ranked first in terms of comprehensive strength among service providers and the users coverage. No doubt that the 2022 Qatar World Cup will be the center of attention in the worldwide sports community this year, and will certainly attract vast number of sports lottery users and stimulate sports lottery sales and strong demand for paid sports lottery information services.

Crazy Red Insights has kickstarted its World Cup strategy in order to seize any relevant opportunity since the first half of 2022. At present, Crazy Red Insights has made substantial investment in product upgrade and users’ promotion. Leveraging the resources from China Soccer Lottery and Crazy Red Insights community, its platform has successfully launched a multi-channeled interactive community for lottery users. China Soccer Lottery, as one of the top lottery information platforms in China with highest user base, has continued to operate for over two decades and is considered one of the first platforms in China to provide the lottery BBS community. China Soccer Lottery is poised to be the nation’s premier interactive platform for lottery players by capitalising on the opportunity arising from the World Cup. Crazy Red Insights is currently working with over 40 existing channels to deepen collaborations, join forces to create content matrix, and forge ahead with World Cup Alliance.

Sports Social Interactive Platform – Crazy Sports APP

Optimising core contents of live sportscast

Revenue of the sports social interactive platform slightly decreased by 5.6% to HK\$31.1 million during the Period as compared with 2021. Crazy Sports' live sportscast operation center caught high attention of sports users during the 2022 Beijing Winter Olympic Games; when Chinese team won AFC Women's Asian Cup, and the Chinese Men's World Cup Qualification. Crazy Sports, through interactive live sportscast streaming, increased users' activities during the temporary closure of sports lottery in Spring Festival, promoted user retention, gained recognition from users, and increased the payment conversion during live broadcast. In addition, by applying users' segregation, where a special offer was specifically targeted at the new users, which also increased the number of paying users. The growth in paying users was mainly attributable to our original and exclusive contents, as well as the effective marketing mix to elicit new users.

Crazy Sports APP will focus on the Qatar World Cup as its core strategies, by signing up many well-known journalists and anchors, to provide in-depth contents to online videos, live sportscasts, sports news updates, and tournament review for its growing user base. Besides, Crazy Sports is set to offer users with enhanced entertainment contents, either self-produced or purchase from third parties, which include sports event clips, sports highlights and sports shows.

Sports Events and Interactive Quizzing Entertainment Platform – Fantasy Sports Events APP

Continuously empowering local sports events and bringing refreshing experience for quiz challengers

Fantasy Sports Events APP is Crazy Sports' platform for sports events quiz and reward point redemption system, established and based on blockchain technology approved by the relevant departments of Hainan Province. It is positioned as a comprehensive sports and entertainment interactive platform, delivering sports event information, insights, live sportscast and quizzes around domestic and international renowned sports events and sports events with Hainan characteristics. During the 2022 Beijing Winter Olympic Games, Fantasy Sports Events platform launched Winter Olympic Games-themed quizzes that include simple, easy and entertaining quizzes about daily focused events and those sports events where Chinese athletes clearly have competitive advantages. A large number of users were attracted to participate. Taking advantage of the rapid and highly accessible mobile internet network, millions of users could participate such kinds of online interactive quizzes and cheer for the Chinese Olympic athletes. Leveraging the passion for Winter Olympics, Fantasy Sports Events APP successfully enhanced users conversion and monetisation between sports interactive live streaming business, Fantasy Sports Events APP and the ice-snow themed games.

In the first half of 2022, Fantasy Sports Events platform continued to have contracts signed with multiple sports events, including soccer, basketball, billiards, e-sports, squash, and Go, among others. For instance, the platform's contracted amateur billiards league offers up to 1,000 on-site billiards events, while its contracted Nie Weiping Go Academy (聶衛平圍棋道場) can also provide a large number of Go tournaments. By the second half of 2022, when pandemic is generally believed to subside, Fantasy Sports Events platform should be readily set to re-launch and commence various sports events. It is also believed that the contracts entered and the strategies implemented in advance will bring about some brand new experience for quiz users.

Sports Lottery Retail Services

Sports lottery retail point of sales expanding into small and micro retail channels, entering into new types of businesses

In the first half of 2022, the sports lottery retail business continued to expand, with revenue increased by 26.7% to HK\$6.4 million during the Period as compared with 2021. During the Period, the offline physical retail industry was affected by the uncertainties caused by the recurring pandemic across the country, the pace of expansion of Crazy Sports' lottery new retail business was inevitably dragged. However, thanks to the enhanced operation and cost control, the sports lottery new retail business was able to maintain an overall steady growth.

— *Adjusted operational strategies under the pandemic and improved cost efficiency*

To mitigate the impact brought by the pandemic, we adjusted our operation strategies and focused on eight key areas of work, i.e. refined operation, expansion into small and micro retail channels, entering into new types of businesses, adjusted operation models, diversified income and reduced cost, expanding business scope, engaging in bidding business and reward point redemption business. We always drive operations with data. Through statistical data providing a reference for operation and paying attention to sales dynamics and progress, we are able to precisely improve our network services, enhance refined operation and management in retail stores, and improve the sales efficiency of equipment. The success in modifying the operation strategies has brought about the growth in new sports lottery retail sales and increase in business returns.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

— *Expanding into new types of businesses to increase sales and income source*

Crazy Sports has expanded its retail business with two new types of lottery business cooperation models. Firstly, we enter into contracts with sports lottery franchise stores in certain cities for providing operational management services of instant lottery tickets. Secondly, we provide entrusted operational management services of retail chain stores which are self-contracted by lottery administrative centers. In addition, Crazy Sports joined hands with sports lottery administrative centers, iKuanguang (寬廣便利) and FamilyMart (福滿家便利), among other convenience stores, to launch “A Lottery Ticket, to turn Million Worth Dream into Reality” (買體彩·送千萬夢想) marketing event. Currently, Crazy Sports entered into licensing contracts with as many as 20 sports lottery administrative centers in provinces and municipalities nationwide to operate the sports lottery new retail business. The expansion into small and micro chained retail channels include mainly JD convenience stores and individual retail stores across Beijing, Tianjin, Hubei, Shandong, among other regions.

Sports and Leisure Gaming Business

Steady growth of revenue in first half of the year, with major updates in multiple games and distribution of premium IP games in favour of young users

Revenue of sports and leisure gaming business during the period increased by 7.6% to HK\$132.3 million as compared with 2021. In the first half of 2022, Crazy Sports’ long-term strategies over sports and leisure gaming business deemed immensely appealing. Various games such as “Ace Soccer” undertook major updates, with brand new expansion packs launched. With the new release of “Dream Ski 2022” (夢幻滑雪2022), an ice-snow themed game, and “Genesis: Anthem of Deities”, a mythology-themed card-based game, Crazy Sports strives to develop premium IP games that attract sports enthusiasts and young users alike. Driven by the ever-lasting users’ passion for long life cycle sports games and the success of the new games, the game business of Crazy Sports saw steady growth in the first half of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

— *Major Updates on Multiple Games and New Expansion Packs Launched*

“Ace Soccer”, a soccer e-sports mobile game published by Crazy Sports and officially licensed by FIFPro, went through multiple major updates in the first half of 2022. On 19 January 2022, “Ace Soccer” won the “2021 Most Popular APP Award” selected by niaogebiji.com; on 24 January 2022, “Ace Soccer” won the “Blackstone Award for the Most Popular Card Game of the Year”, highly acclaimed as the Oscar in China’s game industry, and was selected by Mobile Hardcore Alliance, comprised of Huawei, OPPO and VIVO, among others.

On 10 June 2022, “Soccer Manager”, a soccer manager game exclusively published by Crazy Sports, launched various expansion packs with significant yearly updates. The yearly updates involved player orientation coaching system, player development system and club manager reputation system, an open transfer market, and newly added buff features of local soccer players, among other major updates; “Soccer Manager” has become even closer to the real-world game since.

In addition, a number of flagship products, such as “Realtime CSL” (實況中超), “The Green Dynasty”, “All Star Football” and “Hot Pot Mahjong” (火鍋麻將), all had their updates completed in the first half of 2022. By bringing new game contents to the broad users base, we achieved stable growth in the revenue of games publishing.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

— *First Launch of Winter Sports-themed Game and the First Mythology-themed Mobile Game “Genesis: Anthem of Deities”*

On 4 February 2022, when global spotlight was on the Winter Olympics, Crazy Sports’ “Dream Ski 2022”, a masterpiece of Chinese ice-snow themed games, made its official debut. It was selected as a recommended winter sports-themed game by Today at Apple. Through publishing ice-snow themed mobile games, Crazy Sports has created the theme of ice world along the path of popular science games, migrating into a diversified online sports scenarios, whereby, users can experience the endless charm brought about by sports games, while sports events along offline channels are promoted as well.

On 30 June 2022, Crazy Sports officially launched its new mythology-themed card-based game, “Genesis: Anthem of Deities”, in Android APP stores. In addition, Crazy Sports has signed a joint operation cooperation agreement with ByteDances’ “Ocean Engine” (巨量引擎) on “Genesis: Anthem of Deities”. Pursuant to the agreement, both parties will start a comprehensive strategic cooperation on the promotion of “Genesis: Anthem of Deities” on Apple iOS and among ByteDance-affiliated companies. “Genesis: Anthem of Deities” is a strategic card-based game, featured with ancient mythology, where players are the selected persons with mandate call from the heaven; players begin their legendary journey through conjuring with human, demon, as well as Buddhist and Taoist deities and practitioners. “Genesis: Anthem of Deities” supports PVP rubrics boosting loyalty among game players through enhanced entertainment values, interaction and socialisation.

In addition to publish core sports games, from 2022 onwards, Crazy Sports started to disseminate self-developed IPs featured with Chinese traditional culture and create premium games that meet the trendy taste and needs of young users. Mythology-themed games can do much than enchanting the oriental beauty, the games also embody the emotional resonance and charisma in Chinese culture. The essence of Chinese culture, buried in the territory of ancient books, can be for once awakened as a certain kind of youth vitality coming to surface in the new internet era.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

— *Contracted with Meizu and Netease to launch co-publishing games*

In the first half of the year, Crazy Sports signed contracts with Meizu and Netease to launch the games co-publishing business. Leveraging Crazy Sports' long years of competitive edge in platforms publishing and channeled sales, as well as co-publishing premium games selected at Meizu and Netease games platform, together with the advantageous access to promotion resources from sale channels, Crazy Sports achieved a rapid growth in the revenue of co-publishing games business.

— *Unveiling World Cup-centered strategies, multiple soccer games lining up for launch*

Along with the forthcoming 2022 Qatar World Cup, the soccer game business segment, including "Ace Soccer", "Soccer Manager", "The Green Dynasty" and "All Star Football" will be the strategic pillar of Crazy Sports in 2022. There are plans to release grand expansion packs with prime focus on World Cup-themed contents in the second half of the year. Soccer games will be identified into the categories of "soccer e-sports", "management simulation", "card-based game" and "character raising" respectively, by that time, the full coverage of soccer games users with different interests will be realised. Besides, each type of games will launch World Cup-themed events, which include soccer celebrities card packs and digital collectibles crossed over with Qiankun Digital Collectibles, will definitely bring in a new wave of World Cup passion among soccer fans.

Exploring into the Metaverse

A new launch of Qiankun Digital Collectibles, a gateway to metaverse

On 7 April 2022, Qiankun Digital Collectibles, a key digital collectibles platform developed by Crazy Sports, was officially launched. As a focus of the Group in metaverse, Qiankun Digital Collectibles is built with blockchain technology on BSN national public infrastructure platform and has quickly become a celebrity product within the industry because of its excellent IPs, high-quality 3D digital collectibles, and trustworthy reputation. At present, through working together with official institutions such as Art Exhibitions China, China National Academy of Painting and China Aerospace Museum, Qiankun Digital Collectibles released “Old Summer Palace Series” (圓明園系列), “China Aerospace Series” (中國航天系列), “Dunhuang Series” (敦煌系列), “Forbidden City’s Shiqu Baoji Series” (故宮石渠寶笈系列), and “Digital Virtual Human Series” (數字虛擬人系列) and other excellent and rare digital collectibles. In addition, Qiankun Digital Collectibles joined hands with “Avatar Mulan” (虛擬人沐嵐) and “Daneng” (大能), a well-known journalist, to premiere the “Just for Domestic Goods” (國貨專場) series on the China’s Tiktok platform to promote domestic products. Through the activities in digital collectibles platform, the real economy development has been empowered, which also drew attentions in the industry.

As a platform dedicated to promote traditional culture, to record historical moments and to keep beautiful memories, Qiankun Digital Collectibles plans to launch innovative game rubrics that combine both games and digital collectibles in the second half of 2022, as a form of excellent digital collectibles IPs in metaverse derivatives. The digital economy, which involves the use of advanced technologies such as blockchain and artificial intelligence, contributes to empower the real economy. Through the strategies of promoting Chinese culture, tell-tale Chinese stories, supporting the nation’s strategy as a cultural powerhouse together with sustained effort to lead technological innovation, Crazy Sports plays a part to boost China’s cultural influence.

Apart from its self-developed digital collectibles platform, Crazy Sports seeks to explore the game rubrics that combines sports games with metaverse. In early 2022, “Crazy Soccer”, a metaverse soccer mobile game, was officially launched worldwide on the Roblox platform. “Crazy Soccer” is the first metaverse game for mobile device developed in China. Crazy Sports becomes the exemplary pioneer to lead innovation in the sports game industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Comparison of six months ended 30 June 2022 and corresponding period of 2021

The following table sets forth the comparative figures for the six months ended 30 June 2022 and the corresponding period of 2021:

	Unaudited For the six months ended 30 June	
	2022 (HK\$'000)	2021 (HK\$'000)
Revenue	286,483	229,024
Cost of revenue	(156,597)	(125,371)
Gross profit	129,886	103,653
Other gains and losses	64,043	40,480
Selling and marketing expenses	(81,873)	(42,402)
Administrative expenses	(38,407)	(41,592)
Expected credit loss on other receivables	(20,188)	—
Share of result of an associate	(5,180)	(4,569)
Finance costs	(426)	(663)
Profit before income tax	47,855	54,907
Income tax	1,347	7,060
Profit for the Period	49,202	61,967

Revenue

The Group's total revenue for the Period was HK\$286.5 million, representing an increase of 25.1% as compared with the corresponding period of 2021. The Group generated revenue mainly from five areas: (i) paid sports information platform; (ii) sports social interactive platform; (iii) sports and leisure games; (iv) lottery-related commission income; and (v) digital collectibles platform. There were three main drivers for the revenue growth recorded in the first half of 2022:

Increase in users' demand — The total number of platform users grew by 48.8% year-on-year to 57.9 million following the successful market positioning of the Group. During the Period, the Group deployed its resources to higher revenue generating businesses while exercised cost control on underperformed products. The Group seized opportunities from major sports matches and current trends in the digital sports entertainment market in China to boost product demands.

Launching of new products, smart updates and new expansion packs for games and applications — The Group actively pursued various smart upgrades during the Period and attracted higher user paying rate. In 2022, Crazy Red Insights continued to upgrade its AI big data Red Insights model. To retain and expand customers' demand, heavyweight updates has been made to a series of sports and leisure games, together with the debut of some brand-new expansion packs.

Introduction of the self-developed digital collectibles platform — Qiankun Digital Collectibles, the Group's self-developed digital collectibles platform, was launched in April 2022. The platform relies on premium IP to offer its users with themed digital collectibles. It successfully gained attention from sports and cultural enthusiasts as well as young and trendy users. Since debut, Qiankun Digital Collectibles immediately recorded revenue amounting to HK\$20.0 million in three months of operation, which was a remarkable performance and greatly contributed to the Group's revenue growth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the revenue breakdown of the Group for the periods indicated:

(In HK\$'Million, other than percentages)	Unaudited			
	For the six months ended 30 June			
	2022		2021	
	Amount	As a percentage of segment revenue	Amount	As a percentage of segment revenue
Paid sports information platform	96.7	33.8%	68.1	29.7%
Sports social interactive platform	31.1	10.8%	33.0	14.4%
Sports and leisure games	132.3	46.2%	122.9	53.7%
Lottery-related commission income	6.4	2.2%	5.0	2.2%
Digital collectibles platform	20.0	7.0%	—	—
	286.5	100.0%	229.0	100.0%

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 experts. Total cost of revenue of the Group increased by 24.9% to HK\$156.6 million during the Period as compared with the corresponding period in 2021. 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\$129.9 million during the Period, representing an increase of 25.3% as compared to HK\$103.7 million for the corresponding period of 2021. Gross margin for the Period was 45.3% which maintained at similar level as compared with the corresponding period of last year with no significant change in product mix and pricing strategies of the products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other Gains and Losses

Other gains and losses for the Period recorded a gain of HK\$64.0 million. It was mainly due to the realised exchange gains from disposal of a subsidiary during the Period which amounted to HK\$42.7 million and dividend income from financial assets amounted to HK\$20.2 million. In the corresponding period of 2021, other gains were due to the gains from disposal of subsidiaries amounted to HK\$18.0 million, dividend income of HK\$10.0 million received from financial assets and realised gain from strategic investment in NASDAQ financial assets amounted to HK\$10.5 million.

The Group recorded expected credit loss on other receivables for the Period of HK\$20.2 million (30 June 2021: HK\$Nil). It was driven by an increase in provision for other receivable based on the current expected credit loss assessment.

Selling and Marketing Expenses

Selling and marketing expenses for the Period increased by 93.1% to HK\$81.9 million from HK\$42.4 million for the corresponding period of 2021. It was mainly attributable to servicing fees of HK\$76.4 million in total for initial launching campaign of the digital collectibles platform and upfront marketing costs incurred on kicking off the World Cup 2022 strategies.

Administrative Expenses

Administrative expenses for the Period decreased by 7.7% to HK\$38.4 million from HK\$41.6 million for the corresponding period of 2021. The decrease in administrative expenses was a result of cost reallocation and restructuring measures exercised by the Group to improve cost efficiency of corporate expenses. Also, the expenses incurred during the corresponding period of 2021 included one off costs for renting of new offices.

Share of Result of an Associate

Share of loss of an associate was HK\$5.2 million for the Period whereas a loss of HK\$4.6 million was recorded for the corresponding period of 2021. The slight increase in loss was due to cost incurred by the associate for introducing new businesses.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Income Tax

There was an decrease in income tax credit recorded in the Period as compared to that of the corresponding period of 2021.

Profit for the Period

As a result of the foregoing, the Group had a profit for the Period of HK\$49.2 million, as compared to a profit of HK\$62.0 million for the corresponding period in 2021. The decrease in profit was mainly due to the increase in selling and marketing expenses where marketing efforts was put in promoting new digital collectibles platform and kicking off the World Cup 2022 strategies during the Period which can bring a contributive effect on revenue growth in the long run.

Strategic Investments Held

As at 30 June 2022, the investment portfolio of the Group amounted to HK\$340.8 million (31 December 2021: HK\$406.6 million), which was recorded as financial assets at fair value through profit or loss or through other comprehensive income. The information has been disclosed in the interim condensed consolidated comprehensive income statement and the interim condensed consolidated statement of financial position.

Apart from focusing on the organic growth of its principal businesses, the Group also made, and is prepared 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 block chain information technology, media, sports and entertainment industries to establish opportunities for further collaborations or achieve synergies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 30 June 2022, the Group has investment in private equity funds amounted to HK\$336.7 million (31 December 2021: HK\$402.5 million), which accounted for 27.1% 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, among 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 of HK\$8.2 million from the CPC Fund during the Period. The fair value of the Group’s investment in CPC Fund was HK\$183.6 million as at 30 June 2022 (31 December 2021: HK\$226.9 million), with a fair value loss of HK\$43.3 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 from its successful underlying investments, the Group had received dividend income of HK\$12.0 million from the Golden Rock Fund during the Period. The fair value of the Group’s investment in Golden Rock Fund was HK\$20.7 million as at 30 June 2022 (31 December 2021: HK\$23.9 million), with a fair value loss of HK\$3.2 million recognised as other comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(c) *New Rock Capital Fund LP (“New Rock Capital Fund”)*

In 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. During the Period, the Group has made further injection of HK\$5.8 million into the New Rock Capital Fund. Up to the end of the period, the Group has invested in aggregate US\$15.6 million (equivalent to HK\$121.1 million) (31 December 2021: HK\$115.3 million) into New Rock Capital Fund. New Rock Capital Fund is an exempted limited partnership registered under the laws of the Cayman Islands, which 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. Since its establishment, 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. The fair value of the Group’s investment in New Rock Capital Fund was HK\$132.4 million as at 30 June 2022 (31 December 2021: HK\$151.7 million), with a fair value loss of HK\$25.1 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. BOA is still in the development stage while costs had been incurred for development of new service lines during the Period, with the recurring income source still contains uncertainties. A share of losses of HK\$5.2 million was recorded during the Period, whereas a loss of HK\$4.6 million was recorded for the corresponding period of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

On 2 February 2022, Smart Token Holdings Limited (“**Smart Token**”, a wholly owned subsidiary of the Company) and other shareholders of BOA as sellers, BOA as issuer and Ammbr Limited as buyer and subscriber entered into a heads of agreement (the “**Agreement**”) for the disposal of equity interest in BOA by Smart Token (the “**Disposal**”) and other sellers to Ammbr Limited and subscriptions of BOA shares by Ammbr Limited (the “**Subscriptions**”). A special general meeting of the Company was held on 22 March 2022 in which 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. As at 30 June 2022, the conditions precedent for completion of the Agreement have not been fulfilled and as such, the Group continues to recognise its investment in BOA as investment in an associate.

Liquidity and Financial Resources

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

	Unaudited For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Net cash (outflow)/inflow from operating activities	(29,764)	3,449
Net cash inflow/(outflow) from investing activities	17,052	(31,368)
Net cash inflow from financing activities	10,078	6,299
Net decrease in cash and cash equivalents	(2,634)	(21,620)
Effect of changes in foreign exchange rate	2,053	(524)
Cash and cash equivalents at beginning of the Period	80,938	109,764
Cash and cash equivalents at end of the Period	80,357	87,620

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Working Capital

The Group had HK\$80.4 million cash and cash equivalents as at 30 June 2022, as compared to a balance of HK\$80.9 million as at 31 December 2021.

Net Cash Outflow from Operating Activities

The Group's net cash outflow from operating activities amounted to HK\$29.8 million during the Period, compared to net cash inflow from operating activities of HK\$3.4 million for the corresponding period of 2021. The Group derived its cash inflow from operating activities primarily through the receipt of income from digital sports entertainment business. The Group's cash outflow from operating activities primarily comprised payments for costs related to the games and applications, selling and marketing expenses and operating expenses such as staff costs.

Net Cash Inflow from Investing Activities

Net cash inflow from investing activities of the Group was HK\$17.1 million during the Period, compared to net cash outflow of HK\$31.4 million during the corresponding period of 2021. The net cash generated from investing activities mainly comprised of dividend income of HK\$42.9 million received from strategic investment, off-set by net cash outflow from cost of acquisition of intangible assets of HK\$19.0 million and capital injection in strategic investment of HK\$5.8 million.

Net Cash Inflow from Financing Activities

The Group recorded net cash inflow from financing activities of HK\$10.1 million during the Period mainly due to the increase in bank borrowing of HK\$12.1 million while net cash generated from financing activities was HK\$6.3 million for the corresponding period of 2021.

Capital Structure

As of 30 June 2022, the Group's total assets amounted to HK\$1,243.8 million (31 December 2021: HK\$1,357.6 million) which were substantially financed by shareholders' fund of HK\$947.2 million (31 December 2021: HK\$1,052.6 million). The capital of the Group only comprises of ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

Gearing Ratio

As of 30 June 2022, gearing ratio was 2.5%, which was calculated by dividing the total borrowings by the equity attributable to owners of the Company.

Material Acquisitions and Disposals

Except for the disposal of a subsidiary as disclosed in the notes to the interim condensed consolidated financial statements, there was no material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the Period.

Foreign Exchange Risk

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

Pledge of Assets

As at 30 June 2022, an intangible asset with carrying amount of HK\$Nil (31 December 2021: HK\$Nil) was pledged to certain corporate guarantees for counter guarantee of secured bank loans (31 December 2021: a corporate guarantee for counter guarantee of a secured bank loan).

Contingent Liabilities

The Group had no significant contingent liabilities as of 30 June 2022 (31 December 2021: Nil).

Interim Dividend

The Board has resolved not to declare any interim dividend for the Period.

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

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

Save as otherwise disclosed in the notes below, as at 30 June 2022, the Directors and their associates had the following interests in the shares, underlying shares or debentures 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 as set out in Appendix 10 to the Listing Rules.

(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%
Zang Dongli	Beneficial owner	—	—	3,000,000	0.07%
Zhou Jingping	Beneficial owner	—	—	3,000,000	0.07%

Note: As at 30 June 2022, Dr. Zhang Lijun (“**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 (“**Ms. Wang**”), the 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.

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY (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%
	BOA (Note 2)	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% interest in Clear Concept under the SFO.

Note 2: BOA 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% interest in BOA under the SFO.

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, other than the Directors whose interests are disclosed above, the Company was not aware of any persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEMES

2022 SCHEME AND 2012 SCHEME

On 26 May 2022, the Shareholders at the AGM approved the 2022 Scheme. The 2012 Scheme expired on 30 April 2022 and no further Share Options shall be offered under the 2012 Scheme. Share Options which had been granted during the life of the 2012 Scheme shall continue to be valid and exercisable until lapse.

Under the 2022 Scheme, the Directors may, at their discretion, invite any eligible participants to take up Share Options to subscribe for ordinary share(s) of HK\$0.01 each in the share capital of the Company. The exercise price for the Share Options shall be determined in accordance with the 2022 Scheme and the relevant provisions of the Listing Rules.

No Share Option was granted under the each of 2022 Scheme and 2012 Scheme during the six months ended 30 June 2022.

The terms and conditions of the grants and movements in the number of Share Options under the 2012 Scheme during the Period were as follows:

For the six months ended 30 June 2022 (unaudited)

	Number of Shares issuable under Share Options						At 30 June 2022	Exercise price HK\$	Exercise period
	At 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)				
(A) Executive Directors									
Dr. Zhang Lijun — on 19 March 2021	1,000,000	—	—	—	—	1,000,000	1.12	19/03/2021 to 18/03/2026	
	1,000,000	—	—	—	—	1,000,000			

SHARE OPTION SCHEMES (CONTINUED)

	Number of Shares issuable under Share Options					At 30 June 2022	Exercise price HK\$	Exercise period
	At 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)			
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
	27,000,000	–	–	–	–	27,000,000		
Sub-total	30,000,000	–	–	–	–	30,000,000		
(B) Independent non-executive Directors								
Dr. Loke Yu (alias Loke Hoi Lam)								
– 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
	1,500,000	–	–	–	(1,500,000)	–		
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	7,500,000	–	–	–	(1,500,000)	6,000,000		

SHARE OPTION SCHEMES (CONTINUED)

	Number of Shares issuable under Share Options					At 30 June 2022	Exercise price HK\$	Exercise period
	At 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)			
(C) Employees								
– on 5 July 2019	36,690,000	–	–	–	–	36,690,000	0.385	05/07/2019 to 04/07/2022
– on 30 March 2020	1,500,000	–	–	–	–	1,500,000	0.385	30/03/2020 to 29/03/2023
– on 5 October 2020	29,000,000	–	–	–	–	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
Sub-total	71,190,000	–	–	–	–	71,190,000		
(D) Others (note ii)								
– on 5 July 2019	12,000,000	–	–	–	1,000,000	13,000,000	0.385	05/07/2019 to 04/07/2022
– on 30 March 2020	3,000,000	–	–	–	–	3,000,000	0.385	30/03/2020 to 29/03/2023
– on 5 October 2020	3,500,000	–	–	–	500,000	4,000,000	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	19,500,000	–	–	–	1,500,000	21,000,000		
Total	128,190,000	–	–	–	–	128,190,000		

Notes:

- (i) Dr. Loke Yu retired as independent non-executive Directors on 26 May 2022. Accordingly, his Share Options are reclassified from independent non-executive Directors category to others category.
- (ii) The “others” grantees consist of former Directors and 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 2012 Scheme and the movement of the Share Options during the Period under the 2012 Scheme are set out in note 21 to the interim condensed consolidated financial statements.

SHARE OPTION SCHEMES (CONTINUED)

EASY PRIME SHARE OPTION SCHEME

On 21 May 2020, the wholly owned subsidiary of the Company, Easy Prime has adopted the Easy Prime Share Option Scheme of which enable the grantees of the Easy Prime Share Option Scheme to acquire proprietary interests in Easy Prime. The Easy Prime Share Option Scheme comply in full with the requirements under Chapter 17 of the Listing Rules.

The board of directors of Easy Prime may however specify in the offer of grant of an option the minimum period, if any, for which an option must be held or performance targets, if any, that must be achieved before the option can be exercised.

The subscription price of the Easy Prime Share Option Scheme shall be determined by the board of directors of Easy Prime, taking into consideration of the prevailing market condition, performance of Easy Prime and after having assessed the efforts, performance and/or future potential contribution of the participant of the Easy Prime Share Option Scheme 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.

The total number of shares of each of Easy Prime may be issued upon exercise of all options to be granted under the Easy Prime Share Option Scheme shall not in aggregate exceed 10% of the total number of authorised and issued shares of Easy Prime as at 21 May 2020, respectively.

Details of the Easy Prime Share Option Scheme were set out in the circular of the Company dated 20 April 2020.

No share options have been granted under the Easy Prime Share Option Scheme since the adoption date.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company had applied and complied with all the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

The Board shall continue to monitor and review the Company's corporate governance practices to ensure compliance.

ESTABLISHMENT OF THE EXECUTIVE COMMITTEE

The Executive Committee was established with approval of the Board on 5 July 2022. It currently consists of three executive Directors, being Dr. Zhang Lijun (chairman of the Executive Committee), Mr. Peng Xitao and Ms. Cheng Po Chuen. The Executive Committee is vested with all the general powers of management and control of the activities of the Group. The Executive Committee was set up to facilitate efficient management over the daily operations of the Group and to handle such matters as delegated by the Board from time to time.

EMPLOYEES REMUNERATION AND BENEFITS

As at 30 June 2022, the Group had a total of 117 employees, which include the management and the employees in administration, R&D, sales and marketing departments. The Group regularly reviews its professional team members and will expand its management team whenever necessary.

The Group remunerates the Directors and its staff primarily based on their contributions, responsibilities, qualifications and experiences. The Group has implemented share option scheme for its staff. The Group has granted Share Options to the Directors and other employees to encourage them towards enhancing the value of the Group and promote the long-term growth of the Group.

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 Period.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Directors' information since the publication of Company's annual report for the year ended 31 December 2021 and up to the date of this report is set out below:

Positions Held With The Group

Dr. Loke Yu has retired by rotation as an independent non-executive Director with effect from the conclusion of the AGM. He has also retired from his roles as the chairman of the Audit Committee and the Remuneration Committee and the member of the Nomination Committee with effect from the conclusion of the AGM.

Ms. Liu Haoming, an independent non-executive Director, has been appointed as the chairman of the Audit Committee and the member of the Remuneration Committee and the Nomination Committee with effect from the conclusion of the AGM.

Mr. Zang Dongli, an independent non-executive Director, has been appointed as the chairman of the Remuneration Committee with effect from the conclusion of the AGM.

Dr. Zhang Lijun, the chairman of the Board and an executive Director, has been appointed as the chairman of the Executive Committee with effect from 5 July 2022.

Mr. Peng Xitao and Ms. Cheng Po Chuen, executive Directors, have been appointed as the members of the Executive Committee with effect from 5 July 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Change in Director's Emolument

Pursuant to the amended Director's service agreement entered into between Ms. Cheng Po Chuen, an executive Director, and the Company, she is entitled to Director's emolument of HK\$1.8 million per annum, with effect from 1 July 2022. The Director's emolument was determined by the Board as recommended by the Remuneration Committee with reference to the prevailing market conditions.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities listed on the Stock Exchange during the Period.

REVIEW BY AUDIT COMMITTEE

The Group's unaudited interim financial results for the Period have been reviewed by the Audit Committee which comprises three independent non-executive Directors.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there were no other significant events that may affect the Group after 30 June 2022 and up to the date of this report.

By Order of the Board
Crazy Sports Group Limited
ZHANG Lijun
Chairman

Hong Kong, 25 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2022	2021
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	6	286,483	229,024
Cost of revenue		(156,597)	(125,371)
Gross profit		129,886	103,653
Other gains and losses	7	64,043	40,480
Selling and marketing expenses		(81,873)	(42,402)
Administrative expenses		(38,407)	(41,592)
Expected credit loss on other receivables		(20,188)	—
Share of result of an associate		(5,180)	(4,569)
Finance costs	8	(426)	(663)
Profit before income tax	9	47,855	54,907
Income tax	10	1,347	7,060
PROFIT FOR THE PERIOD		49,202	61,967
Other comprehensive income			
Items that may be reclassified to profit or loss:			
— Exchange differences arising on translation of foreign operations		(39,293)	19,443
— Reclassification upon disposal of subsidiaries		(43,711)	(18,379)
		(83,004)	1,064
Item that will not be reclassified to profit or loss:			
— Fair value change on financial assets at fair value through other comprehensive income		(71,569)	96,056
Other comprehensive income for the period		(154,573)	97,120
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(105,371)	159,087

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

	Note	Six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD			
ATTRIBUTABLE TO:			
Owners of the Company		49,202	61,967
Non-controlling interests		—	—
		49,202	61,967
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(105,371)	159,087
Non-controlling interests		—	—
		(105,371)	159,087
EARNINGS PER SHARE			
— Basic (HK cents)	11	1.09	1.37
— Diluted (HK cents)	11	1.09	1.34

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,198	6,629
Goodwill	14	424,457	444,093
Intangible assets		121,915	126,800
Interest in an associate	13	67,095	72,275
Financial assets at fair value through other comprehensive income	16	336,729	402,484
Right-of-use assets	15	10,278	6,349
Deferred tax assets		316	331
Prepayments for purchase of intangible assets		10,058	10,522
		973,046	1,069,483
CURRENT ASSETS			
Trade receivables	17	104,015	60,556
Other receivables, deposits and prepayments		81,451	141,303
Financial assets at fair value through profit or loss	16	4,069	4,118
Amounts due from related companies	22(c)	706	1,042
Tax receivables		167	174
Cash and cash equivalents		80,357	80,938
		270,765	288,131
Total assets		1,243,811	1,357,614

**INTERIM CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION (CONTINUED)**

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade and other payables	18	73,427	72,791
Contract liabilities		33,416	55,258
Lease liabilities	24	2,833	3,253
Amounts due to related companies	22(c)	41,652	42,029
Bank borrowings	24	23,431	12,257
Tax payable		112,094	112,094
		286,853	297,682
NET CURRENT LIABILITIES		(16,088)	(9,551)
TOTAL ASSETS LESS CURRENT LIABILITIES		956,958	1,059,932
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,403	3,762
Lease liabilities	24	7,312	3,556
		9,715	7,318
NET ASSETS		947,243	1,052,614
EQUITY			
Share capital	19	45,262	45,262
Reserves		901,981	1,007,352
TOTAL EQUITY		947,243	1,052,614

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Other reserves HK\$'000	Share-based compensation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits/(accumulated losses) HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2021 (audited)	45,036	1,762,398	21,494	1,059,408	5,977	44,421	(2,074,401)	16,565	880,898
Profit for the period	—	—	—	—	—	—	61,967	—	61,967
Other comprehensive income	—	—	96,056	—	—	1,064	—	—	97,120
Total comprehensive income for the period	—	—	96,056	—	—	1,064	61,967	—	159,087
Recognition of share-based payment expense	—	—	—	—	1,291	—	—	—	1,291
Lapse of share options	—	—	—	—	(319)	—	319	—	—
Exercise of share options	202	8,103	—	—	(961)	—	—	—	7,344
Balance at 30 June 2021 (unaudited)	45,238	1,770,501	117,550	1,059,408	5,988	45,485	(2,012,115)	16,565	1,048,620
Balance at 1 January 2022 (audited)	45,262	1,771,496	32,911	1,059,408	5,882	54,725	(1,917,070)	—	1,052,614
Profit for the period	—	—	—	—	—	—	49,202	—	49,202
Other comprehensive income	—	—	(71,569)	—	—	(83,004)	—	—	(154,573)
Total comprehensive income for the period	—	—	(71,569)	—	—	(83,004)	49,202	—	(105,371)
Balance at 30 June 2022 (unaudited)	45,262	1,771,496	(38,658)	1,059,408	5,882	(28,279)	(1,867,868)	—	947,243

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash (outflow)/inflow from operating activities	(29,764)	3,449
Net cash inflow/(outflow) from investing activities	17,052	(31,368)
Net cash inflow from financing activities	10,078	6,299
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,634)	(21,620)
Effect of foreign exchange rate changes	2,053	(524)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	80,938	109,764
CASH AND CASH EQUIVALENTS AT END OF PERIOD	80,357	87,620

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Crazy Sports Group Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. Its principal place of business in Hong Kong is located at Suites 3702–03, 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 (hereafter 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, digital collectibles 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**”).

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). These interim condensed consolidated financial statements were authorised for issue on 25 August 2022.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2021 annual financial statements.

2. BASIS OF PREPARATION (Continued)

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the interim condensed consolidated financial statements and their effect are disclosed in note 4.

These interim condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2021 consolidated financial statements.

These interim condensed consolidated financial statements are unaudited.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, as described therein.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Amendments to HKAS 16

Proceeds before Intended Use

Amendments to HKAS 37

Onerous Contracts — Cost of Fulfilling a Contract

The new or amended HKFRSs that are effective from 1 January 2022 did not have any significant impact on the Group's interim condensed consolidated financial statements.

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2021 annual financial statements.

5. SEGMENT REPORTING

(a) Reportable segments

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 of the Company (the “**Directors**”) in order to allocate resources and assess performance of the segment.

For the six months ended 30 June 2022 and 2021, 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.

The Digital sports entertainment business specialised in the development and operation of paid sports information platform, sports social interactive platform, sports quizzing platform, digital collectibles platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the PRC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. SEGMENT REPORTING (Continued)

(b) Geographical information

During the six months ended 30 June 2022 and 2021, over 90% of the Group's revenue was attributable to customers in the PRC. As at 30 June 2022 over 85% (31 December 2021: 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.

(c) Major customers

No individual customers of the Group contributing over 10% of the Group's revenue during the six months ended 30 June 2022. During the six months ended 30 June 2021, revenue from two customers contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Customer A	—	60,837
Customer B	—	26,908

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

6. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for goods returned and trade discounts, and services fees earned. An analysis of turnover and revenue is as follows:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Digital sports entertainment business		
Paid sports information platform	96,676	68,104
Sports social interactive platform	31,115	32,958
Sports and leisure games	132,343	122,951
Lottery-related commission income	6,349	5,011
Digital collectibles platform	20,000	—
	286,483	229,024
Timing of revenue recognition		
At a point in time	20,000	—
Transferred over time	266,483	229,024
	286,483	229,024

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net gain on disposal of subsidiaries	42,721	18,038
Dividend income	20,243	10,000
Government grants	973	54
Effect of lease modifications	248	327
Interest income	20	17
Gain on realisation of financial assets at fair value through profit or loss	—	10,537
Loss on deemed disposal of an associate	—	(45)
Loss on disposal of property, plant and equipment	—	(333)
Fair value loss on financial assets at fair value through profit or loss	(49)	(3,796)
Net foreign exchange (losses)/gains	(212)	2,175
Others, net	99	3,506
	64,043	40,480

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

8. FINANCE COSTS

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on lease liabilities	159	379
Interest on bank borrowings	267	284
	426	663

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	882	1,033
Depreciation of right-of-use assets	1,204	4,062
Amortisation of intangible assets	19,096	12,924
Expected credit loss on other receivables	20,188	—
Auditor's remuneration	150	150
Staff costs (excluding Directors' remuneration)		
Salaries and wages	8,249	14,487
Pension fund contributions	1,645	2,354
Share-based payments	—	654
	9,894	17,495

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INCOME TAX

Taxation in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current tax		
– Hong Kong profits tax for the period	—	—
– PRC income tax for the period	9	845
	9	845
Deferred taxation	(1,356)	(7,905)
Income tax credit	(1,347)	(7,060)

No provision was made for Hong Kong profits tax as the Group had no assessable profits in Hong Kong during the six months ended 30 June 2022 and 2021.

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 six months ended 30 June 2022 and 2021.

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 entitled to a preferential tax rate of 12.5% for the six months ended 30 June 2022 and exempted from income tax for the six months ended 30 June 2021.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share	49,202	61,967

Number of shares

	Six months ended 30 June	
	2022 (Unaudited) '000	2021 (Unaudited) '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,526,135	4,517,460
Effect of dilutive potential ordinary shares: — Share options	—	120,560
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,526,135	4,638,020

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. EARNINGS PER SHARE (Continued)

Earnings per share

	Six months ended 30 June	
	2022 (Unaudited) HK cents	2021 (Unaudited) HK cents
— Basic	1.09	1.37
— Diluted	1.09	1.34

For the six months ended 30 June 2022, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of the Company's share options was higher than the average market price for shares.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of approximately HK\$256,000 (six months ended 30 June 2021: HK\$1,047,000).

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

13. INTEREST IN AN ASSOCIATE

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Share of net assets other than goodwill	22,719	27,899
Goodwill	183,135	183,135
Less: impairment	205,854 (138,759)	211,034 (138,759)
	67,095	72,275

Particulars of the Group's associate 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
Bank of Asia (BVI) Limited ("BOA")	Limited company	British Virgin Islands (the "BVI")	45.49% (31 December 2021: 45.49%)	Provision of BVI banking services

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

13. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information

BOA	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Total assets	385,986	491,243
Total liabilities	(336,043)	(429,914)
Net assets	49,943	61,329
Carrying amount of the Group's interest in the associate	67,095	72,275

	Six months ended 30 June 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	6,139	6,317
Loss for the period	(11,387)	(9,944)
Included in the above amounts are: Depreciation and amortisation	(1,230)	(2,773)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. GOODWILL

	HK\$'000
Cost:	
At 1 January 2021 (audited)	426,941
Exchange adjustments	17,152
At 31 December 2021 (audited)	444,093
Exchange adjustments	(19,636)
At 30 June 2022 (unaudited)	424,457
Carrying amount:	
At 30 June 2022 (unaudited)	424,457
At 31 December 2021 (audited)	444,093

Goodwill is allocated to the Group's cash generating units identified to country of operation and business segment. The carrying amounts as at 30 June 2022 and 31 December 2021 were related to the Group's Digital sports entertainment business in the PRC.

The Group tests goodwill annually as there are no indications that goodwill might be impaired.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

15. RIGHT-OF-USE ASSETS

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Properties	10,278	6,349

16. OTHER FINANCIAL ASSETS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Current assets:		
Financial assets at fair value through profit or loss:		
— Compensation arising from profit guarantee (note (a))	3,413	3,579
— Listed equity investment (note (c))	656	539
	4,069	4,118
Non-current assets:		
Financial assets at fair value through other comprehensive income:		
— Investment funds (note (b))	336,729	402,484

16. OTHER FINANCIAL ASSETS (Continued)

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 fair value through other comprehensive income as it is held for long term strategic gains and not for trading. During the six months ended 30 June 2022, a fair value loss of HK\$43,293,000 (six months ended 30 June 2021: fair value gain of HK\$18,400,000) was recognised as other comprehensive income and decrease (six months ended 30 June 2021: increase) the investment revaluation reserve. As at 30 June 2022, the fair value of Mobile Internet Fund is HK\$183,612,000 (31 December 2021: HK\$226,905,000).

16. 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 of 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 fair value through other comprehensive income as it is held for long term strategic gains and not for trading.

As at 30 June 2022, the management assessed that the fair value of the Golden Rock is HK\$20,713,000 (31 December 2021: HK\$23,929,000).

- (iii) The New Rock Capital Fund LP (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 fair value through other comprehensive income as it is held for long term strategic gains and not for trading. As at 30 June 2022, fair value of investment in the New Rock Capital Fund is amounted to HK\$132,404,000 (31 December 2021: HK\$151,650,000).

- (c) It represents certain equity investments of listed securities in NASDAQ. During the six months ended 30 June 2021, the Group disposed a portion of the listed securities and a realised fair value gain of HK\$10,537,000 were recognised as “Other gains and losses” in the interim condensed consolidated statement of profit or loss and other comprehensive income. During the six months ended 30 June 2022, fair value gain of HK\$117,000 (six months ended 30 June 2021: fair value loss of HK\$8,751,000) were recognised as “Other gains and losses” in the interim condensed consolidated statement of profit or loss and other comprehensive income for remaining listed securities held.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

17. 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:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 6 months	100,700	23,932
Over 6 months but within 1 year	2,864	36,385
Over 1 year but within 2 years	283	239
Over 2 years	168	—
	104,015	60,556

The Group assessed impairment loss based on expected credit loss model. 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.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

18. TRADE AND OTHER PAYABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade payables		
Within 6 months	14,260	8,500
Over 6 months but within 1 year	3,622	346
Over 1 year but within 2 years	1,086	844
Over 2 years	146	64
Total trade payables	19,114	9,754
Accrued liabilities and other liabilities	54,313	63,037
	73,427	72,791

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

19. SHARE CAPITAL

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<i>Authorised:</i>		
50,000,000,000 ordinary shares of HK\$0.01 each	500,000	500,000
<i>Issued and fully paid:</i>		
4,526,135,442 (1 January 2021: 4,503,575,442) ordinary shares of HK\$0.01 each at beginning of period/year	45,262	45,036
Issuance of shares upon exercise of 22,560,000 share options	—	226
4,526,135,442 (31 December 2021: 4,526,135,442) ordinary shares of HK\$0.01 each at the end of period/year	45,262	45,262

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

20. CAPITAL COMMITMENTS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Contracted, but not provided for: Intangible assets	6,912	7,232

21. SHARE OPTION SCHEMES

On 26 May 2022, the shareholders of the Company (the “Shareholders”) at the annual general meeting approved a new share option scheme (the “2022 Scheme”) which is adopted on 30 May 2022 and the share option scheme adopted on 30 April 2012 (the “2012 Scheme”) expired on 30 April 2022 to the effect that no further share options of the Company (the “Share Options”) shall be offered under the 2012 Scheme but the Share Options which had been granted during the life of the 2012 Scheme shall continue to be valid and exercisable.

Under the 2022 Scheme, the Directors may, at their discretion, invite any eligible participants to take up Share Options to subscribe for ordinary share(s) of HK\$0.01 each in the share capital of the Company (the “Share(s)”). The exercise price for the Share Options shall be determined in accordance with the 2022 Scheme and the relevant provisions of the Listing Rules.

No Share Option was granted under each of the 2022 Scheme and 2012 Scheme during the six months ended 30 June 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. SHARE OPTION SCHEMES (Continued)

The terms and conditions of the grants and movements in the number of Share Options under the 2012 Scheme during the Period were as follows:

For the six months ended 30 June 2022 (unaudited)

	Number of Shares issuable under Share Options					At 30 June 2022	Exercise price HK\$	Exercise period
	At 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)			
(A) Executive Directors								
Dr. Zhang Lijun								
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.12	19/03/2021 to 18/03/2026
	1,000,000	–	–	–	–	1,000,000		
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
	27,000,000	–	–	–	–	27,000,000		
Sub-total	30,000,000	–	–	–	–	30,000,000		
(B) Independent non-executive Directors								
Dr. Loke Yu (alias Loke Hoi Lam)								
– 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
	1,500,000	–	–	–	(1,500,000)	–		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. SHARE OPTION SCHEMES (Continued)

The terms and conditions of the grants and movements in the number of Share Options under the 2012 Scheme during the Period were as follows: (Continued)

For the six months ended 30 June 2022 (unaudited) (Continued)

	Number of Shares issuable under Share Options					At 30 June 2022	Exercise price HK\$	Exercise period
	At 1 January 2022	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)			
(B) Independent non-executive Directors (Continued)								
Mr. Zang Dongji								
– 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	7,500,000	–	–	–	(1,500,000)	6,000,000		
(C) Employees								
– on 5 July 2019	36,690,000	–	–	–	–	36,690,000	0.385	05/07/2019 to 04/07/2022
– on 30 March 2020	1,500,000	–	–	–	–	1,500,000	0.385	30/03/2020 to 29/03/2023
– on 5 October 2020	29,000,000	–	–	–	–	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
Sub-total	71,190,000	–	–	–	–	71,190,000		
(D) Others (note ii)								
– on 5 July 2019	12,000,000	–	–	–	1,000,000	13,000,000	0.385	05/07/2019 to 04/07/2022
– on 30 March 2020	3,000,000	–	–	–	–	3,000,000	0.385	30/03/2020 to 29/03/2023
– on 5 October 2020	3,500,000	–	–	–	500,000	4,000,000	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	19,500,000	–	–	–	1,500,000	21,000,000		
Total	128,190,000	–	–	–	–	128,190,000		

21. SHARE OPTION SCHEMES (Continued)

The terms and conditions of the grants and movements in the number of Share Options under the 2012 Scheme during the Period were as follows: (Continued)

Notes:

- (i) Dr. Loke Yu retired as independent non-executive Directors on 26 May 2022. Accordingly, his Share Options are reclassified from independent non-executive directors category to others category.
- (ii) The "others" grantees consist of former Directors and 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 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 Share 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 interim condensed consolidated statement of profit or loss and other comprehensive income and credited to the share-based compensation reserve during the six months ended 30 June 2021.

Fair value of Share Options granted during the six months ended 30 June 2021 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%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. SHARE OPTION SCHEMES (Continued)

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.

Details and movements of the Share Options are as follows:

	Weighted average exercise price	Number '000
At 1 January 2021 (audited)	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 (audited) and 30 June 2022 (unaudited)	HK\$0.442	128,190

The weighted average exercise price of Share Options outstanding as at 30 June 2022 is HK\$0.442 (31 December 2021: HK\$0.442) and their weighted average remaining contractual life was 1.44 years (31 December 2021: 1.94 years). The weighted average closing Share price immediately before the dates of exercise of the Share Options during the six months ended 30 June 2021 was HK\$0.610.

Of the total number of options outstanding at the end of the period/year, all were vested immediately at their respective date of grant and exercisable at the end of the period/year. During the six months ended 30 June 2021, 4,500,000 Share Options lapsed. Accordingly, the related share-based compensation reserve of HK\$319,000 was released to accumulated losses during the six months ended 30 June 2021.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

22. RELATED PARTY TRANSACTIONS

- (a) Save for those disclosed elsewhere in these interim condensed consolidated financial statements, the Group has no material related party transactions during the six months ended 30 June 2022 and 2021.
- (b) The remuneration of Directors and other members of key management during the six months ended 30 June 2022 and 2021 are as follows:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short term benefits	12,515	10,807
Share-based payments	—	646
	12,515	11,453

- (c) The amounts due from related companies are unsecured, interest-free and repayable on trading terms.

The amounts due to related companies are unsecured, interest-free and repayable on demand.

- (d) On 28 March 2022, 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 an unlimited personal guarantee by Mr. Peng Xitao was granted in favour of Beijing Yizhuang as counter-guarantee. Beijing Yizhuang will provide guarantee to the Bank of China for a banking facility of RMB5,000,000.

22. RELATED PARTY TRANSACTIONS (Continued)

(d) (Continued)

On 11 February 2022 and 23 June 2022, Mr. Peng Xitao, being the director of the Group and Mr. Wei Guilei, being the director of a subsidiary of the Group, entered into guarantee agreements with a third party corporate, Beijing SME Finance Re-guarantee Co., Ltd. ("**Beijing SME**"), pursuant to which a property owned by Mr. Peng Xitao, unlimited personal guarantee by Mr. Peng Xitao, unlimited personal guarantee by Mr. Wei Guilei and corporate guarantee by a subsidiary of the Group were granted in favour of Beijing SME as counter-guarantee. Beijing SME will provide guarantee to the Bank of China for banking facilities totalling RMB13,000,000.

On 23 June 2022, 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 Shichuang Tongsheng Finance Guarantee Co., Ltd. ("**Beijing Shichuang**"), pursuant to which a property owned by Mr. Peng Xitao, unlimited personal guarantee by Mr. Peng Xitao, unlimited personal guarantee by Mr. Wei Guilei and corporate guarantee by a subsidiary of the Group were granted in favour of Beijing Shichuang as counter-guarantee. Beijing Shichuang will provide guarantee to the Bank of Beijing for banking facilities totalling RMB7,000,000.

(e) 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, pursuant to which unlimited personal guarantee by Mr. Peng Xitao and corporate guarantee by a subsidiary of the Group were granted in favour of 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, pursuant to which a property owned by Mr. Peng Xitao and unlimited personal guarantee by Mr. Peng Xitao and Mr. Wei Guilei were granted in favour of Beijing SME as counter-guarantee. Beijing SME will provide guarantee to the Bank of China for a banking facility of RMB5,000,000.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

23. DISPOSAL OF SUBSIDIARIES

Disposal of VODone Information Engineering Group Co., Ltd. (“TMD2”)

On 23 June 2022, the Company disposed of the entire equity interest in TMD2 to an independent third party, at consideration of RMB3,100,000 (equivalent to HK\$3,632,000).

The net assets of TMD2 at the date of disposal were as follows:

	23 June 2022 (Unaudited) HK\$'000
Property, plant and equipment	1,126
Other receivables, deposits and prepayments	13,580
Cash and cash equivalents	796
Trade and other payables	(10,880)
Net assets disposed of	4,622

The gain arising from the disposal recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income is calculated as follows:

	23 June 2022 (Unaudited) HK\$'000
Total consideration	3,632
Less: Net assets disposed of	(4,622)
Add: Realisation of exchange fluctuation reserve	43,711
Gain on disposal of subsidiaries	42,721

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

23. DISPOSAL OF SUBSIDIARIES (Continued)

**Disposal of VODone Information Engineering Group Co., Ltd. (“TMD2”)
(Continued)**

Net cash outflow arising on disposal during the six months ended 30 June 2022

	23 June 2022 (Unaudited) HK\$'000
Total cash consideration	3,632
Cash and cash equivalents disposed of	(796)
Other receivables	(3,632)
	(796)

**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 (Unaudited) 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

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

23. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of Beijing Cloud Times Digital Technology Co., Ltd. (“Beijing Cloud”) (Continued)

The gain arising from the disposal recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income is calculated as follows:

	28 February 2021 (Unaudited) HK\$'000
Total consideration	240
Less: Net assets disposed of	(424)
Add: Realisation of exchange fluctuation reserve	16,909
Gain on disposal of subsidiaries	16,725

Net cash outflow arising on disposal during the six months ended 30 June 2021

	28 February 2021 (Unaudited) HK\$'000
Total cash consideration	240
Cash and cash equivalents disposed of	(142)
Other receivables	(240)
	(142)

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

24. BANK BORROWINGS AND LEASE LIABILITIES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Current liabilities		
Bank loans due for repayment within one year	23,431	12,257
Lease liabilities — current portion	2,833	3,253
Loans and borrowings — repayable within one year	26,264	15,510
Non-current liabilities		
Lease liabilities — non-current portion	7,312	3,556

The bank borrowings included the loans below:

- (a) As at 30 June 2022, certain bank loans granted by the Bank of China are secured by certain corporate guarantees as detailed in note 22(d) and bear interest ranging from 1.74% to 3.39% per annum. The loans are carried at amortised cost. The loans are repayable within one year on 28 February 2023, 30 March 2023 and 29 June 2023.
- (b) As at 30 June 2022, certain bank loans granted by the Bank of Beijing are secured by certain corporate guarantees as detailed in note 22(d) and bear interest of 3.70% per annum. The loans are carried at amortised cost. The loans are repayable within one year on 29 June 2023.
- (c) 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 22(e) 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.
- (d) As at 30 June 2022 and 31 December 2021, the fair value of bank borrowings approximates to their carrying amount largely due to the short-term maturities.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

24. BANK BORROWINGS AND LEASE LIABILITIES (Continued)

Lease liabilities

	Properties	
	HK\$'000	
As at 1 January 2021 (audited)	22,555	
Additions	8,500	
Interest expense	524	
Lease payments	(5,724)	
Modification of lease	(12,342)	
Disposal of a subsidiary	(7,139)	
Exchange realignment	435	
As at 31 December 2021 and 1 January 2022 (audited)	6,809	
Additions	8,535	
Interest expense (note 8)	159	
Modification of lease	(3,372)	
Lease payments	(1,713)	
Exchange realignment	(273)	
As at 30 June 2022 (unaudited)	10,145	
	As at	As at
	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Current liabilities	2,833	3,253
Non-current liabilities	7,312	3,556
	10,145	6,809

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

24. BANK BORROWINGS AND LEASE LIABILITIES (Continued)

Reconciliation of liabilities arising from financing activities

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2022 (audited)	12,257	6,809	19,066
<i>Changes from financing cash flows</i>			
Proceeds from bank borrowings	24,115	—	24,115
Repayment of bank borrowings	(12,057)	—	(12,057)
Payment of lease liabilities	—	(1,713)	(1,713)
Interest paid	(267)	—	(267)
Total changes from financing cash flows	11,791	(1,713)	10,078
<i>Other changes</i>			
Interest expense	267	159	426
Addition of new lease	—	8,535	8,535
Modification of lease	—	(3,372)	(3,372)
Exchange realignment	(884)	(273)	(1,157)
Total liability-related other changes	(617)	5,049	4,432
As at 30 June 2022 (unaudited)	23,431	10,145	33,576

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

24. BANK BORROWINGS AND LEASE LIABILITIES (Continued)

Reconciliation of liabilities arising from financing activities (Continued)

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2021 (audited)	8,838	22,555	31,393
<i>Changes from financing cash flows</i>			
Proceeds from bank borrowings	12,024	—	12,024
Repayment of bank borrowings	(8,842)	—	(8,842)
Payment of lease liabilities	—	(3,943)	(3,943)
Interest paid	(284)	—	(284)
Total changes from financing cash flows	2,898	(3,943)	(1,045)
<i>Other changes</i>			
Interest expense	284	379	663
Addition of new lease	—	8,478	8,478
Modification of lease	—	(12,588)	(12,588)
Disposal of subsidiaries	—	(7,122)	(7,122)
Exchange realignment	4	320	324
Total liability-related other changes	288	(10,533)	(10,245)
As at 30 June 2021 (unaudited)	12,024	8,079	20,103

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

25. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2022 and 31 December 2021 may be categorised as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Financial assets		
Financial assets at amortised cost	232,131	251,783
Financial assets at fair value through profit or loss	4,069	4,118
Financial assets at fair value through other comprehensive income	336,729	402,484
	572,929	658,385
Financial liabilities		
Financial liabilities measured at amortised cost	138,429	126,993
Lease liabilities	10,145	6,809

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).

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**25. 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: (Continued)

	As at 30 June 2022 (unaudited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	4,069	—	—	4,069
Financial assets at fair value through other comprehensive income	—	—	336,729	336,729
	4,069	—	336,729	340,798

	As at 31 December 2021 (audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	4,118	—	—	4,118
Financial assets at fair value through other comprehensive income	—	—	402,484	402,484
	4,118	—	402,484	406,602

For the financial assets at fair value through other comprehensive income, it mainly consisted of unlisted investment funds as detailed in note 16.

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**25. 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 30 June 2022 and 31 December 2021 are arrived at based on a valuation carried out by Graval Consulting Limited (“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.

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Market multiples of comparable companies adopted		
— Price-to-earnings ratio (“P/E Ratio”)	38.78	35.10
— Price-to-book ratio (“P/B Ratio”)	3.50	3.09
— Price-to-sales ratio (“P/S Ratio”)	4.13 – 4.53	4.71 – 7.43
— Market rate of return	–0.74 – 0.92	–0.83 – 1.75
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\$366,000 (31 December 2021: HK\$347,000). 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\$366,000 (31 December 2021: HK\$347,000).

**25. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY
CATEGORY (Continued)**

Significant unobservable inputs (Continued)

Mobile Internet Fund (Continued)

Had the P/B Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK\$37,000 (31 December 2021: HK\$34,000). 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\$37,000 (31 December 2021: HK\$34,000).

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK\$441,000 (31 December 2021: HK\$558,000). 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\$441,000 (31 December 2021: HK\$558,000).

Had the market rate of return of comparable companies adopted increased by 1%, it would decrease the fair value of the unlisted investment by HK\$150,000 (31 December 2021: increase by HK\$208,000). Had the market rate of return of comparable companies adopted decreased by 100 basis points, it would increase the fair value of the unlisted investment by HK\$150,000 (31 December 2021: decrease by HK\$208,000).

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**25. 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 30 June 2022 and 31 December 2021 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 Golden Rock, which are appraised by market approach referencing to comparable companies' benchmark multiples.

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Market multiples of comparable companies adopted		
— P/S Ratio	10.29	6.35
Discount for lack of marketability	10.50%	15.80%

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK\$242,000 (31 December 2021: HK\$277,000). 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\$242,000 (31 December 2021: HK\$277,000).

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**25. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY
CATEGORY (Continued)**

Significant unobservable inputs (Continued)

New Rock Capital Fund

The fair value of the New Rock Capital Fund as at 30 June 2022 and 31 December 2021 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 New Rock Capital Fund, which are appraised by market approach referencing to comparable companies' benchmark multiples.

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Market multiples of comparable companies adopted		
– P/S Ratio	1.33 – 10.29	1.87 – 6.35
– P/B Ratio	0.55 – 1.48	0.47 – 3.84
– Market rate of return	0.70	N/A
Discount for lack of marketability	10.50% – 15.80%	15.80%

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK\$364,000 (31 December 2021: 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\$364,000 (31 December 2021: 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\$124,000 (31 December 2021: 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\$124,000 (31 December 2021: HK\$314,000).

**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**25. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY
CATEGORY (Continued)**

Significant unobservable inputs (Continued)

New Rock Capital Fund (Continued)

Had the market rate of return of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK\$948,000 (31 December 2021: N/A). Had the market rate of return of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK\$948,000 (31 December 2021: N/A).

The following table shows the reconciliation of Level 3 fair value measurement of the unlisted investment fund:

	HK\$'000
As at 1 January 2021 (audited)	361,651
Addition	29,416
Change in fair value (included in other comprehensive income)	11,417
As at 31 December 2021 and 1 January 2022 (audited)	402,484
Addition	5,814
Change in fair value (included in other comprehensive income)	(71,569)
As at 30 June 2022 (unaudited)	336,729

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 six months ended 30 June 2022 and 2021.

26. PLEDGE OF ASSET

Save for those disclosed in other parts of this report, at 30 June 2022, an intangible asset with carrying amount of HK\$Nil (31 December 2021: HK\$Nil) was pledged to certain corporate guarantees for counter guarantee of secured bank loans (31 December 2021: a corporate guarantee for counter guarantee of a secured bank loan).

27. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were reviewed by the audit committee of the Company and approved and authorised for issue by the Board on 25 August 2022.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this Interim Report, unless the context otherwise requires, the following expressions shall have the following meaning:

“2012 Scheme”	the share option scheme of the Company adopted on 30 April 2012 and expired on 30 April 2022;
“2022 Scheme”	the existing share option scheme of the Company adopted on 30 May 2022;
“AI”	artificial intelligence;
“AGM”	the annual general meeting of the Company held on 26 May 2022;
“associate(s)”	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;
“BSN”	Blockchain-based Service Network;
“BVI”	the British Virgin Islands;
“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;
“Company”	Crazy Sports 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);
“Director(s)”	the director(s) of the Company;

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS (CONTINUED)

“Easy Prime”	Easy Prime Developments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company;
“Easy Prime Share Option Scheme”	the share option scheme of Easy Prime approved by Shareholders at the annual general meeting of the Company 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;
“Executive Committee”	the executive committee of the Company;
“FIFPro”	Fédération Internationale des Associations de Footballeurs Professionnels;
“Group”, “Crazy Sports”, “Crazy Sports Group”, “we” or “our”	the Company, together with its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“IP”	intellectual property;
“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;
“Nomination Committee”	the nomination committee of the Company;
“Period”	the period for the six months ended 30 June 2022;

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS (CONTINUED)

“PRC”	the People’s Republic of China;
“PVP”	player versus player;
“R&D”	research and development;
“Remuneration Committee”	the remuneration committee of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“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 2012 Scheme or 2022 Scheme (as the case may be);
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.