



CRAZY SPORTS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 82

INTERIM REPORT **2021**







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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

Dr. Loke Yu (alias Loke Hoi Lam)
Mr. Zang Dongli
Mr. Zhou Jingping

AUDIT COMMITTEE

Dr. Loke Yu (alias Loke Hoi Lam) (*Chairman*)
Mr. Zang Dongli
Mr. Zhou Jingping

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dr. Zhang Lijun
Mr. Lam Yau Yiu

COMPANY SECRETARY

Mr. Lam Yau Yiu

CORPORATE INFORMATION (CONTINUED)

AUDITOR

BDO Limited

PRINCIPAL BANKERS

UBS AG

The Hongkong and Shanghai Banking
Corporation Limited

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REGISTERED OFFICE

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CORPORATE WEBSITE

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STOCK CODE

00082

2021 INTERIM RESULTS HIGHLIGHTS

Following the completion of the restructuring at the end of 2020, the Group is in full gear to develop the digital sports entertainment business. The Group has succeeded in brand rejuvenation and changed its name to “Crazy Sports Group Limited” and has had a spectacular start in this year.

Financial Highlights

- The Group turned profitable with profit of HK\$62.0 million and net profit margin of 27.1% for the six months ended 30 June 2021 (the “**Period**”), as compared with a loss of HK\$16.4 million over the corresponding period of last year.
- Revenue from continuing operations increased by 58.0% year-on-year to HK\$229.0 million.
- Gross profit from continuing operations increased by 67.9% year-on-year to HK\$103.7 million, gross profit margin from continuing operations expanded 2.7% to 45.3%.

Operational Highlights and Outlook

- As at 30 June 2021, the total user accounts on the sports entertainment platform operated by the Group increased by 63.4% year-on-year to 38.9 million, and the total number of monthly active users reached 2.62 million, representing a year-on-year increase of 275.2%. The surge in the number of users during the Period is attributable to the successful implementation of the Group’s core strategies, the resumption of international sports events has stimulated the platform users’ demand for our core APPs, the launch of new games and online + offline ecosystem optimizes conversion and consumption.

2021 INTERIM RESULTS HIGHLIGHTS (CONTINUED)

- The Group's total investment in research and development (“R&D”) and intangible assets during the Period amounted to HK\$41.9 million. It made use of digital technologies to upgrade users experience and navigation across Crazy Red Insights APP and Crazy Sports APP, enhanced attractiveness of its sports and leisure games with top sports intellectual property (“IP”), and pursued R&D in Hainan sports quiz platform and reward points system, driving the exponential growth of various business areas of Crazy Sports and achieved significant performances for these investments, resulting in the Group's revenue for the second quarter of 2021 increased by almost 3-fold from that of the first quarter of 2021.
- With large-scale global sports events including top 5 European leagues, Chinese Super League (“CSL”), AFC Champions League, UEFA Champions League, NBA, CBA, and UEFA Euro being held successfully in 2021, the Group has enhanced the sports interactive entertainment community by bringing in new and innovative playing tactics around these sports events, and increasing its market share in the digital sports entertainment market through unveiling a series of “UEFA Euro strategies”. With such endeavor, the Group has significantly boosted its competitiveness and took its business to a new horizon.
- Through the enhancement of brand competitiveness, the Group has introduced the “Events + Quizzes” business. Earlier this year, “Fantasy Sports Events Platform”* (夢幻賽事平台) and “Duoduo Reward Points System”* (多多積分系統) were approved by relevant government authorities of Hainan Province and have completed assessment and filing procedures accordingly, “Fantasy Sports Events Platform” has also begun its trial phase in June. During the Period, the Group has signed agreement with a reward point exchange centre officially authorised by Hainan, which will enhance the value of prize-winning reward points, enabling it to be more enriched and aligned with Hainan policies. This project will take full advantages of Hainan being the free trade port in serving both domestic and international markets, jointly setting a showcase of easy access and interchangeability of reward point system, and promote the development of an international tourism and consumption center in Hainan. The “Events + Quizzes” business, together with the commencement of domestic, intercontinental and large-scale international sports tournaments, will bring tremendous development opportunities for the Group. “Fantasy Sports Events Platform” serves to empower sports events and introduces innovative prize-winning quizzing games to the user base of sports games and Crazy Red Insights APP, with an aim to increase platform users' paying efficiencies and ratios as a whole and unleash massive profit potential of Crazy Sports' entertainment platform.

2021 INTERIM RESULTS HIGHLIGHTS (CONTINUED)

- Pursuant to the National “14th Five-year” Plan, the total value of China’s sports industry will reach RMB5 trillion by 2025, the total market is huge. “Building a Leading Sports Nation” has become one of the four national policies in China, with strengthening policy support, Crazy Sports has kicked on the right track of development. The Group’s growth in interim earnings proves the success and strong earnings capability of our business model and three pillar strategies. The performance in the interim results also demonstrates the continuous improvement of management and operational team in its effectiveness and capability after the Restructuring. Therefore, we have reasons to believe that the future of Crazy Sports is promising.

Core Strategy

As a leading digital sports entertainment community operator and the leading enterprise in internet sports industry in China, the Group has actively built along the nation’s 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, artificial intelligence (“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.

MANAGEMENT DISCUSSION AND ANALYSIS

Core Business Review

The followings elaborate in detail the growth of each business area of the Group in the first half of 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 5 times year-on-year to HK\$68.1 million, surpassing the annual revenue of 2020***

In the first half of 2021, Crazy Red Insights business exhibited very strong growth, with revenue of half year surpassing the annual revenue of 2020. Crazy Red Insights APP has operated for nearly 6 years. Both the products and contents have been going through scrutiny by users of its self-developed platforms and from more than 40 sports channels, hence, it is sophisticatedly built. On the first day of the UEFA Euro, the number of new user accounts in Crazy Red Insights APP was 10-fold of the average daily increase in new user accounts in May 2021, and the paid data by users has also increased. The average revenue per paying user (ARPPU) of new users reached RMB150 within half-month period, and the number of payments made by new users was over 3 times on a single day. Crazy Sports with nearly 200 million lottery players accumulated under its self-operated “China Soccer Lottery”* (中國足球網) and “Lottery 365” (彩票365) have been successfully revived during the UEFA Euro. The WEB terminal of China Soccer Lottery* and H5 of Crazy Red Insights recorded the highest monthly single visitors of 5.32 million in 2020, and it reached 8.95 million in June 2021, which has enabled Crazy Red Insights APP to gather a pool of targeted users flow.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Crazy Red Insights has developed a strong array of “Content + Users + Channels + AI Big Data”, further strengthening Crazy Red Insight’s leading position in the field of paid sports information service during the UEFA Euro. The followings list out the major business strategies we have adopted:

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

We have scaled up investment in technology R&D, including through AI big data analysis, combined with big data algorithm to provide personalised recommendations based on users’ buying habits. In addition, we have launched new functions in the APP, including football parameters, deviation analysis, surprise index, margin model, index abnormal movement, etc.; in-depth analysis on football matches applying various analytic indices and football parameters within the product-mix to provide users with first-hand data summary for matches, in which enable users to have timely understanding on the dynamic details of the games.

— *Engaging more celebrity sports experts to provide users with quality contents*

On top of nearly 300 existing experts, Crazy Red Insights has enlisted more top sports commentators and experts on sporting events analysis. In addition, newly enlisted experts have provided users with one-on-one paid audio consultations, online Q&As, and one-to-many expert consultations charged per paid room model (付費房間模式) to satisfy users’ demand for real-time expert consultations, and in-depth discussions and analyses on matches.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

— *Entering into contracts with streaming platforms with live sport events broadcasting rights to enable export of contents and profit sharing*

Channel distribution is one of the development strategies of Crazy Red Insights. As the leading company in the paid sports information industry, Crazy Red Insights, apart from consolidating its self-developed platforms, has joined forces with high traffic sports platforms for content distribution and profit sharing. During the Period, Crazy Red Insights signed new contracts with more than 10 platforms, including China Mobile's Migu Video (咪咕視訊), CBox (央視影音), ZHCW.COM (中彩網), and V Station (V站), and eventually expanded its number of cooperation channels to nearly 40. Together with sports vertical platforms such as Tencent Sports (騰訊體育), PP Sports (PP體育), HUPU Sports (虎撲體育), All FootBall (懂球帝), Zhibo8.cc (直播吧), among others, Crazy Red Insights' product mix has achieved a comprehensive coverage of sports and lottery users in China. Users can purchase paid contents of sports information provided by Crazy Red Insights through accessing to nearly 40 channels APPs mentioned above.

— *Rapid expansion of offline lottery retail point of sales brought about synergy effect to the online community*

During the UEFA Euro season, Crazy Sports carries out UEFA Euro titled marketing activities in store which have sports lottery terminals installed, thereby attracting numerous users to participate. The precise users group of the offline retail lottery has greatly strengthened the client base of Crazy Red Insights.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Sports social interactive platform – Crazy Sports APP

Revenue growth of 57.1% year-on-year to HK\$33.0 million, successfully optimized conversion and monetization between business lines

During the UEFA Euro season, Crazy Sports' sports social interactive platform has achieved remarkable progress as a result of high demand from fans seeking for information about UEFA Euro. Crazy Sports APP is an interactive service platform aspire to provide matches information, short sports videos and live match broadcast. The platform signed contract with sports journalists, who provide sports fans with their favourite contents such as football, basketball and other front-line news, forward-looking analysis, athletes information and titbits. During the Period, we provide members with information update, game data update and team player update of more than 2,000 leagues, allowing Crazy Sports APP to be one of the most competitive and influential databases in the market. At the same time, anchors of Crazy Sports APP also drive users' activities and consumption in the form of events quizzing games and interaction through chats about football. Crazy Sports APP has also launched UEFA Euro gift package of "Ace Soccer" in the form of community activities, member marketing, and reward exchange. The integration of Crazy Sports APP and sports mobile game accounts has fully optimized conversation and monetization between business lines.

Sports lottery retail services

Revenue growth by nearly 9 times year-on-year with number of sports lottery retail point of sales exceeding 5,000, covering 17 provinces and municipalities nationwide

In the first half of 2021, sports lottery retail business achieved an overall rapid development. There was a significant increase in the signing up of new channels, the number of sports lottery terminals installation in-stores, and the sales amount of lottery tickets. Crazy Sports has entered into contracts with 29 branded convenience store chains, covering a total of nearly 60,000 stores in China. As of 30 June 2021, Crazy Sports has a total of 5,101 lottery retail point of sales approved by sports lottery administration centers in provinces and municipalities across the country. During the Period, the Group recorded commission income from lottery sales services of approximately HK\$5.0 million, which was a nearly 9-fold increase as compared to the commission income in the first half of 2020 of approximately HK\$0.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

With the signing up of new convenience store chains and the increasing number of offline stores in operations, the geographical coverage of lottery retail point of sales continues to expand, and the travel distance between Crazy Sports' retail lottery terminals and users will be further reduced. It is expected that the commission income generated from the sales services of lottery tickets will continue to grow at a fast pace.

In terms of sales and marketing, we have devised and implemented a variety of promotional strategies, including joining hands with convenience stores such as China Resources, Tianfu and Lawson to promote "shopping to earn lottery tickets" activities, which attracted more than 30,000 user participants. During the UEFA Euro, physical stores were decorated with UEFA Euro thematic setting. Through posters and verbal broadcasts by shop assistants, users were encouraged to participate in online lucky draws held by Crazy Sports platform, which was very effective in boosting consumption via redirecting users from offline to online platform.

Sports and leisure games business

Revenue growth of 9.6% year-on-year to HK\$123.0 million, maintaining organic growth

With the recovery of the global sports industry in 2021, the long-term strategic framework laid out by Crazy Sports for its games business has achieved a "quality" advancement during the Period in terms of new games published.

- **Crazy Sports launched a hot-selling football mobile game in mainland China — "Ace Soccer" (球場風雲)**
"Ace Soccer" is a soccer e-sports mobile game released by Crazy Sports, with official IP licence secured from the International Federation of Professional Footballers (FIFPro), which incorporates the use of names and portraits' IP licences of more than 60,000 professional players from 54 countries or leagues, including the Premier League, La Liga, Serie A, Ligue 1 and Eredivisie. The game enables real-time control, story plot, card formation, free club transfer and other innovative playing methods, which make it one of the hottest football mobile games during the prime time of UEFA Euro.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the closed beta testing stage, “Ace Soccer” received good reviews from players of various channels. As a result of its smooth online PVP game and the “One Shoot To Fame”* (“一球成名”) story plot starred by football players and other innovative playing tactics, “Ace Soccer” was rated by TapTap users as the “most dedicated soccer game”. Between May and June 2021, “Ace Soccer” was officially launched on Android and iOS. Due to its excellent users’ retention rate and paid data record, “Ace Soccer” was recommended by the two aforesaid channels over an extended period.

— *Launch of sports games and many other sports leisure games*

During the first half of 2021, a series of sports and leisure games of Crazy Sports has become benchmark product under its respective categories. Among which, “Realtime CSL”, a yearly-release e-sports soccer game, has makes its new release of 2021 season, “Soccer Manager”, a yearly-release soccer management series, has completed signing of new editions, and “Slapstick Fighter”, a highly anticipated global leisure competitive game, has made its premier official launch.

Meanwhile, being the official game partner of Chinese Super League, Crazy Sports has focused on sports game publishing over the years, and is accredited as a well-known sports game publisher in mainland China. It has accumulated unique publishing resources and sophisticated distribution channels, therefore gaining various competitive edges within the sports game distribution ecosystem. During the Period, Crazy Sports have introduced a series of sports leisure games through long-standing efforts and careful preparation. Since then, Crazy Sports has established a self-developed publishing ecosystem, which includes an integrated sports community, volume purchase promotion and partnership promotion. These efforts have greatly strengthen the product line of its premium games.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Sports events services and interactive quiz entertainment services platform

Hainan unveiled “14th Five-year” Plan on sports; introduction of sports events and the launch of the sports quiz platform becomes another key growth driver of Crazy Sports

During the first half of 2021, Crazy Sports have made full preparation of its business development in Hainan. Leveraging Crazy Sports’ extensive experience in the operation of sports tournament, channels distribution and the operations of sports lottery products, it is expected to welcome a new chapter in the second half of 2021.

— ***“Fantasy Sports Events Platform”* (夢幻賽事平台) was approved by relevant government authority of Hainan Province in early January 2021.***

It is positioned as a comprehensive entertainment platform couple with sports events information, sports events service, sports insights, sports live broadcasting and sports quizzes around globally renowned sports, e-sports events, and sports events with Hainan characteristics, seeking to provide users with a wide range of sports entertainment services. We are dedicated to establish a new sports interactive model in full accordance to comply with relevant regulatory requirements of the State and Hainan Province. On the basis of providing statistical analysis of data, blockchain tracking and fairness of events rules, this platform 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.

— ***Crazy Sports has started to introduce influential international sports events into Hainan, and the first project being the international professional boxing events of International Professional Boxing Unite (IPBU).***

In order to groom Hainan into an international tourism centre and a national sports tourism demonstration zone, the Group has entered into a strategic partnership with its business partner in Macao in June 2021, with plans to introduce IPBU international professional boxing tournaments in Hainan according to relevant policies of Hainan. There will be hundreds of international top professional boxing matches to be held within three years. “Fantasy Sports Events Platform” is the sole partner to deliver interactive entertainment services for the tournament. In the near future, Crazy Sports will introduce more sports events in Hainan, with the mission to effectively promote sports, culture and tourism with Hainan characteristics, providing a wider range of interactive sports events quizzing services to sports fans.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- ***“Fantasy Sports Events Platform” has completed the pre-launch assessment and filing procedures, and a beta version of the platform has been launched.***

Users can earn rewards by completing daily tasks and purchasing paid sports events information services, participating in prize-winning quizzing games on competitive sports events to redeem reward points in exchange for gifts and services. Crazy Sports have reached strategic partnerships with HuoChain Technology (火鏈科技) under Huobi Group in order to provide a transparent, open and credible technological sports quizzing environment to our users. Both parties rely on the application of blockchain technology with characteristics of data distortion prevention, data fidelity and data tracking. We completed the development of a transparent quizzing ecosystem by which the rights and interests of our participants within the ecosystem of its prize winning quizzing games are protected and safeguarding authenticity of their data assets.

- ***“Duoduo Reward Points System” initially launched a variety of Hainan-featured commodities for points redemption by users.***

Duoduo Reward Points System is an all-round points redemption platform, specifically built for Hainan tourism. It mainly engages in the redemption of goods and tourism services with the use of the reward points won via the “Fantasy Sports Events Platform”. Hence, the rewarded points help promote Hainan as international tourism and consumption center and the physical tourism consumption. Today, the platform has already offered a variety of Hainan-featured commodities and electronic products for point redemption by users. In addition, Crazy Sports has entered into contracts with the cooperating reward point exchange centre authorized by Hainan Government in June 2021, which will further create a reward point valuation system that is more enriched in content and more in line with Hainan government policies. The project can make the best use of Hainan Free Trade Port which possesses advantages such as serving both domestic and international markets, and serves to create a benchmark case of easy access and conversion for reward points and promote the development of an international and tourism consumption center in Hainan.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Review

Comparison of six months ended 30 June 2021 and corresponding period of 2020

The following table sets forth the comparative figures for the six months ended 30 June 2021 and the corresponding period of 2020:

	Unaudited For the six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (Re-presented)
CONTINUING OPERATIONS		
Revenue	229,024	144,922
Cost of revenue	(125,371)	(83,188)
Gross profit	103,653	61,734
Other gains and losses	40,480	39,550
Selling and marketing expenses	(42,402)	(29,498)
Administrative expenses	(41,592)	(27,548)
Share of losses of associates	(4,569)	(17,124)
Finance costs	(663)	(465)
Profit before income tax	54,907	26,649
Income tax	7,060	1,282
Profit for the period from continuing operations	61,967	27,931
DISCONTINUED OPERATIONS		
Loss for the period from discontinued operations	—	(44,294)
Profit/(loss) for the period	61,967	(16,363)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Following 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 (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 businesses of the Group. The interim condensed consolidated statement of profit or loss and other comprehensive income for 2020 have been represented to separate the disclosures relating to the discontinued operations from that of the continuing operations. Currently, the digital sports entertainment related business, through Beijing Crazy Sports Management Company Limited, becomes 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 for the six months ended 30 June 2021, which is the digital sports entertainment related business. The Group’s total revenue was approximately HK\$229.0 million, representing an increase of 58.0% as compared with the corresponding period of 2020. It was mainly driven by the increase in demands for Crazy Sports’ digital sports entertainment products as the Group introduced products with famous sports IPs and upgraded the paid sports information platform with big sports data and more user-friendly interface. The second driver for the significant revenue growth is an outstanding user base increment triggered by local and international sports events and matches. The total number of user accounts of the Group’s platforms had recorded a 63.4% increase as compared with the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's revenue from digital sports entertainment related businesses was mainly contributed by four areas: (i) paid sports information platform; (ii) sports social interactive platform; (iii) sports and leisure games; and (iv) lottery related commission income:

	Unaudited			
	For the six months ended 30 June			
	2021		2020	
		As a percentage of total revenue		As a percentage of total revenue
(In HK\$'Million, other than percentages)	Amount		Amount	
Paid sports information platform	68.1	29.7%	11.2	7.7%
Sports social interactive platform	33.0	14.4%	21.0	14.5%
Sports and leisure games	122.9	53.7%	112.2	77.4%
Lottery related commission income	5.0	2.2%	0.5	0.4%
	229.0	100.0%	144.9	100.0%

Revenue from the digital sports entertainment related businesses of the Group increased by 58.0% to approximately HK\$229.0 million during the Period from approximately HK\$144.9 million for the corresponding period of 2020. The revenue from all the four main revenue streams have experienced growth at a rate ranging from 9.6% to 888.4%. Paid sports information platform and sports social interactive platform together generated HK\$101.1 million revenue for the Group during the Period and recorded 505.6% and 57.1% growth respectively compared with corresponding period of 2020. The Group's R&D efforts on application's upgrade, supported by the occurrence of multiple international sports events during the Period, was successful in boosting up the active users and paying users for its digital sports knowledge and interactive platform. Revenue from sports and leisure mobile games increased to approximately HK\$122.9 million, which represents a 9.6% growth. The increase in revenue was contributed by sports and leisure games published, especially "Ace Soccer", which is the first soccer game with FIFPRO's official license rights. The lottery related commission income also experienced a 888.4% growth which was derived from the Group's expansion of lottery retail point of sales during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of Revenue

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 50.7% to approximately HK\$125.4 million during the Period as compared with the corresponding period of 2020. The growth trend was in line with the increase in revenue generated from digital sports entertainment related businesses.

Gross Profit and Gross Profit Margin

During the Period, total gross profit of the Group was approximately HK\$103.7 million, representing an increase of 67.9% as compared with the corresponding period of 2020; meanwhile, the total gross profit margin increased to 45.3% in 2021 from 42.6% in 2020. Such improvement was the result of the significant increase in revenue of the high gross-profit-margined paid sports information platform, Crazy Red Insights APP, as the users surged after successful upgrade of the platform and there were multiple international sports events held during the Period.

Other Gains and Losses

Other gains and losses for the Period recorded a gain of approximately HK\$40.5 million. It was mainly due to the gains from disposal of subsidiaries during the Period amounted to HK\$18.0 million, dividend income of HK\$10.0 million received from CATV Fund and realized gain from strategic investment in NASDAQ financial assets amounted to HK\$10.5 million. In the corresponding period of 2020, other gains were primarily due to the gain of approximately HK\$35.7 million on the deemed disposal of the Company's interest in Bank of Asia from dilution upon its issuance of new shares to an investor acquiring approximately 3.3% of its shareholding.

Selling and Marketing Expenses

Selling and marketing expenses for the Period increased by 43.7% to approximately HK\$42.4 million from approximately HK\$29.5 million in the corresponding period of 2020. Such increase was mainly attributable to servicing fees of approximately HK\$35.9 million incurred for the initial launching of sports games and for promoting the sports digital entertainment applications during the course of major sports events.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administrative Expenses

Administrative expenses for the Period increased by 51.0% to approximately HK\$41.6 million from approximately HK\$27.5 million for the corresponding period of 2020. The increase in administrative expenses was a result of increased general office expenses, increased staff costs and renting of new offices for the expansion of digital sports entertainment related businesses.

Share of Losses of Associates

Share of losses of associates was approximately HK\$4.6 million for the Period whereas a loss of approximately HK\$17.1 million was recorded for the corresponding period of 2020. The decrease in loss was due to the revenue growth and the cost cutting measures undertaken by Bank of Asia.

Income Tax

There was an increment in income tax credit recorded in the Period as compared to that of the corresponding period of 2020.

Discontinued Operations

Loss for the Period from discontinued operations

There was no loss incurred from the telemedia and e-commerce business during the Period 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 discontinued operation loss of HK\$25.4 million, the impairment loss on intangible assets and goodwill of HK\$18.0 million and HK\$0.9 million respectively.

Profit for the Period

As a result of the foregoing, the Group had a profit during the Period of HK\$62.0 million, as compared to a loss of HK\$16.4 million for the corresponding period in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Strategic Investments Held

As at 30 June 2021, the investment portfolio of the Group amounted to approximately HK\$496.4 million (31 December 2020: HK\$412.3 million), which was recorded as financial assets at fair value through profit or loss or through other comprehensive income. The information has been disclosed in the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of financial position and note 17 to the interim condensed consolidated financial statements, respectively.

Apart from focusing on the organic growth of its principal businesses, the Group also made strategic investments in order to effectively allocate resources to maximize 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.

As at 30 June 2021, the Group has investment in private equity funds amounted to HK\$463.5 million, which accounted for 34.9% of the total assets. The investment comprised of three funds as below:

(a) *China Prosperity Capital Mobile Internet Fund (“Mobile Internet Fund”)*

The Mobile Internet Fund is an exempted limited partnership registered under the laws of the Cayman Islands, which is principally engaged to achieve long-term capital appreciation primarily through private investments in securities and/or equities 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. The fair value of the Group’s investment in Mobile Internet Fund was HK\$274.8 million as at 30 June 2021, with a fair value gain of HK\$18.4 million recognized as other comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

The Golden Rock Fund is an exempted limited partnership registered under the laws of the Cayman Islands, which is principally engaged to achieve long-term capital appreciation primarily through private investments in securities and/or equities that operate in or otherwise derive significant business opportunities from the mobile Internet sector, its related technologies, products and services. The fair value of the Group’s investment in Golden Rock Fund was HK\$30.0 million as at 30 June 2021, with a fair value gain of HK\$10.7 million has been recognized as other comprehensive income.

(c) *CATV Cayman LP (“CATV Fund”)*

CATV Fund is established to achieve long-term capital appreciation of the mobile internet and technology investments and telemedia assets held. The fair value of the Group’s investment in CATV Fund was HK\$158.7 million as at 30 June 2021. Gains in fair value of HK\$67.0 million has been recognized as other comprehensive income. Due to return received from successful underlying investment, the Group had received dividend income amounted to HK\$10.0 million from the CATV Fund during the Period.

Investment in Bank of Asia (BVI) Limited (“BOA”)

The Group has invested in 45.5% equity interest in BOA, which was established to provide online digital banking services. BOA’s fintech platform, robust “know your clients” and “anti-money laundering” processes and BVI regulatory framework allow remote onboarding of customers, which is a competitive edge over the traditional banks that have to establish physical contacts with business partners. During the Period, BOA had customers from 45 jurisdictions opening personal and corporate accounts. BOA had also expanded the scale of the Regional Operating Headquarters (“ROHQ”) in Manila by bringing in specialists in handling KYC (know your customer) and onboarding of account applicants. The customer service team of ROHQ is mandated to expand BOA’s penetration in the ASEAN market. BOA is still in the development stage and, as such, a share of losses of approximately HK\$4.6 million was recorded, whereas a loss of approximately HK\$17.1 million was recorded for the corresponding period of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Liquidity and Financial Resources

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

	Unaudited For the six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Net cash inflow from operating activities	3,449	18,657
Net cash outflow from investing activities	(31,368)	(21,689)
Net cash inflow from financing activities	6,299	12,663
Net (decrease)/increase in cash and cash equivalents	(21,620)	9,631
Effect of foreign exchange rate changes	(524)	(138)
Cash and cash equivalents at beginning of the Period	109,764	58,920
Cash and cash equivalents at end of the Period	87,620	68,413

Net Cash Inflow from Operating Activities

The Group's net cash generated from operating activities amounted to approximately HK\$3.4 million for the Period, compared to net cash generated from operating activities of approximately HK\$18.7 million for the corresponding period of 2020. The decrease of operating cash inflow was mainly due to significant increase in trade receivables following the significant revenue growth in the second quarter of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Net Cash Outflow from Investing Activities

Net cash outflow from investing activities of the Group was approximately HK\$31.4 million and HK\$21.7 million during the Period and corresponding period of 2020 respectively. The net cash used in investing activities during the Period was mainly comprised of purchase of intangible assets of HK\$28.8 million, increase in prepayments for purchase of intangible assets of HK\$10.3 million and settlement of purchase consideration of HK\$8.5 million, compensated by proceeds from disposal of NASDAQ listed securities of HK\$24.6 million.

Net Cash Inflow from Financing Activities

The Group recorded net cash inflow from financing activities of approximately HK\$6.3 million during the Period mainly due to the proceeds from exercise of share options of approximately HK\$7.3 million while net cash generated from financing activities was approximately HK\$12.7 million for the corresponding period of 2020.

Working Capital

The Group had cash and cash equivalents of approximately HK\$87.6 million as of 30 June 2021, compared to a balance of HK\$109.8 million as of 31 December 2020. As of 30 June 2021, the Group had net current assets of approximately HK\$51.7 million (as of 31 December 2020: Net current assets of HK\$13.9 million). The Group has sufficient cash resources to satisfy its future working capital and other financing requirements.

Capital Structure

As of 30 June 2021, the Group's total assets amounted to approximately HK\$1,328.0 million (31 December 2020: HK\$1,187.2 million) which were substantially financed by shareholders' fund of approximately HK\$1,032.1 million (31 December 2020: HK\$864.3 million). The capital of the Group only comprises of ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 utilized 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 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 utilized by the Group and was deposited into the bank accounts of the Group. During the six months ended 30 June 2021, the Group had utilized as intended (i) approximately HK\$30 million of the net proceeds in the acquisition of intangible assets, product research and development for expansion of the digital sports entertainment business; and (ii) approximately HK\$6 million on general working capital purpose. The balance of approximately HK\$11.7 million of the net proceeds is intended to be utilized for general working capital of the Group in the second half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Gearing Ratio

As of 30 June 2021, gearing ratio was approximately 1.9%, which was calculated by dividing the total bank borrowings and lease liabilities by the equity attributable to owners of the Company.

Material Acquisitions and Disposals

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

Foreign Exchange Risk

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

Pledge of Assets

The Group did not have any pledged assets as of 30 June 2021 (31 December 2020: Nil).

Contingent Liabilities

The Group had no significant contingent liabilities as of 30 June 2021 (31 December 2020: Nil).

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

Directors' Interests and Short Position in Shares and Underlying Shares of the Company and Associated Corporation

Save as otherwise disclosed in the notes below, as at 30 June 2021, the directors of the Company (the “**Directors**”) and their associates had the following interests in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)), as recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the rules governing the listing of securities on the main board of The Stock Exchange (the “**Listing Rules**”).

(A) Long position in the ordinary shares and underlying shares of the Company:

Name of Director	Capacity	Number of ordinary shares held	% of total issued share capital	Number of underlying shares in respect of share options granted	% of total issued share capital
Zhang Lijun	Beneficial owner/Interest of spouse/Founder of discretionary trust	1,034,563,113 (Note)	22.87%	1,000,000	0.02%
Peng Xitao	Beneficial owner	55,810,000	1.23%	2,000,000	0.04%
Cheng Po Chuen	Beneficial owner	–	–	27,000,000	0.60%
Loke Yu (alias Loke Hoi Lam)	Beneficial owner	–	–	1,500,000	0.03%
Zang Dongli	Beneficial owner	–	–	3,000,000	0.07%
Zhou Jingping	Beneficial owner	–	–	3,000,000	0.07%

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY (CONTINUED)

Note: As at 30 June 2021, Dr. Zhang Lijun ("**Dr. Zhang**") held and was deemed to hold under the SFO in aggregate 1,034,563,113 Shares, representing approximately 22.87% of the Company's issued share capital. These 1,034,563,113 Shares comprised: (i) 72,514,113 Shares directly held by Dr. Zhang; (ii) deemed interest of 9,350,000 Shares directly held by Ms. Wang Chun ("**Ms. Wang**"), the spouse of Dr. Zhang; and (iii) deemed interest of 330,199,000 Shares held by Big Step Group Limited and 622,500,000 Shares held by Blazing Ace Limited, both of which wholly owned by Avis Trend Limited. Avis Trend Limited is wholly owned by Cantrust (Far East) Limited in its capacity as the trustee of a discretionary family trust established by Dr. Zhang as settlor, and the discretionary beneficiaries of the trust include Dr. Zhang, Ms. Wang and their family members.

(B) Long position in the ordinary shares of associated corporations:

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares held	% of total issued share capital
Zhang Lijun	Clear Concept International Limited (Note 1)	Interest of controlled corporation	98	49%
	VODone Holdings Limited (Note 2)	Interest of controlled corporation	2	100%
	VODone Datamedia Technology Co., Ltd. (Note 3)	Interest of controlled corporation	49,000,000	49%
	Bank of Asia (BVI) Limited (Note 4)	Interest of controlled corporation	8,800,000	5.16%

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

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY (CONTINUED)

Note 2: VODone Holdings Limited (formerly known as Bentex (Hong Kong) Limited) ("**VODone Holdings**") is a wholly-owned subsidiary of Clear Concept. Dr. Zhang is deemed to be interested in 100% of VODone Holdings under the SFO by virtue of his deemed interest in Clear Concept.

Note 3: VODone Datamedia Technology Co., Ltd. ("**TMD1**") is owned as to 49% by VODone Holdings. Dr. Zhang is deemed to be interested in TMD1 under the SFO by virtue of his deemed interest in VODone Holdings.

Note 4: Bank of Asia (BVI) Limited ("**BOA**") is owned as to 45.49% by the Company and 5.16% by Oasis Sun Investment Limited ("**Oasis Sun**"), a company wholly-owned by Dr. Zhang. Dr. Zhang is deemed to be interested in Oasis Sun's 5.21% in BOA under the SFO.

Save as disclosed herein, as at 30 June 2021, none of the Directors or the chief executive of the Company and their associates had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO; or notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at 30 June 2021, other than the Directors whose interests are disclosed above, the Company was not aware of any persons who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEMES

Share Option Schemes

On 27 April 2012, the shareholders of the Company approved a new share option scheme (the “**2012 Scheme**”) and adopted it on 30 April 2012; and terminated the share option scheme adopted on 7 June 2002. On 28 May 2019, the Shareholders at the Annual General Meeting had approved the refreshment of the 2012 Scheme.

Under the 2012 Scheme, the Directors may, at their discretion, invite any eligible participants to take up share option(s) (“**Share Option(s)**”) to subscribe for ordinary share(s) of HK\$0.01 each in the share capital of the Company (“**Share(s)**”). The exercise price for the share options shall be determined in accordance with the 2012 Scheme and the relevant provisions of the Listing Rules.

10,000,000 Share Options were granted under the 2012 Scheme during the Period.

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

For the six months ended 30 June 2021 (unaudited)

	Number of Shares issuable under Share Options							Exercise price HK\$	Exercise period
	At 1 January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)	At 30 June 2021			
(A) Executive Directors									
Dr. Zhang Lijun									
– on 25 January 2018	2,000,000	–	(2,000,000)	–	–	–	0.229	25/01/2018 to 24/01/2021	
– on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.12	19/03/2021 to 18/03/2026	
	2,000,000	1,000,000	(2,000,000)	–	–	1,000,000			

SHARE OPTION SCHEMES (CONTINUED)

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

SHARE OPTION SCHEMES (CONTINUED)

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

SHARE OPTION SCHEMES (CONTINUED)

	Number of Shares issuable under Share Options						At 30 June 2021	Exercise price HK\$	Exercise period
	At 1 January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)				
Mr. Zhou Jingping									
– on 5 October 2020	–	–	–	–	3,000,000	3,000,000	0.385	05/10/2020 to 04/10/2025	
	–	–	–	–	3,000,000	3,000,000			
Sub-total	6,750,000	–	(750,000)	–	1,500,000	7,500,000			
(C) Employees									
– on 25 January 2018	–	–	–	(3,000,000)	3,000,000	–	0.229	25/01/2018 to 24/01/2021	
– on 5 July 2019	42,000,000	–	(2,940,000)	–	–	39,060,000	0.385	05/07/2019 to 04/07/2022	
– on 30 March 2020	2,000,000	–	(500,000)	–	–	1,500,000	0.385	30/03/2020 to 29/03/2023	
– on 5 October 2020	29,500,000	–	(500,000)	–	–	29,000,000	0.385	05/10/2020 to 04/10/2025	
– on 19 March 2021	–	4,000,000	–	–	–	4,000,000	1.12	19/03/2021 to 18/03/2026	
	73,500,000	4,000,000	(3,940,000)	(3,000,000)	3,000,000	73,560,000			
(D) Others (note ii)									
– on 25 January 2018	–	–	–	(1,500,000)	1,500,000	–	0.229	25/01/2018 to 24/01/2021	
– on 5 July 2019	20,000,000	–	(13,000,000)	–	5,000,000	12,000,000	0.385	05/07/2019 to 04/07/2022	
– on 30 March 2020	6,000,000	–	–	–	(3,000,000)	3,000,000	0.385	30/03/2020 to 29/03/2023	
– on 5 October 2020	3,000,000	–	(500,000)	–	1,000,000	3,500,000	0.385	05/10/2020 to 04/10/2025	
– on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.12	19/03/2021 to 18/03/2026	
Sub-total	29,000,000	1,000,000	(13,500,000)	(1,500,000)	4,500,000	19,500,000			
Total	145,250,000	10,000,000	(20,190,000)	(4,500,000)	–	130,560,000			

SHARE OPTION SCHEMES (CONTINUED)

Notes:

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

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

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

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

Additional information in relation to the 2012 Scheme and for the options granted during the Period under the 2012 Scheme are set out in note 22 to the interim condensed consolidated financial statements.

SHARE OPTION SCHEMES (CONTINUED)

Share Option Schemes of Subsidiaries

On 21 May 2020, the wholly owned subsidiary of the Company, Easy Prime Developments Limited (“**Easy Prime**”) and the former subsidiary, Golden Target Global Limited (“**Golden Target**”) have adopted each of the share option schemes (collectively the “**Subsidiaries Share Option Schemes**”) of which enable the grantees of the Subsidiaries Share Option Schemes to acquire proprietary interests in Easy Prime and Golden Target. The Subsidiaries Share Option Schemes comply in full with the requirements under Chapter 17 of the Listing Rules.

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

The subscription price of the Subsidiaries Share Option Schemes shall be determined by the board of directors of Easy Prime or Golden Target (as the case may be), taking into consideration the prevailing market condition, performance of Easy Prime or Golden Target (as the case may be) and after having assessed the efforts, performance and/or future potential contribution of the participant of Subsidiaries Share Option Schemes to the success of the business and operations of Easy Prime or Golden Target (as the case may be), which shall not be less than the par value of the Easy Prime Shares or Golden Target Shares (as the case may be).

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

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

According to the term of share option scheme the Golden Target, it will be terminated upon ceasing to be a subsidiary of the Company. On 7 December 2020, Golden Target ceased to be a subsidiary of the Company. It was terminated accordingly.

No share options have been granted under the Subsidiaries Share Option Schemes since the adoption date.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

The Company had applied and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021 except for the deviations with explanations as set out hereunder.

According to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Up to the date of this report, the Board has appointed Mr. Peng Xitao, an executive Director, to the post of chief executive.

According to the code provision A.6.7 of the CG Code, independent non-executive Directors should attend general meetings. All Directors had attended the annual general meeting of the Company held on 7 May 2021.

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

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions and dealings, which applies to all the relevant persons as defined in the Model Code, including the Directors, any employee of the Company, or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment or involvement, are likely to come into contact or be in possession of unpublished price sensitive information in relation to the Company or its securities. Specific enquiry has been made of all the Directors who have confirmed their compliance with the required standards set out in the Model Code during the Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Changes in Information with Regards to Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the biographical details of the Director during the course of the Director's term of office since the publication of the Company's 2020 Annual Report is set out as follows.

Dr. Loke Yu (alias Loke Hoi Lam), an independent non-executive Director, with effect from 10 June 2021 resigned as an independent non-executive director of Zhong An Group Limited, a company listed on the Stock Exchange.

Save as those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Review by Audit Committee

The Group's unaudited interim financial results for the six months ended 30 June 2021 have been reviewed by the audit committee of the Company which comprises the three independent non-executive Directors.

Events After the Reporting Period

Save as disclosed in this report, there were no other significant events that may affect the Group after 30 June 2021 and up to the date of this report.

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

Hong Kong, 26 August 2021

* *For identification purpose only*

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

	Notes	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
CONTINUING OPERATIONS			
Revenue	6	229,024	144,922
Cost of revenue		(125,371)	(83,188)
Gross profit		103,653	61,734
Other gains and losses	7	40,480	39,550
Selling and marketing expenses		(42,402)	(29,498)
Administrative expenses		(41,592)	(27,548)
Share of losses of associates		(4,569)	(17,124)
Finance costs	8	(663)	(465)
Profit before income tax	9	54,907	26,649
Income tax	10	7,060	1,282
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		61,967	27,931
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	11	—	(44,294)
PROFIT/(LOSS) FOR THE PERIOD		61,967	(16,363)

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences arising on translation of foreign operations	19,443	(11,637)
— Reclassification upon disposal of subsidiaries	(18,379)	—
	1,064	(11,637)
Item that will not be reclassified to profit or loss:		
— Fair value change on financial assets at fair value through other comprehensive income	96,056	99,256
Other comprehensive income for the period	97,120	87,619
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	159,087	71,256

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
		(Re-presented)
	HK\$'000	HK\$'000
PROFIT/(LOSS) ATTRIBUTABLE TO:		
Owners of the Company		
Profit for the period from continuing operations	61,967	27,931
Loss for the period from discontinued operations	—	(43,951)
Profit/(loss) for the period attributable to owners of the Company	61,967	(16,020)
Non-controlling interests		
Profit for the period from continuing operations	—	—
Loss for the period from discontinued operations	—	(343)
Loss for the period attributable to non-controlling interests	—	(343)
	61,967	(16,363)

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

	Note	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Owners of the Company		159,087	71,762
Non-controlling interests		—	(506)
		159,087	71,256
EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
— Basic (HK cents)	12	1.37	(0.37)
— Diluted (HK cents)	12	1.34	(0.37)
EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
— Basic (HK cents)	12	1.37	0.65
— Diluted (HK cents)	12	1.34	0.65

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	13	6,505	7,806
Goodwill	15	435,653	426,941
Intangible assets		70,075	53,095
Interests in associates	14	6,506	11,181
Financial assets at fair value through other comprehensive income	17	463,526	361,651
Right-of-use assets	16	7,702	22,557
Deferred tax assets		6,771	318
Prepayments for purchase of intangible assets		10,322	—
		1,007,060	883,549
CURRENT ASSETS			
Trade receivables	18	80,403	35,805
Other receivables, deposits and prepayments		86,537	73,372
Inventories		—	372
Financial assets at fair value through profit or loss	17	32,888	50,612
Amount due from an associate		33,269	33,382
Amounts due from related companies		34	163
Tax receivables		171	169
Cash and cash equivalents		87,620	109,764
		320,922	303,639
Total assets		1,327,982	1,187,188

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

	Notes	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade and other payables	19	75,120	94,909
Contract liabilities		35,856	14,673
Lease liabilities	25	2,930	12,251
Amounts due to related companies		31,224	46,952
Bank borrowings	25	12,024	8,838
Tax payable		112,094	112,094
		269,248	289,717
NET CURRENT ASSETS			
		51,674	13,922
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,058,734	897,471
NON-CURRENT LIABILITIES			
Deferred tax liabilities		4,965	6,269
Lease liabilities	25	5,149	10,304
		10,114	16,573
NET ASSETS			
		1,048,620	880,898

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

	Note	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
EQUITY			
Share capital	20	45,238	45,036
Reserves		986,817	819,297
Equity attributable to owners of the Company		1,032,055	864,333
Non-controlling interests		16,565	16,565
TOTAL EQUITY		1,048,620	880,898

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Investment revaluation reserve	Other reserves	Share-based compensation reserve	Exchange fluctuation reserve	Retained profits/ (accumulated losses)	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2020 (audited)	42,134	1,702,600	20,541	1,059,408	3,559	19,930	(1,951,167)	16,429	913,434
Loss for the period	—	—	—	—	—	—	(16,020)	(343)	(16,363)
Other comprehensive income	—	—	99,256	—	—	(11,474)	—	(163)	87,619
Total comprehensive income for the period	—	—	99,256	—	—	(11,474)	(16,020)	(506)	71,256
Issuance of shares	750	14,250	—	—	—	—	—	—	15,000
Recognition of share-based payment expense	—	—	—	—	420	—	—	—	420
Balance at 30 June 2020 (unaudited)	42,884	1,716,850	119,797	1,059,408	3,979	8,456	(1,967,187)	15,923	1,000,110
Balance at 1 January 2021 (audited)	45,036	1,762,398	21,494	1,059,408	5,977	44,421	(2,074,401)	16,565	880,898
Profit for the period	—	—	—	—	—	—	61,967	—	61,967
Other comprehensive income	—	—	96,056	—	—	1,064	—	—	97,120
Total comprehensive income for the period	—	—	96,056	—	—	1,064	61,967	—	159,087
Recognition of share-based payment expense	—	—	—	—	1,291	—	—	—	1,291
Lapse of share options	—	—	—	—	(319)	—	319	—	—
Exercise of share options	202	8,103	—	—	(961)	—	—	—	7,344
Balance at 30 June 2021 (unaudited)	45,238	1,770,501	117,550	1,059,408	5,988	45,485	(2,012,115)	16,565	1,048,620

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	3,449	18,657
Net cash outflow from investing activities	(31,368)	(21,689)
Net cash inflow from financing activities	6,299	12,663
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,620)	9,631
Effect of foreign exchange rate changes	(524)	(138)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	109,764	58,920
CASH AND CASH EQUIVALENTS AT END OF PERIOD	87,620	68,413

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

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 Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. Its principal place of business in Hong Kong is located at Suites 3702–03, 37/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereafter referred to as the “**Group**”) are principally engaged in the development and operation of paid sports information platform and sports social interactive 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 period, the Group was also engaged in the operation of online trading platform, provision of internet information services included internet audio-visual new media and other Internet + business in the PRC and the operation of a satellite TV station in Dubai, the United Arab Emirates (the “**UAE**”) (the “**Telemedia and e-commerce business**”). On 7 December 2020, the Telemedia and e-commerce business was disposed of and was presented as discontinued operations in the interim condensed consolidated financial statements for the six months ended 30 June 2020 (note 11).

2. Basis of Preparation

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). These interim condensed consolidated financial statements were authorised for issue on 26 August 2021.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of Preparation (Continued)

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

These interim condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2020 consolidated financial statements.

These interim condensed consolidated financial statements are unaudited.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounting Policies

Except as described below, the accounting policies applied are consistent with those of preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, as described therein.

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

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform — phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The new or amended HKFRSs that are effective from 1 January 2021 did not have any significant impact on the Group's accounting policies.

4. Use of Judgements and Estimates

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

In preparing this interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 annual financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment Reporting

(a) Reportable segments

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

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

For the six months ended 30 June 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.

Continuing operations:

- The Digital sports entertainment business which specialised in the development and operation of paid sports information platform and sports social interactive 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 which 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 11) and the relevant information for the six months ended 30 June 2020 are re-presented accordingly).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment Reporting (Continued)

(a) Reportable segments (Continued)

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

	Continuing operations	Discontinued operations	Total
	Digital sports entertainment business HK\$'000	Telemedia and e-commerce business HK\$'000	
For the six months ended 30 June 2020 (Unaudited) (Re-presented)			HK\$'000
Revenue from external customers	144,922	921,598	1,066,520
Reportable segment gross profit/(loss)	61,734	(7,634)	54,100
Reportable segment profit/(loss)	26,159	(48,794)	(22,635)
Unallocated other income			38,184
Share of losses of associates			(17,124)
Salaries and allowances			(11,390)
Unallocated expenses			(9,180)
Loss for the period before taxation			(22,145)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Segment Reporting (Continued)

(b) Geographical information

During the six months ended 30 June 2021 and 2020, over 90% of the Group's revenue was attributable to customers in the PRC. As at 30 June 2021 and 31 December 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.

(c) Major customers

Revenue from two customers (2020: one customer) of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Customer A	—	111,094
Customer B	60,837	—
Customer C	26,908	—

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Revenue

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

Six months ended 30 June (Unaudited)	Continuing operations		Discontinued operations		Total	
	Digital sports entertainment business		Telemedia and e-commerce business			
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000 (Re-presented)	HK\$'000	HK\$'000 (Re-presented)
E-commerce trading platform	—	—	—	914,544	—	914,544
Advertising and services income	—	—	—	7,054	—	7,054
Sports and leisure games	122,951	112,186	—	—	122,951	112,186
Sports social interactive platform	32,958	20,984	—	—	32,958	20,984
Paid sports information platform	68,104	11,245	—	—	68,104	11,245
Lottery related commission income	5,011	507	—	—	5,011	507
	229,024	144,922	—	921,598	229,024	1,066,520
Timing of revenue recognition						
At a point in time	—	1	—	914,544	—	914,545
Transferred over time	229,024	144,921	—	7,054	229,024	151,975
	229,024	144,922	—	921,598	229,024	1,066,520

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

7. Other Gains and Losses

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
Continuing operations		
Net gain on disposal of subsidiaries	18,038	—
Gain on realisation of financial assets at fair value through profit or loss	10,537	—
Dividend income	10,000	—
Net foreign exchange gains	2,175	97
Effect of lease modifications	327	—
Government grants	54	1,186
Interest income	17	122
(Loss)/gain on deemed disposal of an associate	(45)	35,664
Loss on disposal of property, plant and equipment	(333)	—
Fair value (loss)/gain on financial assets at fair value through profit or loss	(3,796)	2,040
Others, net	3,506	441
	40,480	39,550

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

8. Finance Costs

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
Continuing operations		
Interest on lease liabilities	379	253
Interest on bank borrowings	284	212
	663	465

9. Profit Before Income Tax

Continuing operations

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
Depreciation of property, plant and equipment	1,033	381
Depreciation of right-of-use assets	4,062	2,561
Amortisation of intangible assets	12,924	11,015
Auditor's remuneration	150	150
Staff costs (excluding Directors' remuneration)		
Salaries and wages	14,487	6,566
Pension fund contributions	2,354	609
Share-based payments	654	201
	17,495	7,376

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Income Tax

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax for the period	–	–
– PRC income tax for the period	845	–
	845	–
Deferred taxation	(7,905)	(5,782)
Income tax credit	(7,060)	(5,782)
Represented by:		
– Continuing operations	(7,060)	(1,282)
– Discontinued operations	–	(4,500)
	(7,060)	(5,782)

Beijing Crazy Sports Management Company Limited (北京瘋狂體育產業管理有限公司) which is recognised as a high-technology company according to PRC tax regulations and is entitled to a preferential tax rate of 15% for the six months ended 30 June 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 six months ended 30 June 2021 and 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Discontinued Operations

On 7 December 2020, the Company and the CATV Cayman LP (“**CATV 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 Global Limited (“**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 CATV 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.

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.

The abovementioned disposals constitute a discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as the Disposal Group, which mainly consisted of the telemedia and e-commerce businesses, represented one of the major lines of business of the Group. The operation of the telemedia and e-commerce business for the six months ended 30 June 2020 was presented as discontinued operations in the interim condensed consolidated statement of profit or loss and other comprehensive income.

For the purpose of presenting the discontinued operations, certain comparative figures in the interim condensed consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operations discontinued had been discontinued at the beginning of the comparative period.

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

11. Discontinued Operations (Continued)

The results of the discontinued operations were as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
Revenue	—	921,598
Cost of revenue	—	(929,232)
Gross loss	—	(7,634)
Other gains and losses	—	950
Selling and marketing expenses	—	(5,533)
Administrative expenses	—	(17,255)
Impairment loss on intangible assets	—	(18,000)
Impairment loss on goodwill	—	(933)
Share of loss of an associate	—	(70)
Finance costs	—	(319)
Loss before income tax	—	(48,794)
Income tax	—	4,500
Loss for the period from discontinued operations	—	(44,294)

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

12. 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)

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) (Re-presented) HK\$'000
Earnings/(loss) attributable to owners of the parent	61,967	(16,020)
Add:		
Loss for the period from discontinued operations	—	43,951
Earnings for the purposes of basic and diluted earnings per share from continuing operations	61,967	27,931

Number of shares

	Six months ended 30 June	
	2021 (Unaudited) '000	2020 (Unaudited) '000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	4,517,460	4,273,972
Effect of dilutive potential ordinary shares:		
— Share options	120,560	N/A
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	4,638,020	4,273,972

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

12. Earnings/(Loss) Per Share (Continued)

Continuing and discontinued operations (Continued)

Earnings/(loss) per share

	Six months ended 30 June	
	2021 (Unaudited) HK cents	2020 (Unaudited) HK cents
— Basic	1.37	(0.37)
— Diluted	1.34	(0.37)

Discontinued operations

Basic loss per share for the discontinued operations for the six months ended 30 June 2020 is HK1.02 cents per share and diluted loss per share for the discontinued operations was HK1.02 cents per share for the six months ended 30 June 2020, based on the unaudited loss for the period from the discontinued operations of HK\$43,951,000 and the denominators detailed above for both basic and diluted loss per share.

The computation of diluted earnings/loss per share for the six months ended 30 June 2020 did not assume the exercise of the outstanding share options as they had an anti-dilutive effect on the earnings/loss per share calculation.

13. Movements in Property, Plant and Equipment

During the six months ended 30 June 2021 (the “**Period**”), the Group acquired property, plant and equipment of approximately HK\$1,047,000 (six months ended 30 June 2020: HK\$717,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Interests in Associates

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Share of net assets/(liabilities)	(15,179)	(10,504)
Goodwill	238,181	238,181
	223,002	227,677
Less: impairment	(216,496)	(216,496)
	6,506	11,181

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/ Mainland China	49% (31 December 2020: 49%)	Provision of telemedia business support and content services
Bank of Asia (BVI) Limited ("BOA")	Limited company	BVI	45.49% (31 December 2020: 45.95%)	Provision of BVI banking services

Note:

During the Period, the equity interest held by the Group in BOA was diluted from 45.95% to 45.49% due to issuance of share capital by BOA. The dilution of interest resulted in a deemed disposal of interest in an associate and a loss of HK\$45,000 is recognised. The amount is included in the Group's other gains and losses in the interim condensed consolidated statement of profit or loss and other comprehensive income.

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

14. Interests in Associates (Continued)

Summarised financial information (material associate)

BOA	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Total assets	148,540	42,359
Total liabilities	(138,997)	(22,737)
Net assets	9,543	19,622
Carrying amount of the Group's interest in the associate	6,506	11,181

	Six months ended 30 June 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	6,317	313
Loss for the period	(9,944)	(39,696)
Included in the above amounts are: Depreciation and amortisation	(2,773)	(4,731)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Goodwill

	HK\$'000
Cost:	
At 1 January 2020 (audited)	661,738
Derecognised on disposal of subsidiaries	(4,472)
Written off	(254,789)
Exchange adjustments	24,464
At 31 December 2020 (audited)	426,941
Exchange adjustments	8,712
At 30 June 2021 (unaudited)	435,653
Accumulated impairment losses:	
At 1 January 2020 (audited)	257,066
Derecognised on disposal of subsidiaries	(4,472)
Written off	(253,856)
Exchange adjustments	1,262
At 31 December 2020 (audited) and 30 June 2021 (unaudited)	—
Carrying amount:	
At 30 June 2021 (unaudited)	435,653
At 31 December 2020 (audited)	426,941

Goodwill is allocated to the Group's CGUs identified to country of operation and business segment. The carrying amounts as at 30 June 2021 and 31 December 2020 were related to the Group's Digital sports entertainment business in the PRC.

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

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

16. Right-of-use Assets

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

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Properties	7,702	22,557

17. Other Financial Assets

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Current assets:		
Financial assets at fair value through profit or loss:		
— Compensation arising from profit guarantee (note (a))	8,148	3,193
— Listed equity investment (note (c))	24,740	47,419
	32,888	50,612
Non-current assets:		
Financial assets at fair value through other comprehensive income:		
— Investment funds (note (b))	463,526	361,651

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Other Financial Assets (Continued)

Notes:

- (a) Pursuant to the profit guarantee arrangement in relation to the acquisition of 3GUU Group, the Group is entitled to recover the related consideration shares at no cost as the actual result of 3GUU Group for the year ended 31 December 2013 was less than the relevant profit target. The Group has decided not to recall the consideration shares and asked the vendors to dispose of the related shares to settle the compensation in cash. Compensation is determined on the agreed number of shares to be disposed of at their fair value at the end of reporting period. The Directors classified the investment as financial asset at fair value through profit or loss.
- (b) The investment funds are as follows:
- (i) On 14 December 2015, the Group entered into a Limited Partnership Agreement (the **"Agreement"**) to subscribe, as a limited partner, in the total amount of US\$31,250,000 (equivalent to HK\$243,348,000) of China Prosperity Capital Mobile Internet Fund, L.P. (the **"Mobile Internet Fund"**). The timing of capital contribution of the investment is generally on an "as needed" basis. During 2018, the Group have wholly settled the committed investment of US\$31,250,000 to the Mobile Internet Fund.

The Mobile Internet Fund was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in equity and/or equity-related securities of companies that operate in or otherwise derive significant business opportunities from the mobile internet sector, its related technologies, products and services. The Directors classified the investment as financial asset as fair value through other comprehensive income as it is held for long term strategic gains and not for trading. As at 30 June 2021, a fair value gain of HK\$18,400,000 (six months ended 30 June 2020: HK\$99,256,000) was recognised as other comprehensive income and increased the investment revaluation reserve. As at 30 June 2021, the fair value of Mobile Internet Fund is HK\$274,842,000 (31 December 2020: HK\$256,442,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Other Financial Assets (Continued)

Notes: (Continued)

(b) The investment funds are as follows: (Continued)

- (ii) In 2017, the Group entered into a limited partnership agreement to subscribe, as a limited partner, in the total amount of US\$6,500,000 (equivalent to HK\$50,616,000) of Golden Rock Cayman LP (the "**Golden Rock**"). Golden Rock was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in securities and/or equity of companies that operate in internet related sectors. The Group is a limited partner of Golden Rock and does not have control nor significant influence in its operational and financing decisions. The Directors classified the investment as financial asset as fair value through other comprehensive income as it is held for long term strategic gains and not for trading.

As at 30 June 2021, the management assessed that the fair value of the Golden Rock is HK\$29,994,000 (31 December 2020: HK\$19,339,000).

- (iii) As described in note 11, on 7 December 2020, the Group entered into 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 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 CATV Fund at a subscription price of US\$11,080,000. The CATV Fund was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in telemedia related sectors. The Group is a limited partner in the CATV Fund and does not have control nor significant influence in its operational and financing decisions. The Directors classified the investment as financial asset at fair value through other comprehensive income as it is held for long term strategic gains and not for trading. As at 30 June 2021, a fair value gain of HK\$67,001,000 was recognised as other comprehensive income earned and credited to the investment revaluation reserve.

- (c) It represents certain equity investments of listed securities in NASDAQ. During the six months ended 30 June 2021, the Group disposed a portion of the listed securities and a realised fair value gain of HK\$10,537,000 (six months ended 30 June 2020: HK\$Nil) were recognised as "Other gains and losses" in the interim condensed consolidated statement of profit or loss and other comprehensive income. As at 30 June 2021, fair value loss of HK\$8,751,000 (six months ended 30 June 2020: fair value gain of HK\$12,188,000) were recognised as "Other gains and losses" in the interim condensed consolidated statement of profit or loss and other comprehensive income for remaining listed securities held.

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

18. Trade Receivables

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

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Within 6 months	77,227	28,365
Over 6 months but within 1 year	3,012	7,311
Over 1 year but within 2 years	123	129
Over 2 years but within 3 years	41	—
	80,403	35,805

The Group and the Company assessed impairment loss based on expected credit loss model. The Group has a policy allowing its customers credit periods normally ranging from 10 to 90 days. The Group does not hold any collateral as security.

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

19. Trade and Other Payables

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Trade payables		
Within 6 months	34,252	17,753
Over 6 months but within 1 year	839	227
Over 1 year but within 2 years	277	476
Over 2 years but within 3 years	10	—
	35,378	18,456
Other payables	39,742	76,453
	75,120	94,909

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

20. Share Capital

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
<i>Authorised:</i> 50,000,000,000 ordinary shares of HK\$0.01 each	500,000	500,000
<i>Issued and fully paid:</i> 4,503,575,442 (1 January 2020: 4,213,395,262) ordinary shares of HK\$0.01 each at beginning of period/year	45,036	42,134
Issuance of shares upon placing (note)	—	2,902
Issuance of shares upon exercise of share options	202	—
4,523,765,442 (31 December 2020: 4,503,575,442) ordinary shares of HK\$0.01 each at the end of period/year	45,238	45,036

Note:

On 20 January 2020, the Company and an independent third party (the “**January 2020 Placée**”) 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 Placée at a price of HK\$0.200 per January 2020 Placing Share. The January 2020 Placing was completed on 4 February 2020. The proceeds from the January 2020 Placing of HK\$15,000,000 was received during the year ended 31 December 2020.

On 7 December 2020, the Company entered into the conditional placing agreements (the “**December 2020 Placing**”) with each of the independent third parties (the “**December 2020 Placees**”) pursuant to which the Company has conditionally agreed to allot and issue 215,180,180 ordinary shares (the “**December 2020 Placing Shares**”) to the December 2020 Placees at a price of HK\$0.222 per December 2020 Placing Share. The December 2020 Placing was completed on 21 December 2020. The proceeds from the December 2020 Placing of HK\$47,700,000 was received during the year ended 31 December 2020.

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

21. Capital Commitments

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Contracted, but not provided for: Intangible assets	7,094	4,714

22. Share Option Scheme

On 27 April 2012, the shareholders of the Company approved the adoption of a new share option scheme (the “**2012 Scheme**”) and the termination of the share option scheme adopted on 7 June 2002. The 2012 Scheme was adopted by the Company on 30 April 2012.

Under the 2012 Scheme, the directors of the Company may, at their discretion, invite any eligible participants to take up share option(s) (“**Share Option(s)**”) to subscribe for ordinary share(s) of HK\$0.01 each in the share capital of the Company (“**Share(s)**”). The exercise price for the Share Options shall be determined in accordance with the 2012 Scheme and the relevant provisions of the Listing Rules.

In the annual general meeting of the Company held on 21 May 2020, the share option scheme of two wholly owned subsidiaries of the Company was adopted by two ordinary resolutions passed by the shareholders of the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Share Option Scheme (Continued)

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

For the six months ended 30 June 2021 (unaudited)

	Number of Shares issuable under Share Options							
	At 1 January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)	At 30 June 2021	Exercise price HK\$	Exercise period
(A) Executive Directors								
Dr. Zhang Lijun								
– on 25 January 2018	2,000,000	–	(2,000,000)	–	–	–	0.229	25/01/2018 to 24/01/2021
– on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.120	19/03/2021 to 18/03/2026
	2,000,000	1,000,000	(2,000,000)	–	–	1,000,000		
Ms. Wang Chun								
– on 25 January 2018	3,000,000	–	–	–	(3,000,000)	–	0.229	25/01/2018 to 24/01/2021
	3,000,000	–	–	–	(3,000,000)	–		
Mr. Ji Qiang								
– on 5 July 2019	3,000,000	–	–	–	(3,000,000)	–	0.385	05/07/2019 to 04/07/2022
– on 5 October 2020	3,000,000	–	–	–	(3,000,000)	–	0.385	05/10/2020 to 04/10/2025
	6,000,000	–	–	–	(6,000,000)	–		
Mr. Peng Xitao								
– on 19 March 2021	–	2,000,000	–	–	–	2,000,000	1.120	19/03/2021 to 18/03/2026
	–	2,000,000	–	–	–	2,000,000		
Ms. Cheng Po Chuen								
– on 30 March 2020	15,000,000	–	–	–	–	15,000,000	0.385	30/03/2020 to 29/03/2023
– on 5 October 2020	10,000,000	–	–	–	–	10,000,000	0.385	05/10/2020 to 04/10/2025
– on 19 March 2021	–	2,000,000	–	–	–	2,000,000	1.120	19/03/2021 to 18/03/2026
	25,000,000	2,000,000	–	–	–	27,000,000		
Sub-total	36,000,000	5,000,000	(2,000,000)	–	(9,000,000)	30,000,000		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Share Option Scheme (Continued)

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Share Option Scheme (Continued)

	Number of Shares issuable under Share Options							Exercise price HK\$	Exercise period
	At 1 January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Reclassification (note i)	At 30 June 2021			
(C) Employees									
– on 25 January 2018	–	–	–	(3,000,000)	3,000,000	–	0.229	25/01/2018 to 24/01/2021	
– on 5 July 2019	42,000,000	–	(2,940,000)	–	–	39,060,000	0.385	05/07/2019 to 04/07/2022	
– on 30 March 2020	2,000,000	–	(500,000)	–	–	1,500,000	0.385	30/03/2020 to 29/03/2023	
– on 5 October 2020	29,500,000	–	(500,000)	–	–	29,000,000	0.385	05/10/2020 to 04/10/2025	
– on 19 March 2021	–	4,000,000	–	–	–	4,000,000	1.120	19/03/2021 to 18/03/2026	
Sub-total	73,500,000	4,000,000	(3,940,000)	(3,000,000)	3,000,000	73,560,000			
(D) Others (note ii)									
– on 25 January 2018	–	–	–	(1,500,000)	1,500,000	–	0.229	25/01/2018 to 24/01/2021	
– on 5 July 2019	20,000,000	–	(13,000,000)	–	5,000,000	12,000,000	0.385	05/07/2019 to 04/07/2022	
– on 30 March 2020	6,000,000	–	–	–	(3,000,000)	3,000,000	0.385	30/03/2020 to 29/03/2023	
– on 5 October 2020	3,000,000	–	(500,000)	–	1,000,000	3,500,000	0.385	05/10/2020 to 04/10/2025	
– on 19 March 2021	–	1,000,000	–	–	–	1,000,000	1.120	19/03/2021 to 18/03/2026	
Sub-total	29,000,000	1,000,000	(13,500,000)	(1,500,000)	4,500,000	19,500,000			
Total	145,250,000	10,000,000	(20,190,000)	(4,500,000)	–	130,560,000			

Notes:

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Share Option Scheme (Continued)

Notes: (Continued)

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

On 19 March 2021, a total of 10,000,000 share options were granted to directors and eligible participants under the 2012 Scheme and entitled the grantees to subscribe for ordinary shares at an exercise price of HK\$1.12 per share. The options are vested immediately and may be exercisable during the period from 19 March 2021 to 18 March 2026. Accordingly, the related share-based payment expenses amounted to HK\$1,291,000 was recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income and credited to the share-based compensation reserve.

Fair value of Share Options granted during the six months ended 30 June 2021 was determined using the Binomial valuation model and assumptions are as follows:

Fair value at grant date	HK\$0.102–HK\$0.274
Weighted average closing price immediately before the date of grant	HK\$0.57
Weighted average contractual life	5 years
Expected volatility	77.09%
Expected dividend rate	0%
Risk-free interest rate	0.75%

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

22. Share Option Scheme (Continued)

Details and movements of Share Options are as follows:

	Weighted average exercise price	Number '000
At 31 December 2019 (audited)	HK\$0.370	75,250
Granted during the year	HK\$0.385	70,000
At 31 December 2020 (audited)	HK\$0.377	145,250
Granted during the Period	HK\$1.120	10,000
Exercised during the Period	HK\$0.364	(20,190)
Lapsed during the Period	HK\$0.229	(4,500)
At 30 June 2021 (unaudited)	HK\$0.441	130,560

The weighted average exercise price of options outstanding as at 30 June 2021 is HK\$0.441 (31 December 2020: HK\$0.377) and their weighted average remaining contractual life was 2.35 years (31 December 2020: 2.14 years). The weighted average closing Share price immediately before the dates of exercise of Share Options during the Period is HK\$0.610.

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

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

23. Related Party Transactions

- (a) In addition to the transactions disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the six months ended 30 June 2021 and 2020:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Service fee income earned from an associate, TMD1	—	992
Management fee charged by TMD1	—	997

- (b) The remuneration of Directors and other members of key management during the six months ended 30 June 2021 and 2020 are as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short term benefits	10,807	8,114
Share-based payments	646	219
	11,453	8,333

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Related Party Transactions (Continued)

- (d) The amount due from an associate mainly arising from the trading transactions detailed in note (a) above is unsecured, interest free and repayable on demand.
- (e) On 9 March 2021, Mr. Peng Xitao, being the director of the Group, entered into a guarantee agreement with a third party corporate, Beijing Yizhuang International Finance Guarantee Co., Ltd. ("**Beijing Yizhuang**"), pursuant to which unlimited personal guarantee by Mr. Peng Xitao and corporate guarantee by a subsidiary of the Group were guaranteed to Beijing Yizhuang as counter-guarantee. Beijing Yizhuang will provide guarantee to the Bank of China for a banking facility of RMB5,000,000.

On 25 June 2021, Mr. Peng Xitao, being the director of the Group, and Mr. Wei Guilei, being the director of a subsidiary of the Group, entered into a guarantee agreement with a third party corporate, Beijing SME Finance Re-guarantee Co., Ltd. ("**Beijing SME**"), pursuant to which a property owned by Mr. Peng Xitao and unlimited personal guarantee by Mr. Peng Xitao and Mr. Wei Guilei were guaranteed to Beijing SME as counter-guarantee. Beijing SME will provide guarantee to the Bank of China for a banking facility of RMB5,000,000.

- (f) On 25 June 2019, Mr. Peng Xitao, being the senior management of the Group and the director of a subsidiary of the Group, Mr. Hou Liqiang and Mr. Wei Guilei, being the director of a subsidiary of the Group, entered into a guarantee agreement with a third party corporate, Beijing Zhongguancun Technology Financing Guarantee Co., Ltd. ("**Beijing Zhongguancun**"), pursuant to which a property owned by Mr. Hou Liqiang and Mr. Wei Guilei and unlimited personal guarantee by Mr. Peng Xitao was guaranteed to Beijing Zhongguancun as counter-guarantee. Beijing Zhongguancun will provide guarantee to the Bank of China for a banking facility of RMB10,000,000, in relation to abovementioned the bank borrowing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Disposal of Subsidiaries

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

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

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

	28 February 2021 (Unaudited) HK\$'000
Property, plant and equipment	439
Right-of-use assets	3,559
Other receivables, deposits and prepayments	3,478
Cash and cash equivalents	142
Trade and other payables	(3,787)
Lease liabilities	(3,407)
Net assets disposed of	424

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

24. Disposal of Subsidiaries (Continued)

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

The gain arising from the disposal is calculated as follows:

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

Net cash outflow arising on disposal

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

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

25. Bank Borrowings and Lease Liabilities

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Current liabilities		
Bank loans due for repayment within one year	12,024	8,838
Lease liabilities — current portion	2,930	12,251
Loans and borrowings — repayable within one year	14,954	21,089
Non-current liabilities		
Lease liabilities — non-current portion	5,149	10,304

The bank borrowings included the loans below:

- (a) As at 30 June 2021, certain bank loans granted by the Bank of China are secured by certain cooperate guarantees as detailed in note 23(e) and bear interest ranging from 3.16% to 3.78% per annum. The loans are carried at amortised cost. The loans are repayable within one year on 15 March 2022 and 28 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 30 June 2021 and 31 December 2020, the fair value of bank borrowings approximates to their carrying amount largely due to the short-term maturities.

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

25. Bank Borrowings and Lease Liabilities (Continued)

Lease liabilities

	Properties
	HK\$'000
As at 1 January 2020 (audited)	27,491
Additions	21,507
Interest expense	861
Lease payments	(13,014)
Modification of lease	(15,261)
Exchange realignment	971
As at 31 December 2020 and 1 January 2021 (audited)	22,555
Additions	8,478
Interest expense (note 8)	379
Lease payments	(3,943)
Modification of lease	(12,588)
Disposal of subsidiaries	(7,122)
Exchange realignment	320
As at 30 June 2021 (unaudited)	8,079

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

25. Bank Borrowings and Lease Liabilities (Continued)

Lease liabilities (Continued)

The following table shows the reconciliation of bank borrowings and lease liabilities:

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

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

25. Bank Borrowings and Lease Liabilities (Continued)

Lease liabilities (Continued)

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2020 (audited)	5,572	27,491	33,063
<i>Changes from financing cash flows</i>			
Proceeds from bank borrowings	11,784	—	11,784
Repayment of bank borrowings	(8,358)	—	(8,358)
Payment of lease liabilities	—	(13,014)	(13,014)
Interest paid	(434)	—	(434)
Total changes from financing cash flows	2,992	(13,014)	(10,022)
<i>Other changes</i>			
Interest expense	434	861	1,295
Addition of new lease	—	21,507	21,507
Modification of lease	—	(15,261)	(15,261)
Exchange differences	(160)	971	811
Total liability-related other changes	274	8,078	8,352
As at 31 December 2020 (audited)	8,838	22,555	31,393

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

26. Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 30 June 2021 and 31 December 2020 may be categorised as follows:

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Financial assets		
Financial assets at amortised cost	246,270	215,424
Financial assets at fair value through profit or loss	32,888	50,612
Financial assets at fair value through other comprehensive income	463,526	361,651
	742,684	627,687
Financial liabilities		
Financial liabilities measured at amortised cost	126,426	159,509

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

**26. Summary of Financial Assets and Financial Liabilities by Category
(Continued)**

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy: (Continued)

	As at 30 June 2021 (unaudited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	32,888	—	—	32,888
Financial assets at fair value through other comprehensive income	—	—	463,526	463,526
	32,888	—	463,526	496,414

	As at 31 December 2020 (audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	50,612	—	—	50,612
Financial assets at fair value through other comprehensive income	—	—	361,651	361,651
	50,612	—	361,651	412,263

For the financial assets at fair value through other comprehensive income, it mainly consisted of unlisted investment funds as detailed in note 17.

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

**26. Summary of Financial Assets and Financial Liabilities by Category
(Continued)**

Significant unobservable inputs

Mobile Internet Fund

The fair value of the Mobile Internet Fund as at 30 June 2021 and 31 December 2020 are arrived at based on a valuation carried out by Graval Consulting Limited (“Graval”), an independent firm of professionally qualified valuer. The fair value was determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the Mobile Internet Fund, which are appraised by market approach referencing to comparable companies’ benchmark multiples.

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Market multiples of comparable companies adopted		
— Price-to-earnings ratio (“P/E Ratio”)	47.71	50.88
— Market rate of return	-0.71 — 1.49	-0.70 — 1.85
Discount for lack of marketability	15.80%	15.80%

Had the P/E Ratio of comparable companies adopted increased by 100 basis points, it would increase the fair value of the unlisted investment by HK\$104,000 (31 December 2020: HK\$345,000). Had the P/E Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK\$104,000 (31 December 2020: HK\$345,000).

Had the market rate of return of comparable companies adopted increased by 100 basis points, it would increase the fair value of the unlisted investment by HK\$463,000 (31 December 2020: HK\$213,000). Had the market rate of return of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK\$463,000 (31 December 2020: HK\$213,000).

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

**26. Summary of Financial Assets and Financial Liabilities by Category
(Continued)**

Significant unobservable inputs (Continued)

Golden Rock

The fair value of the Golden Rock as at 30 June 2021 and 31 December 2020 are arrived at based on a valuation carried out by Graval, an independent firm of professionally qualified valuer, and Beijing Lixin Donghua Assets Appraisal Co., Ltd., an independent firm of professionally qualified valuer, respectively. The fair value was determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the Golden Rock, which are appraised by market approach referencing to comparable companies' benchmark multiples.

	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Market multiples of comparable companies adopted		
— Price-to-sales ratio ("P/S Ratio")	10.89	5.04
— Price-to-book ratio ("P/B Ratio")	N/A	6.27
Discount for lack of marketability	15.80%	24.90%

Had the P/S Ratio of comparable companies adopted increased by 100 basis points, it would increase the fair value of the unlisted investment by HK\$300,000 (31 December 2020: HK\$794,000). Had the P/S Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK\$300,000 (31 December 2020: HK\$794,000).

As at 31 December 2020, had the P/B Ratio of comparable companies adopted increased by 100 basis points, it would increase the fair value of the unlisted investment by HK\$1,169,000. Had the P/B Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK\$1,169,000.

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

**26. Summary of Financial Assets and Financial Liabilities by Category
(Continued)**

Significant unobservable inputs (Continued)

CATV Fund

The fair value of the CATV Fund as at 30 June 2021 is arrived at based on a valuation carried out by Graval, an independent firm of professionally qualified valuer. The fair value was determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the CATV Fund, which are appraised by market approach referencing to comparable companies' benchmark multiples.

	As at 30 June 2021 (Unaudited)
Market multiples of comparable companies adopted	
— Enterprise value/research and development expenses ratio ("EV Ratio")	7.06
— P/B Ratio	0.44
Discount for lack of marketability	15.80%

Had the EV Ratio of comparable companies adopted increased by 100 basis points, it would increase the fair value of the unlisted investment by HK\$6,000. Had the EV Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK\$6,000.

Had the P/B Ratio of comparable companies adopted increased by 100 basis points, it would increase the fair value of the unlisted investment by HK\$133,000. Had the P/B Ratio of comparable companies adopted decreased by 100 basis points, it would decrease the fair value of the unlisted investment by HK\$133,000.

As at 31 December 2020, the fair value of CATV Fund was determined based on the transaction price of a recent arm's length transaction as described in note 11.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Summary of Financial Assets and Financial Liabilities by Category (Continued)

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

	HK\$'000
As at 1 January 2020 (audited)	355,383
Disposal	(16,715)
Addition	85,870
Change in fair value (included in other comprehensive income)	9,010
Disposal of subsidiaries	(76,028)
Exchange difference	4,131
As at 31 December 2020 and 1 January 2021 (audited)	361,651
Addition	5,819
Change in fair value (included in other comprehensive income)	96,056
As at 30 June 2021 (unaudited)	463,526

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values.

There were no transfers between levels during the Period.

27. Approval of the Financial Statements

The financial statements were reviewed by the audit committee of the Company and approved and authorised for issue by the Board on 26 August 2021.

