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**火岩控股**  
FIRE ROCK HOLDINGS

**火岩控股有限公司**  
**FIRE ROCK HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 1909)

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

### **HIGHLIGHTS**

- For the year ended 31 December 2021, the Group's revenue amounted to approximately HKD1,035.2 million (2020: approximately HKD586.1 million), representing an increase of approximately 76.6%.
- For the year ended 31 December 2021, the Group's gross profit amounted to approximately HKD867.1 million (2020: approximately HKD540.1 million), representing an increase of approximately 60.5%.
- For the year ended 31 December 2021, the Group's loss for the year amounted to approximately HKD1,211.5 million (2020: profit for the year approximately HKD388.1 million).
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

### **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b>HKD'000</b>	2020 <i>HKD'000</i> <i>(restated)</i>
<b>Revenue</b>	5	<b>1,035,215</b>	586,100
Direct costs		<u>(168,134)</u>	<u>(46,014)</u>
Gross profit		<b>867,081</b>	540,086
Other income	5	<b>26,974</b>	13,700
Research costs		<b>(42,822)</b>	(257)
Distribution costs		<b>(85,093)</b>	(37,905)
Administrative expenses		<b>(99,273)</b>	(43,692)
Penalties arising from the establishment of a gambling house through a game	3(d)	<b>(560,585)</b>	—
Loss on deconsolidation of subsidiaries	17	<b>(1,200,338)</b>	—
Finance costs		<u>(19,415)</u>	<u>(446)</u>
(Loss)/profit before income tax	6	<b>(1,113,471)</b>	471,486
Income tax expense	7	<u>(97,986)</u>	<u>(83,395)</u>
<b>(Loss)/profit for the year</b>		<b>(1,211,457)</b>	388,091
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>26,808</b>	29,860
Reclassification of exchange difference upon deconsolidation of subsidiaries		<u>(44,265)</u>	—
<b>Other comprehensive (loss)/income for the year</b>		<u>(17,457)</u>	29,860
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(1,228,914)</b></u>	<u>417,951</u>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		<b>(1,213,086)</b>	386,180
Non-controlling interests		<u>1,629</u>	<u>1,911</u>
		<u><b>(1,211,457)</b></u>	<u>388,091</u>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		<b>(1,230,404)</b>	415,954
Non-controlling interests		<u>1,490</u>	<u>1,997</u>
		<u><b>(1,228,914)</b></u>	<u>417,951</u>
		<b>HKD cents</b>	<b>HKD cents</b> <i>(restated)</i>
<b>(Loss)/earnings per share</b>			
Basic and diluted	9	<u><b>(31.59)</b></u>	<u>10.06</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 December 2021 HKD'000	As at 31 December 2020 HKD'000 (restated)	As at 1 January 2020 HKD'000 (restated)
<b>Non-current assets</b>				
Property, plant and equipment		2,178	6,782	6,292
Intangible assets	10	—	47,340	21,636
Goodwill	11	—	—	—
Right-of-use assets		1,225	8,855	10,597
Financial assets at fair value through profit or loss		—	—	—
Deposits		35,291	514	—
		<u>38,694</u>	<u>63,491</u>	<u>38,525</u>
<b>Current assets</b>				
Trade receivables	12	9,620	110,396	156,861
Prepayment, deposits and other receivables		1,220	1,940	6,322
Short-term bank deposits		—	23,763	112,315
Cash and cash equivalents		347,755	708,317	165,098
		<u>358,595</u>	<u>844,416</u>	<u>440,596</u>
<b>Current liabilities</b>				
Lease liabilities		779	2,655	2,979
Trade and other payables	13	229,069	30,842	17,757
Deferred revenue		18	160	156
Dividend payables		—	1,706	—
Promissory notes	14	252,200	—	—
Tax payables		2,167	11,660	348
		<u>484,233</u>	<u>47,023</u>	<u>21,240</u>
<b>Net current (liabilities)/assets</b>		<u>(125,638)</u>	<u>797,393</u>	<u>419,356</u>
<b>Total assets less current liabilities</b>		<u>(86,944)</u>	<u>860,884</u>	<u>457,881</u>
<b>Non-current liabilities</b>				
Lease liabilities		411	6,715	7,893
Promissory notes	14	366,613	—	—
Deferred tax liabilities		1,671	36,358	21,211
		<u>368,695</u>	<u>43,073</u>	<u>29,104</u>
<b>Net (liabilities)/assets</b>		<u>(455,639)</u>	<u>817,811</u>	<u>428,777</u>
<b>Equity</b>				
Share capital	15	3,200	3,200	3,200
Reserves		(464,589)	812,919	425,882
<b>Total equity attributable to owners of the Company</b>		<u>(461,389)</u>	<u>816,119</u>	<u>429,082</u>
Non-controlling interests		5,750	1,692	(305)
<b>Total (deficit)/equity</b>		<u>(455,639)</u>	<u>817,811</u>	<u>428,777</u>

## NOTES

*For the year ended 31 December 2021*

### 1. GENERAL INFORMATION

Fire Rock Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 3 November 2014. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 9th Floor, Block 1, Chongwen Garden, Nanshan IPark, 3370 Liuxian Avenue, Nanshan District, Shenzhen, Guangdong, The People’s Republic of China (the “**PRC**”) and changed to 20 Science Park Road, #02–25 Teletech Park, Singapore 117674 on 12 April 2023.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “**Group**”) are principally engaged in the development of browser, mobile games (including game design, programming and graphics) and computer software related to game operation, on the basis of which licensing self-developed browser and mobile games to licensed operators around the world (“**Game Development**”), assist the third parties in promoting game-related business and provide intellectual property rights licensing services to enterprises (“**Game Publishing and Operation**”). The Group also self-operates self-developed game products in overseas markets.

The consolidated financial statements for the year ended 31 December 2021 were approved and authorised for issue by the board of directors on 27 July 2023.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

#### (a) Adoption of new/revised Hong Kong Financial Reporting Standards — effective 1 January 2021

The Group has adopted the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (HKFRSs comprise Hong Kong Financial Reporting Standard (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations) for the first time for the current year’s consolidated financial statements:

Amendment to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**(b) New/revised HKFRSs that have been issued but are not yet effective**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The Group will apply these standards to its consolidated financial statements for the first time in the annual period beginning on 1 January 2022 or later as appropriate. The Group is currently evaluating the potential impact of these standards on its consolidated financial statements.

**3. BASIS OF PREPARATION**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

**(b) Basis of measurement**

The consolidated financial statements have been prepared under historical costs basis, as modified by the revaluation of certain financial assets which are held at fair values.

(c) **Change in presentation currency**

Prior to 1 January 2021, Renminbi (“**RMB**”) was regarded as the presentation currency of the Company and the consolidated financial statements were also presented in RMB. Having considered that the Company’s shares are listed on The Stock Exchange of Hong Kong Limited and its stock is traded in Hong Kong Dollars (“**HKD**”), the directors of the Company (“**Directors**”) believe that it is more appropriate to use HKD as the presentation currency as it enables the shareholders and potential investors of the Company to have a more accurate picture of the Group’s financial performance. The change in presentation currencies was accounted for in accordance with HKAS 21 The Effects of Changes in Foreign Exchange Rates. Comparative figures have been re-stated to reflect the change in the Group’s presentation currency. The Group has also presented the consolidated statement of financial position as at 1 January 2020 without related notes.

For the purpose of re-presentation of the consolidated financial statements of the Group from RMB to HKD, the assets and liabilities as at 1 January 2020 and 31 December 2020 were translated into HKD at the closing rate as of the respective reporting dates. Income and expenses are translated at the average exchange rates for the respective years. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e., historical exchange rates).

*Change in units of presentation of accounts*

In previous years, the consolidated accounts were presented in RMB. From 2021 onwards, the Group decided to present the consolidated accounts in HKD, rounded to the nearest thousand, as it simplifies the accounts and provides a better view on material items.

(d) **Deconsolidation**

The Group had:- i) entire equity interest in Shenzhen Fire Element Network Technology Company Limited (“**Shenzhen Fire Element**”), Shenzhen Fire Element Network Science and Technology Company Limited (“**Shenzhen Fire Element Network Science and Technology**”) and Shenzhen Tak Shing Technology Limited (“**Shenzhen Tak Shing**”) and ii) effective control over Shenzhen Viking Network Technology Co., Limited (“**Shenzhen Viking**”) through contractual agreements (Shenzhen Fire Element, Shenzhen Fire Element Network Science and Technology, Shenzhen Tak Shing and Shenzhen Viking collectively referred as to the “**PRC Major Subsidiaries**”).

The Directors are of the view that from the date of the event that the Public Security Bureau of Yuanjiang, Hunan Province, the People’s Republic of China (the “**PRC**”) commenced the investigation in December 2021, the Group had lost control to the assets of the PRC Major Subsidiaries and the ability to direct the operating and financial activities that significantly affect the Group’s returns over the PRC Major Subsidiaries, since 4 December 2021, based on the legal opinion issued by the Company’s PRC lawyer on 20 June 2023 and criminal judgement issued by the People’s Court of Yuanjiang, Hunan Province on 13 March 2023 (the “**Criminal Judgement**”) stating that:

- the management of the PRC Major Subsidiaries were detained by Public Security Bureau on 4 December 2021 for their committing the crime of establishment of a gambling house through the mobile game developed and operated by the PRC Major Subsidiaries; and

- the PRC Major Subsidiaries' official seals, financial seals, financial records and computer hardware, which are necessary for operating the mobile games business in PRC, were seized by Public Security Bureau on 4 December 2021.

After having taken into account the applicable requirements under the HKFRSs in relation to the consolidated financial statements of the Group for the year ended 31 December 2021, the Directors consider that all the PRC Major Subsidiaries shall be deconsolidated from the Group with effect from 4 December 2021, on the basis that (i) the relevant computers and equipment (including but not limited to the official seals, financial seals, financial records and computer hardware), which is necessary for operating the mobile games business in the PRC, were confiscated and withheld in accordance with the law, and (ii) the management of the PRC Major Subsidiaries were detained and were not been able to perform their duties (i.e. the ability to direct the operating and financing activities that significantly affect the Group's returns) to the PRC Major Subsidiaries since 4 December 2021.

According to the Criminal Judgement, it was ruled to confiscate and withhold the bank balances of the PRC Major Subsidiaries amounting to approximately RMB464,910,000 (approximately HKD560,585,000).

During the year ended 31 December 2021, a provision for penalties arising from the establishment of a gambling house through a mobile game of HKD560,585,000 was made to reflect such outcome of the ruling.

**(e) Going concern basis**

For the year ended 31 December 2021, the Group recorded a net loss attributable to the owners of the Company of approximately HKD1,213,086,000 for the year ended 31 December 2021, and as at 31 December 2021, the Group's current liabilities exceeded its current assets by approximately HKD125,638,000 and the Group had net liabilities of approximately HKD455,639,000.

The Directors have given careful considerations to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to meet its financial obligations for at least 12 months from the date of approval of the consolidated financial statements, taking into consideration a number of plans and measures as set out below:

- The Group continues to operate its game operation in Thailand, which will continue to generate profits and cash inflows to the Group;
- The Group will continue to obtain external source of fundings from potential investors and/or financial institutions;
- The Directors have been implementing various strategies to enhance the Group's revenue by certain potential strategic acquisitions; and
- On 30 June 2023, the promissory notes holders have agreed to surrender the promissory notes to the Company and give up the right to the outstanding principal amounts and interest payables.

The Directors are of the opinion that, considering the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

#### 4. SEGMENT INFORMATION

##### (a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

For the years ended 31 December 2021 and 2020, the Group has two reportable segments. These segments are managed separately as each business offers different products and services which require different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Game and software development and publishing
- Game operation and publishing — Mobile game operation and/or publishing for earning game operation income

	<b>2021</b>	2020
	<b><i>HKD'000</i></b>	<i>HKD'000</i>
		<i>(restated)</i>
<b>Revenue from customers:</b>		
Game and software development and publishing	<b>64,384</b>	512,660
Game operation and publishing	<b>970,831</b>	73,440
	<b><u>1,035,215</u></b>	<u>586,100</u>

Certain corporate expenses, mainly including director fees and professional fees, and interest income, are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-makers for assessment of segment performance.

Information regarding the Group's reportable segments for the years ended 31 December 2021 and 2020 is set out below.

	<b>For the year ended 31 December 2021</b>		
	<b>Game and software development and publishing HKD'000</b>	<b>Game operation and publishing HKD'000</b>	<b>Total HKD'000</b>
Revenue from external customers	652,141	970,831	1,622,972
Inter-segment revenue	(587,757)	—	(587,757)
Reportable segment revenue	<u>64,384</u>	<u>970,831</u>	<u>1,035,215</u>
Reportable segment loss	(3,162)	(1,062,646)	(1,065,808)
Interest income	6,125	1,880	8,005
Government grants	5,927	7,939	13,866
Finance costs	387	64	451
Depreciation and amortisation	31,996	37,935	69,931
Income tax expense	87,439	5,153	92,592
Reportable segment assets	282,160	29,183	311,343
Reportable segment liabilities	153,517	11,709	165,226
Additions to non-current assets	<u>30,395</u>	<u>805,500</u>	<u>835,895</u>
	<b>For the year ended 31 December 2020</b>		
	<b>Game and software development and publishing HKD'000 (restated)</b>	<b>Game operation and publishing HKD'000 (restated)</b>	<b>Total HKD'000 (restated)</b>
Revenue from external customers	513,278	73,440	586,718
Inter-segment revenue	(618)	—	(618)
Reportable segment revenue	<u>512,660</u>	<u>73,440</u>	<u>586,100</u>
Reportable segment profit	468,747	9,638	478,385
Interest income	6,609	9	6,618
Government grants	2,331	—	2,331
Finance costs	439	7	446
Depreciation and amortisation	12,459	216	12,675
Write-off of intangible assets	2,914	—	2,914
Income tax expense	81,941	1,454	83,395
Reportable segment assets	810,846	16,984	827,830
Reportable segment liabilities	74,719	10,201	84,920
Additions to non-current assets	<u>38,064</u>	<u>1,143</u>	<u>39,207</u>

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
<i>(Loss)/profit before income tax</i>		
Reportable segment (loss)/profit	(1,065,808)	478,385
Unallocated interest income	68	564
Unallocated corporate expenses	<u>(47,731)</u>	<u>(7,463)</u>
Consolidated (loss)/profit before income tax	<u><u>(1,113,471)</u></u>	<u><u>471,486</u></u>
<i>Assets</i>		
Reportable segment assets	311,343	827,830
Unallocated corporate assets	<u>85,946</u>	<u>80,077</u>
Consolidated total assets	<u><u>397,289</u></u>	<u><u>907,907</u></u>
<i>Liabilities</i>		
Reportable segment liabilities	165,226	84,920
Unallocated corporate liabilities	<u>687,702</u>	<u>5,176</u>
Consolidated total liabilities	<u><u>852,928</u></u>	<u><u>90,096</u></u>

**(b) Disaggregation of revenue from customers by geographic market and timing of revenue**

In the following table, revenue is disaggregated by primary geographical market and the timing of revenue recognition.

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
<b>Primary geographical markets*</b>		
The PRC	920,252	511,616
Asia Pacific	114,963	73,613
Europe	<u>—</u>	<u>871</u>
	<u><u>1,035,215</u></u>	<u><u>586,100</u></u>

\* Based on the location of Licensed Operators and game operation.

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
<b>Timing of revenue recognition</b>		
Over time	7,593	25,377
At a point in time	<u>1,027,622</u>	<u>560,723</u>
	<u><u>1,035,215</u></u>	<u><u>586,100</u></u>

The Group's non-current assets by geographical location of the assets are detailed below:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
<b>Non-current assets</b>		
The PRC	—	61,987
Thailand	1,383	1,278
Hong Kong	35,497	226
Singapore	<u>1,814</u>	<u>—</u>
	<u><u>38,694</u></u>	<u><u>63,491</u></u>

**(c) Information about major Licensed Operators**

Revenue earned from major Licensed Operators, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
Licensed Operator A	N/A	409,521
Licensed Operator B	<u>N/A</u>	<u>92,541</u>
	<u><u>N/A</u></u>	<u><u>502,062</u></u>

There was no revenue from customers individually contributing over 10% to the total revenue of the Group for the year ended 31 December 2021.

## 5. REVENUE AND OTHER INCOME

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
<b>Revenue</b>		
Game and software development and publishing	64,384	512,660
Game operation and publishing	<u>970,831</u>	<u>73,440</u>
	<u><u>1,035,215</u></u>	<u><u>586,100</u></u>
<b>Other income</b>		
Government grants ( <i>Note</i> )	13,866	2,331
Interest income	8,073	7,182
COVID-19-related rent concessions received	—	573
Others	<u>5,035</u>	<u>3,614</u>
	<u><u>26,974</u></u>	<u><u>13,700</u></u>

*Note:*

During the year ended 31 December 2021, the Group received grants from the PRC government for awarding the contribution to economic growth and technology development amounting to HKD13,866,000 (2020: HKD1,991,000) and Nil (2020: HKD340,000) respectively.

## 6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
Auditors' remuneration:		
— Audit service		
— Current external auditor	3,000	—
— Previous external auditor	108	760
— Non-audit service		
— Previous external auditor	300	—
Amortisation of intangible assets*	63,416	7,542
Write-off of intangible assets	—	2,914
Depreciation of property, plant and equipment**	4,412	2,532
Depreciation of right-of-use assets**	4,783	2,601
Termination of a lease	—	143
Loss on disposals of property, plant and equipment	3	70
Short-term leases expenses	2,328	290
Legal and professional fees	11,476	6,860
Exchange loss, net	<u>8,682</u>	<u>8,174</u>

\* Included in direct costs in the consolidated statement of profit or loss and other comprehensive income.

\*\* Included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

## 7. INCOME TAX EXPENSE

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
Current year — PRC Enterprise Income Tax		
— Tax for the year	87,620	47,659
— Over-provision in respect of prior years	—	(148)
— Withholding tax on dividends	49,882	21,379
Current year — Thailand Corporate Income Tax		
— Tax for the year	3,849	1,454
— Over-provision in respect of prior years	(650)	—
— Withholding tax on dividends	122	—
	<u>140,823</u>	<u>70,344</u>
Deferred tax	<u>(42,837)</u>	<u>13,051</u>
	<u><u>97,986</u></u>	<u><u>83,395</u></u>

## 8. DIVIDENDS

On 17 April 2020, the Company declared a final dividend for 2019, in form of HKD30,000,000 in cash (or HKD0.09375 per share).

On 30 March 2021, a final dividend, in the form of HKD49,997,000 in cash (or HKD0.05208 per share) in respect of the year ended 31 December 2020 has been declared and proposed by the Board and is approved by the shareholders in the annual general meeting held on 12 May 2021.

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

## 9. (LOSS)/EARNINGS PER SHARE

	2021	2020
Issued ordinary shares at the beginning of the year	960,000,000	320,000,000
Effect of share subdivisions which have been completed on 19 August 2020	—	640,000,000
Effect of share subdivisions which have been completed on 4 May 2021	<u>2,880,000,000</u>	<u>2,880,000,000</u>
Weighted average number of ordinary shares of the year	<u><u>3,840,000,000</u></u>	<u><u>3,840,000,000</u></u>

The calculations of basic (loss)/earnings per share have taken into account the effect of share subdivisions, which have been completed on 4 May 2021 and 19 August 2020 respectively.

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HKD1,213,086,000 (2020: profit attributable to owners of the Company of approximately HKD386,180,000) and the weighted average number of 3,840,000,000 ordinary shares (2020: 3,840,000,000 ordinary shares) in issue during the year.

Diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2021 and 2020.

## 10. INTANGIBLE ASSETS

	Game and software intellectual properties <i>HKD'000</i>	Development costs <i>HKD'000</i>	Trademark <i>HKD'000</i>	Platform and domain names <i>HKD'000</i>	Reacquired license rights <i>HKD'000</i>	Total <i>HKD'000</i>
<b>Cost</b>						
At 1 January 2020 (restated)	38,316	12,273	—	—	—	50,589
Additions	—	33,479	—	—	—	33,479
Transfer	11,953	(11,953)	—	—	—	—
Write-off	—	(2,914)	—	—	—	(2,914)
Exchange alignment	3,133	1,832	—	—	—	4,965
At 31 December 2020 and 1 January 2021 (restated)	<b>53,402</b>	<b>32,717</b>	—	—	—	<b>86,119</b>
Additions	—	<b>22,178</b>	—	—	—	<b>22,178</b>
Acquisition of subsidiaries ( <i>note 16</i> )	<b>1,656</b>	—	<b>56,591</b>	<b>256,350</b>	<b>43,120</b>	<b>357,717</b>
Deconsolidation of subsidiaries ( <i>note 17</i> )	<b>(85,727)</b>	<b>(27,111)</b>	<b>(57,769)</b>	<b>(261,687)</b>	<b>(44,018)</b>	<b>(476,312)</b>
Transfer	<b>28,653</b>	<b>(28,653)</b>	—	—	—	—
Exchange alignment	<b>2,016</b>	<b>869</b>	<b>1,178</b>	<b>5,337</b>	<b>898</b>	<b>10,298</b>
At 31 December 2021	—	—	—	—	—	—
<b>Accumulated amortisation and impairment</b>						
At 1 January 2020 (restated)	28,953	—	—	—	—	28,953
Charge for the year	7,542	—	—	—	—	7,542
Exchange alignment	2,284	—	—	—	—	2,284
At 31 December 2020 and 1 January 2021 (restated)	<b>38,779</b>	—	—	—	—	<b>38,779</b>
Charge for the year	<b>30,568</b>	—	<b>5,221</b>	<b>23,649</b>	<b>3,978</b>	<b>63,416</b>
Deconsolidation of subsidiaries ( <i>note 17</i> )	<b>(70,926)</b>	—	<b>(5,295)</b>	<b>(23,988)</b>	<b>(4,035)</b>	<b>(104,244)</b>
Exchange alignment	<b>1,579</b>	—	<b>74</b>	<b>339</b>	<b>57</b>	<b>2,049</b>
At 31 December 2021	—	—	—	—	—	—
<b>Net carrying value</b>						
At 31 December 2021	—	—	—	—	—	—
At 31 December 2020	14,623	32,717	—	—	—	47,340

## 11. GOODWILL

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
<b>COST</b>		
At beginning of the year	—	—
Acquisition of subsidiaries ( <i>note 16</i> )	764,628	—
Deconsolidation of subsidiaries ( <i>note 17</i> )	(780,545)	—
Exchange alignment	15,917	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

### *Note:*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units that are expected to benefit from that business combination.

During the year ended 31 December 2021, additions of goodwill of approximately RMB638,174,000 (approximately HKD764,628,000) is attributable to the acquisition of Tak Shing International Holdings Limited and its subsidiaries (*note 16*). The whole amount of goodwill was deconsolidated upon the loss of control of the PRC Major Subsidiaries on 4 December 2021 as disclosed in *note 17*.

## 12. TRADE RECEIVABLES

The Group normally allows a credit period within 120 days to its Licensed Operators, third party game distribution platforms and payment channels.

The ageing analysis of trade receivables (net), based on invoice date, as of the end of the reporting period is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
0–30 days	9,620	55,614
31–60 days	—	26,240
61–90 days	—	3,659
91–120 days	—	256
More than 120 days	—	24,627
	<u>9,620</u>	<u>110,396</u>

### 13. TRADE AND OTHER PAYABLES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
Trade payables	—	396
Other payables	1,924	12,346
Accruals	10,751	18,100
Amounts due to a deconsolidated subsidiary ( <i>note</i> )	<u>216,394</u>	<u>—</u>
	<u><u>229,069</u></u>	<u><u>30,842</u></u>

An ageing analysis of the Group's trade payables, based on invoice date, as of the end of reporting period is as follows:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i> <i>(restated)</i>
Less than 30 days	<u>—</u>	<u>396</u>

*Note:*

The balance represents the amounts owed by the Company and certain subsidiaries of the Group to Shenzhen Fire Element. The amounts are interest-free, unsecured and repayable on demand. The Group has fully settled the outstanding balances before the date of this announcement.

### 14. PROMISSORY NOTES

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
At beginning of the year	—	—
Issuance of promissory notes	717,147	—
Accrued interest expenses	18,162	—
Imputed interest accrued	801	—
Repayment of principal of promissory notes	(130,623)	—
Exchange alignment recognised in profit or loss	<u>13,326</u>	<u>—</u>
At the end of the year	<u><u>618,813</u></u>	<u><u>—</u></u>

On 4 February 2021, the Company issued promissory notes with aggregate principal amount of RMB600,000,000 (equivalent to approximately HKD717,147,000) as part of the consideration to acquire the entire equity interest in the Tak Shing International Holdings Limited (note 16). The promissory notes are unsecured, interest-bearing at 3% per annum and to be settled by eight equal instalments of RMB75,000,000 per instalment, payable semi-annually from 30 June 2021 and up to 31 December 2024. All interests are accrued and paid annually. The Company may redeem (in full or in part) the promissory notes at any time prior to its maturity (i.e. 31 December 2024) by giving prior written notice to the promissory note holder. The promissory notes are measured at amortised cost and using the effective interest rates at 3.11%.

Represented by:

	2021 <i>HKD'000</i>	2020 <i>HKD'000</i>
Current	252,200	—
Non-current	366,613	—
	<u>618,813</u>	<u>—</u>

## 15. SHARE CAPITAL

	Number of ordinary shares	Amount <i>HKD'000</i>
<b>Authorised:</b>		
At 1 January 2020	2,000,000,000	20,000,000
Share subdivision ( <i>note (a)</i> )	4,000,000,000	—
	<u>6,000,000,000</u>	<u>20,000,000</u>
At 31 December 2020 and 1 January 2021	<b>6,000,000,000</b>	<b>20,000,000</b>
Share subdivision ( <i>note (b)</i> )	<b>18,000,000,000</b>	—
	<u>24,000,000,000</u>	<u>20,000,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2020	320,000,000	3,200,000
Share subdivision ( <i>note (a)</i> )	640,000,000	—
	<u>960,000,000</u>	<u>3,200,000</u>
At 31 December 2020 and 1 January 2021	<b>960,000,000</b>	<b>3,200,000</b>
Share subdivision ( <i>note (b)</i> )	<b>2,880,000,000</b>	—
	<u>3,840,000,000</u>	<u>3,200,000</u>

Notes:

- (a) The shareholders of the Company approved that each of the authorised and issued ordinary share of HKD0.01 each was subdivided into three subdivided ordinary shares of one third Hong Kong cents each and the share subdivision was became effective on 19 August 2020.
- (b) The shareholders of the Company approved that each of the authorised and issued ordinary share of one third Hong Kong cents each was subdivided into four subdivided ordinary shares of one-twelfth Hong Kong cents each and the share subdivision was became effective on 4 May 2021.

## 16. ACQUISITION OF TAK SHING INTERNATIONAL HOLDINGS LIMITED

On 4 February 2021 (the “**Completion Date**”), the Group completed the acquisition of entire equity interest of Tak Shing International Holdings Limited (the “**Acquisition**”).

Tak Shing International Holdings Limited (“**Tak Shing International**”) is an investment holding company which holds the entire issued share capital of Tak Shing Group Hong Kong Limited, which in turn holds the entire equity interest in the Shenzhen Tak Shing Technology Limited which through the contractual arrangements, will have effective control over the financing and operations of the Shenzhen Viking Network Technology Company Limited (“**Shenzhen Viking**”), and enjoy the economic interest and benefits of Shenzhen Viking. Shenzhen Viking is principally engaged in game operating business.

The fair value of identifiable assets and liabilities of Tak Shing International as at the date of acquisition were as follows:

	<i>HKD'000</i>
Property, plant and equipment	1,973
Intangibles assets ( <i>note 10</i> )	357,717
Right-of-use assets	945
Trade receivables	359
Prepayment, deposits and other receivables	89,326
Bank balances and cash	95,334
Trade and other payables*	(143,218)
Lease liabilities	(924)
Deferred tax liabilities	(89,548)
	<hr/>
Total identifiable net assets acquired	<u>311,964</u>

\* Included an amount of HKD67,506,000 was due to Shenzhen Fire Element.

The Directors have determined the fair value of the identifiable assets and liabilities of Tak Shing International on the Completion Date with reference to the valuation report issued by Peak Vision Appraisals Limited (“**Peak Vision**”).

The estimated fair values of the identifiable intangible assets, comprising (i) trademark, (ii) platform and domain names and (iii) reacquired license rights, amounting to HKD56,591,000, HKD256,350,000 and HKD43,120,000 respectively, were determined with reference to the independent valuation report issued by Peak Vision as of Completion Date. The intangible assets are estimated to have useful lives ranged from 1 to 10 years.

Fair value of net assets to be acquired represents:

	<i>HKD'000</i>
Net assets of Tak Shing International on the Completion Date	44,918
Fair value adjustments on:	
Intangible assets	356,061
Deferred tax liabilities arising from fair value adjustment on intangible assets	<u>(89,015)</u>
Total identifiable net assets acquired	311,964
Goodwill ( <i>note 11</i> )	<u>764,628</u>
Fair value of purchase considerations	<u><u>1,076,592</u></u>
Fair value of purchase considerations represented by:	
Cash consideration	359,445
Promissory notes ( <i>note 14</i> )	<u>717,147</u>
	<u><u>1,076,592</u></u>

The consideration for the Acquisition is RMB900,000,000 (equivalent to approximately HKD1,076,592,000) which is satisfied by the Group in cash of RMB300,000,000 (equivalent to approximately HKD359,445,000) and promissory notes with principal amount of RMB600,000,000 (equivalent to approximately HKD717,147,000). The promissory notes are scheduled to be settled by eight instalments by 31 December 2024. Interest is accrued on the outstanding principal at the rate of 3% per annum and payable annually in arrears. The fair value of promissory notes at Completion date is HKD717,147,000 after considering the effect of interest accrued.

Goodwill arose in the Acquisition included amounts in relation to the benefit of expected revenue growth, future market development and the assembled workforce of Shenzhen Viking. The Group could leverage its resources to facilitate the Shenzhen Viking to expand the business in China and capture the opportunities of the mobile games market. The Acquisition is in line with the business strategy of the Group.

Goodwill arose in the Acquisition is not expected to be deductible for tax purpose.

Net cash outflow arising from the Acquisition:

	<i>HKD'000</i>
Purchase consideration settled by cash	359,445
Bank balances and cash acquired	<u>(95,334)</u>
Net cash outflow	<u><u>264,111</u></u>

The acquisition-related costs of HKD5,091,000 have been accounted as expenses in the periods in which the costs are incurred and the services are received.

The fair value and the gross amount of trade and other receivables amounted to HKD50,377,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Since the Completion Date, Tak Shing International and its subsidiaries has contributed a revenue of HKD799,543,000 and a profit after tax of HKD111,637,000 to the Group up to 4 December 2021. Included in the loss after tax, an amount of HKD538,728,000 represented the royalties paid to Shenzhen Fire Element, which was eliminated in the consolidated financial statements. If the acquisition had occurred on 1 January 2021, the Group's revenue and loss after tax for the year ended 31 December 2021 would have been HKD1,099,231,000 and HKD1,218,021,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of further performance.

## 17. DECONSOLIDATION OF SUBSIDIARIES

As disclosed in note 3(d) to this announcement, the Directors considered that the Group had lost control over the PRC Major Subsidiaries on 4 December 2021. The net assets of the PRC Major Subsidiaries at 4 December 2021 were as follows:

	<i>HKD'000</i>
Property, plant and equipment	6,906
Intangible assets ( <i>note 10</i> )	372,068
Right-of-use assets	8,283
Goodwill ( <i>note 11</i> )	780,545
Financial assets at fair value through profit or loss	18,346
Trade receivables	49,107
Prepayment, deposits and other receivables	60,492
Amounts due from the Group	216,394
Bank balances and cash	430,308
Trade and other payables	(601,097)
Deferred revenue	(704)
Lease liabilities	(8,868)
Tax payable	(108)
Deferred tax liabilities	(83,083)
	<hr/>
Net assets of the PRC Major Subsidiaries	1,248,589
Less: Release of foreign exchange reserve	(44,265)
Release of non-controlling interests	(3,986)
	<hr/>
Loss on deconsolidation of subsidiaries	<u>1,200,338</u>

An analysis of the net outflow of cash and cash equivalents in respect of the deconsolidation of the PRC Major Subsidiaries are as follows:

	<i>HKD'000</i>
Bank balances and cash	<u>(430,308)</u>

## 18. EVENTS AFTER THE REPORTING PERIOD

- (a) As disclosed in the announcement of the Company dated 30 June 2023 regarding the very substantial acquisition in relation to the acquisition of 100% equity interests in Tak Shing International Holdings Limited, the Company, the Vendors and their respective ultimate beneficial owners have all agreed upon negotiation to procure all the Vendors to surrender the Promissory Notes to the Company and give up the right to the outstanding principal amount totaling to RMB491,670,000 and their respective interest payables totaling to RMB37,416,825 as at 30 June 2023.
- (b) In March 2023, the Group disposed its entire equity interest in Lord Metaverse Co. Ltd., a subsidiary of the Group, at a cash consideration of THB810,000 (approximately HKD185,000).
- (c) On 7 September 2022, the Group entered into a non-legally binding memorandum of understanding with vendors, pursuant to which, the vendors agreed to sell and the Group agreed to acquire entire equity shares in Summer Mountain Limited and its subsidiaries (the “**Summer Mountain Group**”) for the consideration of RMB80 million which will be satisfied by cash RMB16,000,000 and RMB64,000,000 will be satisfied by issuance of the Promissory Notes. The principle activities of the Summer Mountain Group are (i) provision of online marketing support, and provision of Internet technology services and technology development to clients; (ii) sales of virtual goods and offline promotion; and (iii) live broadcast and e-commerce operations business. At the date of this announcement, a deposit of RMB12,500,000 had been paid to the vendors.
- (d) Subsequent to the 31 December 2021 and up to the date of this announcement, the Group paid US\$2,000,000 to general partner as an initial investment for a private fund which is wholly owned by the Group.

## EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

### DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Fire Rock Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred as to the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR DISCLAIMER OF OPINION

#### 1. Consolidation and deconsolidation of PRC major subsidiaries

We were firstly appointed as auditor of the Company on 13 April 2023. As set out in notes 3(d) and 32 to the Group’s consolidated financial statements, the directors of the Company (the “**Directors**”) considered that the Group had lost control (i.e. the ability to direct the operating and financing activities that significantly affect the Group’s returns) over Shenzhen Fire Element Network Technology Company Limited (“**Shenzhen Fire Element**”), Shenzhen Fire Element Network Science and Technology Company Limited (“**Shenzhen Fire Element Network Science and Technology**”), Shenzhen Tak Shing Technology Limited (“**Shenzhen Tak Shing**”) and Shenzhen Viking Network Technology Co., Limited (“**Shenzhen Viking**”), collectively referred as to the “**PRC Major Subsidiaries**”, since 4 December 2021 (the “**Deconsolidation Date**”) based on the legal opinion issued by the Company’s PRC lawyer on 20 June 2023 and criminal judgement issued by the People’s Court of Yuanjiang, Hunan Province on 13 March 2023 stating that:-

- the management of the PRC Major Subsidiaries were detained by Public Security Bureau on 4 December 2021 for their committing the crime of establishment of a gambling house through the mobile game developed and operated by the PRC Major Subsidiaries; and

- the PRC Major Subsidiaries' official seals, financial seals, financial records and computer hardware, which are necessary for operating the mobile games business in the PRC, were seized by the Public Security Bureau on 4 December 2021;

As a result, the operation of the PRC Major Subsidiaries was substantially ceased since 4 December 2021. The Directors considered that the financial position, financial performance and cash flows of Shenzhen Fire Element and the PRC Major Subsidiaries are significant to the Group's consolidated financial statements for the years ended 31 December 2020 and 2021 respectively. The Directors prepared the consolidated financial statements of the Group for the year ended 31 December 2021 based on the PRC Major Subsidiaries' unaudited statement of financial position as at 4 December 2021 and unaudited statement of profit or loss for the period from 1 January 2021 to 4 December 2021. However, as a result of the circumstances described above, the Directors were unable to provide us with the complete set of accounting books and records for the PRC Major Subsidiaries. We were therefore unable to carry out audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether items below are free from material misstatements:-

- the Group's financial performance, changes in equity and cash flows and the related disclosure notes for the year ended 31 December 2021, which are substantially attributable to the PRC Major Subsidiaries;
- the corresponding figures (including the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2020, the consolidated statement of financial position as at 31 December 2020 and 1 January 2020 and the related disclosure notes) in the consolidated financial statements for the year ended 31 December 2021, which did not account for any provision for penalty about the illegal establishment of a gambling house through the mobile game developed and operated by Shenzhen Fire Element;
- the existence, rights and obligations, completeness, accuracy and fair value of assets and liabilities acquired, the related deferred tax adjustment and the corresponding goodwill from the acquisition of the holding company of Shenzhen Tak Shing and Shenzhen Viking at the acquisition date as set out in note 31, and the disclosure of such in other related disclosure notes for the year ended 31 December 2021; and
- the existence, rights and obligations, completeness, accuracy, valuation of assets and liabilities of PRC Major Subsidiaries at the Deconsolidation Date and the loss arising from the deconsolidation of PRC Major Subsidiaries of approximately HKD1,200,338,000 as set out in note 32, and the disclosure of such in other related disclosure notes for the year ended 31 December 2021.

As a result, we were unable to determine whether any adjustments were necessary in respect of the Group's consolidated financial statements for the years ended 31 December 2021 and 2020.

## **2. Valuation of refundable deposits paid for strategic acquisitions**

As set out in note 20 to the consolidated financial statements for the year ended 31 December 2021, the Group had paid refundable deposits of US\$4,500,000 (equivalent to approximately HKD35,024,000) at 31 December 2021 to a party (“**the Vendor**”) for the acquisition of certain equity shares in an entity (the “**Target**”), which is engaged in provision of digital payment services in Singapore, held by the Vendor. In April 2022, US\$2,000,000 (equivalent to approximately HKD15,524,000) was refunded by the Vendor. According to the deed signed on 21 June 2022 and the agreement on 2 July 2022 entered into between the Vendor and the Group, the Vendor agreed to repay the remaining balance of US\$2,500,000 (equivalent to approximately HKD19,500,000) through the transfer of the Vendor's certain equity shares in the Target to a private fund wholly-owned by the Group, which the Group is a limited partner, at a consideration per share in the Target to be agreed between the Vendor and the Group. The Directors represented that the transfer of the aforesaid shares in the Target is subject to the approval by the relevant regulatory body in Singapore and the transfer application had been submitted to the relevant regulatory body. However, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves:

- whether the transfer of the aforesaid shares in the Target has been submitted and in the process of approval by the relevant regulatory body; and
- as to the valuation of the deposit of HKD35,024,000 and whether any impairment loss to this deposit is necessary.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECTS**

#### **Overview**

The Group is a well-established game developer, publisher and operator. During the year, the Group strategically expanded its main business to more diversified services, including publishing Internet application technology business and investment business. For the year ended 31 December 2021, the loss attributable to equity holders of the Company was approximately HKD1,213.1 million, while for the year ended 31 December 2020, the profit attributable to equity holders of the Company was approximately HKD386.2 million.

Looking forward, the Group will further enhance the business relating to third party's licensed game publishing, intellectual property rights (e.g. game operation platform program) licensing services to enterprise, online marketing and digital support activities and game operation business in overseas market.

## Revenue

We are principally engaged in the development of browser, mobile games (including game design, programming and graphics) and computer software related to game operation, on the basis of which we license our self-developed browser and mobile games to licensed operators around the world (“**Game Development**”), assist third parties in promoting game-related businesses and provide intellectual property rights licensing services to various enterprises (“**Game Publishing and Operation**”). We also operate our self-developed game products in overseas markets.

In 2021, the Group’s revenue was approximately HKD1,035.2 million, representing an increase from approximately HKD586.1 million in 2020, which was primarily due to the acquisition of Tak Shing International at the beginning of the year.

	For the year ended 31 December			
	2021		2020	
	<i>HKD’000</i>	%	<i>HKD’000</i>	%
			<i>(restated)</i>	
<b>Revenue from games directly</b>	<b>1,027,622</b>	<b>99.3</b>	560,723	95.7
— Self-developed games published by the Group	<b>921,730</b>	<b>89.1</b>	73,440	12.6
— Launched by other operators	<b>49,101</b>	<b>4.7</b>	487,283	83.1
— Third party’s licensed games published by the Group	<b>56,791</b>	<b>5.5</b>	—	—
<b>Intellectual property rights licensing (e.g. game operation platform program)</b>	<b>7,593</b>	<b>0.7</b>	25,377	4.3
	<b><u>1,035,215</u></b>	<b><u>100.0</u></b>	<b><u>586,100</u></b>	<b><u>100.0</u></b>

### **Revenue by geographical markets**

The following table sets forth our revenue from our games based on geographical territories in absolute amounts and as a percentage of our revenue for the years indicated:

	For the year ended 31 December			
	2021		2020	
	<i>HKD'000</i>	<i>%</i>	<i>HKD'000</i> <i>(restated)</i>	<i>%</i>
The PRC (place of domicile)	<b>920,252</b>	<b>88.9</b>	511,616	87.3
Asia Pacific	<b>114,963</b>	<b>11.1</b>	73,613	12.6
Europe	<b>—</b>	<b>—</b>	871	0.1
<b>Total</b>	<b><u>1,035,215</u></b>	<b><u>100.0</u></b>	<b><u>586,100</u></b>	<b><u>100.0</u></b>

*Note:* The figure for this item is not shown due to rounding difference.

### **Direct costs**

The Group's direct costs mainly consisted of staff costs and benefits, amortisation of intangible assets, channel costs charged by self-operated game platforms and others. The following table sets forth a breakdown of the Group's direct costs for the years indicated:

	For the year ended 31 December			
	2021		2020	
	<i>HKD'000</i>	<i>%</i>	<i>HKD'000</i> <i>(restated)</i>	<i>%</i>
Staff costs and benefits	<b>9,571</b>	<b>5.7</b>	10,096	21.9
Amortisation of intangible assets	<b>63,416</b>	<b>37.7</b>	7,542	16.4
Self-operated channel costs	<b>56,885</b>	<b>33.8</b>	14,697	32.0
Others	<b>38,262</b>	<b>22.8</b>	13,679	29.7
<b>Total</b>	<b><u>168,134</u></b>	<b><u>100.0</u></b>	<b><u>46,014</u></b>	<b><u>100.0</u></b>

Others mainly comprised (i) other tax and surcharges; (ii) outsourcing services fee for art/graphic design and audio production of sound effects and background music provided by third party service providers; and (iii) fees for game testing conducted by third-party service providers. In general, the increase in direct costs for the year ended 31 December 2021 was due to the acquisition of Tak Shing International at the beginning of the year.

## **Gross profit and gross profit margin**

Our gross profit for the year ended 31 December 2021 amounted to approximately HKD867.1 million, representing an increase of approximately HKD327.0 million as compared to approximately HKD540.1 million for the year ended 31 December 2020. Our gross profit margin for the year ended 31 December 2021 amounted to approximately 83.8% and approximately 92.1% for the year ended 31 December 2020. The decrease in our gross profit margin was mainly due to acquisition of Tak Shing International at the beginning of the year, which subsequently contributed a lower gross profit margin.

## **Other income**

Our other income mainly consisted of interest income on short-term bank deposits, government grants, exchange losses and impairment losses. For the year ended 31 December 2021, our other income was approximately HKD27.0 million, compared with the income of approximately HKD13.7 million in the same period of 2020. Such increase was mainly attributable to the increase in government grants from the PRC government for awarding the contribution to economic growth and technology development.

## **Research costs**

Research costs primarily comprised (i) salaries for staff engaged in development and upgrade of game software and other computer software products (“**software products**”); and (ii) fees associated with outsourcing production of non-technical elements (such as art/graphic design and audio production of sound effects and background music) of software products design and development to third party service providers. The Group’s software products development process typically involves several critical stages from software products inception and evaluation, software products development and programming to commercialisation. In the software products inception and evaluation stage, as programming has not yet been commenced and such planning stage could be classified as the research stage in accordance with the applicable accounting standards, costs incurred in software products inception and evaluation stage are expensed and recognised as software products research costs in the consolidated statement of profit or loss and other comprehensive income. In the software products development and programming stage, development and programming work are commenced, including developing the program source code for our software products, graphic design, audio production and character setting. Costs incurred at this stage would be classified as those incurred in the development stage in accordance with the applicable accounting standards and hence recognised as development costs as part of the intangible assets in the consolidated statement of financial position.

For the year ended 31 December 2021, the Group’s overall research costs increased to approximately HKD42.8 million as compared to approximately HKD0.3 million for the year ended 31 December 2020. The increase was mainly attributable to the increase in

costs incurred for preparing new versions of mobile games and the related research and development activities, and the substantial increase in overseas development cost as a result of the unexpected changes in market environment.

### **Distribution costs**

Our distribution costs for the year ended 31 December 2021 amounted to approximately HKD85.1 million, representing an increase of approximately HKD47.2 million as compared to approximately HKD37.9 million in the same period of 2020. The increase was mainly due to the increase in advertising and promotional expenses of overseas self-operated games.

### **Administrative expenses**

The Group's administrative expenses primarily comprised salaries and employee benefits expenses, depreciation of right-of-use assets, audit fees, legal and professional fees, depreciation of property, plant and equipment and others.

The Group's administrative expenses for the year ended 31 December 2021 amounted to approximately HKD99.3 million, representing an increase of approximately HKD55.6 million as compared to approximately HKD43.7 million for the year ended 31 December 2020. The increase in the Group's administrative expenses was mainly attributable to the increase in salaries and employee benefits of our administrative staff, depreciation of the property, plant and equipment and the right-of-use assets, and the increase in legal and professional fees as a result of the acquisition of Tak Shing International and the costs incurred due to unexpected changes in market environment.

### **(Loss)/profit for the year**

As a result of the above, loss attributable to equity owners of the Company in 2021 was approximately HKD1,213.1 million, whereas the profit in 2020 was approximately HKD386.2 million. The increase in loss was mainly due to the loss arising from the deconsolidation of the PRC Major Subsidiaries during the year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

In 2021, we mainly financed our business with cash generated from our operating activities. We intend to fund our expansion and business operations through our internal resources and on-going internal growth.

### **Treasury policy**

During the year ended 31 December 2021, the Group deposited its capital with commercial banks in Hong Kong, Thailand and Singapore and did not engage in any investments with high risks or involving speculative derivative instruments.

## **Cash and cash equivalents**

As at 31 December 2021, our cash and cash equivalents amounted to approximately HKD347.8 million, compared with approximately HKD708.3 million as of 31 December 2020, which primarily consisted of cash at bank and cash on hand mainly denominated in RMB (as to approximately 60.2%), USD (as to approximately 32.3%), THB (as to approximately 5.6%) and other currencies (as to approximately 1.9%).

## **Capital expenditures**

Our capital expenditures comprised expenditures on the purchase of furniture and office equipment and leasehold improvements. For the year ended 31 December 2021, our total capital expenditures amounted to approximately HKD4.6 million, representing the purchase of furniture and office equipment and leasehold improvement (2020: approximately HKD2.7 million, including the purchase of furniture and office equipment). We funded our capital expenditure by using our cash flow generated from our operations.

## **Capital Commitment**

As at 31 December 2021, the Group did not have significant commitments.

## **CAPITAL STRUCTURE**

The Shares were listed on GEM of the Stock Exchange on 18 February 2016. Listing of the Shares has been transferred from GEM to the Main Board since 27 June 2019. The capital structure of the Company comprises issued share capital and reserves.

## **BORROWING AND GEARING RATIO**

As at 31 December 2021, the Group had promissory notes amounted to approximately HKD618.8 million (31 December 2020: Nil) which are interest bearing and denominated in Renminbi. Except it, we did not have any short-term or long-term borrowings.

As at 31 December 2021, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 214.7% (31 December 2020: approximately 9.9%).

## **CHARGE ON GROUP ASSETS**

As at 31 December 2021, no asset of the Group was pledged as a security for bank borrowing or any other financing facilities (31 December 2020: Nil).

## INFORMATION ON EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had 38 employees (31 December 2020: 216), who were mainly based in Thailand and Hong Kong. The table below sets forth the number of employees by function as at 31 December 2021 and 2020:

Department	2021		2020	
	<i>Number of employees</i>	<i>% of total</i>	<i>Number of employees</i>	<i>% of total</i>
<b>Management</b>	<b>8</b>	<b>21.1</b>	9	4.2
<b>Project development</b>	<b>4</b>	<b>10.5</b>	140	64.8
Game design	—	—	32	14.8
Programming	—	—	77	35.6
Art	<b>4</b>	<b>10.5</b>	31	14.4
<b>Project Support</b>	<b>22</b>	<b>57.9</b>	51	23.6
Marketing	<b>5</b>	<b>13.2</b>	7	3.2
Licensing and operator support	<b>15</b>	<b>39.5</b>	32	14.8
Information technology	<b>2</b>	<b>5.2</b>	12	5.6
<b>Finance and administration</b>	<b>4</b>	<b>10.5</b>	16	7.4
<b>Total</b>	<b>38</b>	<b>100.0</b>	216	100.0

The total remuneration of the employees of the Company was approximately HKD53.8 million for the year ended 31 December 2021 (2020: approximately HKD25.4 million).

The remuneration committee of the Company will regularly review and recommend to the Board from time to time the remuneration and reward of the Directors and senior management of the Group with reference to their experience, responsibilities, workload and time devoted to the Group and performance of the Group.

The Group offers competitive remuneration package commensurate in line with industry practice and provides benefits to employees of the Group, including social insurance coverage, defined contribution retirement scheme and bonus. In determining staff remuneration, the Group takes into account salaries paid by comparable companies, time commitment and responsibilities and employment conditions for other positions within the Group. The staff remuneration is reviewed regularly.

The Directors believe that maintaining a stable and motivated staff force is critical to the success of the Group's business. As a fast-growing company, the Group is able to provide its employees with ample career development choices and opportunities of advancement. The Group organises various training programs on a regular basis for its employees to enhance their knowledge of online game development and operation, improve time management and internal communications and strengthen team building.

## **SIGNIFICANT INVESTMENTS IN OR MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

As disclosed in the announcement of the Company dated 4 February 2021, the acquisition of 100% equity interests in Tak Shing International by the Company was completed on 4 February 2021. For details of the acquisition, please refer to (i) the announcements of the Company dated 18 November 2020, 8 December 2020, 23 December 2020 and 8 January 2021 regarding the Acquisition; (ii) the circular of the Company dated 13 January 2021 and (iii) the announcement of the Company dated 2 February 2021 regarding the poll results of the extraordinary general meeting held on 2 February 2021. Following the completion of the acquisition, Tak Shing International becomes a wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of Tak Shing International are incorporated in the consolidated financial statements of the Company.

Pursuant to the announcement of the Company dated 1 March 2021, Huaying Angel Investment Fund, a fund established by the Group jointly with Shenzhen Angel FOF Co., Ltd (深圳市天使投資引導基金有限公司) and Shenzhen Qianhai Tongfu Equity Investment Management Co., Ltd. (深圳前海通付股權投資管理有限公司), had completed the filing for fund establishment with the Asset Management Association of China in accordance with the laws and regulations of the PRC on 1 March 2021. The fund is principally engaged in investment in strategic new industries and future industries supported and encouraged by the Shenzhen Municipal Government, such as information technology and data application and the Internet, as well as other key industries developed by the Municipal Government.

Pursuant to the announcement of the Company dated 9 March 2021, on 20 February 2021, the Group established Su Ze Lan Te (Shanghai), a non-wholly owned subsidiary, with Mr. Hu Xuanfeng and Mr. Ye Bin, a member of his game development team. The registered capital of Su Ze Lan Te (Shanghai) is RMB10,000,000, and is owned as to 51% by the Company. Su Ze Lan Te (Shanghai) mainly utilises new technologies or new concepts to research and develop new games and internet application products, in order to diversify the Group's variety of games and help enhancing the operation efficiency of our licensed operators.

Pursuant to the announcement of the Company dated 11 May 2021, the Group established Fire Rock Capital Limited, a wholly-owned subsidiary, in the British Virgin Islands on 26 April 2021, and established Firerock Capital Pte., a wholly-owned subsidiary, in Singapore on 5 May 2021, respectively. Firerock Capital Pte. is wholly owned by Fire Rock Capital Limited. Fire Rock Capital Limited is principally engaged in investment holding. Through Firerock Capital Pte., the Group will engage in strategic cooperation and the distribution of games in regions such as Singapore, Indonesia and Malaysia in the future, and will also acquire or invest in game or other Internet projects that are complementary with the Group's business.

Save for the investments mentioned above, there was no other significant investment in or material acquisition and disposal of subsidiaries and associated companies by the Company.

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the Group did not have any significant unrecorded contingent liabilities (31 December 2020: Nil).

## **FOREIGN EXCHANGE RISKS**

The functional currency of the Group is HKD and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD, RMB and SGD. All of the revenue are denominated in currencies other than functional currency of the operating units making the revenue for the year ended 31 December 2021 and 2020. Therefore, foreign exchange risk primarily arose from the recognition of assets upon the Group's receipt or planned receipt of foreign currencies from overseas partners.

The Group currently does not have any hedging policy in respect of the foreign currency risk. However, our management team closely monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. In this respect, we are not exposed to any significant foreign currency exchange risk in our operation.

## **USE OF PROCEEDS FROM THE PLACING**

The Company's shares were listed on GEM of the Stock Exchange on 18 February 2016 and net proceeds from the Placing were approximately HKD28.9 million. Listing of the Shares has been transferred to the Main Board from GEM on 27 June 2019. As at 31 December 2021, the Group has spent approximately HKD27.8 million, in aggregate, of the proceeds from the Placing (approximately HKD7.2 million on development of new games on mobile devices platform, approximately HKD7.2 million on development of new browser games, approximately HKD2.9 million on the continual optimisation of our existing games on various platforms, approximately HKD2.9 million on enhancing our game development capabilities, approximately HKD3.6 million on the acquisition/investment of game developers and related companies, approximately HKD1.5 million for working capital and other general corporate uses, and approximately HKD2.5 million for seeking opportunities to obtain/acquire the adaptation rights of appropriate source materials).

No additional shares of the Company were issued at the time of the Transfer of Listing.

As at 31 December 2021, the Company's use of proceeds from the Placing is set out as follows:

			31 December 2021	31 December 2021	31 December 2021	31 December 2021
	Original allocation <i>HKD million</i>	Original allocation <i>Percentage</i>	Amount used <i>HKD million</i>	Amount used <i>Percentage</i>	Amount unused <i>HKD million</i>	Amount unused <i>Percentage</i>
Continual optimisation of our existing games on various platforms	2.9	10.0%	2.9	10.0%	—	—
Development of new games — Browser games	7.2	25.0%	7.2	25.0%	—	—
Development of new games — Mobile games	7.2	25.0%	7.2	25.0%	—	—
Seeking opportunities to obtain/acquire the adaptation rights of appropriate source materials	3.6	12.5%	2.5	8.7%	1.1	3.8%
Acquiring of/investment in game developers and related companies	3.6	12.5%	3.6	12.5%	—	—
Enhancement and diversification of our game development capabilities	2.9	10.0%	2.9	10.0%	—	—
Working capital and other general corporate purposes	1.5	5.0%	1.5	5.0%	—	—
Total	<u>28.9</u>	<u>100.0%</u>	<u>27.8</u>	<u>96.2%</u>	<u>1.1</u>	<u>3.8%</u>

## SHARE SUBDIVISION

On 30 March 2021, the Board of the Company proposed to subdivide each of the existing issued and unissued Shares of one-third Hong Kong cent each in the share capital of the Company into four (4) subdivided Shares of par value of one-twelfth Hong Kong cent each. Prior to the share subdivision becoming effective, the authorised share capital of the Company was HKD20,000,000 divided into 6,000,000,000 Shares of one-third Hong Kong cent each, of which 960,000,000 Shares were issued and fully paid or credited as fully paid. Upon the share subdivision becoming effective, the authorised share capital of the Company would be HKD20,000,000 divided into 24,000,000,000 subdivided shares of par value of one-twelfth Hong Kong cent each, of which 3,840,000,000 subdivided shares would be in issue and fully paid or credited as fully paid.

The share subdivision plan was approved by Shareholders at the extraordinary general meeting held on 30 April 2021. On 4 May 2021, the share subdivision became effective upon the fulfilment of all conditions precedent. For further details, please refer to the announcement of the Company dated 30 March 2021 and the circular of the Company dated 12 April 2021.

## **(LOSS)/EARNINGS PER SHARE**

The calculation of loss per share is based on the loss attributable to owners of the Company of approximately HKD1,213.1 million or the loss per share of approximately 31.59 Hong Kong cents and the weighted average number of 3,840,000,000 ordinary shares in issue during the year ended 31 December 2021. The weighted average number of ordinary shares used in the calculation of loss per share for the year ended 31 December 2021 has been adjusted to reflect the share subdivision which has been completed on 4 May 2021.

The calculation of profit per share is based on the profit attributable to owners of the Company of approximately HKD386.2 million or the profit per share of approximately 10.06 Hong Kong cents and the weighted average number of 3,840,000,000 ordinary shares in issue during the year ended 31 December 2020. The weighted average number of ordinary share used in the calculation of earnings per share for the year ended 31 December 2020 has been adjusted to reflect the share subdivisions which have been completed on 19 August 2020 and 4 May 2021 respectively.

The calculation of diluted loss and earnings per share are the same as the calculation of basic loss and earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 December 2021 and 2020.

## **RISK FACTORS FACED BY THE COMPANY AND RISK MITIGATION MEASURES**

The Group is principally engaged in the development and operation of software and games in different language versions and licensing our games to different licensed operators for operation or operating by the Group internationally. The major risks involved in the Group's business include credit risks, interest rate risks, liquidity risks, currency risks and business risks. Details of the above-mentioned major risks and risk mitigation measures are set forth in the consolidated financial statements in the annual report.

The Board believes that there are certain risks involved in the Group's operations, which mainly includes (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to policies.

### **(i) Risks relating to our business**

Although the Group has successfully established its mobile games, there are certain risks that could adversely affect the Group's operations and financial results due to the immaturity of the mobile game industry. The major hurdles include (i) new policies or any amendment to the current policies in relation to the mobile game industry, (ii) reliance on distribution channel providers, marketing and promotion (iii) the game portfolio included games that are self-developed or licensed games, so the Group's operations may be adversely affected if the Group cannot seek

alternatives in a timely manner; and (iv) the Group may be exposed to payment delays or defaults from settlement agents, which would adversely affect the Group's cash flow or financial results.

**(ii) Risks relating to our industry**

As a game developer, publisher and operator, the Group expects to face intense competition from many counterparts domestically and internationally. The Group also faces vigorous competition from other forms of entertainment generally available to the public such as console gaming, offline games, cinema, television, sports and music. In response, the Group continues to regularly upgrade and modify existing games to keep players interested and maintain their experience in our portfolio of games, and incentivise game players to increase their spending on our games. Furthermore, the Group also continues to focus on research and development of new games and explore new markets to maintain our competitiveness in the gaming industry.

**(iii) Risks relating to policies**

The operation of online games of the Group is subject to supervision and management by a number of government authorities in the market where the Group operates. Any administrative changes in government regulatory authorities may also affect market conditions, which in turn may affect the Group's operation results.

**RISK MANAGEMENT**

The audit committee is responsible for risk management. The audit committee regularly reviews the Company's risk management and internal control system to ensure the system's effectiveness. The audit committee also reviews the sufficiency of the Company's internal resources and staff qualifications, experience and training. The audit committee conducts investigation and research of risk management and internal control matters and reports to the Board on such matters.

**ENVIRONMENT POLICY AND PERFORMANCE**

The Group's planning, devising, implementation, operation, review and assessment in relation to matters pertaining to environmental management are conducted with reference to the characteristics of our industry. In daily activities, our Group strictly controls the use of water and electricity in office, actively adopts measures to propagate environment-friendly ideas and encourages staff to reduce consumption of water and electricity and practice the sorting of solid waste. The Group also actively promotes electronic informatisation management in its daily operation to facilitate the "paperless" office.

The Group has implemented internal recycling and reusing program on a continual basis for consumable goods such as office papers to minimise the operational impact on the environment and natural resources. The Group has also negotiated with the property management companies of our leased properties in relation to the implementation of energy-saving measures for the use of air-conditioning in our office premises in order to reduce unnecessary electricity consumption.

## **RELATIONSHIP WITH STAKEHOLDERS**

The Company values stakeholders' concerns and opinions on our business performance and progress, and strive to maintain effective communication with our stakeholders, including the Company's Shareholders, employees, customers, suppliers, business partners, users, media and the public through a range of communication channels, such as the Company's official website and emails to maintain a close and harmonious relationship with them.

## **FINAL DIVIDENDS**

### **Dividend Policy**

The proposal of payment and the amount of our dividends will be made at the discretion of our Board and will depend on our general business condition and strategies, cash flows, financial results and capital requirements, Shareholders' equity, taxation conditions, statutory and regulatory restrictions and other factors that our Board deems relevant.

In addition, as the Company is a holding company registered in the Cayman Islands and the Company's operations are conducted through our subsidiaries, one of which is incorporated in the PRC, the availability of funds for dividend payments to Shareholders and debts servicing depends on dividends received from these subsidiaries.

### **Dividends**

On 30 March 2021, a final dividend, in the form of HKD49,997,000 in cash (or HKD0.05208 per share) in respect of the year ended 31 December 2020 has been declared and proposed by the Board and is approved by the shareholders in the annual general meeting held on 12 May 2021.

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

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the shareholders of the Company will be held on a date to be fixed by the Board. Notice of annual general meeting will be published and despatched to the shareholders of the Company in due course.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to achieving a high standard of corporate governance, to protect interests, improve corporate value and accountability.

The Group has adopted the code provisions as set out in the corporate governance code contained in Appendix 14 to the Listing Rules.

Save as disclosed below, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2021.

The Company failed to comply with the following financial reporting provisions under the Listing Rules in due course: (i) announce the annual results for the year ended 31 December 2021; and (ii) issue the annual report for the year ended 31 December 2021. Such delays constituted the violation of Rule 13.46(2)(a) and Rule 13.49(1) of the Listing Rules.

As disclosed in the Company's announcements dated 23 February 2022, 18 March 2022, 1 April 2022, 20 May 2022, 30 June 2022, 8 July 2022, 29 August 2022, 7 September 2022, 30 September 2022, 11 November 2022, 11 December 2022, 3 January 2023, 30 March 2023, 31 March 2023, 12 April 2023, 13 April 2023, 17 April 2023, 25 April 2023, 7 May 2023, 30 May 2023, 5 June 2023, 16 June 2023 and 20 June 2023, amongst others, the Company required more time to complete the procedures of financial reporting and auditing due to the matter and the relevant limitations as mentioned in the Company's announcement dated 18 March 2022, 29 August 2022 and 11 November 2022.

The Company failed to hold the annual general meeting for the year ended 31 December 2021 within the time prescribed by the Listing Rules and the Articles of Associations.

Due to the unavailability of the financial results as aforementioned, the audit committee only met once during the year ended 31 December 2021, which resulted in the breach of Code Provision D.3.3(e)(i) under Appendix 14 to the Listing Rules.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that the Directors have complied with the required standard set out in the Model Code during the year ended 31 December 2021.

## **REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **AUDIT COMMITTEE**

We established the Audit Committee on 24 January 2016. The chairman of the Audit Committee is Mr. Tam Chik Ngai Ambrose, our independent non-executive Director, and other members include our independent non-executive Directors. The written terms of reference of the Audit Committee are published on the Main Board website and the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's audited annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee. The Audit Committee is of the view that the preparation of the Group's audited financial statements for the year ended 31 December 2021 complied with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## **DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("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.

#### **THE BOARD AND THE AUDIT COMMITTEE'S PLAN TO ADDRESS THE DISCLAIMER OPINION**

The Board and the Audit Committee agreed with the views of the management and the Auditor regarding the loss of control over the PRC Major Subsidiaries. There is no disagreement by the Board, the management nor the Audit Committee with the position taken by the Auditor regarding the disclaimer of opinion.

#### **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in this annual results announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the annual results announcement.

#### **PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT**

This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk), in the case of this announcement, on the "Latest Company Announcements" page for at least seven days from the day of its posting. This announcement will also be published on the Company's website at [www.firerock.hk](http://www.firerock.hk). The annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the shareholders and published on the above websites in due course.

## CONTINUED SUSPENSION OF TRADING

As disclosed in the announcement on quarterly update on resumption dated 30 June 2023, the Company and its professional advisers are in the progress of devising a resumption plan with actions that it intends to take to remedy the issues causing its trading suspension and to fulfill the Resumption Guidance.

Trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 1 April 2022 and will remain suspended until further notice.

By order of the Board  
**Fire Rock Holdings Limited**  
**Chen Di**  
*Executive Director*

Hong Kong, Thursday, 27 July 2023

*As at the date of this announcement, the executive Directors are Mr. Zhou Zhiwei, Mr. Gao Bo, Mr. Chen Di and Ms. Wong Yan; and the independent non-executive Directors are Ms. Chow Woon San Shirley, Mr. Tam Chik Ngai Ambrose and Mr. Lok Tze Bong.*