疯狂体育集团
CRAZY SPORTS GROUP

CRAZY SPORTS GROUP LIMITED

(incorporated in Bermuda with limited liability)

STOCK CODE: 82

Annual Report 2024

Enterprise Philosophy

Integrity Loyalty

Diligence Commitment

Our Mission

To Become a Leading Digital Sports Entertainment Group in China

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BOARD OF DIRECTORS

Executive Directors

Dr. Zhang Lijun *(Chairman)*
Mr. Peng Xitao *(Chief Executive Officer)*

Independent Non-Executive Directors

Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming

AUDIT COMMITTEE

Ms. Liu Haoming *(Chairlady)*
Mr. Zang Dongli
Mr. Zhou Jingping

NOMINATION COMMITTEE

Dr. Zhang Lijun *(Chairman)*
Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming

REMUNERATION COMMITTEE

Mr. Zang Dongli *(Chairman)*
Dr. Zhang Lijun
Ms. Liu Haoming

ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITTEE

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

EXECUTIVE COMMITTEE

Dr. Zhang Lijun *(Chairman)*
Mr. Peng Xitao

AUTHORISED REPRESENTATIVES

Dr. Zhang Lijun
Mr. Chan Lap Chun Jason

COMPANY SECRETARY

Mr. Chan Lap Chun Jason

AUDITOR

BDO Limited
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

Bank of China
The Hongkong and Shanghai
Banking Corporation Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Services (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

REGISTERED OFFICE

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31 Victoria Street
Hamilton HM 10
Bermuda

PRINCIPAL PLACES OF BUSINESS

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Beijing, PRC

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CORPORATE WEBSITE

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STOCK CODE

00082

Chairman's Statement

In 2025,
Let's Go For It!

Dear Shareholders, Investors and Partners,

Hello everyone! In 2024, the sports industry in the PRC has embraced unprecedented development opportunities as the market scale has continued to expand, and the industrial structure has been optimising. According to data, the total scale of the sports industry in the PRC has reached RMB3.67 trillion in 2023 and is expected to reach RMB5 trillion by 2025. The sports consumption market is also experiencing rapid growth, with its scale reaching RMB1.5 trillion in 2023 and expected to grow to RMB2.8 trillion in 2025. Against this backdrop, Crazy Sports Group has continuously consolidated its leading position in the industry through its strategic deployment of "digital + sports".

As a leading digital sports entertainment operator in the PRC, Crazy Sports Group has been committed to promoting the digital transformation of the sports industry through technological innovation. In 2024, we have made significant progress in the application of artificial intelligence technology, injecting new vitality into the Group's business development. Looking ahead to 2025, we will continue to enhance the application of artificial intelligence technologies in the sports industry and explore more innovative scenarios to improve user experience and operational efficiency, thereby driving the growth of new sports market with high-quality productivity.

At the macro level, the trend towards diversified development in the sports industry is becoming increasingly evident. The sports services industry has continued to increase its market share, while the sports consumption market has shown the characteristics of popularisation and diversification. Crazy Sports Group will keep abreast of this trend by expanding its business boundaries and optimising service offerings to further meet the market's demand for high-quality sports products and services.

At the same time, we will also proactively respond to market changes, and seize policy opportunities. As the Chinese government continues to place greater emphasis on the sports industry, a series of supportive policies launched have provided a strong foundation for the development of the industry. Crazy Sports Group will take full advantage of these policies to accelerate its strategic layout, enhance its brand influence, and strengthen its market competitiveness.

In 2025, Crazy Sports Group will continue to uphold the spirit of innovation and progress by using artificial intelligence technology as the engine to drive high-quality development of the sports industry. We believe that, bearing “Let's Go For It” in mind with the concerted efforts of all teams, the Group will achieve more outstanding results in the coming year, create greater value for our Shareholders and make more contributions to the development of the sports industry.

Once again, I would like to thank you for your support and trust in Crazy Sports Group.

Zhang Lijun
Chairman of the Board

Management Discussion and Analysis

2024 ANNUAL RESULTS HIGHLIGHTS REVIEW

In 2024, the Group is dedicated to steadily advance the diversified development of its digital sports entertainment business while proactively addressing the challenges posed by the transformation of the competitive landscape in the sports industry and the diversification of consumer demands. The Group continued to develop various sectors, such as the overseas expansion of paid sports information and sports and leisure gaming businesses, as well as AI technology R&D. Through product innovation and paid sports information content optimisation to meet the users' growing service demands, we further expanded our target customer groups and increased market share, laying a solid foundation for the long-term development of the Group. The total number of platform users increased by 21.4% to 105.9 million as compared to the end of 2023, and the average monthly active users increased year-on-year by 17.4%. Meanwhile, we are continuously increasing investments in nurturing talent and strengthening our brand to boost core competitiveness. We are also committed to social responsibility, organising diverse sports events to promote nationwide fitness and support China's goal to become a sports powerhouse.

In 2024, the Group's paid sports information platform recorded an increase in revenue of HK$31.1 million or a 13.7% growth as compared to the previous year. During the UEFA Euro 2024, Crazy Red Insights utilised AI Agent technology, leveraged on large language model and combining with many years of accumulated and extensive data resources to launch "Ruyi", the first large model AI assistant for the vertical domain of "Sports + Lottery" sector in China. At the same time, the Group invested substantial resources in R&D. Driven by technological innovation, the R&D team successfully launched multiple well-targeted products in the paid sports information sector and enriched product matrices. These products are expected to enhance the competitiveness and user retention rate of the paid sports information platform in the future.

In terms of sports and leisure gaming business, the Group remains dedicated to refining its business model and strategy, decreasing investment in other gaming business with lower revenue return rates, and focusing on publishing sports games leveraging the Group's existing IP rights. The Group's international publishing efforts advanced in 2024, with initial localised testing completed in the Southeast Asia market, earning positive responses from local users. In the future, the Group will continue to increase the market penetration rate of its game products as planned.

In addition to the development of core products, the Group leveraged its resource advantages of "Digital + Sports" and "Sports + Entertainment" to cultivate consumption growth drivers in "Sports Events + Cultural Tourism". In 2024, the Group successfully organised several major events, including the China Foshan WBC Professional Boxing Championship, B.Duck Run (Mountain Resort Station) and B.Duck Run (Foshan Danzao Station). Among them, the China Foshan WBC Professional Boxing Championship became a standout event in the China's sport sector that attracted over 300 million viewers, setting the highest viewership record for a single game in the history of Chinese professional boxing. This has significantly enhanced the brand influence of Crazy Sports Group.

In 2024, the Group's revenue decreased by 16.1% to HK$411.4 million compared to 2023, mainly due to a reduction in revenue generated from the sports and leisure gaming business, resulting from adjustments to the business model and decline in players' spending power. During the year, the Group recorded a narrowed loss of HK$14.7 million, a 32.2% reduction compared to the HK$21.7 million loss recorded in 2023. The loss was decreased mainly due to the increase in other gains and decrease in selling expenses.

Business Model and Strategic Direction

The business of the Group is the digital sports entertainment business. We are committed to building a digital sports entertainment ecosystem centered around sports culture enthusiasts in order to build a multi-dimensional, real-time, and vibrant digital sports entertainment community.

Our strategy is based on a massive database of sports users and events, leveraging big data and AI technology to empower the traditional sports industry with "Crazy Red Insights + Sports Lottery New Retail" as the core business, and supplemented by the "Event + Quizzes, IP + Games" businesses to drive the digital sports entertainment strategy forward in all aspects.

Our platform not only offers core business, but also actively develops value-added business relating to digital sports entertainment with goals to attract more lottery-focused sports users. The Group's digital sports entertainment strategies are closely aligned with the national policies of building a leading sports powerhouse, as well as promoting sports and health consumption. Adhering to the mission of "Let Sports Create Happiness", we are committed to providing users with unique sports entertainment consumption experience.

Core Business Review and Development

Paid Sports Information Platform

In 2024, the total sales of paid sports information platform of the Group reached HK$258.8 million, representing a year-on-year increase of 13.7% as compared to 2023. While facing challenges brought by users' consumption orientations and the competitions in marketing and sales, our R&D team, driven by technological innovation, successfully launched multiple well-targeted products which enhanced user activity and satisfaction. Our key strategies for the sector of the paid sports information platform – Crazy Red Insights APP, are as follow:

1. *Adhering to The Concept of Innovation-driven Development and Actively Embracing Artificial Intelligence*

   Crazy Sports upholds the concept of leading development with innovation and continued to increase investments in R&D. Crazy Red Insights utilised AI Agent technology and combined with over 20 years of massive sports events data, user behaviour data and expert analysis to build a distinctive knowledge base for training, and launched the first large model for the vertical domain of "Sports + Lottery" sector in China – "Ruyi" the intelligent conversation assistant. It offers personalised conversation experience, always ready to answer users' questions, organises information, filters matches and provides analysis and recommendations. Crazy Red Insights therefore seized the opportunity in the field of paid sports information and accumulated core technologies that led the development of the industry.

   Based on the "Ruyi" large model, we have developed our lottery user assistant tool that provides users with more objective result predictions through extensive analysis and comprehensive calculations of various factors, such as odds trend, historical trend and team strength. Since its launch, it has garnered unanimous acclaim from the market and users for its convenient display and accurate wager suggestions.

2. *Enhancing Creative Ecosystem to Improve the Quality of Content Products*

Crazy Red Insights introduced an auxiliary writing tool specifically designed for content creators. This tool aims to help creators complete their work more efficiently while improving the quality and impact of their creations. By using our auxiliary writing tool, creators can receive intelligent recommendations for relevant materials, perspectives, and references tailored to their personal writing style and preferences, helping them broaden their ideas and enrich their creation content. In the future, we will continue to gather user feedback and optimise product's features to provide better products and services for creators.

3. *Enriching Product Matrices to Serve Target Groups Precisely*

In 2024, the Group adhered to a user-centric philosophy, and driven by technological innovation, thoroughly analysing the segmented user groups to precisely capture the demands and pain points of different users. On this basis, the Group invested substantial resources in R&D and successfully launched multiple well-targeted products.

The "Zhong Zu Wang Mobile APP" focuses on serving loyal users of the "Zhong Guo Zu Cai Wang". Leveraging a data foundation accumulated since 2001, it includes the website functions most loved by users. The "Events Center" covers over a thousand football leagues; "Eight Directions Prediction" integrates performance characteristics, lineup analysis, and visualised patterns of ball movement trends, clearly revealing the tactics and player conditions hidden behind the scores; "AI Big Data" combines advanced technology to deliver high-accuracy match outcome predictions, aiding betting and match analysis. The "Match APP" is a product specially designed for lottery fans who follow live events, with continuous investment in technical development. It covers matches across Europe, Asia, and the Americas, exceeding 3,000 games annually, allowing fans to fully enjoy the excitement. The expert team, with deep professionalism and rich experience, publishes over 10,000 analyses and predictions yearly, answering questions, guiding betting, and earning widespread trust. The "Wa Sai Model" is an artificial intelligence match prediction tool that deeply analyses recent performances of opposing teams, home and away differences, lineup configurations, and historical data, while instantly aggregating and continuously updating information to provide users with prediction tendencies for various betting options.

These new products have quickly established a foothold in the market, effectively reaching the segmented user groups, boosting user activity and satisfaction, and laying a solid foundation to support long-term development of the paid sports information business.

4. *The Internationalised Product has been Successfully Launched with Positive and Favourable Market Feedback*

In 2024, the Group's paid sports information products were officially launched in overseas markets. The overseas version, featuring core functions such as live score updates, odds information, AI models and recommendation plans, has first commenced operations in Southeast Asia. The overseas version provides fast and accurate real-time score updates, allowing users to keep track of match dynamics; the detailed odds data and in-depth analysis provide users with abundant references and information to make wiser decisions when placing wagers. With its powerful data processing capabilities and objective prediction algorithms, our AI model offers precise program recommendation service to the users. These products and technological advantages boosted our competitiveness in the international market.

5. *Deeply Exploring Channel Capabilities, Expanding New Media Sales Methods and Focusing on the Development of Short Video Platforms*

   In 2024, we continued to deepen cooperations with leading platforms to consolidate and strengthen channel cooperations and sales capabilities. In particular, during the UEFA Euro Cup, Crazy Red Insights established in-depth cooperations with platforms that own video livestreaming copyrights. By integrating copyrighted livestreaming content with paid sports information services, the demands of sports enthusiasts are more effectively satisfied, and effectively prompting users to change to paid models.

   At the same time, Crazy Sports carefully selected match analysis experts and signed agreements to create their personal IPs and launched them on mainstream short video platforms such as Douyin, WeChat Channel and Kuaishou, guiding users to use Crazy Red Insights APP. Leveraging their vast experience, professional knowledge and profound understanding of game matches, the experts of Crazy Sports provide high-quality, accurate match analysis and forecasts. The real-time interaction feature of short video livestreaming allows users to engage with hosts and other viewers in real time while watching the analysis and predications, thereby enhancing users' engagement and reliance on paid sports information product services.

   We also proactively explored new business models, including joint marketing promotions and joint membership system, which have brought new growth drivers and development opportunities for the development of the Group's paid sports information business while continuing to optimise user experience.

Sports Lottery Retail Services

In 2024, the Group proactively engaged in comprehensive business discussions with the Sports Lottery Management Centre of the General Administration of Sport of China and local sports lottery management centres across provinces and cities, exploring diversified cooperation models for the "Sports Lottery+" initiatives. Focusing on the development needs of national and provincial sports lottery centers, Crazy Sports leverages the advantages of the Internet, artificial intelligence, and big data to innovate sales and service models, driving sustained growth in sports lottery sales and contributing to the public welfare of China's sports lottery system. To expand sports lottery sales channels, Crazy Sports opened 8 new stores in commercial complexes throughout the year, capitalising on policies to accelerate its strategic layout and secure premium shopping mall resources. Through joint marketing with brands like COCO Tea, the Company adapts to market demands and innovates its development models. In 2024, the overall sales of sports lottery new retail business maintained as a supportive business to the Group's core business and recorded revenue of HK$12.4 million (2023: HK$15.0 million). Moving forward, Crazy Sports will seize opportunities, respond swiftly to changes, and proactively implement targeted market adjustment strategies to ensure its business adapts to market changes and achieves progress while ensuring stability.

Sports and Leisure Gaming Business

In 2024, total revenue of the sports and leisure gaming business recorded HK$132.3 million, representing a decrease of 41.6% compared to 2023, mainly due to instability in the domestic game market and the decline in players' spending power, which led to lower overall revenue from joint publishing games compared to the corresponding year in 2023. The Group proactively optimised its sports and leisure gaming business publishing strategy to avoid excessive investment in games with low return rates and intensifying efforts in IPs, distribution channels, and R&D of its existing sports gaming portfolio. Leveraging its own advantages, the Group published mobile games across multiple categories. This approach has enabled the continuous accumulation of high-quality users while steadily enhancing players' brand recognition of Crazy Sports. In 2024, Crazy Sports pursued a long-term strategy for its self-operated sports gaming business, with multiple products such as "Ace Soccer", "Soccer Manager" and "Football Eleven: Be a Pro" consistently releasing new expansion packs. Additionally, the launch of an internationalisation strategy for sports games, paired with the successful pre-registration of core products, is expected to inject fresh growth momentum into the next phase of the gaming business. The gaming business primarily focuses on the following key areas for development:

1. *Focusing on core soccer IP games through the release of new games and large-scale expansion pack updates*

   As a FIFPro officially licensed football mobile game, "Ace Soccer" introduced multiple expansion pack updates, including a mini-program version, a third-anniversary celebration edition and a UEFA Euro edition. These updates brought new gameplay mechanics, special event modes and a revamped user interface design, delivering a more immersive gaming experience for players. Another football mobile game under Crazy Sports, "Soccer Manager", is a simulation-based football management game that integrates real-world football elements such as match scenarios, player data and competition rules, which allows players to experience the authentic atmosphere of being a football manager. During the UEFA Euro, the game launched a tailored UEFA Euro edition, enabling players to fully appreciate the excitement of modern football through this specialised version.

   In the second half of 2024, Crazy Sports launched "Football Eleven: Be a Pro", a domestically developed 3A-grade football esports game. Following its release, the game garnered widespread acclaim for its exceptional product quality and strong market reputation among users, earning the "Monthly Star Product" award from the Hardcore Alliance, jointly evaluated by Huawei, OPPO, vivo, and other partners. The game incorporates the industry-leading Self-adaption Motion System, featuring over 30,000 authentic movements captured from professional football players. It utilises advanced technologies, including the "Multi-Dimensional Motion Fusion Algorithm", "Physics-Based Motion Correction Algorithm", and "Motion Switching and Interruption Algorithm", to deliver an immersive gaming experience for players. Currently, "Football Eleven: Be a Pro" offers seven competitive match modes: PVP Ranked Matches, Coach Ranked Matches, Challenge Matches, Peak Weekly Matches, Invitational Matches, Event Matches, and Practice Matches. These modes recreate real-world football fields with real-time online battles.

2. *Multiple Key Products in Reserve, Fully Launching International Distribution*

   Crazy Sports will continue to anchor its strategy in the Chinese market while advancing its international distribution strategy, actively expanding into the Southeast Asia, Europe, and Americas markets. This approach aims to continuously enhance the international market penetration and brand influence of the Group's gaming products. In 2024, "Football Eleven: Be a Pro" released a Southeast Asian version, officially starting the international distribution of this football esports mobile game. The Group will remain committed to its founding mission of "Let Sports Create Happiness," focusing on product innovation and global market distribution to continuously bring excellent sports gaming products to players worldwide.

3. *Continuous Optimisation of Joint Distribution Business and Proactive Adaptation to Market Changes in Distribution*

   Leveraging the advantages of its platform's long-term expertise in game publishing and channel promotion, the Group has proactively pursued strategic optimisation and adjustment to its co-publishing game business. By accurately capturing market development trends, we have consistently released mobile games across categories such as casual puzzle games, action role-playing games, and simulation operation games, steadily accumulating a high-quality user base. In response to a decline in player spending power, the Group has proactively refined its publishing strategies and optimised its published product structure to ensure relatively stable returns from the co-publishing business. In the future, we will continuously monitor publishing market dynamics and proactively adjust our co-publishing game distribution strategies.

Sports Event Operations Business

Crazy Sports has leveraged its strengths and resources in "digital + sports" and "sports + entertainment" to innovate by integrating new event concepts such as combining WBC with influencer boxing matches and the B.Duck IP with sports carnivals. These incorporate sports entertainment elements to enhance both online and offline viewing experiences. By leveraging the vast reach of Douyin's platform, along with influencer boxers and B.Duck, these events have significantly boosted visibility and have drawn widespread users' attention and participation. Through successfully hosting sports IP events, the Group has not only achieved economic value for its sports event operations but also fulfilled its corporate social responsibility by promoting professional boxing and National Health Runs.

In June 2024, Crazy Sports successfully organised the China Foshan WBC Professional Boxing Championship, which attracted over 300 million views, and becoming a focal event in the Chinese sports community. The event set a record as the first three-star-rated China-Japan professional boxing showdown in mainland China. This record not only made it the highest-rated professional boxing event in mainland China in 2024 but also established it as the third three-star-rated international professional boxing event in mainland China's history.

In August and December 2024, Crazy Sports successfully hosted the B.Duck Run (Chengda Summer Resort Station) and the B.Duck Run (Foshan Danzao Station), respectively. These events actively implemented the national strategy of "National Fitness," helping local areas cultivate new consumption growth points through sports events and cultural tourism. With the goal of "Travelling with Events" and emphasising the theme of "Sports Promoting Consumption," they created a new consumption scenario deeply integrating sports, tourism, and commerce. This further boosted sports consumption, drove and promoted local economic development, and greatly enhanced Crazy Sports' brand influence.

In the future, the Group will continue to deepen cooperation and exchanges with outstanding domestic and international sports IP organisations, comprehensively enhancing its influence and competitiveness in the global sports industry market. This will assist in realising the long-term sustainable development of the Group's digital sports entertainment business.

Business Outlook

In 2025, advanced technologies such as AI will accelerate their integration into the sports industry. We will enhance the competitiveness of our AI assistant in the sports content domain by incorporating advanced machine learning algorithms. This will improve the reasoning capabilities of vertical models in event analysis, increasing the accuracy of event predictions. Simultaneously, we will analyse user behavior to deliver personalised event recommendations and strategic insights. By building a multimodal data analysis system that integrates diverse data types, we aim to provide innovative viewing experiences and other content, ultimately enhancing user satisfaction.

In 2025, Crazy Red Insights will continue to deepen its presence in short video platforms by establishing strategic partnerships with sports influencers and authoritative media. By integrating resources to create a sports short video live-streaming platform, we will fully leverage the strengths of all parties in content creation and distribution channels, achieving mutual benefits and win-win outcomes. Continued operations in the new media sector will emerge as a fresh growth driver for paid sports information platform.

Looking ahead, we will continue to expand the internationalisation progress of our business. Crazy Red Insights will deepen its integration into overseas sports markets by increasing the language coverage of its overseas versions and closely aligning with top-tier domestic and international events. This will enable us to build a comprehensive, professional, and internationalised sports event information and analysis service platform tailored to overseas users. In the field of sports gaming overseas, we will accelerate our internationalised distribution strategy, methodically expanding into Southeast Asia, the Middle East, Japan, South Korea, and the Europe-Americas markets in phases. This expansion will broaden our overseas market presence and drive the development of international sports gaming products.

It is noteworthy that from 15 June to 13 July 2025, the 2025 FIFA Club World Cup will be held in Miami, United States of America, marking its debut after a comprehensive upgrade. With a scale and format comparable to the FIFA World Cup, this event is poised to become the ultimate spectacle in club-level competitions. The tournament will bring together 32 of the world's top clubs for intense competition, with its event attention and commercial value expected to reach unprecedented heights. The Group will seize the significant opportunities presented by the 2025 FIFA Club World Cup, leveraging the traffic and engagement dividends to inject strong momentum into our business segments and boost overall revenue across the Group's operations.

FINANCIAL REVIEW

	For the year ended 31 December	
	2024	2023
	HK$'000	HK$'000
		(Restated)
Revenue	**411,392**	490,184
Cost of revenue	**(266,090)**	(310,808)
Gross profit	**145,302**	179,376
Other gains and losses	**17,941**	7,591
Selling and marketing expenses	**(115,820)**	(146,092)
Administrative expenses	**(45,368)**	(45,948)
Expected credit loss on trade and other receivables	**(6,388)**	–
Impairment of interest in an associate	**(6,223)**	(5,055)
Share of results of an associate	**(3,147)**	(9,663)
Finance costs	**(573)**	(1,192)
Loss before income tax	**(14,276)**	(20,983)
Income tax expense	**(452)**	(730)
Loss for the year	**(14,728)**	(21,713)

Revenue

The Group's total revenue was contributed by the digital sports entertainment related business. During 2024, the Group's total revenue was approximately HK$411.4 million, representing a decrease of 16.1% as compared to 2023. The Group generated revenue mainly from five areas: (i) paid sports information platform, (ii) sports and leisure games, (iii) lottery-related commission income, (iv) sports events operation, and (v) digital collectibles platform. The Group's revenue generated from different product lines is summarised as below:

	2024		2023	
	HK$'000	**%**	HK$'000	%
Paid sports information platform	**258,764**	**62.9**	227,617	46.4
Sports and leisure games	**132,324**	**32.2**	226,571	46.2
Lottery-related commission income	**12,358**	**3.0**	15,016	3.1
Sports events operation	**7,506**	**1.8**	–	–
Digital collectibles platform	**440**	**0.1**	1,567	0.3
Sports social interactive platform	**–**	**–**	19,413	4.0
	411,392	**100.0**	490,184	100.0

The changes in revenue from different product lines is analysed as below:

(1) In 2024, the core product line of the Group is its paid sports information platform, which recorded revenue amounted to HK$258.8 million, representing an increase of HK$31.1 million or 13.7% compared with 2023. During the UEFA Euro 2024, Crazy Red Insights launched "Ruyi", the first large model AI assistant for the vertical domain of "Sports + Lottery" sector in China. Also, we increased R&D investments in paid sports information related products and successfully launched multiple well targeted products in the paid sports information sector and enriched product matrices. The Group's paid sports information products maintained a steady growth trend despite facing challenges brought by new user consumption trends and recorded growth of approximately 11.7% in average monthly active users. In 2024, the Group restructured the product structure and expanded short-video and live-streaming platforms in Crazy Red Insights, which brings the revenue stream of sports social interactive platform into Crazy Red Insights.

(2) During 2024, revenue from sports and leisure games decreased by 41.6% to approximately HK$132.3 million as compared to 2023. The decrease was mainly due to change in spending habits in the domestic game market, which led to lower overall revenue from joint publishing games compared to the corresponding year in 2023. During the year, the Group is committed to adjusting its sports and leisure games business model and strategies. We proactively optimised its game business publishing strategy to avoid investment in games with low return rates, focusing on leveraging our existing sports game IP copyrights, distribution channels and R&D reserves.

(3) In 2024, the Group has leveraged its strengths and resources in "digital + sports" and "sports + entertainment" to innovate by integrating new event concepts such as combining the WBC with influencer boxing matches and the B.Duck IP with sports carnivals. The Group successfully organised several major events, including the China Foshan WBC Professional Boxing Championship, B.Duck Run (Mountain Resort Station) and B.Duck Run (Foshan Danzao Station). These events recorded revenue amounted to HK$7.5 million in 2024.

(4) During 2024, revenue generated from lottery-related commission income and digital collectibles platform are value-added business relating to digital sports entertainment with goals to attract more lottery-focused sports users.

Cost of revenue and gross profit

Our cost of revenue primarily consists of (i) commissions charged by distribution channels and payment channels, (ii) revenue share to IP holders, (iii) revenue share to key opinion leaders and sports event experts, and (iv) amortisation of intangible assets. Total cost of revenue of the Group decreased by 14.4% to approximately HK$266.1 million during the year as compared to 2023. The declining trend was due to decrease in revenue generated from the digital sports entertainment related businesses. Meanwhile, the amortisation of intangible assets included in cost of revenue increased by 12.1% to approximately HK$34.7 million during the year as compared to 2023, which was a result of increased investment in R&D assets.

During the year, gross profit of the Group was approximately HK$145.3 million, representing an decrease of 19.0% as compared to 2023. The gross margin slightly decreased to 35.3% in 2024 from 36.6% in 2023. The lower gross margin was due to an increase in amortisation of intangible assets included in cost of revenue.

Other gains and losses

Other gains and losses for the year recorded a gain of HK$17.9 million. It was mainly attributable to the fair value gain from financial assets at fair value through profit or loss amounted to HK$13.3 million and exchange gain of HK$4.1 million. Other gains and losses for 2023 was mainly attributable to the fair value gain from financial assets at fair value through profit or loss amounted to HK$2.7 million and exchange gain of HK$2.4 million.

Expected credit loss on trade and other receivables

The Group recorded a expected credit loss on trade and other receivables for the year of HK$6.4 million (2023: HK$nil). It was driven by increase to provision for trade and other receivables based on the expected credit loss model.

Selling and marketing expenses

Selling and marketing expenses decreased by 20.7% to HK$115.8 million in 2024 from HK$146.1 million in 2023. During 2024, the Group focused its promotion and marketing efforts in paid sports information platform and avoided excessive efforts in promotion of games with low return rates.

Administrative expenses

Administrative expenses decreased by 1.3% to HK$45.4 million in 2024 from HK$45.9 million in 2023. The decrease in administrative expenses remained constant as last year with similar cost structure of corporate expenses.

Impairment of interest in an associate

Impairment loss of HK$6.2 million was recognised in respect of the Group's interest in BOA in 2024, as compared to an impairment loss of HK$5.1 million in 2023. The fair value of BOA was determined with references to an independent valuation as at 31 December 2024 and impairment loss was made primarily due to continuously decline in net asset value of BOA as a result of losses recognised during the year. As at 31 December 2024, the carrying amount of our Group's interest in BOA was reduced to HK$Nil (2023: HK$9.4 million).

Share of results of an associate

Share of loss of an associate was HK$3.1 million for 2024 whereas share of loss of HK$9.7 million was recorded in 2023. However, as the share of loss of BOA exceeded the Group's interest in the associate and the Group has no obligation to take up further losses, the Group has discontinued the recognition of its share of loss of BOA with the unrecognised share of loss amounted to HK$10.0 million.

Income tax

There was a decrease in income tax expense recorded in 2024 as compared to 2023.

Net loss for the year

As a result of the foregoing, the Group recorded loss of HK$14.7 million for 2024, as compared to a loss of HK$21.7 million in 2023. The loss was decreased due to the increase in other gains and decrease in selling and marketing expenses.

STRATEGIC INVESTMENTS

As at 31 December 2024, the investment portfolio of the Group amounted to approximately HK$234.3 million (2023: HK$275.5 million), which was recorded as financial assets at fair value through profit or loss or through other comprehensive income.

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

Investment in private equity funds

As at 31 December 2024, the Group has investment in private equity funds amounted to HK$232.0 million (2023: HK$274.3 million), which accounted for 24.0% of the total assets. The balance comprised of two funds as below:

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

In 2015, the Group entered into a limited partnership agreement to subscribe for the limited partnership interests in CPC Fund and invested US$31,250,000 to the CPC Fund. As at 31 December 2024, the Group held 27.17% of limited partnership interests in CPC Fund. The CPC fund is an exempted limited partnership registered under the laws of the Cayman Islands, which is principally engaged to achieve long-term capital appreciation primarily through privately negotiated investments in securities and/or equity that operate in mobile internet and technology industries in the Greater China region, in particular the culture and entertainment industry, such as internet literature, dramas and movies, motion pictures, manga and animations, among others. Investing through CPC Fund created synergy merits to the Group as it allows the Group to have business relationship with industry participants. The fair value of the Group's investment in CPC Fund is HK$159.2 million as at 31 December 2024 (2023: HK$157.0 million), with a fair value gain of HK$2.2 million recognised as other gains and losses. The fair value of CPC Fund accounted for 16.5% (2023: 14.6%) of the Group's total assets as at 31 December 2024. Dividend income of HK$11.1 million was recognised from CPC Fund during the year (2023: HK$2.8 million).

(b) New Rock Capital Fund

In 2020, the Group entered into a subscription agreement pursuant to which the Group agreed to subscribe for the limited partnership interests in the New Rock Capital Fund at an aggregate subscription amount of US$11,080,000. Up to the end of the 2024, the Group has invested in aggregate HK$129.0 million (31 December 2023: HK$129.0 million) into New Rock Capital Fund and held 91.05% of limited partnership interests in New Rock Capital Fund. New Rock Capital Fund is an exempted limited partnership registered under the laws of the Cayman Islands, which is established to achieve long-term capital appreciation of the investments and telemedia assets held, by leveraging on the external network and the expertise of the general partner. Since its establishment, the New Rock Capital Fund has sustainably invested in AI, internet, media and technology businesses. Due to the market volatility of the investment in start-up businesses in China, the fair value of the Group's investment in New Rock Capital Fund was HK$72.8 million as at 31 December 2024 (2023: HK$117.3 million), with a fair value loss of HK$44.5 million recognised as other comprehensive income. The fair value of New Rock Capital Fund accounted for 7.5% (2023: 10.9%) of the Group's total assets as at 31 December 2024. No dividend income was received from New Rock Fund during the year (2023: HK$Nil).

Investment in BOA

The Group holds 45.49% equity interest in BOA, which is established to provide online digital banking services. BOA holds a General Banking License granted under The Banks and Trust Companies Act 1990 of BVI for the purpose of carrying on banking business within and outside the jurisdiction of BVI and is regulated by the authorities of BVI. It uses advance digital channels to provide a wide range of cross-border financial services to its global clients, especially companies and individuals associated with offshore jurisdictions, addressing the growing financial needs of international companies, their owners, and multinational conglomerates.

In 2024, BOA continued to provide banking services to offshore companies as its primary business and focused on marketing its services to South East Asia and to the Global South and obtaining increased fundings in 2024. A share of losses of HK$3.1 million was recorded during 2024. However, as the share of loss of BOA exceeded the Group's interest in the associate and the Group has no obligation to take up further losses, the Group has discontinued the recognition of its share of loss of BOA with the unrecognised share of loss being HK$10.0 million. As at 31 December 2024, there was an impairment of HK$183.1 million (2023: HK$176.9 million) of the Group's interest in BOA with reference to the valuation prepared by an independent valuation expert. An impairment loss was recognised during the year since fair value estimated for the interest in BOA decreased due to decline in its net assets value. BOA delivered a loss position for the year. The fair value of interest in BOA is below the carrying amount of interest because the business had not reached its operational targets up to the end of the 2024 financial year and there are uncertainties in the future income stream.

LIQUIDITY AND FINANCIAL RESOURCES

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

	For the year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Net cash generated from/(used in) operating activities	**40,548**	(987)
Net cash used in investing activities	**(71,555)**	(849)
Net cash used in financing activities	**(6,473)**	(17,260)
Net decrease in cash and cash equivalents	**(37,480)**	(19,096)
Effect of changes in foreign exchange rate	**1,249**	1,780
Cash and cash equivalents at beginning of year	**60,589**	77,905
Cash and cash equivalents at end of year	**24,358**	60,589

Working capital

The Group had HK$24.4 million cash and cash equivalents as at 31 December 2024, as compared to a balance of HK$60.6 million as at 31 December 2023. The Group has sufficient cash resources to satisfy their future working capital and other financing requirements.

Net cash generated from operating activities

The Group's net cash generated from operating activities amounted to approximately HK$40.5 million during the year, compared to net cash used in operating activities of HK$1.0 million for 2023. The Group derived its cash inflow from operating activities primarily through the receipt of income from digital sports entertainment business. The Group's cash outflow from operating activities primarily comprised payments for costs related to games and applications, selling and marketing expenses and operating expenses such as staff costs. The increase in cash generated from operating activities in 2024 were primarily due to a decrease in accounts receivable and other receivables and prepayments.

Net cash used in investing activities

Net cash used in investing activities was HK$71.6 million in 2024, as compared to net cash used in investing activities of HK$0.9 million in 2023. The net cash used in investing activities in 2024 was mainly comprised of acquisition and development costs of intangible assets which amounted to HK$70.5 million.

Net cash used in financing activities

Net cash used in financing activities was HK$6.5 million in 2024 as compared to net cash used in financing activities of HK$17.3 million in 2023. The net cash used was mainly comprised of the repayment of bank borrowings of HK$19.5 million and increase in bank borrowings of HK$16.3 million.

Capital Structure

As at 31 December 2024, the Group's total assets amounted to HK$967.7 million (2023: HK$1,077.0 million) which were substantially financed by shareholders' fund of HK$690.1 million (2023: HK$777.2 million). The capital of the Group only comprises of ordinary shares.

OTHER FINANCIAL INFORMATION

Treasury policy

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

Material acquisitions and disposals

There was no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2024.

Foreign exchange risk

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

Pledge of assets

The Group did not have any pledged assets as at 31 December 2024 and 2023.

Contingent liabilities

As at 31 December 2024 and 2023, we did not have any material contingent liabilities.

Gearing ratio

As at 31 December 2024, gearing ratio was approximately 2.3% (2023:2.6%), which was calculated by dividing the total borrowings by the total equity attributable to owners of the Company.

Dividends

No dividends have been paid or declared by the Group during the years ended 31 December 2024 and 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 107 employees.

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

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

Directors and Senior Management

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

Executive Directors

Dr. ZHANG Lijun (張力軍博士), aged 61, joined the Group in 2006 and currently serves as the Chairman of the Board and an executive Director. Dr. Zhang holds a Ph.D. in Economics and is a Senior Economist. He served as a Research Scholar at the Stanford University School of Medicine, and from 2018 to 2019, he was a Global Affiliate Visiting Scholar at the Walter H. Shorenstein Asia-Pacific Research Center and a Research Scholar at the Department of Engineering of Stanford University. Dr. Zhang is also a proponent of the theory of "disruptive innovation". In addition, he serves as the Chairman of Dubai CATV and as a Senior Partner at CICC Qianhai Weiyi Fund.

Dr. Zhang is also the Chairman of China Asia-Pacific Economic Cooperation (APEC) Development Council, the Vice Chairman of the Internet Society of China, the Vice President of the China Netcasting Services Association, the Vice Chairman of the Beijing Tianjin Hebei Entrepreneurs Union. During the period from 1998 to 2012, he served as the Chinese Representative of the APEC Business Advisory Council. He was the Honorary President of Beijing Internet Association and the Chairman of the board of the former CMGE Group, a company previously listed on NASDAQ.

Dr. Zhang is widely recognised as an influential entrepreneur in China, as well as one of the pioneers and leaders in the China's telecommunications and internet audio-visual industry. With his impressive innovative capabilities and industry leadership, he founded the first Chinese network video company listed on the Main Board of the Stock Exchange and the first mobile gaming company listed on NASDAQ. He is highly regarded as a strategic investor and entrepreneurial mentor, and has earned a reputation of being the "first person for the listing by way of introduction in China". He created the fastest record for the privatisation of Chinese concept stock within 85 days. He has directly and indirectly invested in successful projects such as the former CMGE Group, LAiPIC, 36Kr, Baidu Literature, and NIO Inc. He was honored as one of the "Top 100 Outstanding Figures of China's Economy in 2023" and was awarded the honor of "Beijing Role Model – Most Beautiful Internet Practitioner" in 2024.

Dr. Zhang is an acclaimed "Civil Diplomat", and has extensive international political and business relations, as well as influence in the government, business, and academic sectors in the Asia-Pacific region. He has served as a visiting professor at the University of Sydney and Nankai University, a council member of the Association for Relations Across the Taiwan Straits, and an advisor to the Overseas Chinese Affairs Office of the State Council. During his tenure as the Chinese representative to the APEC Business Advisory Council, he actively cooperated with the negotiations for China's accession to the World Trade Organisation. He also participated in the initiation of the APEC Business Travel Card program and actively promoted China's participation and implementation of the program, greatly facilitating business exchange in the Asia-Pacific region, and earning him the esteemed APEC Ten-Year Contribution Award.

Dr. Zhang is a philanthropist dedicated to social welfare and the initiator of the Zhang Senlin Education Fund under the China Soong Ching Ling Foundation, contributing to the cultivation of talent for the nation.

Mr. PENG Xitao (彭錫濤先生), aged 47, was appointed as an executive director and the Chief Executive Officer of the Company on 1 January 2021. He is responsible for daily operation, management and planning of the Group. Prior to that, he was appointed as the Joint Chief Operations Officer of the Company in 2018. Mr. Peng holds a Master degree of Computer Application from Nankai University and has more than 22 years of experience in the internet and related industries. He worked at the Internet and E-commerce Department of China Unicom as an engineer, engaging in the maintenance and construction work of internet network. In 2012, he founded Yicai Yangguang (溢彩陽光) as the Chief Executive Officer, and Lottery 365 under his leadership quickly emerged as the number one mobile customers product in terms of the number of users and market share in the mobile internet lottery sector in China. With its outstanding product features, Lottery 365 had received many prestigious awards for its product innovation and branding in the industry. In 2015, Mr. Peng founded Crazy Sports and served as the Chief Executive Officer. He pioneered the paid lottery information service platform – Crazy Red Insights which focus on providing lottery users with professional analyses and information services relating to football and basketball games, and such platform has quickly become a leader in the industry.

Independent non-executive Directors

Mr. ZANG Dongli (臧東力先生), aged 65, was appointed as an independent non-executive director of the Company on 1 January 2021. He has about 40 years of experience in cultural and sport industries. He has been engaging in the development, advertising and fund-raising activities of national large-scale projects. He was responsible for the advertising, marketing and financing work of various large-scale projects, including the 11th Asian Games, the 7th National Games of the PRC, the 3rd Far East and South Pacific Games for the Disabled, the 21st Universiade and the 2008 Olympic Games in Beijing respectively. From 2007 to 2009, he served as the Head of the Market Development Department of Beijing International Media Center to provide services to the 2008 Olympic Games in Beijing, during which he was responsible for raising funds for the establishment of the Media Center and facilitated the cooperation with dozens of famous brands and enterprises in respect of fund raising and in-kind contributions. Thereafter, Mr. Zang worked as a Project Director of the Business Department of National Stadium Co., Ltd., responsible for the development of large-scale events and project fundraising for the National Stadium (Bird's Nest) until his retirement in early 2020.

Mr. ZHOU Jingping (周京平先生), aged 59, was appointed as an independent non-executive Director on 1 January 2021. He is currently a Managing Director of HeYi Group (和易集團) and a consultant of King & Wood Mallesons. Before his career in business, Mr. Zhou worked as a police officer for 35 years and was recognised as a National Outstanding Police Officer and won the Outstanding Central State Organization Youth Award. He used to serve as the Director of the Economic Crime Investigation Division of the Ministry of Public Security, Director of Political Department of Ministry of Public Security of Chongqing, and the Deputy District Head and Police Chief of the Public Security Bureau of the People's Government of Fuling District, Chongqing. He has been appointed as an independent non-executive director by Sinopec Oilfield Equipment Corporation, a company listed on Shenzhen Stock Exchange (stock code: 000852.SZ) on 27 September 2024. He always focuses on the development of sports. During his tenure in Chongqing, he successfully organised various large-scale sports and culture events and exhibitions to promote the exchange of sports culture in China. Mr. Zhou holds a Master degree of Project Management from Yunnan University of Finance and Economics.

Ms. LIU Haoming (劉昊明女士), aged 37, was appointed as an independent non-executive Director on 1 January 2022. She has more than 11 years of work experience in the fields of accounting, auditing and financing. She started her career with a leading national accounting, tax and business consulting firm in Canada in January 2013 and currently serves as an Assurance Manager. Ms. Liu is a Chartered Professional Accountant in Canada, and she holds an Honours Bachelor of Commerce degree (major in Accounting) from Laurentian University, Canada.

Senior Management

Mr. LI Zhenyu (李震宇先生), aged 53, joined the Group in 2016, and was appointed as the Chief Risk Management Officer of the Company in February 2019. He is responsible for the Group's risk management, internal audits, legal affairs, and investment risk management. He has worked in the investment, risk management and other related fields for over 25 years, and has accumulated vast risk management experience. Prior to joining the Group, he had been Risk Management Vice President of Zhongying Commercial Factoring Co., Ltd. (中盈商業保理有限公司), and Risk Management Director at GOME Financial Holdings Investment Co., Ltd. (國美金控投資有限公司), Simsen International Corporation Limited (天行國際有限公司), Zhongji Investment Holding Group Co., Ltd. (中際投資控股集團有限公司) and other organisations. Mr. Li holds an Economics Bachelor degree from the College of Economics and Management of Northeast Forestry University, majoring in Accounts.

Mr. CHAN Lap Chun Jason (陳立駿先生), aged 34, is the Financial Controller and Company Secretary of the Company. He joined the Group in 2020. He holds a Bachelor degree of Business Administration in Accounting and Finance and a Master degree of Corporate Governance from The Hong Kong Polytechnic University. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a Chartered Accountant of the Institute of Chartered Accountants in England & Wales. Mr. Chan is also an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. He has more than 12 years of experience in auditing, accounting, corporate governance and compliance issues in listed companies in Hong Kong. Before joining the Group, he acted as an audit manager in an international audit firm.

Mr. WEI Guilei (魏貴磊先生), aged 42, joined the Group in 2018, and was appointed as the Chief Operating Officer of the Company in January 2023. He has over 18 years of experience in publishing, operation and management of games and Internet application products in China. Mr. Wei founded Jiuyi Gaming (九藝游戲), a leisure game platform in China, in May 2008, which was later acquired by Microbeam (微屏軟件科技(上海)有限公司) (i.e. people78.cn (人民棋牌) under People's Daily Online). In 2012, he served as the director of the mobile business department of Yicai Yangguang (溢彩陽光), responsible for the promotion and operation of Lottery 365. Mr. Wei is also the co-producer of the Group's popular sports games including "Ace Soccer", "Dream Soccer" and "Soccer Manager". Mr. Wei holds a Master degree of Management from Renmin University of China.

Environmental, Social and Governance Report

OVERVIEW

The Group is pleased to present the 2024 Environmental, Social and Governance Report (this "Report") to demonstrate its strategic decisions in corporate sustainability. The Group is a leading digital sports entertainment community operator in the PRC. The principal businesses of the Group include the development and operation of paid sports information platform, sports social interactive platform, sports quizzing platform, digital collectibles platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the PRC.

ABOUT THIS REPORT

This Report has been prepared in strict compliance with the requirements under the Environmental, Social and Governance Reporting Guide (the "Guide") set out in Appendix C2 to the Listing Rules, covering the principal businesses of the Group. The coverage includes places of operation and offices of the Group in Beijing and Hong Kong. The reporting period was from 1 January 2024 to 31 December 2024. Key performance indicators to be disclosed as required by the Guide were all addressed in the sections headed "Environmental Sustainable Development" and "Social Sustainability" of this Report. Apart from complying with the reporting principles of the Guide, this Report has made illustrations on our compliance with relevant laws and regulations. This Report is prepared in both English and Chinese versions and have been uploaded onto the website of the Group at https://ir.crazysports.com and the website of the Stock Exchange at https://www.hkexnews.hk. For details on corporate governance, please refer to pages 50 to 67 of this Annual Report.

STAKEHOLDER ENGAGEMENT

Stakeholders refer to groups and individuals significantly influencing or being influenced by the Group's businesses. The stakeholders of the Group include governments, regulatory authorities, shareholders, investors, directors, employees, customers, suppliers and the general public. We strongly believe that the construction of consistent and effective communication channels with stakeholders is beneficial to the Group to comprehend sustainability issues concerned by stakeholders, so that we can provide suitable and effective responses and compile this Report in accordance with the issues essential to our stakeholders. Our communication activities with stakeholders during 2024 include:

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

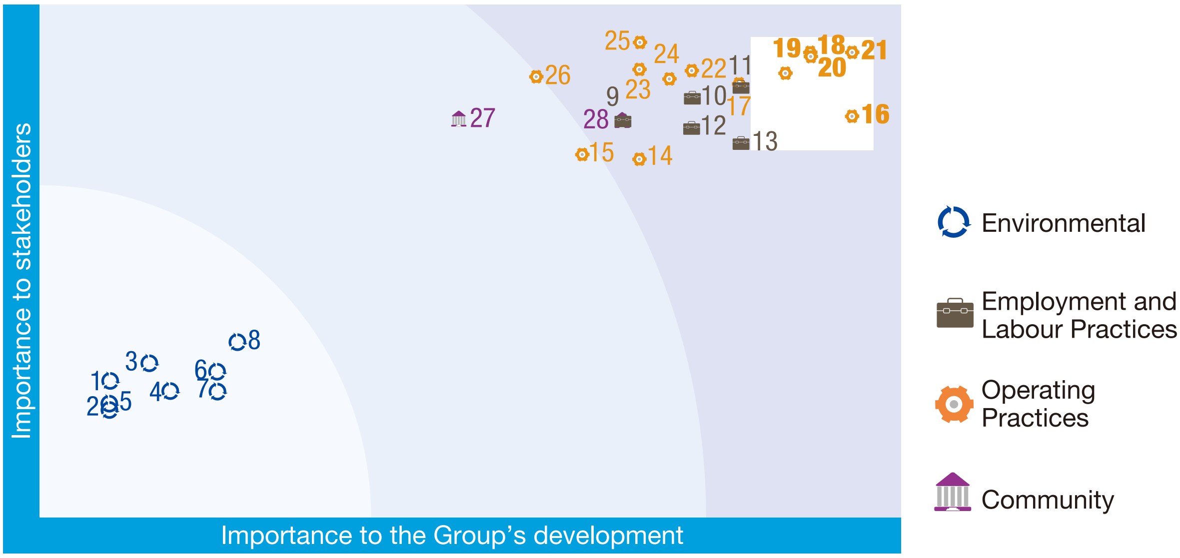
The Group welcomes stakeholders' opinions and feedback, especially on our sustainability effort and performance. Readers are also welcomed to share their valuable opinions with the Group via the following ways:

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

MATERIALITY ASSESSMENT

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

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



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

BOARD PARTICIPATION

The Board is the highest governing body primarily responsible for the formulation of the Group's sustainability strategy. The Board regularly integrates the Group's sustainability objectives into its businesses, identifies and manages our sustainability risks and provides improvement recommendations. The ESG Committee was established by the Board to facilitate the Board in implementing sustainability policies and it regularly reports to the Board on performance of the Group's sustainability. The ESG Committee consists of the Chief Executive Officer and three independent non-executive Directors. It convened two meetings in 2024 and reviewed the Group's performance and important sustainability issues from the strategic and operational viewpoints, so as to ensure the Group's information disclosure related to sustainability complies with the requirements of the Guide.

BOARD STATEMENT

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

A. ENVIRONMENTAL SUSTAINABLE DEVELOPMENT

This section primarily illustrates the Group's policies and key performance indicators of emissions, use of resources, environment and natural resources in 2024.

A.1 Emissions

The Group has minimal impact on the natural environment as its asset light and non-industrial business model does not directly emit large amounts of pollutants and hazardous waste. During 2024, the Group generated 10.0 kg of nitrogen oxides and 0.9 kg of particulate matter. No sulphur oxides were generated during 2024. During the same year, the total greenhouse gas emissions from the Group amounted to 187.8 tonnes of carbon dioxide equivalent.

Table 1: Amount of Various Types of Waste Gas Emissions in 2024

Gas	Unit	Amount of Emissions
Nitrogen oxides (NO_x)	kg	10.0
Sulphur oxides (SO_x)	kg	–
Particulate matter	kg	0.9

Table 2: Amount of Greenhouse Gas Emissions in 2024

Key Performance Indicator	Unit	Amount of Emissions	Intensity* (Unit/revenue per HK$ million)
Scope 1 (direct emissions)	tonnes of CO_2 equivalent	2.1	0.005
Scope 2 (indirect emissions)	tonnes of CO_2 equivalent	97.1	0.236
Scope 3 (other indirect emissions)	tonnes of CO_2 equivalent	88.6	0.215
Total	tonnes of CO_2 equivalent	187.8	0.456

**Note: Intensity is calculated based on the revenue of the Group for 2024 of HK$411.4 million.*

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

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

Table 3: Amount of Non-Hazardous Waste Produced in 2024

Waste	Type	Unit	Amount of Emissions	Intensity* (Unit/revenue per HK$ million)
Non-hazardous waste	Office daily solid waste	kg	13,375	32.5

**Note: Intensity is calculated based on the revenue of the Group for 2024 of HK$411.4 million.*

A.2 Use of Resources

The Group has been strictly controlling the use of various resources in its operations, and initiated a series of internal control systems related to the procurement and use of natural resources. During 2024, the major resources consumed by the Group were electricity, water, petrol and paper. No packaging material is used for the Group's products.

Table 4: Amount of Various Types of Resources Used in 2024

Resources	Unit	Amount	Intensity* (Unit/revenue per HK$ million)
Electricity	kWh	100,993	245.5
Water	m^3	25,986	63.2
Petrol	liter	898	2.2
Paper	kg	582	1.4

**Note: Intensity is calculated based on the revenue of the Group for 2024 of HK$411.4 million.*

- Electricity

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

  ✓ Posting environmental protection signs such as "Please turn off all lights after work" in prominent places of the office to remind employees to save electricity
  ✓ Promoting the use of energy-saving lighting systems such as LED
  ✓ Maintaining the indoor air-conditioning temperature at 25 degrees Celsius
  ✓ Checking whether electrical appliances are turned off regularly every day to prevent them from being left turned on
  ✓ Hiring professional maintenance experts regularly to repair and clean the air-conditioning system
  ✓ Purchasing products with energy efficiency labels

- **Water**

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

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

- **Petrol**

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

- **Paper**

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

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

A.3 Environment and Natural Resources

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

A.4 Climate Changes

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

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

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

A.5 Sustainable Development Goal

After communicating with stakeholders, taking into consideration that business operations will be in high growth stage, the Group has set the 2025 sustainable development goals, aiming to maintain the intensity of greenhouse gas emission, hazardous/non-hazardous waste produced and various types of resources used at the level same as that of 2022. As the Group's business activities resumed rapidly in 2024 after the full relaxation of social distancing policies, our emission intensity as in 2024 was still higher than the target. To achieve such goals, we have, and will continue to adopt measures mentioned in this Report.

B. SOCIAL SUSTAINABILITY DEVELOPMENT

This section primarily illustrates the Group's policies and key performance indicators with respect to employment, health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption and community investment of the Group in 2024.

B.1 Employment

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

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

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

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

During 2024, the Group was in full compliance with relevant laws and regulations regarding remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, benefits and other employment-related issues that are material to the Group. We did not receive any complaints or involve in disputes concerning employment.

As of 31 December 2024, the number of employees of the Group was 107. During 2024, 37 employees resigned, representing an annual turnover rate of 38.1%. The relatively high employee turnover rate was mainly due to the Group's business transformation.

Table 5: Employees by Category as of 31 December 2024

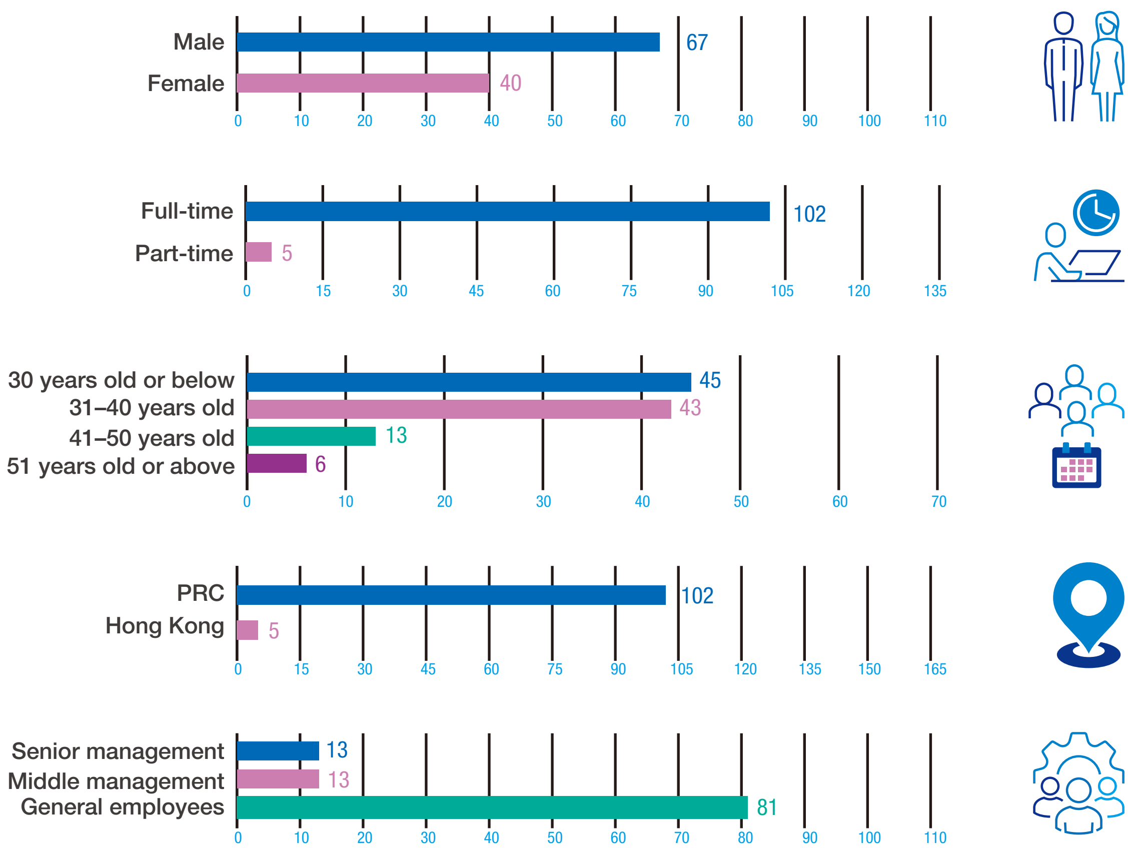
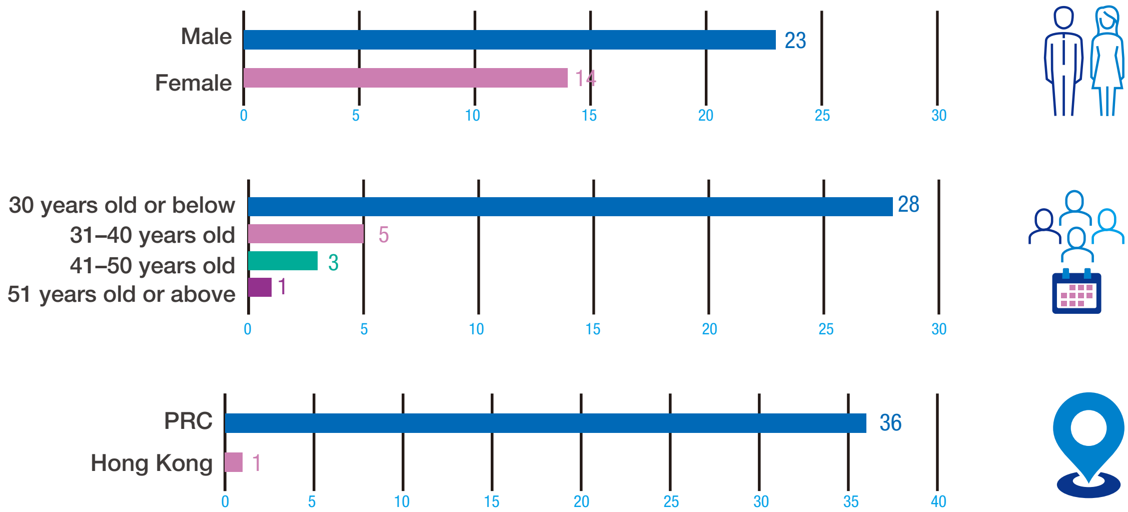


Table 6: Resigned Employees by Category in 2024



B.2 Health and Safety

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

During the past three years, the Group did not record any work-related fatalities and losses on working days in relation to work injuries resulted from industrial accidents. In 2024, the Group did not violate any laws and regulations in relation to occupational health and safety.

B.3 Development and Training

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

In 2024, the Group provided an aggregate of 4,055 hours of training sessions to 107 staff members, and the average training time for each employee was 37.9 hours. The training topics consisted of active participation in online vocational training at the company level in response to the government recommendation and introduction of online training through the Beijing Vocational Skill Improvement Operational Management Platform. All of the Group's employees in PRC participated in the aforementioned platform. In addition, with the expansion of sports lottery retail outlets, the Group trained the staff of new outlets in 2024 in relation to aspects including sports lottery knowledge, equipment management, compliance operation and sales techniques to help the new practitioners master the knowledge of lottery sales and services, and improve the awareness of safety precautions, so as to eliminate any violations of the red line of compliance operation, adhere to conducting lottery sales services in a legal and compliant manner, and jointly build and maintain the brand image of national public welfare lottery.

Table 7: Training Hours of Employees by Category in 2024

	Senior management	Middle management	General employees	Total
Training time (by hours)	699	637	2,719	4,055
Number of employees	13	13	81	107
Average training time per employee (by hours)	53.8	49.0	33.6	37.9

	Male	Female
Training time (by hours)	2,565	1,490
Number of employees	67	40
Average training time per employee (by hours)	38.3	37.3

B.4 Labor Standards

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

During 2024, the Group has not violated any laws and regulations in relation to the prevention of child or forced labor.

B.5 Supply Chain Management

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

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

During 2024, the Group cooperated with 235 suppliers, which are from the PRC, the United Kingdom, the United States of America, Spain, Brazil, Australia, Finland, Denmark, the Philippines, Slovakia and Austria.

B.6 Product Responsibility

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2024, the Group received a total of 152 complaints from customers and the complaints resolution rate was 100%. The Group had no product sold being recalled for the same period. We did not violate any laws and regulations regarding product liability, intellectual property rights and data privacy.

B.7 Anti-corruption

The Group believes that a business operation based on integrity forms the basis of corporate social responsibility. We strictly comply with all laws and regulations in relation to anti-corruption and antibribery in the PRC and Hong Kong. We have zero tolerance to any form of corruption. The rules and codes in relation to anti-corruption in the “Staff Handbook” are more stringent than the requirements of laws and regulations. The Group will stop and handle any violations immediately once discovered. Employees who violate the law will never be tolerated and be handed over to the judicial authorities. Our internal audit department is responsible for monitoring the work of each department, and an email address of whistle-blowing shenji@fengkuang.cn was set up. Employees are encouraged to provide constructive feedback on company management issues, including the reporting of corruption and abuse. We provide regular training to our Directors and employees on business ethics and corruption prevention. In 2024, the Group provided to Directors and employees with a total of 363 hours of anti-corruption related training.

During 2024, the Group did not receive any corruption lawsuits against the Group or its employees. Meanwhile, the Group and its employees were not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering.

B.8 Community Investment

The Group attaches great importance to participating in community building and leverages our resources to contribute to society. We pay special attention to fostering employees' awareness of social responsibility, and encourage them to voluntarily participate in charitable community activities and actively help the needy ones in the society.

On the eve of the WBC Professional Boxing Championship held in Foshan, China, Crazy Sports invited Mr. Liu Wensong the boxing champion and other celebrities to visit Pingzhou Central Primary School in Foshan to share boxing stories and inspire teachers and students. As a hometown of martial arts, Pingzhou Central Primary School has a distinct focus on martial arts. Mr. Liu's story embodies the power of perseverance and dreams, igniting the passion for sports among teachers and students. Crazy Sports hopes to respond to the national call for deeper integration of sports and education through a series of campus activities, using the exemplary power of sports champions to support the overall development of young people.

On August 2024, Crazy Sports hosted the "B. Duck Run" in Chengde City, coinciding with the 14th Disabled Fitness Week. Crazy Sports specially invited over 100 special children from the "Hongyuan Qizhi", a special education school, which focuses on the education and vocational guidance of adolescents with autism and intellectual disabilities. Crazy Sports aims to help special children establish a healthy mindset through such activities, ensuring their rights to participate in sports and creating more opportunities for people with disabilities to engage in national fitness activities, truly realizing the goal of sharing the benefits of fitness with everyone.

On December 2024, Crazy Sports made a charitable donation to the talent development program at Hainan University of Applied Sciences through the Beijing Antai Public Welfare Foundation, aiming to fund the learning and training activities of 13 students at the school. Crazy Sports hopes that this donation will improve the educational conditions for students, enhance their professional skills and practical abilities, and inspire them to become leaders in their respective fields in the future. At the same time, Crazy Sports looks forward to deepening its cooperation with Hainan University of Applied Sciences through this opportunity, exploring new models of school-enterprise collaboration, and contributing to the cultivation of more outstanding talents with a sense of social responsibility and innovative capability.

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Corporate Governance Report

A. CORPORATE GOVERNANCE PRACTICES

Corporate governance is the structure of roles, practices, and processes used to direct and manage a business ensuring that a company's objectives are met and evolves with each business and operating environment. The Company is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of Company's businesses. The Company is also committed to ensuring that its affairs are conducted in accordance with high ethical standards so that the Shareholders' interest will be maximised in the long-term and that its employees, business partners, communities and stakeholders will all benefit. The Board is committed to and regularly enhancing the Company's corporate governance practices to ensure high standards of ethics are maintained with the balancing of returns to the Shareholders.

The CG Code contained in Appendix C1 to the Listing Rules sets out (a) the mandatory requirements for disclosure in Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices.

The Company had complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2024.

B. BOARD OF DIRECTORS

Corporate Culture

As a leading digital sports entertainment community operator in China, the Group instils a corporate culture of openness, inclusiveness, embracing innovation and sustainability. The Board sets the tone and shapes the corporate culture of the Company, which is underpinned by the core values of acting lawfully, ethically and responsibly across all levels of the Group. The Board plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is forward looking, change embracing and competitiveness focused. The desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the Code of Conduct and group policies), as well as staff safety, wellbeing and support. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

Corporate Strategy

The principal objective of the Company is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the Group's financial strength and stability. The Group executes disciplined management of revenue growth, margin and earnings. As a leading digital sports entertainment community operator in China, the Group adheres to the nation's strategy to become a sports powerhouse and to deeply cultivate into the trillion-worth digital sports entertainment industry racetrack. Leveraging its unique massive sports users' database, utilising big data, artificial intelligence and blockchain technology to empower traditional sports events, Crazy Sports has established the "Crazy Red Insights + Lottery Sales, Events + Quizzes, IP + Sports Games" as its core pathway to materialise its digital sports strategy. The Chairman's Statement and the Management Discussion & Analysis contained in this Annual Report include discussions and analyses of the Group's performance, the basis on which the Group generates and preserves value in the longer term and delivers the Group's objectives. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the ESG report contained in this Annual Report.

Board Composition

The Company recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms (including but not limited to the annual meeting between the chairman of the Board and the independent non-executive Directors, the appointment of at least three independent non-executive Directors in the Board and at least one-third of the Board members are independent non-executive Directors, the assessment of the independence of the independent non-executive Directors in accordance with the Listing Rules and external independent professional advise is available at the Directors' request with the Company's expense) that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness.

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

Appointment and Re-election of Directors

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

Role and Responsibility of the Board

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

The Board is accountable to Shareholders for the long-term sustainable success of the Company. It is responsible for shaping and overseeing the corporate culture, setting and guiding the long-term strategic objectives of the Company with appropriate focus on value creation and risk management, directing, supervising and monitoring the managerial performance and operating practices of the Group to ensure they align with the desired culture. It also ensures ongoing effective communication with Shareholders and engagement with key stakeholders as it develops the purpose and values of the Company. Directors are charged with the task of promoting the long-term sustainable success of the Company and making decisions in the best interests of the Company with due regard to sustainability considerations.

The Board, led by the Chairman of the Board, fosters and oversees the culture, determines and monitors group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the senior management of the Company. The senior management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer of the Company, and putting in place mechanisms for ensuring that the desired culture of the Company is understood and shared at all levels of the Group.

Board Meetings and Attendance of Directors

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

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

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group for the year. In addition, Directors disclose to the Company in a timely manner their other commitments, such as directorship in other public listed companies and major appointments as well as update the Company on any subsequent changes.

The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance record of each of the Directors for the Board meetings, the board committees meetings and the general meetings held during the year is listed as follows:

	Number of Meetings Attended/Meetings Entitled to Attend					
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	ESG Committee Meeting	General Meeting
Executive Directors						
Dr. Zhang Lijun	4/4	N/A	2/2	1/1	N/A	1/1
Mr. Peng Xitao	4/4	N/A	N/A	N/A	2/2	1/1
Independent non-executive Directors						
Mr. Zang Dongli	4/4	3/3	2/2	1/1	2/2	1/1
Mr. Zhou Jingping	4/4	3/3	N/A	1/1	2/2	1/1
Ms. Liu Haoming	4/4	3/3	2/2	1/1	2/2	1/1

Continuing Professional Development

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

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During 2024, the Directors had attended seminars and/or training sessions, and had read materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements. The Board considered the continuous professional development participated and undertaken by the Directors are sufficient to discharge their duties. The table below summarises the participation of each of the directors in continuous professional development during the year ended 31 December 2024:

Name of Directors	Participated in continuous professional development *Note*
Executive Directors	
Dr. ZHANG Lijun	✔
Mr. Peng Xitao	✔
Independent non-executive Directors	
Mr. Zang Dongli	✔
Mr. Zhou Jingping	✔
Ms. Liu Haoming	✔

Note: Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

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

Chairman and Chief Executive Officer

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

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

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

Non-executive Directors

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

During the year, the Company had complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors including at least one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. In addition, the Company also complied with Rule 3.10A of the Listing Rules that the number of independent non-executive Directors represents at least one-third of the Board.

The Board evaluates the independence of all independent non-executive Directors on an annual basis pursuant to Rule 3.13 of the Listing Rules and the Board considers them to be independent.

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

Company Secretary

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman and is responsible for advising the Board on corporate governance matters.

During the year, Mr. Chan Lap Chun Jason, the company secretary of the Company, has confirmed that he has taken no less than 15 hours of relevant professional training.

Directors' Securities Transactions

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

Directors' and Officers' Liabilities Insurance

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

Board Committees

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee, Remuneration Committee, Nomination Committee, ESG Committee and Executive Committee. Written terms of reference of the aforesaid committees are in line with the Corporate Governance Code.

Audit Committee

The Audit Committee currently comprises all three independent non-executive Directors, namely, Ms. Liu Haoming (the chairlady), Mr. Zang Dongli and Mr. Zhou Jingping.

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

The Audit Committee's primary functions include:

- to recommend to the Board on the appointment and terms of engagement of the external auditor;
- to review and monitor the appropriateness of accounting policy, accounting practices, financial reporting and disclosure and the application of judgment and estimates related thereto;
- to review the Company's annual and interim reports and any opinion expressed by the external auditor;
- to ensure the Company's practices and procedures with respect to related party transactions are adequate for compliance with the requirements under the Listing Rules and applicable laws and regulations;
- to review with the external auditor issues raised in the external auditor's management letter, queries or similar communications;
- to monitor the external auditor's independence and objectivity, and the effectiveness of the audit process in accordance with applicable standards; and
- to assure that adequate internal controls including financial, operational, compliance controls, risk management and internal audit plan are in place and followed.

Three Audit Committee meetings were held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Audit Committee reviewed the audit plans with the external auditor for the year ended 31 December 2024, the audited financial statements for the year ended 31 December 2023 and the unaudited interim financial statements for the six months ended 30 June 2024 with recommendations to the Board for approval. The Audit Committee reviewed the continuing connected transactions according to the Rule 14A.55 of the Listing Rules and reviewed the letter from auditor regarding the provision of non-audit services to the Group. It also reviewed risk management, internal control system and internal audit plan of the Group, and discussed with the management and the external auditors the accounting policies and practices which may affect the Group and financial reporting matters. The Audit Committee has also actively participated at the full Board or any independent board committees formed from time to time for the purpose of advising the independent Shareholders of transaction(s) which require their input or contributing their independent views in the areas of business, financial, management and operating practices.

Remuneration Committee

The Remuneration Committee currently comprises two independent non-executive Directors, namely, Mr. Zang Dongli (the chairman) and Ms. Liu Haoming and one executive Director, namely, Dr. Zhang Lijun.

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

Two Remuneration Committee meetings were held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Remuneration Committee reviewed the remuneration policy, structure and packages for Directors and senior management; assessed the performance of the executive Directors; reviewed a summary of material matters relating to 2022 Scheme reviewed and/or approved by the Remuneration Committee for 2023; and reviewed the arrangement for the Share Options of the resigning senior management and key employees.

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

1. the level of remuneration should be appropriate to attract, retain and motivate the Directors and employees of the Group to run the Company successfully but companies should avoid paying more than is necessary for this purpose;

2. a significant proportion of executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance;

3. in setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Director and employee of the Group; and

4. individual Director would not be involved in deciding his/her own remuneration.

The details of remuneration payables to members of senior management by band are set out in note 12 to consolidated financial statements.

Nomination Committee

The Nomination Committee currently comprises an executive Director, namely, Dr. Zhang Lijun (the chairman) and three independent non-executive Directors, namely, Mr. Zang Dongli, Mr. Zhou Jingping and Ms. Liu Haoming.

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

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

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

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

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

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

One Nomination Committee meeting was held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the Nomination Committee reviewed the nomination policy of Directors, the nominations of Directors, the composition of the Board, the Board's diversity policy, the independence of the independent non-executive Directors and the re-election of all the retiring Directors at the 2024 Annual General Meeting.

ESG Committee

The ESG Committee currently comprises an executive Director, namely, Mr. Peng Xitao (the chairman) and three independent non-executive Directors, namely, Mr. Zang Dongli, Mr. Zhou Jingping and Ms. Liu Haoming.

The primary functions of the ESG Committee are:

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

Two ESG Committee meetings were held during the year and the attendance of each member is set out in the section headed "Board Meetings and Attendance of Directors" of this report. During the year, the ESG Committee reviewed the policies and practices on ESG and corporate governance of the Group, approval of the ESG report and corporate governance report for 2023; reviewed the training and continuous professional development of the Directors and the senior management of the Company; and proposed engagement of an ESG consultant to provide consultancy services for 2024 ESG report.

Executive Committee

The Executive Committee currently consists of two executive Directors, being Dr. Zhang Lijun (the chairman) and Mr. Peng Xitao. The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee.

The Executive Committee will meet as and when necessary to discuss the operating affairs of the Group and may also deal with matters by way of circulation. The Executive Committee is mainly responsible for undertaking and supervising the day-to-day management and is empowered to formulate and implement policies for human resources and administrative matters of the Group and to make such amendments thereto from time to time as the Executive Committee may think fit.

Board Diversity

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

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

A summary of the terms of the Board's diversity policy are as follows:

- to achieve diversity of the Board through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience;

- to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective;

- the Nomination Committee has primary responsibility for identifying suitably qualified candidates to become member(s) of the Board and, in carrying out this responsibility, will give adequate consideration to the Board's diversity policy; and

- the Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Gender diversity of the Board meets the level of market averages (20%, 1 female out of 5 Directors) amongst companies listed on Stock Exchange. The Board targets to maintain at least one female Director. The Board and the Nomination Committee will take opportunities to increase the proportion of female Director on the Board over time when selecting appropriate candidates.

The Board places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The overall gender diversity of the Group is balanced. The Company is committed to maintaining a gender balance in the workforce with a target of keeping the female ratio not less than 30% at all times. To support diversity across all facets, beyond gender, including race and ethnicity, disability, LGBTQ+, social mobility and age, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group can be found in the ESG Report contained in this Annual Report.

C. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Financial Reporting

The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. The Directors acknowledge that they are responsible for overseeing the preparation of accounts for each financial period, which give a true and fair view of the state of affairs of the Company and of the Group and of the Group's results and cash flow for that period. In preparing the accounts for the year ended 31 December 2024, the Directors have, among other things:

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

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

Risk Management and Internal Control

The Board is entrusted with the overall responsibility for establishing and maintaining effective risk management internal control system for the Group and overseeing the risk management internal control system through the Group's internal audit department. In addition to the Board's oversight responsibilities, the Company has developed a risk management process to identify, evaluate and manage significant risks and to resolve material internal control defects. The management of the Group is delegated with the responsibility from time to time to implement and maintain the Board's policies on risk management and internal control. Chief Risk Management Officer meets with various members of the senior management to review and assess risks and discuss solutions to address material internal control defects, including any changes relevant to a given year. Risks are compiled, ratings are assigned and mitigation plans are documented. The risk assessment is reviewed by certain members of the senior management and presented to the Audit Committee and the Board for their review. Such risks include, amongst others, material risks relating to ESG.

Risks are evaluated by the Board and the Group's senior management based on (i) the severity of the impact of the risk on the Company's business and financial results; and (ii) the probability that the risk will occur. Based on the risk evaluation, the Company will manage the risks as follows:

- Risk elimination – the Group's senior management may identify and implement certain changes or controls that in effect eliminate the risk entirely.

- Risk mitigation – the Group's senior management may implement a risk mitigation plan designed to reduce the likelihood, velocity or severity of the risk to an acceptable level.

- Risk retention – the Group's senior management may decide that the risk rating is low enough that the risk is acceptable for the Company and that no action is required. The risk would continue to be monitored as part of the risk management program to ensure the level of risk does not increase to an unacceptable level.

Detailed procedures are developed by management for major business units. The Group's risk management and internal control system is designed to provide cost- effectiveness and reasonable protection, which safeguards the Group's assets and maintains the integrity of the accounting and reporting systems. The Group emphasises the appointment of qualified, experienced and capable individuals to carry out critical control functions and has put in place a system for effective segregation of key duties and responsibilities. The Board and the Audit Committee periodically evaluate major controls and risks and where necessary, retain external professional services to evaluate or seek improvements to the risk management and internal control system. The Board is delegated to ensure the adequacy of resources, staff qualification and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting. The Board has also adopted anti-corruption policy and whistleblowing policy, which are conducive to setting a healthy corporate culture and good corporate governance practices. The policies are available on the website of the Company.

The Group's internal audit department reviews our significant risk management and internal control measures on an on-going basis, aiming to monitor all our major businesses periodically. Overall, the internal audit aims to provide the Board with reasonable assurance that the Group's risk management and internal control system is effective. However, our risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the year, the Audit Committee had reviewed effectiveness of the risk management and internal control systems of the Group on behalf of the Board. The review covered all material control areas including financial, compliance and risk management functions. The management of the Group has provided a confirmation to the Board on the effectiveness of these systems. Based on the results of the review and the confirmation, the Board is satisfied that the Group has maintained sound and adequate risk management and internal controls in all major areas.

Disclosure of Inside Information

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

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

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

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

Audit and Related Fees

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

Audit service	HK$1,338,000
Non-audit services	HK$200,000

The audit services conducted by the external auditor mainly comprise of statutory audits and reviews for the Group and its certain subsidiaries. The non-audit services conducted by the external auditor mainly include the reporting on the Group's continuing connected transactions, and agreed-upon procedures on the Group's interim financial information.

D. SHAREHOLDERS' RIGHTS

Right to Convene a Special General Meeting

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

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

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

Right to Put Enquiries to the Board

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

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

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

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

Right to Put Forward Proposals at General Meetings

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

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

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

E. SHAREHOLDERS ENGAGEMENT

All of the Shares are ordinary shares carrying equal voting rights. The Company attaches great priority to open and effective communications with its shareholders and potential investors on the development of the Company. The Company has established a shareholders' communication policy (available on the Company's website) to ensure shareholders are provided with ready equal and timely access to balanced and understandable information about the Company. The Board reviews it on a regular basis to ensure its effectiveness and is satisfied that the shareholders' communication policy has been properly implemented during 2024 and is effective.

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

The Directors regard all meetings with the Shareholders to be very important as they offer opportunities for direct communication with the Shareholders. When appropriate, presentations would be made at general meetings for the purposes of keeping Shareholders informed of corporate developments. The chairman of the Board and the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee, ESG Committee as well as the Company's auditor provided an opportunity for a dialogue with the Shareholders during the last Annual General Meeting held on 13 May 2024.

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

Dividend Policy

The Company endeavours to enhance returns on Shareholders' investment by way of, inter alia, distribution of dividends. The Board adopted a dividend policy on 22 March 2019 to enhance transparency on such and to provide guidance to Shareholders and investors in their investment decisions.

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

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

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

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

4. the Company's liquidity position;

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

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

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

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

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

F. CONSTITUTIONAL DOCUMENTS

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

Directors' Report

The Directors are pleased to present this Annual Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The business review of the Group for the year ended 31 December 2024, as well as further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 6 to 20 of this Annual Report. The discussions forms part of this Directors' Report.

Details of the Company's principal subsidiaries and associates at 31 December 2024 are set out in notes 32 and 18 to the consolidated financial statements, respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 107 to 200 of this Annual Report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

The dividend policy of the Company is set out on page 67 of this Annual Report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 201 of this Annual Report. This summary is for information only and does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and Share Options during the year, together with explanations thereof, are set out in notes 27 and 29 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 to the consolidated financial statements and page 111 of this Annual Report respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company did not have any distributable reserves (2023: Nil). The Company's share premium account in the amount of HK$1,771,496,000 (2023: HK$1,771,496,000) may be distributed in the form of fully paid bonus shares.

MAJOR SUPPLIERS AND CUSTOMERS

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

During the year ended 31 December 2024, so far as the Company is aware, the revenue attributable to our five largest customers accounted for less than 10% of our revenue for the year. Purchases from the Group's five largest suppliers accounted for approximately 69.1% of the Group's total purchases for the year and purchase from the largest supplier accounted for approximately 20.9% of the Group's total purchases for the year.

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

DIRECTORS

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

Executive Directors:

Dr. Zhang Lijun *(Chairman)*
Mr. Peng Xitao

Independent Non-Executive Directors:

Mr. Zang Dongli
Mr. Zhou Jingping
Ms. Liu Haoming

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

DIRECTORS (Continued)

Dr. Zhang and Mr. Zhou Jingping shall retire from office by rotation. Dr. Zhang and Mr. Zhou Jingping, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting ("2025 AGM").

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

CHANGES IN INFORMATION WITH REGARDS TO DIRECTORS

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

Mr. Zhou Jingping has been appointed as independent non-executive director by Sinopec Oilfield Equipment Corporation, a company listed on Shenzhen Stock Exchange (stock code: 000852.SZ), on 27 September 2024.

DIRECTORS' SERVICE CONTRACTS

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

SHARE OPTION SCHEMES

2022 Scheme and 2012 Scheme

On 26 May 2022, the Shareholders at the AGM approved the 2022 Scheme. 2022 Scheme is governed by the Chapter 17 of the Listing Rules. The 2012 Scheme expired on 30 April 2022 and no further Share Options shall be offered under the 2012 Scheme. Share Options which had been granted during the life of the 2012 Scheme shall continue to be valid and exercisable until lapse. As at 31 December 2024, a total of 55,000,000 outstanding Share Options were granted under the 2012 Scheme.

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

SHARE OPTION SCHEMES (Continued)

2022 Scheme and 2012 Scheme (Continued)

The 2022 Scheme is effective for the period from 30 May 2022 to 29 May 2032. The total number of Shares which may be allotted and issued upon exercise of all Share Options (excluding Share Options which have lapsed in accordance with the terms of the 2022 Scheme) to be granted under the 2022 Scheme must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the 2022 Scheme provided that, inter-alia, the Company may seek approval of the Shareholders at general meeting to refresh the limit of 2022 Scheme. The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Share Options granted and yet to be exercised under the 2022 Scheme and the 2012 Scheme shall not exceed 30% of the share capital of the Company in issue from time to time.

A summary of the principal terms of the 2022 Scheme is given below:

(I) *Purpose of the 2022 Scheme:*
The purpose of the Share Option Scheme is to enable the Group to grant Share Options to the eligible participants as incentives or rewards for their contribution to the Group.

(II) *Participants of the 2022 Scheme:*
The Directors may, in accordance with the provisions of the 2022 Scheme, at their absolute discretion invite any person belonging to any of the following classes of participants to take up Share Options to subscribe for Shares:

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

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

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

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

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

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

SHARE OPTION SCHEMES (Continued)

2022 Scheme and 2012 Scheme (Continued)

(II) Participants of the 2022 Scheme: (Continued)

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

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

(III) Total number of Shares available for issue under the 2022 Scheme and percentage of issued share capital it represents as at the date of this Annual Report:

The total number of Shares available for issue under the 2022 Scheme was 406,613,544 Shares after the subsequent grants of Share Options, representing approximately 8.98% of the issued share capital as at the date of this Annual Report.

(IV) Maximum entitlement of each participant under the 2022 Scheme:

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

(V) The period within which the Share Options may be exercised by the grantee under the 2022 Scheme:

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

(VI) The vesting period of the Share Options granted under the 2022 Scheme:

The Company may specify any vesting period for which an Share Option must be held before it can be exercised at the time of grant of the Share Options. The 2022 Scheme does not stipulate either a minimum period for which a Share Option must be held or any performance targets a grantee is required to achieve before a Share Option can be exercised. The Board may however specify in the offer of grant of a Share Option the minimum period, if any, for which a Share Option must be held or performance targets, if any, that must be achieved before the Share Option can be exercised.

SHARE OPTION SCHEMES (Continued)

2022 Scheme and 2012 Scheme (Continued)

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

A nominal consideration of HK$1.00 is payable on acceptance of the grant of a Share Option within such time specified in the offer (which shall be within 10 business days from the date of the grant).

(VIII) The basis of determining the exercise price of Share Options granted:

The exercise price under the 2022 Scheme shall be a price determined by the Directors but shall not be less than the highest of:

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

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

c. the nominal value of a Share.

(IX) The remaining life of the 2022 Scheme:

The life of the 2022 Scheme is 10 years commencing from 30 May 2022. As at 31 December 2024, the remaining life of the 2022 scheme is 7.42 year.

SHARE OPTION SCHEMES (Continued)

Share Options were granted by the Company during the year ended 31 December 2024 under the 2022 Scheme. Details of the movement of the Share Options for the year ended 31 December 2024 are set out below and in note 29 to the consolidated financial statements.

2024

	Number of Shares issuable under Share Options								
	At beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassification	At end of year	Exercise price *HK$*	Vesting year *(note v)*	Exercise year
Executive Directors									
Dr. Zhang Lijun									
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	–	19/03/2021 to 18/03/2026
	1,000,000	–	–	–	–	1,000,000			
Mr. Peng Xitao									
– on 19 March 2021	2,000,000	–	–	–	–	2,000,000	1.120	–	19/03/2021 to 18/03/2026
– on 12 December 2023	2,000,000	–	–	–	–	2,000,000	0.180	12/12/2023 to 11/12/2024	12/12/2024 to 11/12/2025
	4,000,000	–	–	–	–	4,000,000			
Sub-total	5,000,000	–	–	–	–	5,000,000			
Independent non-executive Directors									
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	3,000,000	–	–	–	–	3,000,000			

SHARE OPTION SCHEMES (Continued)

2024 (Continued)

	Number of Shares issuable under Share Options								
	At beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassification	At end of year	Exercise price *HK$*	Vesting year *(note v)*	Exercise year
Employee participants									
– on 5 October 2020	28,000,000	–	–	–	–	28,000,000	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
– on 5 July 2022	16,000,000	–	–	(2,820,000)	–	13,180,000	0.570	–	05/07/2022 to 04/07/2027
– on 12 December 2023	28,000,000	–	–	(1,000,000)	–	27,000,000	0.180	12/12/2023 to 11/12/2024	12/12/2024 to 11/12/2025
Sub-total	76,000,000	–	–	(3,820,000)	–	72,180,000			
Service providers *(note i)*									
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	–	19/03/2021 to 18/03/2026
Sub-total	1,000,000	–	–	–	–	1,000,000			
Others *(note ii)*									
– on 5 October 2020	14,000,000	–	–	–	–	14,000,000	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
Sub-total	16,000,000	–	–	–	–	16,000,000			
Total	101,000,000	–	–	(3,820,000)	–	97,180,000			

SHARE OPTION SCHEMES (Continued)

2024 (Continued)

Notes:

(i) *The "Service providers" consists of consultants 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.*

(ii) *The "Others" category consists of former Directors.*

(iii) *During the year ended 31 December 2024, none of the participant with Share Options granted and to be granted in excess of the 1% individual limit and none of the related entity participant or service provider with Share Options granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue.*

(iv) *2022 Scheme was effective from 30 May 2022. The number of Share Options available for grant under the scheme mandate of the 2022 Scheme at the beginning of the year was 406,613,544 and at the end of the year was 406,613,544, respectively.*

(v) *Excluding the Share Options lapsed due to resignation of employee participants, a total of 29,000,000 Share Options granted on 12 December 2023 are vested on 12 December 2024, which is the first anniversary of the date of grant. The Share Options vested may be exercisable during the period from 12 December 2024 to 11 December 2025.*

Additional information in relation to the 2022 Scheme is set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEMES (Continued)

Details of the movement of the Share Options for the year ended 31 December 2023 are set out below.

2023

	Number of Shares issuable under Share Options								
	At beginning of year	Granted during the year *(notes vi to viii)*	Exercised during the year	Lapsed during the year	Reclassification *(note i)*	At end of year	Exercise price HK$	Vesting year *(note viii)*	Exercise year
Executive Directors									
Dr. Zhang Lijun									
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	–	19/03/2021 to 18/03/2026
	1,000,000	–	–	–	–	1,000,000			
Mr. Peng Xitao									
– on 19 March 2021	2,000,000	–	–	–	–	2,000,000	1.120	–	19/03/2021 to 18/03/2026
– on 12 December 2023	–	2,000,000	–	–	–	2,000,000	0.180	12/12/2023 to 11/12/2024	12/12/2024 to 11/12/2025
	2,000,000	2,000,000	–	–	–	4,000,000			
Ms. Cheng Po Chuen *(Note i)*									
– 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
	27,000,000	–	–	(15,000,000)	(12,000,000)	–			
Sub-total	30,000,000	2,000,000	–	(15,000,000)	(12,000,000)	5,000,000			
Independent non-executive Directors									
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)

2023 (Continued)

	Number of Shares issuable under Share Options								
	At beginning of year	Granted during the year *(notes vi to viii)*	Exercised during the year	Lapsed during the year	Reclassification *(note i)*	At end of year	Exercise price HK$	Vesting year *(note viii)*	Exercise year
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	6,000,000	–	–	(3,000,000)	–	3,000,000			–
Employee participants									
– on 30 March 2020	1,500,000	–	–	(1,500,000)	–	–	0.385	–	30/03/2020 to 29/03/2023
– on 5 October 2020	28,000,000	–	–	–	–	28,000,000	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
– on 5 July 2022	16,000,000	–	–	–	–	16,000,000	0.570	–	05/07/2022 to 04/07/2027
– on 12 December 2023	–	28,000,000	–	–	–	28,000,000	0.180	12/12/2023 to 11/12/2024	12/12/2024 to 11/12/2025
Sub-total	49,500,000	28,000,000	–	(1,500,000)	–	76,000,000			
Service providers *(note ii)*									
– on 30 March 2020	3,000,000	–	–	(3,000,000)	–	–	0.385	–	30/03/2020 to 29/03/2023
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	–	19/03/2021 to 18/03/2026
Sub-total	4,000,000	–	–	(3,000,000)	–	1,000,000			
Others *(note iii)*									
– on 5 October 2020	4,000,000	–	–	–	10,000,000	14,000,000	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
Sub-total	4,000,000	–	–	–	12,000,000	16,000,000			
Total	93,500,000	30,000,000	–	(22,500,000)	–	101,000,000			

SHARE OPTION SCHEMES (Continued)

2023 (Continued)

Notes:

(i) *Ms. Cheng Po Chuen resigned from the position of executive Director on 15 November 2023. Accordingly, her Share Options are reclassified from "Executive Directors" category to "Others" category.*

(ii) *The "Service providers" consists of consultants 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.*

(iii) *The "Others" category consists of former Directors.*

(iv) *During the year ended 31 December 2023, none of the participant with Share Options granted and to be granted in excess of the 1% individual limit and none of the related entity participant or service provider with Share Options granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of Shares in issue.*

(v) *2022 Scheme was effective from 30 May 2022. The number of Share Options available for grant under the scheme mandate of the 2022 Scheme at the beginning of the year was 436,613,544 and at the end of the year was 406,613,544, respectively.*

(vi) *For the 30,000,000 Share Options granted on 12 December 2023, the closing price of the shares immediately before the date of granted was HK$0.101 per share. The performance targets comprises a mixture of attaining satisfactory performance measured by key performance indicator (including the business performance an financial performance of the Group and individual performance based on the annual performance assessment results).*

(vii) *The right to exercise the 30,000,000 Share Options (to the extent not already exercised), whether vested or unvested, shall terminate immediately upon certain events specified in the terms of the 2022 Scheme, including but not limited to the grantee ceasing to be an eligible person under the 2022 Scheme by reason of the termination of his/her employment, appointment or directorship on the grounds that he/she has been guilty of serious misconduct, has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his/her creditors generally or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group into disrepute) or on any other ground on which an employer would be entitled to terminate his/her employment summarily.*

(viii) *The 30,000,000 Share Options are vested on the first anniversary of the date of grant and may be exercisable during the period from 12 December 2024 to 11 December 2025.*

(ix) *30,000,000 shares may be issued in respect of the options granted under the 2022 Scheme during the year ended 31 December 2023, representing approximately 0.66% of the weighted average number of issued Shares for the year ended 31 December 2023.*

Additional information in relation to the 2022 Scheme and for the Share Options granted during the year ended 31 December 2023 are set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEMES (Continued)

Easy Prime Share Option Scheme

On 21 May 2020, the Shareholders at the Annual General Meeting approved Easy Prime Share Option Scheme enabling the grant of Easy Prime Options to eligible participants as incentives or rewards to encourage the grantees of such options to work towards enhancing the value of Easy Prime and their shares, respectively and for the benefit of the Group as a whole. Easy Prime Share Option Scheme is governed by the Chapter 17 of the Listing Rules.

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

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

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

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

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

SHARE OPTION SCHEMES (Continued)

Easy Prime Share Option Scheme (Continued)

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

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

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

(I) Purpose of the Easy Prime Share Option Scheme:

The purpose is to enable Easy Prime to grant its share options to the eligible participants as incentives or rewards for their contribution to Easy Prime as well as the Group.

(II) Participants of the Easy Prime Share Option Scheme:

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

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

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

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

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

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

(III) Total number of shares available for issue under the Easy Prime Share Option Scheme as at the date of this Annual Report:

The total number of shares available for issue under the Easy Prime Share Option Scheme is 5,000 shares.

SHARE OPTION SCHEMES (Continued)

Easy Prime Share Option Scheme (Continued)

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

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

(V) Period within which the option may be exercised by the grantee under the Easy Prime Share Option Scheme:

The period within which the share options may be exercised will be specified by the Company at the time of grant. This period shall not be more than 10 years from the relevant date of grant.

(VI) The vesting period of options granted under Easy Prime Share Option Scheme:

Easy Prime Share Option Scheme does not stipulate either a minimum period for which an Easy Prime Option must be held or any performance targets a grantee is required to achieve before an Easy Prime Option can be exercised. The board of directors of Easy Prime may however specify in the offer of grant of a Easy Prime Option the minimum period, if any, for which a Easy Prime Option must be held or performance targets, if any, that must be achieved before the Easy Prime Option can be exercised.

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

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

SHARE OPTION SCHEMES (Continued)

Easy Prime Share Option Scheme (Continued)

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

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

(IX) The remaining life of the scheme

The life of the Easy Prime Share Option Scheme is 10 years commencing from 21 May 2020. As at 31 December 2024, the remaining life of the Easy Prime Share Option Scheme is 5.39 years.

No Easy Prime Option has been granted under the Easy Prime Share Option Scheme since the adoption date. The number of Easy Prime Options available for grant under the Easy Prime Share Option Scheme at the beginning of the year was 5,000 and at the end of the year was 5,000, respectively.

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

As at 31 December 2024, the Directors and chief executive had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

A Long Position in the Ordinary Shares and Underlying Shares of the Company:

Name of director	Capacity	Number of ordinary shares held	% of total issued share capital	Number of underlying shares in respect of Share Options granted	% of total issued share capital
Zhang Lijun	Beneficial owner/ Interest of spouse/ Founder of discretionary trust	1,034,563,113 *(Note)*	22.86%	1,000,000	0.02%
Peng Xitao	Beneficial owner	55,810,000	1.23%	4,000,000	0.09%
Zhou Jingping	Beneficial owner	–	–	3,000,000	0.07%

Note: *As at 31 December 2024, Dr. Zhang Lijun held and was deemed to hold under the SFO in aggregate 1,034,563,113 Shares, representing approximately 22.86% of the Company's issued share capital. These 1,034,563,113 Shares comprised: (i) 72,514,113 Shares directly held by Dr. Zhang; (ii) deemed interest of 9,350,000 Shares directly held by Ms. Wang Chun ("Ms. Wang"), spouse of Dr. Zhang; (iii) deemed interest of 622,500,000 Shares held by Blazing Ace Limited, which is wholly owned by Avis Trend Limited; and (iv) deemed interest of 330,199,000 Shares held by Avis Trend Limited. Avis Trend Limited is wholly owned by Cantrust (Far East) Limited in its capacity as the trustee of a discretionary family trust established by Dr. Zhang as settlor, and the discretionary beneficiaries of the trust include Dr. Zhang, Ms. Wang and their family members.*

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

B Long Position in the Ordinary Shares of Associated Corporations:

Name of director	Name of associated corporation	Capacity	Number of ordinary shares held	% of total issued share capital
Zhang Lijun	BOA *(Note)*	Interest of controlled corporation	8,800,000	5.16%

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

Save as disclosed herein, as at 31 December 2024, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, other than the Directors whose interests are disclosed above, the Company was not aware of any person who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in note 34 to the consolidated financial statements contained herein.

The Company did not have any related party transaction which was subject to the reporting requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

CONTRACTUAL ARRANGEMENTS

1.A Particulars of Structured Contracts

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

The Group acquired a new business through acquisition of 100% interest in Easy Prime by the Company in November 2018. Through Easy Prime's wholly owned subsidiary WFOE entering into VIE Contracts with OPCO, pursuant to which the Group engages in the development and operation of online and/or mobile game applications, live-streaming platforms and online mobile interactive game applications, online information platforms and related products of sports nature in the PRC. Details of the principal licenses held by OPCO are set out on page 35 in the 2018 Circular.

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

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

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

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

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

(1) Exclusive Business Cooperation Agreement

Parties:
(i) WFOE; and
(ii) OPCO.

Subject matter: OPCO agrees to engage WFOE as the exclusive service provider to provide OPCO with the Services.

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

OPCO agreed to pay 100% of its net income to WFOE as a fee for the Services on a quarterly basis.

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

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

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

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

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

(2) Exclusive Call Option Agreement

Parties:

(i) WFOE;

(ii) OPCO; and

(iii) The PRC Equity Owners.

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

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

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

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

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

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

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

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

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

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

(2) Exclusive Call Option Agreement (Continued)

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

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

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

(3) Shareholders' Voting Right Entrustment Agreement

Parties: (i) WFOE;

(ii) OPCO; and

(iii) The PRC Equity Owners.

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

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

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

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

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

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

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

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

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

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

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

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

(4) Equity Pledge Agreement

Parties:

(i) WFOE;

(ii) OPCO; and

(iii) The PRC Equity Owners.

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

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

(4) Equity Pledge Agreement (Continued)

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

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

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

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

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

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

(5) WFOE's undertaking

Parties: WFOE

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

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

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

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

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

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

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

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

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

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

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

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

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

CONTRACTUAL ARRANGEMENTS (Continued)

1.A Particulars of Structured Contracts (Continued)

C. Each of the Limited Partners irrevocably undertakes that:

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

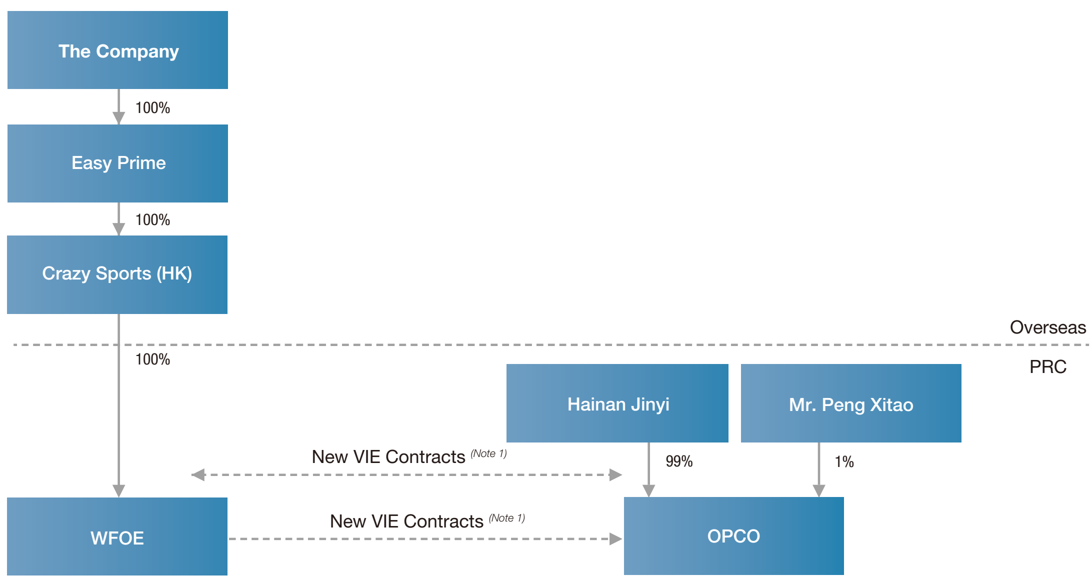
2. should any change occur in the marriage between the Limited Partner and his spouse, the Limited Partner shall inform WFOE of such change and provide the relevant documentary proof, so as to allow WFOE to act accordingly;

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

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

1.B Structured Contract Flowchart

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



CONTRACTUAL ARRANGEMENTS (Continued)

1.B Structured Contract Flowchart (Continued)

Note:

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

"–" denotes shareholding relationship

"..." denotes contractual relationship

2. REVENUE AND ASSETS SUBJECT TO THE NEW VIE CONTRACTS

For the year ended 31 December 2024, the revenue recorded by the Group arising from the New VIE Contracts relating to the Digital sports entertainment business amounted to HK$411,392,000 (2023: HK$490,184,000). The assets of the OPCO Group have been consolidated into the financial statements of the Group under the New VIE Contracts. The total assets of OPCO Group as at 31 December 2024 amounted to HK$715,796,000 (2023: HK$575,045,000).

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

As advised by the Company's PRC legal advisers, according to the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (外商投資准入特別管理措施(負面清單) (2024年版)) (the "Negative List"), the Company, as a foreign entity, is not allowed to hold any equity interests of OPCO under the current PRC laws. Although the current PRC laws do not expressly prohibit the establishment of VIE structures, the restrictive access and special investment prohibition management measures stipulated in the Negative List and relevant provisions in the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) (the "Security Review") must be complied with. In this respect, the Company's PRC legal adviser is of the opinion that:

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

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

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

(d) Whilst VIE structures are within the scope of the Security Review, the business contemplated by the New VIE Contracts does not constitute foreign investment that affects or may affect national security and so it is not subject to security review; and

(e) The Foreign Investment Law of the PRC (中華人民共和國外商投資法) and the Regulations for the Implementation of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) do not expressly provide for PRC domestic enterprise with VIE structures to be subject to the management of foreign invested enterprises.

CONTRACTUAL ARRANGEMENTS (Continued)

4. REASONS FOR THE CONTRACTUAL ARRANGEMENTS AND ASSOCIATED RISKS

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

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

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

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

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

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

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

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

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

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

CONTRACTUAL ARRANGEMENTS (Continued)

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

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

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

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

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

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

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

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

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

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

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

During the year ended 31 December 2024, except for the above mentioned, there was no material change in the New VIE Contracts, and/or the circumstances under which they were adopted, and none of the New VIE Contracts has been unwound as none of the restrictions that led to the adoption of New VIE Contracts has been removed.

MANAGEMENT CONTRACT

During the year ended 31 December 2024, no other contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered or existed.

CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors had reviewed the continuing connected transactions according to the Rule 14A.55 of the Listing Rules and confirmed that the transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole according to the agreement governing them. The transactions carried out during the year have been entered into in accordance with the relevant provisions of the New VIE Contracts and have been operated so that the consolidated profit generated by OPCO and its subsidiaries has been substantially retained by the Group, and no dividends or other distributions have been made by OPCO to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

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

EMOLUMENT POLICY

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

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

Details of the emoluments of the Directors, the senior management and the five highest paid individuals in the Group are set out in notes 11, 12 and 34(b) to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

Throughout the year ended 31 December 2024, the Company has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also adheres to the principle of recycling and reducing. Double sided printing and copying, using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are being implemented in the offices. For details on the Group's environmental policy, please refer to the Environmental, Social and Governance Report set out on pages 26 to 49 of this Annual Report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For our relationship with employees, please refer to the paragraph headed "Employee and Remuneration Policies" as set out in the "Management Discussion and Analysis" on page 20 of this Annual Report. The Group also understands that it is important to maintain good relationships with customers, suppliers and other business partners to achieve its long-term goals. Accordingly, our senior management has kept good communication, promptly exchanged ideas and shared business updates with them when appropriate. During the year, there was no material and significant dispute between the Group and its customers, suppliers and other business partners.

PERMITTED INDEMNITY PROVISION

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

SUFFICIENCY OF PUBLIC FLOAT

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

DONATION

During the year, the Group did not make any donation.

AUDIT COMMITTEE

The audited financial statements of the Group for the year ended 31 December 2024 has been reviewed by the Audit Committee. Information on the composition and the work of the Audit Committee is set out in the "Corporate Governance Report" section of this Annual Report.

AUDITOR

The financial statements have been audited by BDO Limited.

A resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the 2025 AGM.

SUBSEQUENT EVENTS

No other matter has occurred that bears significant effect to the Group between the year end date and the date of this Annual Report.

On behalf of the Board

Mr. Peng Xitao
Chief Executive Officer

Hong Kong
28 March 2025

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the consolidated financial statements of Crazy Sports Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 107 to 200, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Impairment assessment of goodwill and intangible assets

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

The Group has goodwill with carrying amount of HK$385,500,000 and intangible assets of HK$138,029,000 respectively relating to the cash generating unit ("CGU") of digital sports entertainment business.

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

Our response:

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

- evaluating the competence, capability and objectivity of the management's expert;
- involving our internal valuation specialists to assist us in reviewing the recoverable amount calculation prepared by management's expert, in particular the underlying assumptions and methodology adopted;
- challenging the reasonableness of key assumptions adopted in the valuation, such as the discount rate, based on our knowledge of the business and industry and available market data; and
- reconciling input data to supporting evidence, such as latest financial forecasts approved by the management and considering the reasonableness of these forecasts.

KEY AUDIT MATTERS (Continued)

Valuations of financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVTPL")

Refer to notes 4(h), 5, 19 and 37 in the consolidated financial statements.

Financial assets at FVOCI and FVTPL included investment funds which amounted to approximately HK$72,828,000 and HK$159,198,000 as at 31 December 2024, respectively.

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

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

Our response:

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

– evaluating the competence, capability and objectivity of the management's expert;

– involving our internal valuation specialists to assist us in assessing the valuation methodology applied on the financial assets;

– challenging the reasonableness of key assumptions in the valuation based on our knowledge; and

– reconciling input data used in the valuation to supporting evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited
Certified Public Accountants

LAI Cheuk Wai
Practising Certificate no. P07921

Hong Kong, 28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
Revenue	*7*	**411,392**	490,184
Cost of revenue		**(266,090)**	(310,808)
Gross profit		**145,302**	179,376
Other gains and losses, net	*8*	**17,941**	7,591
Selling and marketing expenses		**(115,820)**	(146,092)
Administrative expenses		**(45,368)**	(45,948)
Expected credit loss on trade and other receivables		**(6,388)**	–
Impairment of interest in an associate	*18*	**(6,223)**	(5,055)
Share of results of an associate	*18*	**(3,147)**	(9,663)
Finance costs	*9*	**(573)**	(1,192)
Loss before income tax	*10*	**(14,276)**	(20,983)
Income tax expense	*13(a)*	**(452)**	(730)
LOSS FOR THE YEAR		**(14,728)**	(21,713)
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
– Reclassification upon dissolution of a subsidiary		**–**	178
Items that will not be reclassified to profit or loss:			
– Exchange differences arising on translation to presentation currency	*28(e)*	**(27,310)**	(19,718)
– Fair value change on financial assets at fair value through other comprehensive income	*19(b)*	**(44,482)**	4,975
Other comprehensive income for the year, net of tax		**(71,792)**	(14,565)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(86,520)**	(36,278)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000 (Restated)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(14,718)**	(21,665)
Non-controlling interests		**(10)**	(48)
		(14,728)	(21,713)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		**(86,450)**	(36,185)
Non-controlling interests		**(70)**	(93)
		(86,520)	(36,278)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic (HK cents)	*14*	**(0.33)**	(0.48)
– Diluted (HK cents)	*14*	**(0.33)**	(0.48)

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000 (Restated)	1 January 2023 HK$'000 (Restated)
ASSETS AND LIABILITIES				
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	594	1,040	1,845
Goodwill	*16*	385,500	399,601	410,124
Intangible assets	*17*	138,029	104,470	135,476
Interest in an associate	*18*	–	9,370	24,088
Financial assets at fair value through other comprehensive income	*19*	73,892	117,310	112,335
Financial assets at fair value through profit or loss	*19*	159,198	156,951	155,394
Right-of-use assets	*20(a)*	4,598	5,579	8,581
Deferred tax assets	*26*	1,216	298	306
Prepayments for purchase of intangible assets	*22*	7,027	9,469	9,717
		770,054	804,088	857,866
CURRENT ASSETS				
Trade receivables	*21*	82,815	107,618	175,576
Other receivables, deposits and prepayments	*22*	88,110	102,775	83,469
Financial assets at fair value through profit or loss	*19*	1,243	1,262	2,880
Amounts due from related companies	*34(f)*	1,165	667	682
Income tax receivables		–	–	1,248
Cash and cash equivalents	*30*	24,358	60,589	77,905
		197,691	272,911	341,760
TOTAL ASSETS		967,745	1,076,999	1,199,626
CURRENT LIABILITIES				
Trade and other payables	*23*	93,814	80,197	121,435
Contract liabilities	*24*	10,983	42,467	65,754
Lease liabilities	*20(b)*	2,529	2,198	2,831
Amount due to a related company	*34(g)*	37,584	37,584	41,784
Bank borrowings	*25*	15,960	19,853	33,959
Income tax payable		112,338	112,352	112,094
		273,208	294,651	377,857
NET CURRENT LIABILITIES		(75,517)	(21,740)	(36,097)
TOTAL ASSETS LESS CURRENT LIABILITIES		694,537	782,348	821,769

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000 (Restated)	1 January 2023 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Deferred tax liabilities		–	–	1,144
Lease liabilities	*20(b)*	2,144	3,435	5,762
		2,144	3,435	6,906
NET ASSETS		692,393	778,913	814,863
EQUITY				
Share capital	*27*	45,262	45,262	45,262
Reserves		645,516	731,966	767,823
Equity attributable to owners of the Company		690,778	777,228	813,085
Non-controlling interests		1,615	1,685	1,778
TOTAL EQUITY		692,393	778,913	814,863

Zhang Lijun
Director

Peng Xitao
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital *(note 27)* HK$'000	Share premium *(note 28(a))* HK$'000	Investment revaluation reserve *(note 28(b))* HK$'000	Other reserves *(note 28(c))* HK$'000	Share-based compensation reserve *(note 28(d))* HK$'000	Exchange fluctuation reserve *(note 28(e))* HK$'000	Accumulated losses HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023 as per previously reported	45,262	1,771,496	(115,580)	1,059,408	4,551	(55,011)	(1,897,041)	1,778	814,863
Prior year adjustment *(note 3(d))*	–	–	82,556	–	–	–	(82,556)	–	–
At 1 January 2023 (restated)	45,262	1,771,496	(33,024)	1,059,408	4,551	(55,011)	(1,979,597)	1,778	814,863
Loss for the year (restated)	–	–	–	–	–	–	(21,665)	(48)	(21,713)
Other comprehensive income (restated)	–	–	4,975	–	–	(19,495)	–	(45)	(14,565)
Total comprehensive income for the year (restated)	–	–	4,975	–	–	(19,495)	(21,665)	(93)	(36,278)
Transfer of reserve upon maturity of financial assets at fair value through other comprehensive income	–	–	16,337	–	–	–	(16,337)	–	–
Recognition of share-based payment expense *(note 29)*	–	–	–	–	328	–	–	–	328
Lapse of share options *(note 29)*	–	–	–	–	(328)	–	328	–	–
At 31 December 2023 (restated)	45,262	1,771,496	(11,712)	1,059,408	4,551	(74,506)	(2,017,271)	1,685	778,913
At 1 January 2024 as per previously reported	45,262	1,771,496	(92,711)	1,059,408	4,551	(74,506)	(1,936,272)	1,685	778,913
Prior year adjustment *(note 3(d))*	–	–	80,999	–	–	–	(80,999)	–	–
At 1 January 2024 (restated)	45,262	1,771,496	(11,712)	1,059,408	4,551	(74,506)	(2,017,271)	1,685	778,913
Loss for the year	–	–	–	–	–	–	(14,718)	(10)	(14,728)
Other comprehensive income	–	–	(44,482)	–	–	(27,250)	–	(60)	(71,792)
Total comprehensive income for the year	–	–	(44,482)	–	–	(27,250)	(14,718)	(70)	(86,520)
Lapse of share options *(note 29)*	–	–	–	–	(176)	–	176	–	–
At 31 December 2024	45,262	1,771,496	(56,194)	1,059,408	4,375	(101,756)	(2,031,813)	1,615	692,393

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000 (Restated)
OPERATING ACTIVITIES		
Loss before income tax	(14,276)	(20,983)
Depreciation of property, plant and equipment	534	855
Depreciation of right-of-use assets	2,667	2,835
Amortisation of intangible assets	34,658	30,908
Expected credit losses on trade and other receivables	6,388	–
Impairment of interest in an associate	6,223	5,055
Share of results of an associate	3,147	9,663
Share-based payment expenses	–	328
Interest income	(123)	(280)
Interest expense	573	1,192
Fair value gain on financial assets at fair value through profit or loss	(13,333)	(2,733)
Operating cash flows before working capital changes	26,458	26,840
Decrease in trade receivables	15,841	63,626
Decrease/(increase) in other receivables, deposits and prepayments	21,754	(24,834)
Increase in amounts due from related companies	(508)	–
Decrease in trade payables	(1,178)	(15,673)
Increase/(decrease) in other payables	17,574	(22,324)
Decrease in amounts due to related companies	(23)	–
Decrease in contract liabilities	(30,590)	(21,658)
Effect of foreign exchange rate changes	(7,378)	(6,569)
Cash generated from/(used in) operating activities	41,950	(592)
Income tax paid	(1,402)	(395)
Net cash generated from/(used in) operating activities	40,548	(987)

	Note	2024 HK$'000	2023 HK$'000 (Restated)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(109)**	(77)
Purchases of intangible assets		**(70,505)**	(3,177)
Purchase of financial assets at fair value through other comprehensive income		**(1,064)**	–
Settlement for consideration payable for acquisition of subsidiaries		**–**	(4,200)
Dividend received		**–**	6,325
Interest received		**123**	280
Net cash used in investing activities		**(71,555)**	(849)
FINANCING ACTIVITIES			
Interest paid		**(306)**	(889)
Proceeds from bank borrowings		**16,282**	84,052
Repayment of bank borrowings		**(19,538)**	(97,323)
Repayment of lease liabilities		**(2,911)**	(3,100)
Net cash used in financing activities	*30*	**(6,473)**	(17,260)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(37,480)**	(19,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**60,589**	77,905
Effect of foreign exchange rate changes		**1,249**	1,780
CASH AND CASH EQUIVALENTS AT END OF YEAR	*30*	**24,358**	60,589

1. GENERAL

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

The Company is an investment holding company. The Company and its subsidiaries (thereafter referred to as the "Group") are principally engaged in the development and operation of paid sports information platform, sports quizzing platform, sports events operation, digital collectibles platform, operation and publishing of sports and leisure games and provision of sales services of lottery tickets through retail channels in the People's Republic of China (the "PRC") (the "Digital sports entertainment business").

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of new or amended HKFRS Accounting Standards

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(a) Adoption of new or amended HKFRS Accounting Standards (Continued)

Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

As part of the amendments, Illustrative Example 25 accompanying HKFRS 16 Leases is added to illustrate the application of the requirements in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate.

The application of the amendments in the current year had no impact on the consolidated financial statements of the Group.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) (the "2020 Amendments") and Amendments to HKAS 1, Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non- current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(a) Adoption of new or amended HKFRS Accounting Standards (Continued)

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) (the "2020 Amendments") and Amendments to HKAS 1, Non-current Liabilities with Covenants (the "2022 Amendments") (Continued)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

Based on the Group's outstanding liabilities as at 31 December 2024, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 Cash flow statements stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term "supplier finance arrangements" is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(a) Adoption of new or amended HKFRS Accounting Standards (Continued)

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements (Continued)

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- the terms and conditions of the arrangements;
- the carrying amount and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements, and the non-cash changes in the carrying amounts of these financial liabilities;
- the carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

The application of the amendments in the current year had no impact on the consolidated financial statements of the Group.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

(b) New or amended HKFRS Accounting Standards that have been issued but are not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKAS 21	Lack of Exchangeability[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

[1] *Effective for annual periods beginning on or after 1 January 2025*
[2] *Effective for annual periods beginning on or after 1 January 2026*
[3] *Effective for annual periods beginning on or after 1 January 2027*
[4] *Effective for annual periods beginning on or after a date to be determined*

Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

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

Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments (Continued)

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have a significant impact on the consolidated financial statements of the Group.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

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

HKFRS 18, Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the consolidated financial statements of the Group.

HKFRS 19, Subsidiaries without Public Accountability: Disclosures

HKFRS 19 simplifies financial reporting by allowing eligible subsidiaries to apply and hence assert compliance with HKFRSs with reduced disclosures.

A subsidiary may elect to apply HKFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability; and
- its parent produces consolidated financial statements that are available for public use under HKFRS Accounting Standards.

A subsidiary applying HKFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with HKFRS Accounting Standards that HKFRS 19 has been adopted.

The directors do not anticipate that HKFRS 19 will be applied for purposes of the consolidated financial statements of the Group.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (Continued)

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

Amendments to HKAS 21, Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The application of the amendments is not expected to have a significant impact on the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement and going concern assumption

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

The consolidated financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern, notwithstanding the fact that the Group had net current liabilities of HK$75,517,000 as at 31 December 2024.

3. BASIS OF PREPARATION (Continued)

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

In the opinion of the directors of the Company (the "Directors"), the Group is able to maintain itself as a going concern in the coming year by taking into consideration that the balances amounting HK$37,584,000 and HK$56,983,000 due to the former shareholder of a wholly-owned subsidiary of the Company, Easy Prime Developments Limited ("Easy Prime"), and Dr. Zhang Lijun, the Director of the Company, respectively, they have agreed not to demand for any repayment of the balances due to them until the Group is in a financial position to do so.

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

(c) Functional and presentation currency

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

(d) Prior year adjustment

In previous years, the Group classified certain investment funds as financial assets at fair value through other comprehensive income ("FVOCI") upon the first adoption of HKFRS 9 "Financial Instruments" effected in 2018. During the year, the Group reassessed the terms and condition of these investment funds, specifically the contractual period and extension options, and have conducted that an investment fund should have been classified as "Financial assets at fair value through profit or loss ("FVTPL")". Accordingly, adjustments have been made retrospectively to reclassify such investment fund from "Financial assets at FVOCI" to "Financial assets at FVTPL".

3. BASIS OF PREPARATION (Continued)

(d) Prior year adjustment (Continued)

The impact of the prior year adjustments to the financial statements of the Group are set forth below.

	31 December 2023 HK$'000	1 January 2023 HK$'000
Consolidated statement of financial position:		
Decrease in financial assets at FVOCI	156,951	155,394
Increase in financial assets at FVTPL	156,951	155,394
Decrease in reserve – Investment revaluation reserve	80,999	82,556
Increase in reserve – Accumulated losses	80,999	82,556

	31 December 2023 HK$'000
Consolidated statement of profit or loss and other comprehensive income:	
Increase in other gains and losses, net	1,557
Decrease in other comprehensive income that will not be reclassified to profit or loss	1,557

The adjustment has been applied as of the beginning of the earliest period presented and has been consistently applied throughout all relevant prior periods. The cumulative effect of the adjustment is reflected in the opening balances of equity for the earliest period presented.

Management believes that this change provides a more faithful representation of the consolidated financial position of the Group and of its consolidated financial performance. The impact on the comparative financial statements is disclosed for the benefit of stakeholders and to ensure transparency in our financial reporting. This adjustment does not impact the current year's consolidated financial statements.

The following tables disclose the adjustment that have been made by the directors of the Group to each of the line items in the consolidated statements of profit or loss and comprehensive income for the year ended 31 December 2023, and the consolidated statement of financial position as at 31 December 2023 and 1 January 2023.

3. BASIS OF PREPARATION (Continued)

(d) Prior year adjustment (Continued)

	As previously reported HK$'000	Prior year adjustment HK$'000	Restated HK$'000
Year ended 31 December 2023			
Other gains and losses, net	6,034	1,557	7,591
Loss for the year	(23,270)	1,557	(21,713)
Attributable to:			
Owners of the Company	(23,222)	1,557	(21,665)
Financial assets at FVOCI:			
Change in fair value	6,532	(1,557)	4,975
Other comprehensive income for the year, net of tax	(13,008)	(1,557)	(14,565)
Loss per share – Basic and diluted (HK cents)	(0.51)	0.03	(0.48)

	As previously reported HK$'000	Prior year adjustment HK$'000	Restated HK$'000
As at 31 December 2023			
NON-CURRENT ASSETS			
Financial assets at FVOCI	274,261	(156,951)	117,310
Financial assets at FVTPL	–	156,951	156,951
Total non-current assets	804,088	–	804,088

	As previously reported HK$'000	Prior year adjustment HK$'000	Restated HK$'000
As at 1 January 2023			
NON-CURRENT ASSETS			
Financial assets at FVOCI	267,729	(155,394)	112.335
Financial assets at FVTPL	–	155,394	155,394
Total non-current assets	857,866	–	857,866

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Business combination and basis of consolidation

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

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

(b) Subsidiaries

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Associates

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

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

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

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

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

(d) Goodwill

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Goodwill (Continued)

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

(e) Property, plant and equipment

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

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

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

Leasehold improvements	Over the remaining terms of the lease but not exceeding 5 years
Motor vehicles	5 years
Plant, machinery and equipment	5 years
Computer hardware and software	3–10 years
Furniture, fixtures and office equipment	5 years

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Leases

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

Group as a lessee

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Leases (Continued)

Group as a lessee (Continued)

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

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

Short-term leases and leases of low-value assets

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

(g) Intangible assets (other than goodwill)

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

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

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

Purchased software and technology	10 years
License and platform	5 years
Copyrights and patents	2–10 years
Games and applications	3–10 years

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

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

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

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

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

(iii) Subsequent expenditure

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

(iv) Impairment of intangible assets

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

An impairment loss is recognised as an expense immediately.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial instruments

(i) Financial assets

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

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

Debt instruments

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

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

Equity instruments

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

All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

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

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

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

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

Write-off policy

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Financial instruments (Continued)

(iii) Financial liabilities

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

Financial liabilities at amortised cost

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

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

(iv) Effective interest method

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

(v) Derecognition

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Revenue recognition

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

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

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Revenue recognition (Continued)

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

Revenue for advertising and service income and lottery advertisement income

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

Revenue under Digital sports entertainment business segment

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Revenue recognition (Continued)

Revenue under Digital sports entertainment business segment (Continued)

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Contract liabilities

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

(k) Income taxes

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) Foreign currencies

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(m) Employee benefits

Defined contribution retirement plans

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

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

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

(n) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share-based compensation reserve within equity.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

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

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

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

(p) Provisions and contingent liabilities

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

(q) Related parties

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

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

(ii) has significant influence over the Company; or

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

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the group entities, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the group entities are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(i) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 December 2024, the carrying amount of goodwill and intangible assets are approximately HK$385,500,000 and HK$138,029,000, respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(ii) Impairment of trade and other receivables

The Group makes allowance for impairment on trade and other receivables based on assumptions about risk of default and ECL rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

(iii) Fair value measurement on financial assets

Certain financial assets included in the Group's financial statements require measurement at, and disclosure of, fair value. Further details of fair value measurement are disclosed in note 37.

(iv) Impairment of interest in an associate, Bank of Asia (BVI) Limited ("BOA")

Determining whether impairment loss should be recognised in relation to interest in BOA requires an estimation of the recoverable amount of the interest in BOA which is the higher of value in use and fair value less costs of disposal.

The Group's management engaged an independent qualified professional valuer to assist them to determine the recoverable amount of interest in BOA based on the past performance of BOA and the expectations from the Group's management for the market development estimate.

6. 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 executive directors in order to allocate resources and assess performance of the segment.

For the year ended 31 December 2024, the Group has only one reportable operating segment which is the Digital sports entertainment business. Thus, no operating segments have been aggregated to form the above reportable operating segment.

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

(b) Geographical information

During 2024, over 95% (2023: 100%) of the Group's revenue is attributable to customers in the PRC and over 90% (2023: over 90%) of the Group's total non-current assets, excluding financial assets at fair value through other comprehensive income and deferred tax assets, are located in the PRC and the remaining non-current assets are located in Hong Kong (2023: Hong Kong).

(c) Major customers

There was no individual customers of the Group contributing over 10% of the Group's revenue during the years ended 31 December 2024 and 2023.

7. REVENUE

An analysis of revenue is as follows:

	2024 HK$'000	2023 HK$'000
Digital sports entertainment business		
Paid sports information platform	258,764	227,617
Sports and leisure games	132,324	226,571
Lottery related commission income	12,358	15,016
Sports events operation	7,506	–
Digital collectibles platform	440	1,567
Sports social interactive platform	–	19,413
	411,392	490,184
Timing of revenue recognition		
At a point in time	7,946	1,567
Transferred over time	403,446	488,617
	411,392	490,184

8. OTHER GAINS AND LOSSES, NET

	2024 HK$'000	2023 HK$'000 (Restated)
Fair value gain on financial assets at FVTPL	13,333	2,733
Net foreign exchange gains	4,083	2,448
Government grants *(Note)*	109	1,433
Bank interest income	123	280
Others, net	293	697
	17,941	7,591

Note: For the years ended 31 December 2024 and 2023, the government grants are subsidies received from the PRC Government. The Group does not have other unfulfilled obligations relating to these programs.

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities *(note 20(b))*	267	303
Interest on bank borrowings	306	889
	573	1,192

10. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024 HK$'000	2023 HK$'000
Staff costs (excluding directors' remuneration *(note 11)*)		
– Salaries and wages	17,559	16,174
– Pension fund contributions	3,229	3,494
– Share-based payments	–	305
	20,788	19,973
Depreciation of property, plant and equipment included in administrative expenses *(note 15)*	534	855
Amortisation of intangible assets included in cost of revenue *(note 17)*	34,658	30,908
Depreciation of right-of-use assets included in administrative expenses *(note 20(a))*	2,667	2,835
Impairment of interest in an associate *(note 18)*	6,223	5,055
Expected credit loss on trade and other receivables *(notes 21 and 35)*	6,388	–
Auditor's remuneration		
– Audit service	1,338	1,300
– Non-audit service	200	200

11. DIRECTORS' REMUNERATION

	2024 HK$'000	2023 HK$'000
Directors' fees		
– Executive directors	7,920	8,025
– Independent non-executive directors	360	360
Basic remuneration, allowances and benefits in kind	6,126	7,628
Pension fund contributions	192	202
Share-based payments	–	23
	14,598	16,238

11. DIRECTORS' REMUNERATION (Continued)

Directors' remuneration is disclosed as follows:

	Directors' fees HK$'000	Basic remuneration, allowances, and benefits in kind HK$'000	Share-based payments HK$'000	Pension fund contributions HK$'000	Total HK$'000
2024					
Executive directors					
Dr. Zhang Lijun	7,800	4,800	–	18	12,618
Mr. Peng Xitao	120	1,326	–	174	1,620
Independent non-executive directors					
Mr. Zang Dongli	120	–	–	–	120
Mr. Zhou Jingping	120	–	–	–	120
Ms. Liu Haoming	120	–	–	–	120
	8,280	6,126	–	192	14,598
2023					
Executive directors					
Dr. Zhang Lijun	7,800	4,800	–	18	12,618
Ms. Cheng Po Chuen[1]	105	1,470	–	16	1,591
Mr. Peng Xitao	120	1,358	23	168	1,669
Independent non-executive directors					
Mr. Zang Dongli	120	–	–	–	120
Mr. Zhou Jingping	120	–	–	–	120
Ms. Liu Haoming	120	–	–	–	120
	8,385	7,628	23	202	16,238

11. DIRECTORS' REMUNERATION (Continued)

Directors' remuneration is disclosed as follows: (Continued)

There were no arrangements under which a director waived or agreed to waive any remuneration for the year (2023: Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year (2023: Nil).

1 *Ms. Cheng Po Chuen resigned as executive director on 15 November 2023.*

12. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two (2023: three) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining three (2023: two) individuals are as follows:

	2024 HK$'000	2023 HK$'000
Basic remuneration, allowances and benefits in kind	**3,121**	1,742
Pension fund contributions	**210**	186
Share-based payments	**–**	41
	3,331	1,969

Their emoluments are within the following bands:

	2024 Number of employees	2023 Number of employees
HK$1,500,001 to HK$2,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	1
Below HK$1,000,000	**1**	1

12. FIVE HIGHEST PAID EMPLOYEES (Continued)

The emoluments paid or payable to members of senior management (excluding the directors of the Company) were within the following bands:

	2024 Number of employees	2023 Number of employees
HK$1,500,001 to HK$2,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**–**	1
Below HK$1,000,000	**3**	3

13. INCOME TAX EXPENSE

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

	2024 HK$'000	2023 HK$'000
Current tax		
– Hong Kong profits tax for the year	**–**	–
– PRC enterprise income tax		
– Charge for the year	**1,395**	1,118
– Under provision in prior years	**2**	754
	1,397	1,872
Deferred taxation *(note 26)*	**(945)**	(1,142)
Income tax expense	**452**	730

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for both years ended 31 December 2024 and 2023. No provision was made for Hong Kong profits tax as the Group had no assessable profits in Hong Kong during the year.

13. INCOME TAX EXPENSE (Continued)

(a) (Continued)

The subsidiaries established in the PRC are subject to enterprise income tax ("EIT") at tax rates of 25% for both years ended 31 December 2024 and 2023, except:

- 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 three years according to relevant existing PRC laws since 2023.

- 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 EIT for five years since the year ended 31 December 2017, followed by a 50% reduction in the applicable tax rates for the next five years commencing from the year ended 31 December 2022. Khorgos Crazy is entitled to a preferential tax rate of 12.5% for the years ended 31 December 2024 and 2023.

- Khorgos Keris Network Technology Company Limited ("Khorgos Keris") (霍爾果斯可鋭思網絡技術有限公司), a company incorporated as a limited liability company in Khorgos Special Region, Xinjiang, PRC in 2022. Pursuant to the tax exemption document and complied with PRC tax regulations, Khorgos Keris is exempted from EIT for five years since the year ended 31 December 2022.

(b) The income tax expense for the year can be reconciled to the accounting loss as follows:

	2024	2023
	HK$'000	HK$'000
		(Restated)
Loss before income tax	**(14,276)**	(20,983)
Taxation calculated at PRC enterprise income tax of 25% (2023: 25%)	**(3,569)**	(5,246)
Tax effect of non-taxable income	**(4,387)**	(4,043)
Tax effect of non-deductible expenses	**2,219**	1,810
Tax effect of share of results of an associate	**519**	1,594
Effect of lower tax rate applicable to subsidiaries as a result of preferential tax policies	**(1,585)**	(2,797)
Effect of tax rate in foreign jurisdictions	**1,999**	2,943
Under provision in prior years	**2**	754
Tax effect of temporary difference not recognised	**5,254**	5,715
Income tax expense for the year	**452**	730

14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

Loss

	2024 HK$'000	2023 HK$'000 (Restated)
Loss for the purposes of basic and diluted loss per share	(14,718)	(21,665)

Number of shares

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	4,526,135	4,526,135
Effect of dilutive potential ordinary shares:		
– share options	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	4,526,135	4,526,135

Loss per share

	2024 HK cents	2023 HK cents (Restated)
– Basic	(0.33)	(0.48)
– Diluted	(0.33)	(0.48)

For the years ended 31 December 2024 and 2023, the computation of diluted loss per share does not assume the exercise of the outstanding share options as the exercise price of the Company's share options was higher than the average market price for shares.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Computer hardware and software HK$'000	Furniture, fixtures, and office equipment HK$'000	Total HK$'000
Cost:						
At 1 January 2023	3,687	199	32	2,228	686	6,832
Additions	–	–	5	71	1	77
Exchange adjustments	(24)	(5)	–	(49)	(9)	(87)
At 31 December 2023	3,663	194	37	2,250	678	6,822
Additions	–	–	–	104	5	109
Written-off	(729)	–	–	–	–	(729)
Exchange adjustments	(18)	(7)	–	(77)	(12)	(114)
At 31 December 2024	**2,916**	**187**	**37**	**2,277**	**671**	**6,088**

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Computer hardware and software HK$'000	Furniture, fixtures, and office equipment HK$'000	Total HK$'000
Accumulated depreciation and impairment:						
At 1 January 2023	2,690	194	20	1,573	510	4,987
Charge for the year	627	–	4	177	47	855
Exchange adjustments	(16)	(5)	–	(33)	(6)	(60)
At 31 December 2023	3,301	189	24	1,717	551	5,782
Charge for the year	277	–	7	176	74	534
Written-off	(729)	–	–	–	–	(729)
Exchange adjustments	(15)	(7)	–	(61)	(10)	(93)
At 31 December 2024	**2,834**	**182**	**31**	**1,832**	**615**	**5,494**
Carrying amount:						
At 31 December 2024	**82**	**5**	**6**	**445**	**56**	**594**
At 31 December 2023	362	5	13	533	127	1,040

16. GOODWILL

	HK$'000
Cost:	
At 1 January 2023	410,124
Exchange adjustments	(10,523)
At 31 December 2023	399,601
Exchange adjustments	(14,101)
At 31 December 2024	**385,500**
Accumulated impairment losses:	
At 1 January 2023, 31 December 2023 and 31 December 2024	–
Carrying amount:	
At 31 December 2024	**385,500**
At 31 December 2023	399,601

Goodwill is allocated to the Group's cash generating units ("CGU") identified to country of operation and business segment. The carrying amounts as at 31 December 2024 and 2023 were related to the Group's Digital sports entertainment business in the PRC.

	2024	2023
	HK$'000	HK$'000
Recoverable amount	**577,600**	965,200
Carrying value of assets allocated (including goodwill)	**528,721**	510,690

For the purpose of impairment testing for assets allocated to the Digital sports entertainment business CGU in 2024 and 2023, the recoverable amounts of the CGU have been determined from value-in-use calculations based on cash flow projections from approved budgets covering a five-year period. It is determined with reference to the valuation prepared by Graval Consulting Limited ("Graval"), an independent firm of professionally qualified valuer. Cash flow beyond the five-year period is extrapolated using an estimated average growth rate of 2.02% (2023: 2.22%), which does not exceed the long-term growth rate for sports related applications industry in the PRC. Cash flows for the first five financial periods are based on expected paying users and paying rates estimated by management. Budgeted gross margin is determined based on the unit's past performance and management's expectations for the market development.

16. GOODWILL (Continued)

	2024	2023
Operating profit margin	6%–14%	11%–23%
Discount rate	19.85%	20.79%
Revenue growth rate within the five-year period	23%–43%	13%–28%

Assumptions were used in the value-in-use calculation of the Digital sports entertainment business CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Revenue growth rate

The revenue growth rate is based on the average growth achieved in the past years and the expected revenue from major sports events and newly launched games and applications.

(b) Operating profit margin

The basis used to determine the value assigned to the budgeted operating profit margins is the operating profit margins achieved in the past years and the expectation for market development.

(c) Discount rate

The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

The values assigned to the key assumptions on market development and the discount rate are consistent with external information sources. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount. As at 31 December 2024 and 2023, management determines that there is no impairment on goodwill.

17. INTANGIBLE ASSETS

	Purchased software and technology HK$'000	License and platform HK$'000 *(note (a))*	Copyrights and patents HK$'000 *(note (b))*	Games and applications HK$'000 *(note (c))*	Total HK$'000
Cost:					
At 1 January 2023	10,359	13,259	125,982	106,576	256,176
Additions	–	–	–	3,177	3,177
Exchange adjustments	(266)	(340)	(3,232)	(722)	(4,560)
At 31 December 2023	10,093	12,919	122,750	109,031	254,793
Additions	–	–	–	72,655	72,655
Exchange adjustments	(356)	(456)	(4,331)	(2,504)	(7,647)
At 31 December 2024	**9,737**	**12,463**	**118,419**	**179,182**	**319,801**
Amortisation and impairment:					
At 1 January 2023	1,036	3,635	32,916	83,113	120,700
Amortisation for the year	1,012	1,776	17,328	10,792	30,908
Exchange adjustments	(29)	(98)	(876)	(282)	(1,285)
At 31 December 2023	2,019	5,313	49,368	93,623	150,323
Amortisation for the year	993	2,520	18,398	12,747	34,658
Exchange adjustments	(91)	(237)	(2,083)	(798)	(3,209)
At 31 December 2024	**2,921**	**7,596**	**65,683**	**105,572**	**181,772**
Carrying amount:					
At 31 December 2024	**6,816**	**4,867**	**52,736**	**73,610**	**138,029**
At 31 December 2023	8,074	7,606	73,382	15,408	104,470

17. INTANGIBLE ASSETS (Continued)

Notes:

(a) *The Group has obtained a permission license for operating an online sports events platform and reward points system (the "Permission License") by acquisition of a subsidiary during 2020. The Permission License has an estimated useful life of five years.*

In 2021, the Group has obtained a platform for distributing games and applications by acquisition of a subsidiary. The platform has an estimated useful life of five years.

(b) *The Group pays a sum of copyright fees to the intellectual property ("IP") owners to buy out the copyrights upon which the Group can further develop, publish and operate mobile games or other digital sports entertainment applications. The Group recognises the copyrights bought out as an intangible asset. These intangible assets are initially recorded at cost and amortised on a straight-line basis over the estimated economic useful lives of two to ten years.*

(c) *Games and applications represent the sports related mobile games and paid sports information platform and digital collectables platform developed by the Group and related development costs are capitalised and amortised on a straight-line basis over the estimated economic lives, which range from three to ten years.*

As the intangible assets can generate cash inflows for Digital sports entertainment business CGU, the carrying amount has been taken into consideration for the impairment assessment of goodwill allocated to the Digital sports entertainment business CGU. For testing the impairment of Digital sports entertainment business CGU, the recoverable amount was determined based on value-in-use valuation estimated by the management and Graval, an independent firm of professionally qualified valuer. For details of the assessment, please refer to note 16.

The Directors concluded that the recoverable amount estimated is sufficient to justify the carrying value of the assets allocated to Digital sports entertainment business CGU and hence no impairment is necessary as at 31 December 2024 and 2023.

18. INTEREST IN AN ASSOCIATE

	2024 **HK$'000**	2023 HK$'000
Share of net assets other than goodwill *(note)*	**–**	3,147
Goodwill	**183,135**	183,135
	183,135	186,282
Less: impairment	**(183,135)**	(176,912)
	–	9,370

18. INTEREST IN AN ASSOCIATE (Continued)

Note: After sharing the loss for the year attributed from the associate, amounting HK$3,147,000, which is limited to the Group's interest in the associate, the Group has discontinued the recognition of its share of loss of the associate. It arises from the fact that the share of loss of the associate exceeded the Group's interest in the associate, and the Group is not obliged to absorb any additional losses. The amount of the Group's unrecognised share of loss of an associate for the year and cumulatively are HK$9,959,000 and HK$9,959,000, respectively.

Particulars of the Group's associate are as follows:

Name of company	Form of business structure	Place of incorporation and operation	Percentage of ownership interests/voting rights/profit share	Principal activity
BOA	Limited company	British Virgin Islands (the "BVI")	45.49% (2023: 45.49%)	Provision of BVI banking services *(note)*

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

Due to issuance of share capital by BOA, the equity interest held by the Group in BOA was diluted from 47.53% to 45.95% in 2020 and further diluted to 45.49% in 2021. The dilution of interest resulted in a deemed disposal of interest in an associate. No dilution of interest in BOA occurred for the years ended 2024 and 2023.

Headquartered in BVI, BOA was awarded its banking license from the BVI Financial Services Commission. BOA's business operation covers general banking services including deposits and loans in multiple currencies, cross-border payments and remittance.

The above associate is accounted for using the equity method in the consolidated financial statements.

18. INTEREST IN AN ASSOCIATE (Continued)

As at 31 December 2024, with reference to the fair value of the recoverable amount of the Group's interest in BOA, an additional impairment loss of HK$6,223,000 is recognised in the consolidated statement of profit or loss and other comprehensive income for the year, and the carrying amount of the Group's interest in BOA is further reduced to HK$Nil. The fair value is measured by reference to a valuation report issued by Graval, an independent firm of professionally qualified valuer, with market approach, which is level 3 inputs in terms of HKFRS 13. The key parameters are as below:

	2024	2023
Adjusted price-to-book ratio ("P/B Ratio")	0.99	0.66
Discount for lack of marketability	15.60%	15.70%

18. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information

	2024 HK$'000	2023 HK$'000
As at 31 December		
Current assets	315,742	421,534
Non-current assets	745	1,616
Current liabilities	(288,973)	(351,816)
Non-current liabilities	(49,313)	(64,416)
Net (liabilities)/assets	(21,799)	6,918
Included in the above amounts are:		
Cash and cash equivalents	72,483	26,182
Current financial liabilities (excluding trade and other payables)	(286,739)	(340,583)
Non-current financial liabilities (excluding other payables and provisions)	(49,313)	(64,416)
Year ended 31 December		
Revenue	5,467	16,462
Loss for the year	(28,811)	(21,301)
Total comprehensive income	(28,717)	(21,241)
Included in the above amounts are:		
Depreciation and amortisation	26	1,086

18. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

	2024 **HK$'000**	2023 HK$'000
Net assets of the associate	**–**	6,918
Proportion of the Group's ownership interest in the associate	**45.49%**	45.49%
Goodwill	**183,135**	183,135
	183,135	186,282
Less: impairment	**(183,135)**	(176,912)
Carrying amount of the Group's interest in the associate	**–**	9,370

19. OTHER FINANCIAL ASSETS

	2024 **HK$'000**	2023 HK$'000 (Restated)
Current assets		
Financial assets at FVTPL		
Compensation arising from profit guarantee *(note (a))*	**1,200**	1,101
Listed equity investment *(note (c))*	**43**	161
	1,243	1,262
Non-current assets		
Financial assets at FVOCI		
Investment fund *(note (b)(ii))*	**72,828**	117,310
Unlisted equity investment *(note (d))*	**1,064**	–
	73,892	117,310
Financial assets at FVTPL		
Investment fund *(note (b)(i))*	**159,198**	156,951

19. 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 upon the Group's instruction. 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 "CPC Fund"). The timing of capital contribution of the investment is generally on an "as needed" basis. During 2018, the Group has wholly settled the committed investment of US$31,250,000 to the CPC Fund.*

The CPC 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. During the year, the Directors reassessed the terms and condition of CPC Fund and concluded that the CPC Fund should have been classified as FVTPL as CPC Fund has defined investment period and there is contractual obligation to distribute. Accordingly, the CPC Fund is reclassified from "Financial assets at FVOCI" to "Financial assets at FVTPL".

The CPC Fund declared dividend during 2024 and 2023. As at 31 December 2024, a fair value gain of HK$13,352,000 including dividend income of HK$11,105,000 (2023: fair value gain of HK$4,351,000 including dividend income of HK$2,794,000) are recognised as "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024, fair value of investment in the CPC Fund amounted to HK$159,198,000 (2023: HK$156,951,000), which accounted for 16.5% (2023: 14.6%) of the Group's total assets.

19. OTHER FINANCIAL ASSETS (Continued)

Notes: (Continued)

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

(ii) The New Rock Capital Fund was established principally to achieve long-term capital appreciation primarily through privately-negotiated investments in telemedia related sectors. The Group is a limited partner in the New Rock Capital Fund and does not have control nor significant influence in its operational and financing decisions. The Directors classified the investment as financial asset at FVOCI as the investment in the partnership is equity in nature, and it is held for long term strategic gains and not for trading.

The New Rock Capital Fund did not declared dividend in 2024 and 2023. As at 31 December 2024, a fair value loss of HK$44,482,000 (2023: fair value gain of HK$4,975,000) was recognised as other comprehensive income earned and credited to the investment revaluation reserve.

As at 31 December 2024, fair value of investment in the New Rock Capital Fund amounted to HK$72,828,000 (2023: HK$117,310,000), which accounted for 7.5% (2023: 10.9%) of the Group's total assets.

(c) It represents certain equity investments of listed securities in NASDAQ. As at 31 December 2024, fair value loss of HK$118,000 (2023: HK$120,000) and with no dividend income were recognised as "Other gains and losses" in the consolidated statement of profit or loss and other comprehensive income.

(d) It represents equity investment in an unlisted company, which is not held for trading, and the Group has irrevocably elected at initial recognition to recognise in this category. This is strategic investment and the Group considers this classification to be relevant.

20. LEASE

Leases as lessee

The Group leases office properties. The leases typically run for a period of two to five (2023: three to five) years. Lease payments are renegotiated every two to five (2023: three to five) years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

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

20. LEASE (Continued)

Leases as lessee (Continued)

(a) Right-of-use assets

	Properties HK$'000
At 1 January 2023	8,581
Depreciation charge for the year	(2,835)
Exchange adjustments	(167)
At 31 December 2023 and 1 January 2024	5,579
Depreciation charge for the year	(2,667)
Modification of lease	1,829
Exchange adjustments	(143)
At 31 December 2024	**4,598**

(b) Lease liabilities

	Properties HK$'000
At 1 January 2023	8,593
Interest expense *(note 9)*	303
Lease payments	(3,100)
Exchange adjustments	(163)
At 31 December 2023 and 1 January 2024	5,633
Interest expense *(note 9)*	267
Lease payments	(2,911)
Modification of lease	1,829
Exchange adjustments	(145)
At 31 December 2024	**4,673**

20. LEASE (Continued)

Leases as lessee (Continued)

(b) Lease liabilities (Continued)

Future lease liabilities are payable as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
At 31 December 2024			
Not later than one year	**2,722**	**(193)**	**2,529**
Later than one year but not later than five years	**2,189**	**(45)**	**2,144**
	4,911	**(238)**	**4,673**
At 31 December 2023			
Not later than one year	2,405	(207)	2,198
Later than one year but not later than five years	3,593	(158)	3,435
	5,998	(365)	5,633

The present value of future lease payments are analysed as:

	2024 HK$'000	2023 HK$'000
Current liabilities	**2,529**	2,198
Non-current liabilities	**2,144**	3,435
	4,673	5,633

20. LEASE (Continued)

Leases as lessee (Continued)

(c) Amounts recognised in profit or loss

	2024 HK$'000	2023 HK$'000
Depreciation charge on right-of-use assets	2,667	2,835
Interest on lease liabilities	267	303
Expenses relating to short-term leases	–	16
	2,934	3,154
Aggregate undiscounted commitments for short-term leases	–	–

(d) Amounts recognised in statement of cash flows

	2024 HK$'000	2023 HK$'000
Total cash outflow for leases	(2,911)	(3,100)

21. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	88,186	107,618
Less: provision for impairment of trade receivables	(5,371)	–
Trade receivables, net	82,815	107,618

21. TRADE RECEIVABLES (Continued)

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:

	2024 HK$'000	2023 HK$'000
Within 6 months	72,414	82,429
Over 6 months but within 1 year	10,401	24,255
Over 1 year	–	934
	82,815	107,618

The Group does not hold any collateral as security.

The Group assessed impairment loss based on the accounting policy stated in note 4(h)(ii). The Group has a policy granting its customers credit periods normally ranging from 90 to 180 days.

Movements in the impairment allowance for trade receivables are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	–	–
Provision of ECLs	5,479	–
Exchange adjustments	(108)	–
At 31 December	5,371	–

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Other receivables	28,613	20,529
Less: provision for impairment of other receivables *(note 35)*	(3,764)	(3,309)
Other receivables, net	24,849	17,220
Other tax receivables	5,718	5,956
Prepayments	59,555	83,082
Deposits	5,015	5,986
	95,137	112,244
Represented by:		
Non-current portion	7,027	9,469
Current portion	88,110	102,775
	95,137	112,244

23. TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables	13,359	15,045
Deposits received	21	78
Accruals *(Note)*	37,451	23,290
Other payables *(Note)*	42,983	41,784
	93,814	80,197

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

	2024 HK$'000	2023 HK$'000
Within 6 months	3,098	7,562
Over 6 months but within 1 year	5,799	6,023
Over 1 year but within 2 years	3,308	538
Over 2 years	1,154	922
Total trade payables	13,359	15,045
Accrued liabilities and other liabilities	80,455	65,152
	93,814	80,197

Note: As at 31 December 2024, an amount due to Dr. Zhang Lijun, the Director of the Company, totalling of HK$56,983,000 (2023: HK$46,135,000) is included in accruals and other payables.

24. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Contract liabilities arising from games and applications	**10,983**	42,467

Movements in contract liabilities:

	HK$'000
Balance as at 1 January 2023	65,754
Exchange adjustments	(1,629)
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of year	(64,241)
Increase in contract liabilities from sales of virtual currency to users of games and applications	42,583
Balance as at 31 December 2023 and 1 January 2024	**42,467**
Exchange adjustments	**(894)**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of year	**(41,794)**
Increase in contract liabilities from sales of virtual currency to users of games and applications	**11,204**
Balance as at 31 December 2024	**10,983**

25. BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank borrowings due for repayment within one year		
– Secured *(note (a))*	12,768	5,515
– Unsecured *(note (b))*	3,192	14,338
	15,960	19,853

(a) The secured bank borrowings are carried at amortised cost and represented the loans as below:

(i) As at 31 December 2024, certain bank loans granted by the Bank of China totalling RMB12,000,000 (equivalent to HK$12,768,000) are secured by certain personal and corporate guarantee as detailed in notes 34(c) and 34(d), and bear interest ranging from 1.40% to 2.30% per annum. The loans are repayable within one year on 31 May 2025, 30 September 2025 and 14 November 2025.

(ii) As at 31 December 2023, a bank loan granted by the Bank of China of RMB5,000,000 (equivalent to HK$5,515,000) was secured by a personal guarantee as detailed in note 34(e), and bore interest of 2.25% per annum. The loan was repayable within one year on 7 November 2024.

(b) As at 31 December 2024, the unsecured bank borrowings granted by a bank of RMB3,000,000 (equivalent to HK$3,192,000) bear interest of 1.80% per annum. The loan is carried at amortised cost. The loan is repayable within one year on 27 May 2025.

As at 31 December 2023, the unsecured bank borrowings granted by certain banks totalling RMB13,000,000 (equivalent to HK$14,338,000) bore interest ranging from 2.15% to 2.60% per annum. The loans were carried at amortised cost. The loans were repayable within one year on 4 April 2024 and 19 April 2024 respectively.

(c) As at 31 December 2024 and 2023, the fair value of bank borrowings approximates to their carrying amount largely due to the short-term maturities.

(d) As at 31 December 2024, the Group has no unutilised banking facilities (2023: RMB2,000,000 (equivalent to HK$2,206,000)).

26. DEFERRED TAXATION

Details of the deferred tax liabilities and assets recognised and movements during the year are as follows:

	Fair value adjustment of intangible assets HK$'000	Impairment loss on trade and other receivables HK$'000	Total HK$'000
At 1 January 2023	(1,144)	306	(838)
Credit to profit or loss for the year *(note 13(a))*	1,142	–	1,142
Exchange adjustments	2	(8)	(6)
At 31 December 2023 and 1 January 2024	–	298	298
Credit to profit or loss for the year *(note 13(a))*	–	945	945
Exchange adjustments	–	(27)	(27)
At 31 December 2024	**–**	**1,216**	**1,216**

The deferred income tax balance is as follows:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**1,216**	298
Deferred tax liabilities	**–**	–
	1,216	298

Deferred income tax assets not recognised:

	2024 HK$'000	2023 HK$'000
Unused tax losses	**41,749**	41,698

26. DEFERRED TAXATION (Continued)

As at 31 December 2024, the Group had estimated unused tax losses of approximately HK$242,755,000 (2023: HK$242,551,000) arising from certain companies within the Group that are suffering from losses from years available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profit streams. Tax losses amounting to approximately HK$222,822,000 (2023: HK$222,822,000) can be carried forward indefinitely. The remaining unrecognised tax losses at the reporting date will be expired as follows:

	2024 HK$'000	2023 HK$'000
Year 2024	–	3,043
Year 2025	8,667	9,034
Year 2026	5	662
Year 2027	1,997	2,073
Year 2028	4,671	4,917
Year 2029	4,593	–
	19,933	19,729

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. As at 31 December 2024, the Group has not recognised deferred tax liabilities of HK$4,498,000 (2023: HK$4,600,000) in respect of temporary differences relating to the unremitted profits of subsidiaries amounting to HK$44,979,000 (2023: HK$46,000,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

27. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Authorised:		
50,000,000,000 ordinary shares of HK$0.01 each	500,000	500,000
Issued and fully paid:		
4,526,135,442 ordinary shares of HK$0.01 each at beginning/ end of year	45,262	45,262

28. RESERVES

Company

	Share premium HK$'000 *(note (a))*	Investment revaluation reserve HK$'000 *(note (b))*	Other reserves HK$'000 *(note (c))*	Share-based compensation reserve HK$'000 *(note (d))*	Accumulated losses HK$'000	Total reserves HK$'000
At 1 January 2023 as previously reported	1,771,496	(98,893)	523,125	4,551	(2,434,940)	(234,661)
Prior year adjustment *(note 3 (d))*	–	82,556	–	–	(82,556)	–
At 1 January 2023 (restated)	1,771,496	(16,337)	523,125	4,551	(2,517,496)	(234,661)
Loss and total comprehensive income for the year (restated)	–	–	–	–	(268,168)	(268,168)
Transfer of reserve upon maturity of financial assets at FVOCI	–	16,337	–	–	(16,337)	–
Recognition of share-based payment expense *(note 29)*	–	–	–	328	–	328
Lapse of share options *(note 29)*	–	–	–	(328)	328	–
At 31 December 2023 (restated)	1,771,496	–	523,125	4,551	(2,801,673)	(502,501)
At 1 January 2024 as previously reported	1,771,496	(80,999)	523,125	4,551	(2,720,674)	(502,501)
Prior year adjustment *(note 3(d))*	–	80,999	–	–	(80,999)	–
At 1 January 2024 (restated)	1,771,496	–	523,125	4,551	(2,801,673)	(502,501)
Loss and total comprehensive income for the year	–	–	–	–	(406,455)	(406,455)
Lapse of share options *(note 29)*	–	–	–	(176)	176	–
At 31 December 2024	1,771,496	–	523,125	4,375	(3,207,952)	(908,956)

28. RESERVES (Continued)

Company (Continued)

Notes:

(a) *The balance represents the excess of consideration received for issue of shares over the corresponding par value of the issued shares. The application of the share premium account is governed by Section 40 of the Bermuda Companies Act 1981 (as amended).*

(b) *Investment revaluation reserve represents change in fair value of financial assets at fair value through other comprehensive income.*

(c) *Other reserves represent:*

i. *the difference between the amount by which the non-controlling interests are adjusted and the fair value of the shares of the subsidiary granted to employees; and*

ii. *certain portion of the profits of the subsidiaries established in the PRC transferred from the retained earnings which are restricted to use pursuant to the relevant laws and regulations in the PRC.*

(d) *Share-based compensation reserve comprises the value of the unexercised share option granted by the Company recognised in accordance with the accounting policy adopted for share-based payments in note 4(n).*

(e) *Exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations which are dealt with in accordance with the accounting policies as set out in note 4(l).*

29. SHARE-BASED PAYMENT

Equity-settled share option scheme of the Company

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

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

No Share Option was granted under 2022 Scheme during the year ended 31 December 2024.

30,000,000 Share Options were granted under the 2022 Scheme during the year ended 31 December 2023.

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

In the annual general meeting of the Company held on 21 May 2020, the share option scheme of a wholly-owned subsidiary of the Company, Easy Prime, was adopted by an ordinary resolution passed by the shareholders of the Company. No share option was granted under the Easy Prime share option scheme during the years ended 31 December 2024 and 2023.

The terms and conditions of the grants and movements in the number of Share Options under both 2012 Scheme and 2022 Scheme during the year were as follows:

2024

	Number of Share Options							
	At beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassi-fication *(note (i))*	At end of year	Exercise price HK$	Exercise period
Executive directors								
Dr. Zhang Lijun								
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	19/03/2021 to 18/03/2026
	1,000,000	–	–	–	–	1,000,000		
Mr. Peng Xitao								
– on 19 March 2021	2,000,000	–	–	–	–	2,000,000	1.120	19/03/2021 to 18/03/2026
– on 12 December 2023	2,000,000	–	–	–	–	2,000,000	0.180	12/12/2024 to 11/12/2025
	4,000,000	–	–	–	–	4,000,000		
Sub-total	5,000,000	–	–	–	–	5,000,000		
Independent non-executive directors								
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	3,000,000	–	–	–	–	3,000,000		

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

2024 (Continued)

	Number of Share Options							
	At beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassi-fication *(note (i))*	At end of year	Exercise price HK$	Exercise period
Employees								
– on 5 October 2020	28,000,000	–	–	–	–	28,000,000	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
– on 5 July 2022	16,000,000	–	–	(2,820,000)	–	13,180,000	0.570	05/07/2022 to 04/07/2027
– on 12 December 2023	28,000,000	–	–	(1,000,000)	–	27,000,000	0.180	12/12/2024 to 11/12/2025
Sub-total	76,000,000	–	–	(3,820,000)	–	72,180,000		
Service providers *(note (ii))*								
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	19/03/2021 to 18/03/2026
Sub-total	1,000,000	–	–	–	–	1,000,000		
Former directors								
– on 5 October 2020	14,000,000	–	–	–	–	14,000,000	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
Sub-total	16,000,000	–	–	–	–	16,000,000		
Total	101,000,000	–	–	(3,820,000)	–	97,180,000		

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

2023

	Number of Share Options							
	At beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassi-fication *(note (i))*	At end of year	Exercise price HK$	Exercise period
Executive directors								
Dr. Zhang Lijun								
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	19/03/2021 to 18/03/2026
	1,000,000	–	–	–	–	1,000,000		
Mr. Peng Xitao								
– on 19 March 2021	2,000,000	–	–	–	–	2,000,000	1.120	19/03/2021 to 18/03/2026
– on 12 December 2023	–	2,000,000	–	–	–	2,000,000	0.180	12/12/2024 to 11/12/2025
	2,000,000	2,000,000	–	–	–	4,000,000		
Ms. Cheng Po Chuen *(note (i))*								
– 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
	27,000,000	–	–	(15,000,000)	(12,000,000)	–		
Sub-total	30,000,000	2,000,000	–	(15,000,000)	(12,000,000)	5,000,000		
Independent non-executive directors								
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	6,000,000	–	–	(3,000,000)	–	3,000,000		

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

2023 (Continued)

	Number of Share Options							
	At beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Reclassi-fication *(note (i))*	At end of year	Exercise price HK$	Exercise period
Employees								
– on 30 March 2020	1,500,000	–	–	(1,500,000)	–	–	0.385	30/03/2020 to 29/03/2023
– on 5 October 2020	28,000,000	–	–	–	–	28,000,000	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
– on 5 July 2022	16,000,000	–	–	–	–	16,000,000	0.570	05/07/2022 to 04/07/2027
– on 12 December 2023	–	28,000,000	–	–	–	28,000,000	0.180	12/12/2024 to 11/12/2025
Sub-total	49,500,000	28,000,000	–	(1,500,000)	–	76,000,000		
Service providers *(note (ii))*								
– on 30 March 2020	3,000,000	–	–	(3,000,000)	–	–	0.385	30/03/2020 to 29/03/2023
– on 19 March 2021	1,000,000	–	–	–	–	1,000,000	1.120	19/03/2021 to 18/03/2026
Sub-total	4,000,000	–	–	(3,000,000)	–	1,000,000		
Former directors								
– on 5 October 2020	4,000,000	–	–	–	10,000,000	14,000,000	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
Sub-total	4,000,000	–	–	–	12,000,000	16,000,000		
Total	93,500,000	30,000,000	–	(22,500,000)	–	101,000,000		

Notes:

(i) *Ms. Cheng Po Chuen resigned as executive director of the Company on 15 November 2023. Accordingly, her Share Options were reclassified from executive directors category to former directors category.*

(ii) *The "service providers" category consists 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.*

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

On 12 December 2023, a total of 30,000,000 Share Options were granted to directors and eligible participants under the 2022 Scheme and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$0.18 per share. The Share Options are vested on the first anniversary of the date of grant and may be exercisable during the period from 12 December 2024 to 11 December 2025. Accordingly, the related share-based payment expenses amounted to HK$328,000 was recognised in the consolidated statement of profit or loss and other comprehensive income and credited to the share-based compensation reserve for the year ended 31 December 2023.

Fair value of Share Options granted was determined using the Binomial valuation model and assumptions are as follows:

Fair value at grant date	HK$0.011–HK$0.012
Weighted average closing price immediately before the date of grant	HK$0.101
Weighted average contractual life	2 years
Expected volatility	50.84%
Expected dividend rate	0%
Risk-free interest rate	3.87%

The expected volatility is estimated with reference to the historical volatility of the daily share price of the Company for a period equal to the expected life preceding the grant date. The expected life of the options is based on the contractual life of the options and historical data over the past years, and is not necessarily indicative of the exercise patterns that may occur. Expected dividend rate is based on historical dividend rates of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

29. SHARE-BASED PAYMENT (Continued)

Equity-settled share option scheme of the Company (Continued)

Details and movements of share options are as follows:

	Weighted average exercise price	Number '000
At 1 January 2023	HK$0.495	93,500
Granted during the year	HK$0.180	30,000
Lapsed during the year	HK$0.385	(22,500)
At 31 December 2023	HK$0.426	101,000
Lapsed during the year	HK$0.468	(3,820)
At 31 December 2024	**HK$0.425**	**97,180**

The weighted average exercise price of options outstanding at the end of the year is HK$0.425 (2023: HK$0.426) and their weighted average remaining contractual life was 1.10 years (2023: 2.14 years).

As at 31 December 2024, 97,180,000 (2023: 71,000,000) share options were exercisable.

The 30,000,000 share options granted on 12 December 2023 are vested on the first anniversary of the date of grant and may be exercisable during the period from 12 December 2024 to 11 December 2025. Except for the 30,000,000 Share Option granted on 12 December 2023, all other outstanding options at the end of the year were vested immediately at their respective date of grant and exercisable at the end of the year. No share options were exercised during the years ended 31 December 2024 and 2023.

In 2024, 3,820,000 share options lapsed. Accordingly, the related share-based compensation reserve of HK$176,000 was released to accumulated losses.

30. NOTES SUPPORTING STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents comprise:

	2024 HK$'000	2023 HK$'000
Cash available on demand	24,358	60,589

As at 31 December 2024, the Group had cash and bank balances denominated in RMB amounting to approximately HK$18,773,000 (2023: HK$56,658,000), which were deposits with banks in the PRC or held in hand. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

(b) Reconciliation of liabilities arising from financing activities:

	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2024	19,853	5,633	25,486
Changes from financing cash flows			
Proceeds from bank borrowings	16,282	–	16,282
Repayment of bank borrowings	(19,538)	–	(19,538)
Payment of lease liabilities	–	(2,911)	(2,911)
Interest paid	(306)	–	(306)
Total changes from financing cash flows	(3,562)	(2,911)	(6,473)
Other changes			
Interest expense	306	267	573
Modification of lease	–	1,829	1,829
Exchange differences	(637)	(145)	(782)
Total liability-related other changes	(331)	1,951	1,620
At 31 December 2024	15,960	4,673	20,633

30. NOTES SUPPORTING STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	33,959	8,593	42,552
Changes from financing cash flows			
Proceeds from bank borrowings	84,052	–	84,052
Repayment of bank borrowings	(97,323)	–	(97,323)
Payment of lease liabilities	–	(3,100)	(3,100)
Interest paid	(889)	–	(889)
Total changes from financing cash flows	(14,160)	(3,100)	(17,260)
Other changes			
Interest expense	889	303	1,192
Exchange differences	(835)	(163)	(998)
Total liability-related other changes	54	140	194
At 31 December 2023	19,853	5,633	25,486

(c) Significant non-cash transactions

The Group had the following significant non-cash transactions during the years:

- During the year ended 31 December 2024, the Group entered into a lease contract in which modification to right-of-use assets and lease liabilities amounting to HK$1,829,000 (note 20) was recognised at the lease commencement date.
- An amount of HK$2,150,000 (2023: HK$Nil) was transferred from prepayments to intangible assets.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

The following is the statement of financial position of the Company as at 31 December 2024 and 2023:

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		3	59
Interests in subsidiaries		592,138	717,163
Financial assets at FVTPL		159,198	156,951
		751,339	874,173
CURRENT ASSETS			
Other receivables, deposits and prepayments		12,544	3,568
Financial assets at FVTPL		1,243	1,262
Amounts due from subsidiaries		337,272	618,361
Amount due from a related company		33	33
Cash and cash equivalents		262	1,203
		351,354	624,427
CURRENT LIABILITIES			
Other payables		36,712	51,677
Amounts due to subsidiaries		1,886,343	1,860,830
Amount due to a related company		37,584	37,584
Income tax payable		5,748	5,748
		1,966,387	1,955,839
NET CURRENT LIABILITIES		(1,615,033)	(1,331,412)
NET LIABILITIES		(863,694)	(457,239)
EQUITY			
Share capital	*27*	45,262	45,262
Reserves	*28*	(908,956)	(502,501)
TOTAL EQUITY		(863,694)	(457,239)

Zhang Lijun *Director*	**Peng Xitao** *Director*

32. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2024 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ type of entity	Place of operation	Nominal value of issued ordinary/ registered and paid-up capital	Attributable equity interest held by the Company		Principal activities
				Directly	Indirectly	
北京日升影響文化交流有限公司 Beijing Risheng Impact Cultural Exchange Co. Ltd ("TMD3")	PRC/Wholly-owned foreign enterprise	PRC	RMB301,975,900	–	100%	Provision of advertisement production services
Crazy Sports (HK) Limited	Hong Kong/Limited liability company	Hong Kong	HK$300,000	–	100%	Investment holding
瘋狂新遊(北京)技術有限公司 Crazy Xinyou (Beijing) Technology Co., Ltd	PRC/Wholly-owned foreign enterprise	PRC	RMB1,000,000	–	100%	Investment holding
北京瘋狂體育產業管理有限公司 Beijing Crazy Sports Management Company Limited ("Crazysports")	PRC/Limited liability company	PRC	RMB10,230,000	–	100%	Development and operation of mobile applications
霍爾果斯瘋狂新遊網絡科技有限公司 Khorgos Crazy	PRC/Limited liability company	PRC	RMB1,000,000	–	100%	Development and operation of mobile applications
Easy Prime	BVI/Limited liability company	Hong Kong	USD10,000	100%	–	Investment holding
海南日昌新通信息科技有限公司 Hainan Ri Chang Xin Tong Information Technology Company Limited ("Hainan Ri Chang")	PRC/Limited liability company	PRC	RMB10,000,000	–	100%	Software development
Smart Token	BVI/Limited liability company	Hong Kong	USD1,000	100%	–	Investment holding
Goal Dynasty Limited	BVI/Limited liability company	Hong Kong	USD1	100%	–	Investment holding

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

33. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Contracted, but not provided for:		
– Intangible assets	3,192	4,301

34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group entered into the following related party transactions during the years.

	2024 HK$'000	2023 HK$'000
Service fee charge by a related company, Beijing First Video Network Technology Group Co., Ltd.	32	21

The transactions are made at prices mutually agreed by both parties.

Dr. Zhang Lijun, Director of the Company is the ultimate beneficial owner of Beijing First Video Network Technology Group Co., Ltd.

(b) The remuneration of directors and other members of key managements during the year is as follows:

	2024 HK$'000	2023 HK$'000
Short term benefits	17,935	19,215
Share-based payments	–	125
	17,935	19,340

(c) On 29 May 2024, Mr. Wei Guilei, being the director of a subsidiary of the Group, entered into guarantee agreements with a third party corporate, Beijing Shouchuang Financing Guarantee Co., Ltd. ("Beijing Shouchuang"), pursuant to which an unlimited personal guarantee by Mr. Wei Guilei and corporate guarantee by a subsidiary of the Group were granted in favour of Beijing Shouchuang as counter-guarantee. Beijing Shouchuang will provide guarantee to the Bank of China for a banking facility of RMB2,000,000 granted to the Group.

34. RELATED PARTY TRANSACTIONS (Continued)

(d) On 30 September 2024, Mr. Peng Xitao, being the director of the Company, entered into guarantee agreements with Bank of China, an unlimited personal guarantee is provided by Mr. Peng Xitao to the Bank of China for a banking facility of RMB10,000,000 granted to the Group.

(e) On 7 November 2023, Mr. Peng Xitao, being the director of the Company, entered into guarantee agreements with Bank of China, an unlimited personal guarantee is provided by Mr. Peng Xitao to the Bank of China for a banking facility of RMB5,000,000 granted to the Group.

(f) Amounts due from related companies, which is disclosed pursuant to the disclosure requirements of the Hong Kong Companies Ordinance, is as follows:

Details of the balances with the related companies are as follows:

	2024 **HK$'000**	2023 HK$'000
Balance at 1 January	**667**	682
Balance at 31 December	**1,165**	667
Maximum amount outstanding during the year	**1,165**	682

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

(g) The amount due to a related company is interest-free, unsecured and repayable on demand.

(h) The amount due from non-controlling interest included in other receivables amounting to HK$1,383,000 (2023: HK$1,434,000) is unsecured, interest-free and repayable on demand.

35. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate, currency and equity price risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other receivables arising from business operating transactions. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are state-owned commercial banks in China or public listed companies, with an acceptable credit rating.

Trade receivables

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide financial guarantee which would expose the Group to credit risk.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the grouping for trade receivables for the assessment of ECLs is by aging of past due day.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024:

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
Not past due	1.69%	73,291	1,239
Within 3 months past due	1.95%	10,977	214
3 to 6 months past due	100.00%	1,978	1,978
Over 6 months past due	100.00%	1,940	1,940
		88,186	5,371

35. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

Other receivables

The Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as ECL assessment. It is considered low risk as the debtors are considered, in the short term, to have a strong capacity to meet its obligations. The movement in provision for ECL of other receivables is as follows:

	HK$'000
At 1 January 2023	3,396
Exchange adjustments	(87)
At 31 December 2023 and 1 January 2024	3,309
Provision of ECL	909
Amounts written-off	(336)
Exchange adjustments	(118)
At 31 December 2024	**3,764**

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

At the end of reporting period, except for the non-current portion of lease liabilities of HK$2,144,000 (2023: HK$3,435,000), all the Group's financial liabilities based on contractual undiscounted cash flows are repayable within one year or on demand.

Interest rate risk

The Group's bank deposits have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. The Directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank deposits have short maturity periods.

The Group's fair value interest rate risk mainly arises from borrowings as disclosed in note 25. Borrowings were issued at fixed rates which expose the Group to fair value interest rate risk. The Group has no cash flow interest rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

35. FINANCIAL RISK MANAGEMENT (Continued)

Currency risk

Most of the subsidiaries' functional currency is determined as RMB as the majority of revenue of the Group are derived from operations in the PRC. RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Other than the above, the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

Equity price risk

The Group is exposed to equity price changes arising from equity instruments measured at FVTPL.

The Group's listed investments are listed on NASDAQ. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to other industry indicators, as well as the Group's liquidity needs.

All of the Group's unquoted investments are held for long-term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective listed equity instruments had been 5% higher/lower, profit for the year would increase/decrease by HK$2,000 (2023: HK$8,000).

36. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

The gearing ratio as at 31 December 2024 and 2023 were as follows:

	2024 **HK$'000**	2023 HK$'000
Bank borrowings	**15,960**	19,853
Total equity attributable to owners of the Company	**690,778**	777,228
Gearing ratio	**2.31%**	2.55%

37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2024 and 2023 may be categorised as follows:

	2024 HK$'000	2023 HK$'000 (Restated)
Financial assets		
Financial assets at amortised cost	138,202	192,080
Financial assets at FVTPL	160,441	158,213
Financial assets at FVOCI	73,892	117,310
	372,535	467,603
Financial liabilities		
Financial liabilities at amortised cost	147,337	137,556
Lease liabilities	4,673	5,633
	152,010	143,189

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).

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

	2024			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets at FVOCI	**–**	**–**	**73,892**	**73,892**
Financial assets at FVTPL	**1,243**	**–**	**159,198**	**160,441**
	1,243	**–**	**233,090**	**234,333**

	2023 (restated)			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVOCI	–	–	117,310	117,310
Financial assets at FVTPL	1,262	–	156,951	158,213
	1,262	–	274,261	275,523

For the financial assets at fair value measurement classified in level 3, it mainly consisted of unlisted investment funds and unlisted equity investment as detailed in note 19.

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

Significant unobservable inputs

CPC Fund

The fair value of the CPC Fund as at 31 December 2024 and 2023 are arrived at based on a valuation carried out by Graval, an independent firm of professionally qualified valuer. The fair value is determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the CPC Fund, which are appraised by market approach referencing to comparable companies' benchmark multiples.

Market multiples of comparable companies adopted	At 31 December 2024	At 31 December 2023
– P/B Ratio	3.24	2.42
– Price-to-sales ratio ("P/S Ratio")	1.35–6.51	2.48–6.46
– Market rate of return	-0.92–1.98	-0.90–1.16
Discount for lack of marketability	15.60%	15.70%

Had the P/B Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$140,000 (2023: increase by HK$105,000). Had the P/B Ratio of comparable companies adopted decreased by 1%, it would decrease the fair value of the unlisted investment by HK$140,000 (2023: decrease by HK$105,000).

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$315,000 (2023: increase by HK$397,000). Had the P/S Ratio of comparable companies adopted decreased by 1%, it would decrease the fair value of the unlisted investment by HK$315,000 (2023: decrease by HK$397,000).

Had the market rate of return of comparable companies adopted increased by 1%, it would increase the fair value of unlisted investment by HK$505,000 (2023: increase by HK$410,000). Had the market rate of the comparable companies adopted decreased by 1%, it would decrease the fair value of the unlisted investment by HK$505,000 (2023: decrease by HK$410,000).

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

Significant unobservable inputs (Continued)

New Rock Capital Fund

The fair value of the New Rock Capital Fund as at 31 December 2024 and 2023 is arrived at based on a valuation carried out by Graval, an independent firm of professionally qualified valuer. The fair value is determined based on adjusted net asset method, where fair value estimated with references to the fair value of the underlying investments of the New Rock Capital Fund, which are appraised by market approach referencing to comparable companies' benchmark multiples.

Market multiples of comparable companies adopted	At 31 December 2024	At 31 December 2023
– P/S Ratio	1.20–7.99	1.30
– P/B Ratio	2.05	2.22–3.25
Discount for lack of marketability	15.60%	15.70%

Had the P/S Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$878,000 (2023: increase by HK$5,000). Had the P/S Ratio of comparable companies adopted decreased by 1%, it would decrease the fair value of the unlisted investment by HK$878,000 (2023: decrease by HK$5,000).

Had the P/B Ratio of comparable companies adopted increased by 1%, it would increase the fair value of the unlisted investment by HK$121,000 (2023: increase by HK$280,000). Had the P/B Ratio of comparable companies adopted decreased by 1%, it would decrease the fair value of the unlisted investment by HK$121,000 (2023: decrease by HK$280,000).

Unlisted equity investment

The Group uses market approach as the valuation technique and determines the fair value based on the fair value of underlying assets and liabilities of the entity. As at 31 December 2024, the Directors are of their opinion that there is a wide range of possible fair value measurements and the determined carrying amount represents the best estimate of fair value within that range.

37. 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 funds and unlisted equity investment:

	2024	2023
	HK$'000	HK$'000
Balance as at 1 January	**274,261**	267,729
Change in fair value (included in profit or loss and other comprehensive income)	**(42,235)**	6,532
Acquired during the year	**1,064**	–
Balance as at 31 December	**233,090**	274,261

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 years.

38. MATERIAL INTEREST OF DIRECTORS IN TRANSACTION, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company was a party and in which the directors of the Company or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

39. DIVIDEND

The directors of the Company have decided not to declare any dividend for the years ended 31 December 2024 and 2023.

40. PLEDGE OF ASSET

The Group did not have any pledged assets as at 31 December 2024 and 2023.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were reviewed by the Audit Committee and approved and authorised for issue by the Board of Directors on 28 March 2025.

Five-Year Financial Summary

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements of the Group and reclassified as appropriate, is set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Revenue	**411,392**	490,184	703,455	511,218	2,460,427
Gross profit	**145,302**	179,376	252,462	229,168	113,388
(Loss)/profit before income tax	**(14,276)**	(20,983)	(55,466)	110,956	(125,812)
(Loss)/profit for the year	**(14,728)**	(21,713)	(53,787)	113,671	(123,676)
(Loss)/profit for the year attributable to owners of the Company	**(14,718)**	(21,665)	(53,753)	127,475	(124,256)
Total comprehensive income for the year	**(86,520)**	(36,278)	(240,502)	162,168	(98,184)
Total comprehensive income for the year attributable to owners of the Company	**(86,450)**	(36,185)	(240,469)	178,733	(98,415)

Note: The result of the year ended 31 December 2020 was presented on a combined basis of the Group from both continuing and discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets					
Non-current assets	**770,054**	804,088	857,866	1,069,483	883,549
Current assets	**197,691**	272,911	341,760	288,131	303,639
Total assets	**967,745**	1,076,999	1,199,626	1,357,614	1,187,188
Equity					
Equity attributable to owners of the Company	**690,778**	777,228	813,085	1,052,614	864,333
Non-controlling interests	**1,615**	1,685	1,778	–	16,565
Total equity	**692,393**	778,913	814,863	1,052,614	880,898
Liabilities					
Non-current liabilities	**2,144**	3,435	6,906	7,318	16,573
Current liabilities	**273,208**	294,651	377,857	297,682	289,717
Total liabilities	**275,352**	298,086	384,763	305,000	306,290
Total equity and liabilities	**965,745**	1,076,999	1,199,626	1,357,614	1,187,188

Definitions and Glossary of Technical Terms

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

"2012 Scheme"	the share option scheme of the Company adopted on 30 April 2012 and expired on 30 April 2022;
"2018 Circular"	the major and connected transaction circular of the Company dated 28 September 2018;
"2022 Scheme"	the existing share option scheme of the Company adopted on 30 May 2022;
"2023"	the financial year ended 31 December 2023;
"2024"	the financial year ended 31 December 2024;
"AI"	artificial intelligence;
"AI Agent"	artificial intelligence agent;
"Annual General Meeting"	the annual general meeting of the Company;
"Annual Report"	the annual report of the Company for 2024;
"associates"	has the meaning ascribed to it under the Listing Rules;
"Audit Committee"	the audit committee of the Company;
"BOA"	Bank of Asia (BVI) Limited, a company incorporated under the laws of BVI with limited liability and a general banking license;
"Board"	the board of Directors;
"BVI"	the British Virgin Islands;
"Bye-laws"	the memorandum of association and bye-laws of the Company as amended, supplemented or otherwise modified from time to time;
"CG Code"	Corporate Governance Code as set out in Appendix C1 to the Listing Rules;

"Company"	Crazy Sports Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 82);
"Crazy Sports (HK)"	Crazy Sports (HK) Limited, a wholly-owned subsidiary of the Company;
"Director(s)"	the director(s) of the Company;
"Easy Prime"	Easy Prime Developments Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company;
"Easy Prime Board"	the board of directors of Easy Prime;
"Easy Prime Group"	Easy Prime and its subsidiaries;
"Easy Prime Options"	share option(s) granted under Easy Prime Share Option Scheme;
"Easy Prime Share Option Scheme"	the share option scheme of Easy Prime approved by Shareholders at the Annual General Meeting held on 21 May 2020;
"Easy Prime Share(s)"	share(s) of US$1.00 each in the capital of Easy Prime, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of Easy Prime from time to time;
"ESG"	environmental, social and governance;
"ESG Committee"	the environmental, social and governance committee of the Company;
"Executive Committee"	the executive committee of the Company;
"FIFA Club World Cup"	FIFA Club World Cup;
"FIFPro"	Fédération Internationale des Associations de Footballeurs Professionnels;
"Group", "Crazy Sports", "Crazy Sports Group", "we", or "our"	the Company, together with its subsidiaries;

"Hainan Jinyi" or "Limited Partnership"	海南金易紅單資訊科技合夥企業 (Hainan Jinyi Hongdan Information Technology*), a limited partnership established in the PRC and the equity interest of which is held as to 27.3% and 72.7% by Mr. Wei Guilei and Mr. Peng Xitao respectively;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Holding Company"	the controlling shareholder (as defined in the Listing Rules) of the Company;
"Invested Entity"	the entity in which any member of the Group holds any equity interest;
"IP"	intellectual property;
"Limited Partners"	the limited partners of Hainan Jinyi;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules;
"New VIE Contracts"	collectively, (i) the Exclusive Business Cooperation Agreement; (ii) the Exclusive Call Option Agreement; (iii) the Shareholders' Voting Right Entrustment Agreement; (iv) the Equity Pledge Agreement; and (v) the WFOE's Undertaking signed between WFOE, OPCO and the PRC Equity Owners on 31 December 2020;
"Nomination Committee"	the nomination committee of the Company;
"OPCO"	Beijing Crazy Sports Management Company Limited* (北京瘋狂體育產業管理有限公司), a company established in the PRC;
"OPCO Group"	OPCO and its subsidiaries;
"PRC" or "China"	the People's Republic of China;
"PRC Equity Owner(s)"	the shareholder(s) of OPCO;

"R&D"	research and development;
"Remuneration Committee"	the remuneration committee of the Company;
"Renewal Limit"	the limit that the Shareholders in general meeting has approved the renew of the Scheme Mandate Limit such that the total number of Easy Prime Shares (as the case may be) in respect of which options may be granted by the Easy Prime Board (as the case may be) under the Easy Prime Share Option Scheme (as the case may be) and any other share option schemes of Easy Prime (as the case may be) in issue shall not exceed 10% of the total number of Easy Prime Shares (as the case may be) in issue as at the date of approval to renew such limit;
"Restructuring"	the restructuring of the telemedia business of the Group as per announcement of the Company made on 7 December 2020, 11 December 2020 and 24 December 2020;
"RMB"	Renminbi, the lawful currency of the PRC;
"Scheme Mandate Limit"	10% of the total number of Easy Prime Shares in issue;
"Services"	the business support, technical and consulting services, including but not limited to, technical services, business and marketing consultation, intellectual property leasing, system integration and maintenance, research and development of products and intellectual property and Internet network support provided by WFOE to OPCO;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company;
"Share Option(s)"	share option(s) granted under the 2022 scheme or 2012 scheme;
"Shareholder(s)"	holder(s) of Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"UEFA Euro"	UEFA European Football Championship;
"US$"	United States dollars, the lawful currency of the United States of America;
"VIE"	variable interest entity;
"VIE Contracts"	collectively, (i) the Exclusive Business Cooperation Agreement; (ii) the Exclusive Call Option Agreement; (iii) the Shareholders' Voting Right Entrustment Agreement; (iv) the Equity Pledge Agreement; and (v) the WFOE's Undertaking entered into among the WFOE, the OPCO and the PRC Equity Owners;
"WBC"	World Boxing Council;
"WFOE"	瘋狂新遊(北京)技術有限公司 (Crazy New Game (Beijing) Technology Company Limited*), a wholly owned subsidiary of the Easy Prime, and a special purpose company established in the PRC with limited liability; and
"%"	per cent.

* *for identification purposes only*