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CRAZY SPORTS GROUP LIMITED

瘋狂體育集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 82)

2021 ANNUAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021. These results have been audited by the Group's auditor, BDO Limited, based on the Hong Kong Standards on Auditing and reviewed by the Audit Committee.

In this announcement, “we” or “our” refers to the Group.

2021 ANNUAL RESULTS HIGHLIGHTS

During the year, Crazy Sports made every effort to develop the digital sports entertainment business. Through investments in R&D, human resources and IPs, it has established a comprehensive online and offline sports community ecosystem surrounding competitive sports, national fitness, sports culture in the industrial chains. The businesses of Crazy Sports have reached a new level this year, successfully showcasing its strategic upgrade in technologies, channels, services and branding. Driven by the growth in every business area, the Group recorded profit attributable to owners of the Company of HK\$157.0 million for the year. In accordance with the National “14th Five-Year Plan”, the market size of China's sports industry will reach RMB5 trillion by 2025, which brings huge market opportunities for Crazy Sports' digital entertainment ecosystem and lays a solid foundation for the sustainable growth of the Group.

Financial Highlights

- In 2021, the Group successfully established a comprehensive sports entertainment interactive platform integrating events information, analyses and predictions, live broadcasts, quizzes and games, covering multiple industrial chains in the sports field. The total number of users on the platform increased by 50% year-on-year to 48.06 million, and the monthly active users increased by 134% year-on-year to 2.56 million, bringing a strong driving force for the continuous growth in performance.
- Revenue was HK\$511.2 million, an increase of 70.0% year-on-year, mainly driven by strong demand for the Group's digital sports entertainment products and services. During the year, revenue from paid sports information platform increased by 144.4% to HK\$131.3 million, sports social interactive platform increased by 89.8% to HK\$85.4 million, sports and leisure games increased by 32.0% to HK\$263.6 million, and lottery-related commission income increased by 11.6 times to HK\$30.9 million, as compared to the year ended 31 December 2020.
- The Group's total investments in R&D and intangible assets in 2021 amounted to HK\$105.9 million, including the use of digital technologies to upgrade the contents, users experience and navigation across Crazy Red Insights APP and Crazy Sports APP; the official launch of Fantasy Sports Events APP, a sports event and interactive quizzing entertainment service platform; and the purchase of top sports and leisure type IP rights to develop "Ace Soccer" (球場風雲), an iconic football e-sports mobile game, as well as numerous sports games in popular science, which injected impetus into the multi-matrix development of Crazy Sports ecosystem, resulted in the rapid growth of every business area, and led to remarkable investment results.

Core Strategy

- As a leading digital sports entertainment community operator and a leading enterprise in internet sports industry in China, the Group has actively built along the national strategy to build a strong sports infrastructure and to deeply engage into the trillion-worth digital + sports entertainment market. Leveraging its enormous sports user database, AI, and blockchain technology to empower traditional sports events, we have established the "Events + Quizzes, IP + Sports Games, Crazy Red Insights + Lottery Sales" trio-pillar growth engine. With the mission of "Let Sports Create Happiness", we are committed to serve the users with a digital entertainment platform that enables multi-dimensional and real-time participation in sports events.

CHAIRMAN'S STATEMENT

Dear fellow Shareholders,

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

First, we should start with the Beijing Winter Olympic Games which have just concluded. Beijing has become the only city in the world to host both Summer Olympic Games and Winter Olympic Games. This accomplishment has awakened a quarter of the world's population, who have been engaging themselves relentlessly in sports, the only way to gain physical strength in the fight against the pandemic. Sports have never been and almost evolving into a focus of world attention and exhibiting a number of major development trends:

Trend 1: An emergence of new sports categories

Driven by changes in demographic characteristics, there has been a rapid growth in the number of "Generation Z" (those born between 1995 and 2010) participating in new sports such as adventure activities and e-sports. The COVID-19 pandemic, in particular, has given rise to many new sports categories.

Trend 2: Sports are becoming increasingly globalised

Although still subject to the impact of the pandemic, the globalisation trend of sports has remained intact. Global connectivity, global audiences, global sports leagues, sports fans from all over the world, and global media have been treading across national boundaries. To fulfil needs for development, the media are busy on acquiring broadcast rights for competition events and sports clubs deploy their resources acquiring fans from all over the world.

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

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

Trend 4: Blockchain and AI are widely used

AI technologies have been increasingly applied in sports, such as helping athletes with scientific training, conducting events analyses and predictions, improving fan interactions, and providing customised peripheral services. The sports industry is ushering into a new intelligence-driven era. With the decentralised and immutability features afforded by blockchain technologies, users feel more assured to use products available on the chains with confidence free of worries about data security. Digital copyrights will be a key driver for overall growth. From a revenue perspective, digital media broadcasting rights are the most promising, and NFT based sports game IPs and derivatives transactions are expected to grow as much as 200% a year on average in the next 3 to 5 years.

Trend 5: Participation of mass users in the sports industry

For sports clubs, celebrity athletes and operators in the sports industry, fan engagement is a key success factor which forms the foundation of their development, and this group represents a huge revenue stream. Many countries see emergence of the middle class who are potential new sports players, the new user base and market fundamentals supporting the development of the sports industry.

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

VR and AR technologies are powerful tools to enhance sports participation, and fans can impersonate their favourite athletes and experience the games from a first-person perspective. Immersive experience will be a major dimension of development for the new sports industry.

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

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

Second, as a leading enterprise in the internet sports industry in China, we have accomplished innovations in our channel development. Through the establishment of a comprehensive sports and entertainment interactive platform integrating sports events information, analyses and predictions, live broadcasts, quizzes and games, major international events such as UEFA Euro and Tokyo Olympic Games held in 2021 stimulated demand for the Group's core APPs. Strong user data traffic has established a solid footing for our strong growth.

Third, in 2021, with the ongoing development of technologies such as the internet, digitalization, AI, and 5G, we are in an always-on-line digital environment. Technology concepts represented by metaverse and NFT will begin to be extensively deployed. Technologies has revolutionised the industries. Sports has long been in existence in an environment where technology was slowly evolving. Yet things changed and everything that goes digital can be interconnected. Now with the development of AR, VR, XR and other technologies, everyone can use digital technologies to integrate sports content and experiences to daily living. Crazy Sports understands the high extensibility and growth potential featured on the sports entertainment racetrack. We have been adhering to our belief in empowering businesses with technologies, to accomplish competition by differentiation and implementing strategic upgrades. We continue to lead innovations and explorations in the industry, and proactively plan in advance our resources and strategy deployment in preparation of the next wave of technological innovations.

Fourth, the development of Crazy Sports is the hero of the times. According to the National “14th Five-Year Plan”, the sports industry in China will reach a significant market size of RMB5 trillion by 2025, the market size is huge. Becoming a sports superpower is China’s strategy. China is in the process of shifting from a major sports nation to a sports superpower, which will see rapid development in competitive sports, national fitness, and sports culture. Local governments are investing heavily in sports to promote the vigorous development of the sports industry. We are doing the right thing at the right time.

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

You should agree by now that Crazy Sports Group will connect with all sports events of the world and will unveil a runway in the metaverse for you. Crazy Sports will interconnect everybody in the world and strengthen everybody under the Olympic motto of “Faster, Higher, Stronger — Together”.

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

Dr. Zhang Lijun
Chairman

25 March 2022

MANAGEMENT DISCUSSION & ANALYSIS

CORE BUSINESS REVIEW

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

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

Online paid sports information platform — Crazy Red Insights APP

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

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

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

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

Engaging more celebrity sports experts to provide users with quality contents

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

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

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

Sports social interactive platform — Crazy Sports APP

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

In 2021, a year of major sports tournament, the sports social interactive platform of Crazy Sports also grew significantly by leveraging the high demand of football fans for sports game information. The anchors of Crazy Sports APP also drive users' activities and consumption in the form of events quizzing games and interaction through chats about football. It has also launched UEFA Euro gift package of "Ace Soccer" in the form of community activities, members marketing, and reward exchange. Capitalised on the hype of the UEFA Euro, conversion and realization between business lines were fully optimised. The number of new downloads of Crazy Sports APP throughout 2021 was 300% of that for the corresponding period of last year. UEFA Euro ignited the passion of sports fans and added fuel to the growth of Crazy Sports. Crazy Sports provided rich content, including top expert content from Crazy Red Insights, fantasy sports events entertainment activities and live broadcast, which boosted the stable growth of paying users and their average spending.

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

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

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

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

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

Sports and leisure games business

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

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

Releasing a number of blockbuster mobile games, giving birth to a hot-selling football mobile game in mainland China — “Ace Soccer”

“Ace Soccer”, a strategy flagship game under Crazy Sports, was the first soccer e-sports mobile game launched in the mainland China market in 2021 with official IP license secured from FIFPro, and was first launched on Android and Apple channels in May and June 2021 respectively. Driven by product innovation and events, the game was positively commented by players on various channels. The game, by virtue of its excellent retention and payment data performance, has long been recommended by numerous channels including Apple, Huawei, OPPO, VIVO, Jiuyou, Yingyongbao and TapTap. In August 2021, “Ace Soccer” officially landed in Hong Kong, Macao and Taiwan. Gameone Group Limited carried out comprehensive promotion of “Ace Soccer” in Hong Kong, signed contracts with famous brand ambassadors, and simultaneously launched branding activities in Hong Kong. In December 2021, Michael James Owen, an international superstar, became the ambassador of the game which has drawn the attention of many football fans and further promote “Ace Soccer” to become a star product in the industry. “Ace Soccer” has been pursuing gameplay innovation to provide players with better soccer e-sports experience. In addition to the provision of innovative playing methods such

as real-time control, story plot, card formation and free club transfer, “Ace Soccer” also include commercial war, the core gameplay of alliance wargame, pioneering the fusion of alliance battle wargame playing method into a soccer game. It has also upgraded the pure individual PVP battle to a soccer e-sports game where individuals and teams cooperate for victory, significantly enhancing the pleasure of players to team up to compete, which is beneficial to the long-term ecosystem development of the game service. At the same time, in order to fully reflect the charm of e-sports games, “Ace Soccer” held 44 e-sports competitions in 12 cities of Hebei Province in cooperation with its partners combining e-sports competitions and sports lottery ticketing. Through the fun of competitive games, the participants enjoyed the entertainment at the same time participated in competitions that require skills, showing the knowledge level and competitiveness of e-sports events.

“Ace Soccer” has won multiple awards, including the annual “Product Innovation Award” of the STIF2021 International Sci-Tech Innovation Festival, the “Most Innovative Award” of the 3rd Cicada Awards, the 2021 “Most Popular APP Award” of the industry award selected by Niaogebiji.com., and the “Blackstone Award” for the most popular card game of the year jointly selected by mobile manufacturers of Mobile Hardcore Alliance, including Huawei, OPPO, VIVO.

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

Publishing sports games and multiple sports leisure games

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

characters from Chinese Football Association Super League and IPs of own novels into male-oriented games, attracting IP fans groups through implanting IPs into quality games, so as to fully leverage value of Crazy Sports' own IP by meeting the needs of the target group for different game categories.

Sports lottery retail services

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

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

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

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

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

Business Outlook

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

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

STRATEGIC INVESTMENTS

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

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

Investment in private equity funds

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

(a) *China Prosperity Capital Mobile Internet Fund, L.P. (“CPC Fund”)*

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

(b) *Golden Rock Cayman LP (“Golden Rock Fund”)*

In 2017, the Group entered into a limited partnership agreement to subscribe for the limited partnership interests in Golden Rock Fund and injected US\$2,000,000 to the Golden Rock Fund. The Golden Rock Fund is an exempted limited partnership registered under the laws of the Cayman Islands, which principally engaged to achieve long-term capital appreciation primarily through privately-negotiated investments in securities and/or equity that operate in or otherwise derive significant business opportunities from the mobile Internet sector, its related technologies, products and services. Due to the return received its from successful underlying investments, the

Group had received dividend income amounted to HK\$6.0 million from the Golden Rock Fund during the year (2020: HK\$Nil). The fair value of the Group's investment in Golden Rock Fund was HK\$23.9 million as at 31 December 2021 (2020: HK\$19.3 million), with a fair value gain of HK\$4.6 million recognised as other comprehensive income.

(c) *New Rock Capital Fund LP (formerly known as CATV Cayman LP) (“New Rock Capital Fund”)*

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

Investment in Bank of Asia

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

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

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

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

FINANCIAL REVIEW

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

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

CONTINUING OPERATIONS

Revenue

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

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

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

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

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

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

Cost of revenue and gross profit

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

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

Other gains and losses

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

Selling and marketing expenses

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

Administrative expenses

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

Reversal of impairment of interest in an associate

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

Share of results of associates

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

Income Tax

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

DISCONTINUED OPERATIONS

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

PROFIT FOR THE YEAR

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

Working capital

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

Net cash generated from operating activities

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

Net cash used in investing activities

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

Net cash generated from financing activities

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

Capital Structure

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

Use of proceeds from placement

- (i) On 20 January 2020, the Company and an independent third party (the "January 2020 Placee") entered into a conditional placing agreement (the "January 2020 Placing") pursuant to which the Company has conditionally agreed to allot and issue 75,000,000 ordinary shares (the "January 2020 Placing Shares") to the January 2020 Placee at a price of HK\$0.200 per January 2020 Placing Share. The January 2020 Placing was completed on 4 February 2020. In relation to the January 2020 Placing, as disclosed in the Company's announcement dated 20 January 2020, the Company intended to apply all the net proceeds of approximately HK\$15.0 million raised from the January 2020 Placing as general working capital of the Group. As at 31 December 2020, the Group had completely utilised the net proceeds of approximately HK\$15.0 million as intended.
- (ii) On 7 December 2020, the Company entered into the conditional placing agreements (the "December 2020 Placing") with each of the independent third parties (the "December 2020 Placees") pursuant to which the Company has conditionally agreed to allot and issue 215,180,180 ordinary shares (the "December 2020 Placing Shares") to the December 2020 Placees at a price of HK\$0.222 per December 2020 Placing Share. The December 2020 Placing was completed on 21 December 2020. In relation to the December 2020 Placing, the net proceeds amounted to approximately HK\$47.7 million. As disclosed in the Company's announcement dated 7 December 2020, the Company intended to apply approximately HK\$30.0 million of the net proceeds for the development of the Group's digital sports entertainment business and the balance of approximately HK\$17.7 million for general working capital of the Group. As at 31 December 2020, the net proceeds of HK\$47.7 million raised from the December 2020 Placing had not been utilised by the Group and was deposited into the bank accounts of the Group. During 2021, the Group had utilised as intended (i) approximately HK\$30.0 million of the net proceeds in the acquisition of intangible assets, product R&D for expansion of the digital sports entertainment business; and (ii) approximately HK\$17.7 million on general working capital purpose. The Group had completely utilised the net proceeds of approximately HK\$47.7 million as intended.

OTHER FINANCIAL INFORMATION

Treasury policy

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

Material acquisitions and disposals

Except for the disposals of the equity interest in subsidiaries and associate as disclosed in notes 9 and 17 to the consolidated financial statements, there was no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2021.

Foreign exchange risk

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

Pledge of assets

Except for the pledge of intangible asset as disclosed in note 18 to the consolidated financial statements, the Group did not have any pledged assets as at 31 December 2021 (2020: Nil).

Contingent liabilities

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

Gearing ratio

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

Dividends

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

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 HK\$'000	2020 HK\$'000
CONTINUING OPERATIONS			
Revenue	4(c)	511,218	300,805
Cost of revenue		<u>(282,050)</u>	<u>(170,104)</u>
Gross profit		229,168	130,701
Other gains and losses	5	42,461	83,405
Selling and marketing expenses		(110,513)	(52,903)
Administrative expenses		(80,590)	(61,354)
Reversal of impairment/(impairment) of interest in an associate		42,211	(870)
Share of results of associates		18,749	(31,734)
Finance costs	6	<u>(993)</u>	<u>(856)</u>
Profit before income tax	7	140,493	66,389
Income tax credit	8	<u>2,715</u>	<u>2,136</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		143,208	68,525
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations, net of tax	9	<u>—</u>	<u>(199,861)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>143,208</u>	<u>(131,336)</u>
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
— Exchange differences arising on translation of foreign operations		(10,847)	15,601
— Reclassification upon disposal of subsidiaries		<u>18,390</u>	<u>8,541</u>
		7,543	24,142
Item that will not be reclassified to profit or loss:			
— Fair value change on financial assets at fair value through other comprehensive income		<u>11,417</u>	<u>9,010</u>
Other comprehensive income for the year, net of tax		<u>18,960</u>	<u>33,152</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>162,168</u>	<u>(98,184)</u>

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
PROFIT/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company			
Profit for the year from continuing operations		157,012	68,584
Loss for the year from discontinued operations		<u>—</u>	<u>(200,500)</u>
Profit/(loss) for the year attributable to owners of the Company		<u>157,012</u>	<u>(131,916)</u>
Non-controlling interests			
Loss for the year from continuing operations		(13,804)	(59)
Profit for the year from discontinued operations		<u>—</u>	<u>639</u>
(Loss)/profit for the year attributable to non-controlling interests		<u>(13,804)</u>	<u>580</u>
		<u>143,208</u>	<u>(131,336)</u>
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Owners of the Company		178,733	(98,415)
Non-controlling interests		<u>(16,565)</u>	<u>231</u>
		<u>162,168</u>	<u>(98,184)</u>
EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
— Basic (HK cents)	<i>10</i>	<u>3.47</u>	<u>(3.07)</u>
— Diluted (HK cents)	<i>10</i>	<u>3.45</u>	<u>(3.07)</u>
EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
— Basic (HK cents)	<i>10</i>	<u>3.47</u>	<u>1.59</u>
— Diluted (HK cents)	<i>10</i>	<u>3.45</u>	<u>1.59</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AT 31 DECEMBER 2021*

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		6,629	7,806
Goodwill		444,093	426,941
Intangible assets		126,800	53,095
Interests in associates	<i>11</i>	72,275	11,181
Financial assets at fair value through other comprehensive income		402,484	361,651
Right-of-use assets	<i>16</i>	6,349	22,557
Deferred tax assets		331	318
Prepayments for purchase of intangible assets		10,522	—
		1,069,483	883,549
CURRENT ASSETS			
Trade receivables	<i>12</i>	60,556	35,805
Other receivables, deposits and prepayments		141,303	73,372
Inventories		—	372
Financial assets at fair value through profit or loss		4,118	50,612
Amount due from an associate		—	33,382
Amounts due from related companies		1,042	163
Tax receivables		174	169
Cash and cash equivalents		80,938	109,764
		288,131	303,639
TOTAL ASSETS		1,357,614	1,187,188

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and other payables	<i>13</i>	72,791	94,909
Contract liabilities	<i>14</i>	55,258	14,673
Lease liabilities	<i>15</i>	3,253	12,251
Amounts due to related companies		42,029	46,952
Bank borrowings	<i>15</i>	12,257	8,838
Tax payable		112,094	112,094
		<u>297,682</u>	<u>289,717</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(9,551)</u>	<u>13,922</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,059,932</u>	<u>897,471</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,762	6,269
Lease liabilities	<i>15</i>	3,556	10,304
		<u>7,318</u>	<u>16,573</u>
NET ASSETS		<u>1,052,614</u>	<u>880,898</u>
EQUITY			
Share capital		45,262	45,036
Reserves		1,007,352	819,297
Equity attributable to owners of the Company		1,052,614	864,333
Non-controlling interests		<u>—</u>	<u>16,565</u>
TOTAL EQUITY		<u>1,052,614</u>	<u>880,898</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The Company is an investment holding company. The Company and its subsidiaries (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, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the People’s Republic of China (the “PRC”) (the “Digital sports entertainment business”). In prior year, the Group was also engaged in the operation of online trading platform, provision of internet information services included internet audio-visual new media and other Internet+ business in the PRC and the operation of a satellite TV station in Dubai, the United Arab Emirates (the “UAE”) (the “Telemedia and e-commerce business”). On 7 December 2020, the Telemedia and e-commerce business was disposed of and was presented as discounted operations in the consolidated financial statements for the year ended 31 December 2020 (note 9).

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

(a) Adoption of new or amended HKFRSs

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

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

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

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

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

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

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

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

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

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

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

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

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

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

- ¹ Effective for annual periods beginning on or after 1 January 2022
- ² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022
- ³ Effective for annual periods beginning on or after 1 January 2023

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

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

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

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

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

(c) Functional and presentation currency

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

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The chief operating decision maker has been identified as the executive directors.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Directors in order to allocate resources and assess performance of the segment.

For the year ended 31 December 2021, following the disposal of subsidiaries on 7 December 2020, the Group has only one reportable operating segment which is the Digital sports entertainment business. Thus, no operating segments have been aggregated to form the above reportable operating segment. Details of the discontinued operations are further set out in note 9.

Continuing operations:

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

Discontinued operations:

- The Telemedia and e-commerce business involved the operation of online trading platform, provision of Internet information services included Internet audio-visual new media and other Internet+ business in the PRC and a satellite TV station in Dubai, the UAE (discontinued during 2020 (note 9)).

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision makers for assessment of segment performance.

For the year ended 31 December 2020

	<u>Continuing operations</u>	<u>Discontinued operations</u>	
	Digital sports entertainment business	Telemedia and e-commerce business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	<u>300,805</u>	<u>2,159,622</u>	<u>2,460,427</u>
Reportable segment gross profit/(loss)	<u>130,701</u>	<u>(17,313)</u>	<u>113,388</u>
Reportable segment profit/(loss)	<u>65,848</u>	<u>(199,861)</u>	<u>(134,013)</u>
Interest income	98	61	159
Interest expense	(511)	(439)	(950)
Depreciation and amortisation	26,428	21,850	48,278
Reportable segment assets	581,758	—	581,758
Additions to non-current assets	13,854	19,992	33,846
Reportable segment liabilities	<u>106,893</u>	<u>—</u>	<u>106,893</u>

(a) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities, and other material items

	2020 <i>HK\$'000</i>
Revenue	
Reportable segment revenue	2,460,427
Elimination of discontinued operations	<u>(2,159,622)</u>
Consolidated revenue	<u>300,805</u>
Profit before income tax credit and discontinued operations	
Reportable segment loss	(134,013)
Segment loss from discontinued operations	199,861
Other gains and losses	80,478
Impairment loss on interest in an associate	(870)
Share of results of associates	(31,734)
Finance costs	(345)
Unallocated expenses:	
— Legal and professional fee	(6,870)
— Share-based payment expenses	(2,418)
— Staff costs	(24,493)
— Others	<u>(13,207)</u>
Consolidated profit before income tax credit from continuing operations	<u>66,389</u>

2020
HK\$'000

Assets

Reportable segment assets	581,758
Other financial assets	412,263
Interests in associates	11,181
Right-of-use assets	20,354
Amount due from an associate	33,382
Other receivables, deposits and prepayments	34,810
Cash and cash equivalents	85,880
Unallocated corporate assets	<u>7,560</u>
Consolidated total assets	<u><u>1,187,188</u></u>

Liabilities

Reportable segment liabilities	106,893
Deposits received, other payables and accruals	19,928
Lease liabilities	20,423
Tax provision for gain on disposal of subsidiaries	112,094
Unallocated corporate liabilities	<u>46,952</u>
Consolidated total liabilities	<u><u>306,290</u></u>

Other material items

Reportable depreciation and amortisation	48,278
Unallocated	<u>3,843</u>
Consolidated depreciation and amortisation	<u><u>52,121</u></u>

(b) Geographical information

During 2021, 100% (2020: over 90%) of the Group's revenue is attributable to customers in the PRC and over 80% (2020: over 90%) of the Group's total non-current assets other than financial assets and deferred tax assets are located in the PRC and the remaining non-current assets are located in Hong Kong (2020: Hong Kong).

(c) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing or revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Continuing operations		Discontinued operations		Total	
	Digital sports entertainment business		Telemedia and e-commerce business			
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Paid sports information platform	131,292	53,716	—	—	131,292	53,716
Sports social interactive platform	85,374	44,978	—	—	85,374	44,978
Sports and leisure games	263,610	199,656	—	—	263,610	199,656
Lottery related commission income	30,942	2,455	—	—	30,942	2,455
E-commerce trading platform	—	—	—	2,138,169	—	2,138,169
Advertising and services income	—	—	—	21,453	—	21,453
	<u>511,218</u>	<u>300,805</u>	<u>—</u>	<u>2,159,622</u>	<u>511,218</u>	<u>2,460,427</u>
Timing of revenue recognition						
At a point in time	—	10	—	2,138,169	—	2,138,179
Transferred over time	<u>511,218</u>	<u>300,795</u>	<u>—</u>	<u>21,453</u>	<u>511,218</u>	<u>322,248</u>
	<u>511,218</u>	<u>300,805</u>	<u>—</u>	<u>2,159,622</u>	<u>511,218</u>	<u>2,460,427</u>

(d) Major customers

There were no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the years ended 31 December 2021 and 2020.

5. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Dividend income from financial assets at fair value through other comprehensive income (“FVOCI”)	32,751	26,459
Net gain on disposal of subsidiaries	20,397	—
Gain on realisation of financial assets at fair value through profit or loss (“FVTPL”)	6,892	8,442
Government grants	3,315	2,092
Waiver of other payables	6,618	—
Waiver of dividend payable	1,331	—
Dividend income from financial assets at FVTPL	448	19,569
Gain on modification of lease	311	—
Interest income	132	133
Gain on disposal of an associate	102	—
Waiver of fund management fee of financial assets at FVOCI	—	14,531
Loss on settlement of financial assets at FVTPL	—	(3,085)
Loss on derecognition of financial assets at FVTPL	—	(27,978)
(Loss)/gain on deemed disposal of an associate	(91)	35,664
Loss on written off of property, plant and equipment	(185)	—
Loss on disposal of property, plant and equipment	(702)	—
Net foreign exchange losses	(2,808)	(3,302)
Fair value (loss)/gain on financial assets at FVTPL	(27,304)	7,531
Others, net	1,254	3,349
	<u>42,461</u>	<u>83,405</u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Interest on lease liabilities	524	422
Interest on bank borrowings	469	434
	<u>993</u>	<u>856</u>

7. PROFIT BEFORE INCOME TAX

Continuing operations

Profit before income tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (excluding directors' remuneration)		
— Salaries and wages	25,058	12,208
— Pension fund contributions	3,851	1,201
— Share-based payments	<u>653</u>	<u>1,576</u>
	<u>29,562</u>	<u>14,985</u>
Depreciation of property, plant and equipment	2,278	2,807
Depreciation of right-of-use assets	5,762	4,867
(Reversal of impairment)/impairment of interest in an associate	(42,211)	870
Amortisation of intangible assets included in		
— Cost of revenue	18,099	19,077
— Administrative expenses	6,739	3,520
Auditor's remuneration		
— Audit service	1,300	1,500
— Non-audit service	<u>200</u>	<u>280</u>

8. INCOME TAX CREDIT

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
— Hong Kong profits tax for the year	—	—
— PRC income tax for the year	<u>—</u>	<u>48</u>
	—	48
Deferred taxation		
— Attributable to the reversal of temporary differences	<u>(2,715)</u>	<u>(2,184)</u>
Income tax credit	<u>(2,715)</u>	<u>(2,136)</u>
Represented by:		
— Continuing operations	(2,715)	(2,136)
— Discontinued operations	<u>—</u>	<u>—</u>
	<u>(2,715)</u>	<u>(2,136)</u>

No provision was made for Hong Kong profits tax as the Group had no assessable profits in Hong Kong during the year.

Arab Business TV FZ-LLC is incorporated as a free zone limited liability company in Dubai. Pursuant to the income tax rules and regulations in Dubai, it is exempted from income tax for a period of 50 years. Following the disposal of Golden Target Global Limited (“Golden Target”) (notes 9 and 17), it was disposed of accordingly.

Beijing Crazy Sports Management Company Limited (北京瘋狂體育產業管理有限公司) which is recognised as a high-technology company according to PRC tax regulations and is entitled to a preferential tax rate of 15% for the years ended 31 December 2021 and 2020.

Khorgos Crazy New Game Network Technology Company Limited (“Khorgos Crazy”) (霍爾果斯瘋狂新遊網絡科技有限公司), a company incorporated as a limited liability company in Khorgos Special Region, Xinjiang, PRC. Pursuant to the tax exemption document and complied with PRC tax regulations, Khorgos Crazy is exempted from income tax for the years ended 31 December 2021 and 2020.

9. DISCONTINUED OPERATIONS

On 7 December 2020, the Company and the New Rock Capital Fund LP (formerly known as CATV Cayman LP) (the “New Rock Capital Fund”), an exempted limited partnership registered in the Cayman Islands, entered into a sales and purchase agreement (the “Sales and Purchase Agreement”), pursuant to which the Company agreed to dispose the entire issued share capital of Golden Target and 99.9% equity interest in V1 (China) Investment Co., Ltd. (“China Investment”) at a consideration of US\$11,080,000. The consideration is satisfied by way of admission of subscription of limited partnership interest in the New Rock Capital Fund at a subscription price of US\$11,080,000 (equivalent to approximately HK\$85,870,000) by the Company’s wholly owned subsidiary, Goal Dynasty Limited. The disposal of Golden Target and China Investment was completed on 7 December 2020.

Following the disposal of China Investment, property, plant and equipment of the telemedia business were disposed of accordingly. Following the disposal of Golden Target, the Group ceased to have control over CATV Group Limited and its subsidiaries (“CATV Group”) which operated the broadcasting TV CGU (CATV). Also, the Group has terminated its internet information services agreement, which is the source of revenue for the telemedia business, on 7 December 2020.

On 20 November 2020, the Group entered into a sales and purchase agreement with an independent third party to dispose its entire equity interest in Beijing Liangzi Port Technology Company Limited (“Beijing Liangzi Port”) at a consideration of RMB10,000,000. The disposal of Beijing Liangzi Port was completed on 27 November 2020.

Following the disposal of Beijing Liangzi Port, China Investment and Golden Target (together referred to as the “Disposal Companies”), the Group ceased to operate its Telemedia and e-commerce business.

The abovementioned disposals constitute a discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as the Disposal Companies, which mainly consisted of the Telemedia and e-commerce business, represented one of the major lines of business of the Group. The operation of the Telemedia and e-commerce businesses for the year ended 31 December 2020 was presented as discontinued operations in the consolidated financial statements. The carrying amounts of the assets and liabilities of the Disposal Companies at the date of disposal are disclosed in note 17.

After the abovementioned disposals, the Group retains Digital sports entertainment business as continuing operations.

The results of the discontinued operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2020 to the dates of completion of the disposals <i>(note (b))</i> <i>HK\$'000</i>
Revenue <i>(note (a))</i>	2,159,622
Cost of revenue	<u>(2,176,935)</u>
Gross loss	(17,313)
Other gains and losses	(1,178)
Selling and marketing expenses	(23,025)
Administrative expenses	(32,096)
Written off intangible assets	(102,522)
Written off goodwill	(933)
Finance costs	<u>(439)</u>
Loss before income tax	(177,506)
Loss on disposal of the Disposal Companies <i>(note 17)</i>	<u>(22,355)</u>
Loss for the year from discontinued operations	<u><u>(199,861)</u></u>
Operating cash outflows	(85,469)
Investing cash inflows	17,000
Financing cash inflows	<u>75,104</u>
Net cash inflows	<u><u>6,635</u></u>

Loss before income tax has been arrived at after charging:

**1 January 2020
to the dates of
completion of
the disposals**
(note (b))
HK\$'000

Depreciation of property, plant and equipment	852
Depreciation of right-of-use assets	6,972
Amortisation of intangible assets	14,026
Interest on lease liabilities	439
	<u>439</u>

Note (a):

**1 January 2020
to the dates of
completion of
the disposals**
(note (b))
HK\$'000

Timing of revenue recognition	
At a point in time	2,138,169
Transferred over time	21,453
	<u>21,453</u>
	<u>2,159,622</u>

Note (b):

The disposal of Beijing Liangzi Port was completed on 27 November 2020. The disposal of Golden Target and China Investment was completed on 7 December 2020.

10. EARNINGS/(LOSS) PER SHARE

Continuing and discontinued operations

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

Earnings/(loss)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) attributable to owners of the parent	157,012	(131,916)
Add:		
Loss for the year from discontinued operations	<u>—</u>	<u>200,500</u>
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u>157,012</u>	<u>68,584</u>

Number of shares

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	4,521,615	4,301,910
Effect of dilutive potential ordinary shares:		
— share options	<u>33,972</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of dilutive earnings/(loss) per share	<u>4,555,587</u>	<u>4,301,910</u>

Earnings/(loss) of per share

	2021 <i>HK Cents</i>	2020 <i>HK Cents</i>
— Basic	<u>3.47</u>	<u>(3.07)</u>
— Diluted	<u>3.45</u>	<u>(3.07)</u>

Discontinued operations

For the year ended 31 December 2020, basic loss per share for the discontinued operations is HK\$4.66 cents per share (2021: N/A) and diluted loss per share for the discontinued operations is HK\$4.66 cents per share (2021: N/A), based on the loss for the year from the discontinued operations of HK\$200,500,000 and the denominators detailed above for both basic and diluted loss per share.

The computation of diluted loss per share for the year ended 31 December 2020 does not assume the exercise of the outstanding share options as they had an anti-dilutive effect on the loss per share calculation.

11. INTERESTS IN ASSOCIATES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Share of net assets other than goodwill	27,899	(10,504)
Goodwill	<u>183,135</u>	<u>238,181</u>
	211,034	227,677
Less: impairment	<u>(138,759)</u>	<u>(216,496)</u>
	<u>72,275</u>	<u>11,181</u>

Particulars of the Group's associates are as follows:

Name of company	Form of business structure	Place of incorporation and operation	Percentage of ownership interests/voting rights/profit share	Principal activity
VODone Datamedia Technology Co., Ltd. ("TMD1")	Limited company	PRC	Nil (2020: 49%)	Provision of telemedia business support and content services (<i>note 1</i>)
Bank of Asia (BVI) Limited ("BOA")	Limited company	British Virgin Islands	45.49% (2020: 45.95%)	Provision of British Virgin Islands banking services (<i>note 2</i>)

Note 1: The acquisition of the associates was related to the Group's telemedia business in the PRC. Pursuant to a sales and purchase agreement signed on 30 September 2021 with an independent third party, the Group has disposed its entire interest in TMD1.

Note 2: BOA is established to provide online banking services mainly for British Virgin Islands companies. During 2018, the Group's subsidiary, Smart Token Holdings Limited ("Smart Token") entered into a subscription agreement (the "Second Subscription Agreement") and completed the subscription of new shares of BOA. Afterward the Group holds 37.53% equity interest in BOA. In 2019, pursuant to the Second Subscription Agreement, BOA undertook to Smart Token that it should commence commercial operation and offer banking business to customers as granted under the Approval Letter on or before 27 September 2017, failing which Smart Token might require the guarantor to transfer to it for nil consideration such number of shares as would be equal to 10% of the total number of shares of BOA (the "Compensation Shares") in issue immediately after completion of the Second Subscription Agreement. On 17 August 2019, BOA had notified the Company that the British Virgin Islands Financial Services Commission had approved the transfer of the Compensation Shares to Smart Token, and accordingly the Group holds 47.53% equity interest in BOA.

During 2021, the equity interest held by the Group in BOA was diluted from 45.95% to 45.49% (2020: from 47.53% to 45.95%) due to issuance of share capital by BOA.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

12. TRADE RECEIVABLES

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 6 months	23,932	28,365
Over 6 months but within 1 year	36,385	7,311
Over 1 year but within 2 years	<u>239</u>	<u>129</u>
	<u>60,556</u>	<u>35,805</u>

The Group and the Company assessed impairment loss based on the expected credit loss approach. No impairment loss on trade receivables is recognised as the expected credit loss assessed is not material to the financial statements. The Group has a policy allowing its customers credit periods normally ranging from 10 to 90 days. The Group does not hold any collateral as security.

13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	9,754	18,456
Deposits received	84	13,745
Accruals	9,156	12,388
Dividends payable	—	1,331
Other payables	<u>53,797</u>	<u>48,989</u>
	<u>72,791</u>	<u>94,909</u>

Included in trade and other payables are trade creditors with the following ageing analysis, based on invoice dates, as of the end of reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 6 months	8,500	17,753
Over 6 months but within 1 year	346	227
Over 1 year but within 2 years	844	476
Over 2 years	<u>64</u>	<u>—</u>
Total trade payables	9,754	18,456
Accrued liabilities and other liabilities	<u>63,037</u>	<u>76,453</u>
	<u>72,791</u>	<u>94,909</u>

14. CONTRACT LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	
Contract liabilities arising from games and applications	<u>55,258</u>	<u>14,673</u>	
Movements in contract liabilities:			
	Games and applications <i>HK\$'000</i>	E-commerce trading platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2020	15,932	28,427	44,359
Exchange realignment	807	138	945
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(16,009)	(28,565)	(44,574)
Increase in contract liabilities as a result of sales of virtual currency from users of games and applications	<u>13,943</u>	<u>—</u>	<u>13,943</u>
Balance as at 31 December 2020 and 1 January 2021	14,673	—	14,673
Exchange realignment	1,061	—	1,061
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(15,033)	—	(15,033)
Increase in contract liabilities as a result of sales of virtual currency from users of games and applications	<u>54,557</u>	<u>—</u>	<u>54,557</u>
Balance as at 31 December 2021	<u>55,258</u>	<u>—</u>	<u>55,258</u>

15. LOANS AND BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Current liabilities</i>		
Bank loans due for repayment within one year	12,257	8,838
Lease liabilities — current portion	<u>3,253</u>	<u>12,251</u>
Loans and borrowings — repayable within one year	<u>15,510</u>	<u>21,089</u>
<i>Non-current liabilities</i>		
Lease liabilities — non-current portion	<u>3,556</u>	<u>10,304</u>

The bank borrowings included the loans below:

- (a) As at 31 December 2021, certain bank loans granted by the Bank of China are secured by certain cooperate guarantees and bear interest ranging from 3.16% to 3.78% per annum. The loans are carried at amortised cost. The loans are repayable within one year on 16 March 2022 and 29 June 2022.
- (b) As at 31 December 2020, certain bank loans granted by the Bank of China are secured by certain cooperate guarantees and bear interest ranging from 3.85% to 3.9% per annum. The loans are carried at amortised cost. The loans are repayable within one year on 19 January 2021, 21 January 2021, 24 June 2021 and 9 December 2021.
- (c) As at 31 December 2020 and 2021, the fair value of bank borrowings approximates to their carrying amount largely due to the short-term maturities.

Lease liabilities

	Properties <i>HK\$'000</i>
At 1 January 2020	27,491
Additions	21,507
Interest expense	861
Lease payments	(13,014)
Modification of lease	(15,261)
Exchange realignment	<u>971</u>
At 31 December 2020 and 1 January 2021	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	<u>435</u>
At 31 December 2021	<u><u>6,809</u></u>

Future lease liabilities are payable as follows:

	Minimum lease payments <i>HK\$'000</i>	Interest <i>HK\$'000</i>	Present value <i>HK\$'000</i>
At 31 December 2021			
Not later than one year	3,432	(179)	3,253
Later than one year and not later than five years	<u>3,622</u>	<u>(66)</u>	<u>3,556</u>
	<u>7,054</u>	<u>(245)</u>	<u>6,809</u>
	Minimum lease payments <i>HK\$'000</i>	Interest <i>HK\$'000</i>	Present value <i>HK\$'000</i>
At 31 December 2020			
Not later than one year	13,069	(818)	12,251
Later than one year and not later than five years	<u>10,606</u>	<u>(302)</u>	<u>10,304</u>
	<u>23,675</u>	<u>(1,120)</u>	<u>22,555</u>

The present value of future lease payments are analysed as:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities	3,253	12,251
Non-current liabilities	3,556	10,304
	<u>6,809</u>	<u>22,555</u>

16. LEASE

Leases as lessee

The Group leases office properties. The leases typically run for a period of one to three years. Lease payments are renegotiated every one to three years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

	Properties
	<i>HK\$'000</i>
At 1 January 2020	27,335
Modification of lease	(15,433)
Additions	21,507
Depreciation charge for the year	(11,839)
Exchange realignment	<u>987</u>
At 31 December 2020 and 1 January 2021	22,557
Additions	8,500
Depreciation charge for the year	(5,762)
Modification of lease	(12,031)
Disposal of subsidiaries	(7,360)
Exchange realignment	<u>445</u>
At 31 December 2021	<u><u>6,349</u></u>

17. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries during the year ended 31 December 2021 (material disposal of subsidiaries)

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

On 28 February 2021, the Company disposed of the entire equity interest in Beijing Cloud to an independent third party, at consideration of RMB200,000 (equivalent to HK\$240,000).

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

	28 February 2021 <i>HK\$'000</i>
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	<u>(3,407)</u>
Net assets disposed of	<u><u>424</u></u>

The gain arising from the disposal is calculated as follows:

	28 February 2021 <i>HK\$'000</i>
Total consideration	240
Less: Net assets disposed of	(424)
Add: Realisation of exchange fluctuation reserve	<u>16,909</u>
Gain on disposal of subsidiaries included in continuing operations	<u><u>16,725</u></u>

Net cash inflow arising on disposal

	28 February 2021 <i>HK\$'000</i>
Total cash consideration	240
Cash and cash equivalents disposed of	<u>(142)</u>
	<u><u>98</u></u>

Disposal of subsidiaries during the year ended 31 December 2020

(b) Disposal of Golden Target and China Investment

On 7 December 2020, pursuant to the Sales and Purchase Agreement dated 7 December 2020 entered into between the Company and New Rock Capital Fund, the Group disposed of its entire issued share capital of Golden Target and 99.9% equity interest in China Investment at a consideration of US\$11,080,000. The consideration is satisfied by way of admission of subscription of limited partnership interest in the New Rock Capital Fund at a subscription price of US\$11,080,000 (equivalent to approximately HK\$85,870,000) by the Company's wholly owned subsidiary, Goal Dynasty Limited.

Further details are set out in the Company's announcement dated 7 December 2020.

The net assets of Golden Target and China Investment at the date of disposal on 7 December 2020 were as follows:

	Golden Target	China	Total
	<i>HK\$'000</i>	<i>Investment</i>	<i>HK\$'000</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	493	831	1,324
Financial assets at FVOCI	—	76,028	76,028
Intangible assets	30,295	—	30,295
Other receivables, deposits and prepayments	1,599	57	1,656
Cash and cash equivalents	1,184	752	1,936
Trade and other payables	(921)	—	(921)
	<u>32,650</u>	<u>77,668</u>	<u>110,318</u>
Net assets disposed of	<u>32,650</u>	<u>77,668</u>	<u>110,318</u>

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

	<i>HK\$'000</i>
Fair value of subscribed financial assets at FVOCI	85,870
Less: Net assets disposed of	(110,318)
Add: Non-controlling interests	95
Add: Realisation of exchange fluctuation reserve	<u>9,307</u>
Loss on disposal of subsidiaries included in discontinued operations	<u>(15,046)</u>
Net cash outflow arising on disposal	
	<i>HK\$'000</i>
Cash and cash equivalents disposed of	<u>(1,936)</u>

(c) *Disposal of Beijing Liangzi Port*

On 20 November 2020, the Group entered into a sales and purchase agreement with an independent third party to dispose its entire equity interest in Beijing Liangzi Port at a consideration of HK\$11,144,000 (equivalent to RMB10,000,000). The disposal was completed on 27 November 2020.

The net assets of Beijing Liangzi Port at the date of disposal on 27 November 2020 were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	440
Other receivables, deposits and prepayments	24,029
Inventories	21,810
Cash and cash equivalents	6,816
Trade and other payables	<u>(35,408)</u>
Net assets disposed of	<u><u>17,687</u></u>

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

	<i>HK\$'000</i>
Total consideration	11,144
Less: Net assets disposed of	(17,687)
Less: Realisation of exchange fluctuation reserve	<u>(766)</u>
Loss on disposal of subsidiaries included in discontinued operations	<u><u>(7,309)</u></u>

Net cash inflow arising on the disposal:

	<i>HK\$'000</i>
Cash consideration	11,144
Cash and cash equivalents disposed of	<u>(6,816)</u>
	<u><u>4,328</u></u>

18. PLEDGE OF ASSET

Save for those disclosed in other parts of this announcement, at 31 December 2021, an intangible asset with carrying amount of HK\$Nil (31 December 2020: N/A) was pledged to a corporate guarantee for counter guarantee of a secured bank loan.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

Employee and Remuneration Policies

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

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

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

Closure of Register of Members

The register of members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 May 2022.

Corporate Governance

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

The Company had applied and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2021.

Audit Committee

The Audit Committee consists of the independent non-executive Directors, namely Dr. LOKE Yu (alias LOKE Hoi Lam), Mr. ZANG Dongli, Mr. ZHOU Jingping and Ms. LIU Haoming. The Audit Committee has reviewed with management the accounting principles and standards adopted by the Group, and discussed auditing, risk management and internal control and financial reporting matters including the review of the annual results for the year ended 31 December 2021.

Scope of Work of the Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements, and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Publication of the Final Results and Annual Report

This annual results announcement is published on the Company's website (<https://ir.crazysports.com>) and the Hong Kong Exchanges and Clearing Limited's website (<http://www.hkexnews.hk>). The Company's 2021 annual report will be despatched to the Shareholders and will be made available on the aforesaid websites in due course.

Appreciation

The Board its sincere gratitude to our employees for their hard work and commitment, which has been, and will continue to be, essential for the Group's success and competitive edge in a market full of challenges and uncertainties. The Board also thank the Shareholders for their continuous support and confidence in the Group.

Subsequent Event

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

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

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“2020”	the financial year ended 31 December 2020
“2021”	the financial year ended 31 December 2021
“5G”	5th generation mobile networks
“Agreement” or “Heads of Agreement”	the Heads of Agreement dated 2 February 2022 entered into between the existing shareholders of Bank of Asia, Bank of Asia and Ammbr Limited in relation to, amongst others, the Subscriptions and the Share Sale (as amended and supplemented by the Supplemental Agreement)
“AI”	artificial intelligence
“AR”	augmented reality
“Audit Committee”	the audit committee of the Company
“Bank of Asia” or “BOA”	Bank of Asia (BVI) Limited, a company incorporated under the laws of BVI with limited liability and a general banking license
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Crazy Sports Group Limited (formerly known as V1 Group Limited), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange

“Crazy Sports”	Beijing Crazy Sports Management Company Limited, together with its subsidiaries
“Directors”	the directors of the Company
“Disposal”	the disposal of in aggregate of 62,551,984 shares of Bank of Asia in two batches by Smart Token to the SPV pursuant and in accordance with the terms of the Agreement
“FIFPro”	Fédération Internationale des Associations de Footballeurs Professionnels
“Group”	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”	Model Code for Securities Transactions by Directors of Listed Issuers
“NFT”	non-fungible token
“PRC”	the People’s Republic of China
“R&D”	research and development
“Restructuring”	the restructuring of the telemedia business of the Group as per announcements of the Company made on 7 December 2020, 11 December 2020 and 24 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Share Sale”	the sale and purchase for the in aggregate of 130,408,845 existing shares of Bank of Asia in two batches pursuant to and in accordance with the terms of the Agreement
“Shareholders”	the shareholders of the Company
“Smart Token”	Smart Token Holdings Limited, a company incorporated in BVI with limited liability, a direct wholly-owned subsidiary of the Company and one of the sellers
“SPV”	the special purpose vehicle to be set up by Ammbr Limited in BVI for the Subscriptions and the Share Sale

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscription by the SPV for the in aggregate of 37,500,000 new shares of Bank of Asia in three tranches pursuant to and in accordance with the terms of the Agreement
“Supplemental Agreement”	the Supplemental Agreement dated 25 February 2022 entered into between the parties to the Agreement
“UCL”	UEFA Champions League
“UEFA Euro”	UEFA European Football Championship
“US\$”	United States dollars, the lawful currency of the United States of America
“VR”	virtual reality
“XR”	extended reality

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

Hong Kong, 25 March 2022

As at the date of this announcement, the Directors are:

Executive Directors:

Dr. ZHANG Lijun (*Chairman*)

Mr. PENG Xitao

Ms. CHENG Po Chuen

Independent Non-executive Directors:

Dr. LOKE Yu (alias LOKE Hoi Lam)

Mr. ZANG Dongli

Mr. ZHOU Jingping

Ms. LIU Haoming