

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS (UNAUDITED)

- For the six months ended 30 June 2023, the Group's revenue increased by approximately 23.1% from approximately HKD52.4 million for the six months ended 30 June 2022 to approximately HKD64.5 million.
- For the six months ended 30 June 2023, the Group's gross profit increased by approximately 38.8% from approximately HKD37.9 million for the six months ended 30 June 2022 to approximately HKD52.6 million.
- For the six months ended 30 June 2023, the Group's profit increased by approximately 2,984.9% from approximately HKD19.2 million for the six months ended 30 June 2022 to approximately HKD592.3 million.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

INTERIM RESULTS (UNAUDITED)

The board (the “**Board**”) of directors (the “**Directors**”) of Fire Rock Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) together with the comparative figures for the six months ended 30 June 2022 (the “**Corresponding Period in 2022**”). Such results have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE

	<i>Notes</i>	2023 <i>HKD'000</i> (unaudited)	2022 <i>HKD'000</i> (unaudited)
Revenue	4	64,540	52,428
Direct costs		<u>(11,979)</u>	<u>(14,524)</u>
Gross profit		52,561	37,904
Other income	4	594,596	29,325
Distribution costs		(25,093)	(24,819)
Administrative expenses		(16,322)	(11,435)
Finance costs		<u>(9,095)</u>	<u>(9,427)</u>
Profit before income tax	5	596,647	21,548
Income tax expense	6	<u>(4,352)</u>	<u>(2,315)</u>
Profit for the period		592,295	19,233
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences on translation of foreign operations		<u>5,064</u>	<u>268</u>
Other comprehensive income for the period		<u>5,064</u>	268
Total comprehensive income for the period		<u>597,359</u>	<u>19,501</u>
Profit for the period attributable to:			
Owners of the Company		586,383	20,407
Non-controlling interests		<u>5,912</u>	<u>(1,174)</u>
		<u>592,295</u>	<u>19,233</u>
Total comprehensive income attributable to:			
Owners of the Company		590,793	20,747
Non-controlling interests		<u>6,566</u>	<u>(1,246)</u>
		<u>597,359</u>	<u>19,501</u>
		<i>HKD cents</i>	<i>HKD cents</i>
Earnings per share			
Basic and diluted	8	<u>15.27</u>	<u>0.53</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2023 <i>HKD'000</i> (unaudited)	As at 31 December 2022 <i>HKD'000</i> (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		2,871	3,200
Intangible assets	9	10,638	3,218
Right-of-use assets		771	1,779
Deposits		49,327	49,759
		63,607	57,956
Current assets			
Trade receivables	10	15,978	9,832
Prepayments, deposits and other receivables		14,604	2,380
Cash and cash equivalents		102,385	119,544
		132,967	131,756
Current liabilities			
Other payables	11	15,395	17,881
Promissory notes	12	—	416,216
Deferred revenue		1,754	7
Lease liabilities		702	987
Tax payables		4,503	3,725
		22,354	438,726
Net current assets/(liabilities)		110,613	(306,970)
Total assets less current liabilities		174,220	(249,014)

		As at 30 June 2023 <i>HKD'000</i> (unaudited)	As at 31 December 2022 <i>HKD'000</i> (audited)
Non-current liabilities			
Lease liabilities		100	762
Promissory notes	12	—	168,041
Deferred tax liabilities		<u>3,363</u>	<u>3,437</u>
		<u>3,463</u>	<u>172,240</u>
Net assets/(liabilities)		<u><u>170,757</u></u>	<u><u>(421,254)</u></u>
Equity			
Share capital	13	3,200	3,200
Reserves		<u>157,584</u>	<u>(433,209)</u>
Equity attributable to owners of the Company		<u>160,784</u>	<u>(430,009)</u>
Non-controlling interests		<u>9,973</u>	<u>8,755</u>
Total equity/(deficit)		<u><u>170,757</u></u>	<u><u>(421,254)</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 20 Science Park Road, #02-25 Teletech Park, Singapore 117674.

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 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 condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June 2023, as well as a summary of significant accounting policies and other explanatory information (collectively, the “**Interim Condensed Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company and approved for issue by the board of directors on 21 August 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Interim Condensed Financial Statements for the six months ended 30 June 2023 has been prepared in accordance with the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which are effective for the Group’s financial year beginning 1 January 2023, the accounting policies applied in preparing this unaudited Interim Condensed Financial Statements for the six months ended 30 June 2023 are consistent with those of the annual financial statements for the year ended 31 December 2022 issued by the Company on 27 July 2023, as described in those annual financial statements except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2023. The adoption of the new or amended HKFRSs in the current interim period has no impact on the Group’s Interim Condensed Financial Statements. The Interim Condensed Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

(b) Basis of measurement

The unaudited Interim Condensed Financial Statements has been prepared on the historical cost basis, as modified by the revaluation of certain financial assets which are held at fair value.

3. 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 six months ended 30 June 2023 & 2022, 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

	For the six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Revenue from customers:		
Game and software development and publishing	265	58
Game operation and publishing	64,275	52,370
	64,540	52,428

Certain corporate income and expenses 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 six months ended 30 June 2023 and 2022 is set out below.

	For the six months ended 30 June 2023		
	Game and software development and publishing <i>HKD'000</i> (unaudited)	Game operation and publishing <i>HKD'000</i> (unaudited)	Total <i>HKD'000</i> (unaudited)
Revenue from external customers	<u>265</u>	<u>64,275</u>	<u>64,540</u>
Reportable segment (loss)/profit	(6,987)	17,408	10,421
Interest income	15	47	62
Finance costs	22	5	27
Depreciation and amortisation	1,351	272	1,623
Additions to non-current assets	<u>112</u>	<u>56</u>	<u>168</u>

	As at 30 June 2023		
	Game and software development and publishing <i>HKD'000</i> (unaudited)	Game operation and publishing <i>HKD'000</i> (unaudited)	Total <i>HKD'000</i> (unaudited)
Reportable segment assets	106,162	43,814	149,976
Reportable segment liabilities	<u>3,294</u>	<u>16,321</u>	<u>19,615</u>

	For the six months ended 30 June 2022		
	Game and software development and publishing <i>HKD'000</i> (unaudited)	Game operation and publishing <i>HKD'000</i> (unaudited)	Total <i>HKD'000</i> (unaudited)
Revenue from external customers	58	52,370	52,428
Reportable segment (loss)/profit	(3,725)	9,261	5,536
Interest income	115	8	123
Finance costs	12	13	25
Depreciation and amortisation	412	1,443	1,855
Additions to non-current assets	3,246	65	3,311

	As at 31 December 2022		
	Game and software development and publishing <i>HKD'000</i> (audited)	Game operation and publishing <i>HKD'000</i> (audited)	Total <i>HKD'000</i> (audited)
Reportable segment assets	100,995	45,121	146,116
Reportable segment liabilities	6,483	12,171	18,654

Reconciliation of reportable segment profit, assets and liabilities:

	For the six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
	(unaudited)	(unaudited)
<i>Profit before income tax</i>		
Reportable segment profit	10,421	5,536
Unallocated interest income	27	4
Unallocated corporate profit	<u>586,199</u>	<u>16,008</u>
Consolidated profit before income tax	<u><u>596,647</u></u>	<u><u>21,548</u></u>
	As at	As at
	30 June	31 December
	2023	2022
	HKD'000	HKD'000
	(unaudited)	(audited)
<i>Assets</i>		
Reportable segment assets	149,976	146,116
Unallocated corporate assets	<u>46,598</u>	<u>43,596</u>
Consolidated total assets	<u><u>196,574</u></u>	<u><u>189,712</u></u>
<i>Liabilities</i>		
Reportable segment liabilities	19,615	18,654
Unallocated corporate liabilities	<u>6,202</u>	<u>592,312</u>
Consolidated total liabilities	<u><u>25,817</u></u>	<u><u>610,966</u></u>

Unallocated expenses mainly represent administrative expenses, which mainly included salaries and bonus, donation, legal and professional fee and depreciation of right-of-use assets.

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

The Company is an investment holding company incorporated in the Cayman Islands and the principal place of the Group's operation is the Asia Pacific. Accordingly, management determines that the Group is domiciled in the Asia Pacific.

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

	For the six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Primary geographical markets*		
Asia Pacific	<u>64,540</u>	<u>52,428</u>

* Based on the location of licensed operators and game operation.

	For the six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
Over time	—	—
At a point in time	<u>64,540</u>	<u>52,428</u>
	<u>64,540</u>	<u>52,428</u>
	As at	As at
	30 June	31 December
	2023	2022
	HKD'000	HKD'000
	(unaudited)	(audited)
Non-current assets		
Thailand	1,480	1,773
Hong Kong	50,198	51,015
People's Republic of China (the "PRC")	4,039	—
Singapore	<u>7,890</u>	<u>5,168</u>
	<u>63,607</u>	<u>57,956</u>

Note: Non-current assets exclude financial instruments.

(c) Information about major licensed operators

There was no revenue from customers individually contributing over 10% to the total revenue of the Group for the six months ended 30 June 2023.

4. REVENUE AND OTHER INCOME

	For the six months ended 30 June	
	2023	2022
	<i>HKD'000</i>	<i>HKD'000</i>
	(unaudited)	(unaudited)
Revenue		
Game and software development and publishing	265	58
Game operation and publishing	<u>64,275</u>	<u>52,370</u>
	<u>64,540</u>	<u>52,428</u>
Other income		
Interest income	89	127
Government grants	211	—
Gain on disposal of a subsidiary (<i>note 14</i>)	1,884	—
Exchange gain, net	17,524	29,122
Surrender of promissory notes	574,716	—
Others	<u>172</u>	<u>76</u>
	<u>594,596</u>	<u>29,325</u>

5. PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2023	2022
	<i>HKD'000</i>	<i>HKD'000</i>
	(unaudited)	(unaudited)
Depreciation of plant and equipment*	442	1,490
Depreciation of right-of-use assets*	552	366
Amortisation of intangible assets**	628	—
Interest expense on promissory notes	8,231	8,802
Imputed interest expenses on promissory notes	837	600
Interest expense on lease liabilities	27	25
Exchange gain, net	(17,524)	(29,122)
Employee costs (including directors' remuneration)	<u>7,371</u>	<u>4,562</u>

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

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

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	<i>HKD'000</i>	<i>HKD'000</i>
	(unaudited)	(unaudited)
Current period — Thailand Corporate Income Tax (“CIT”)		
— Tax for the period	<u>4,352</u>	<u>2,315</u>

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HKD586,383,000 (for the six months ended 30 June 2022: approximately HKD20,407,000) and the weighted average number of 3,840,000,000 ordinary shares (for the six months ended 30 June 2022: 3,840,000,000 ordinary shares) in issue during the period.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2023 and 2022.

9. INTANGIBLE ASSETS

For the six months ended 30 June 2023, additional development costs of approximately HKD7,419,000 (for the six months ended 30 June 2022: approximately HKD962,000).

10. TRADE RECEIVABLES

The Group allows credit period within 120 days to its licensed operators, third party game distribution platforms and payment channels. The aging analysis of trade receivables at the end of the reporting period, based on invoice date is as follows:

	As at 30 June 2023 <i>HKD'000</i> (unaudited)	As at 31 December 2022 <i>HKD'000</i> (audited)
0–30 days	<u>15,978</u>	<u>9,832</u>

The Group does not hold any collateral over these balances.

11. OTHER PAYABLES

	As at 30 June 2023 <i>HKD'000</i> (unaudited)	As at 31 December 2022 <i>HKD'000</i> (audited)
Other payables	3,007	1,057
Accruals	12,388	9,160
Amounts due to a deconsolidated subsidiary	—	7,664
	<u>15,395</u>	<u>17,881</u>

12. PROMISSORY NOTES

	As at 30 June 2023 <i>HKD'000</i> (unaudited)	As at 31 December 2022 <i>HKD'000</i> (audited)
At beginning of the period	584,167	618,813
Accrued interest expenses	8,231	17,096
Imputed interest accrued	837	1,307
Surrender of promissory notes (<i>note</i>)	(547,716)	—
Exchange alignment recognised in profit or loss	(18,519)	(53,049)
At end of the period	<u>—</u>	<u>584,167</u>

Note: On 30 June 2023, the Company, the promissory note holder and their respective ultimate beneficial owners have all agreed upon negotiation to procure all the promissory note holder to surrender the Promissory Notes to the Company and give up the right to the outstanding principal and the respective interests payable as at 30 June 2023.

13. SHARE CAPITAL

	Number of shares	Amount <i>HKD'000</i>
Authorised:		
At 31 December 2022, 1 January 2023 and 30 June 2023	<u>24,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
At 31 December 2022, 1 January 2023 and 30 June 2023	<u>3,840,000,000</u>	<u>3,200,000</u>

14. DISPOSAL OF A SUBSIDIARY

On 1 March 2023, the Group disposed its entire equity interest in Lord Metaverse Co., Ltd. (“**Lord Metaverse**”), a subsidiary of the Group, at a cash consideration of THB810,000 (approximately HKD185,000).

The following summarises the net liabilities of the Lord Metaverse at the date of the Disposal and gain on disposal of subsidiaries:

Analysis of assets and liabilities of Lord Metaverse at the date of disposal were as follows:

	<i>HKD'000</i>
Bank balances and cash	100
Other payables	(9)
Amount due to Firerock Capital Pte. Ltd.	<u>(4,169)</u>
Net liabilities disposed of	<u>4,078</u>
Gain on disposal of Lord Metaverse:	
	<i>HKD'000</i>
Cash consideration	185
Net liabilities disposed of	4,078
Non-controlling interests	<u>(2,379)</u>
	<u>1,884</u>

An analysis of the cash flows in respect of the Disposal is as follows:

HKD'000

Cash outflow arising on disposal of subsidiary:

Cash and bank balances disposed of

(100)

15. EVENTS AFTER THE REPORTING PERIOD

- (a) On 1 August 2023, the Company entered two sale and purchase agreements to dispose of the entire interests in Shenzhen Fire Element Network Technology Company Limited, Shenzhen Fire Element Network Science and Technology Company Limited, Shenzhen Tak Shing Technology Limited and Shenzhen Viking Network Technology Co., Limited (collectively referred as to the “**PRC Major Subsidiaries**”) in which the PRC Major Subsidiaries were deconsolidated from the Group since 4 December 2021, at a cash consideration of RMB20,000 (approximately HKD21,675) in aggregate to an independent third party.
- (b) On 15 August 2023, USD2,500,000 (approximately HKD19,500,000) has been fully refunded from the Vendor to the Group in relation to the acquisition of certain equity shares of the Target (which is a licensed corporation engaged in the provision of digital payment services in Singapore).

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2023. The interim results have been reviewed by the Audit Committee of the Company.

Business Review and Prospects

Overview

The Group is a well-established game developer, publisher and operator. During the Reporting Period, the Group strategically expanded its main business to more diversified services, including publishing Internet application technology business and investment business. For the six months ended 30 June 2023, the profit attributable to equity holders of the Company was approximately HKD586.4 million, while for the six months ended 30 June 2022, the profit attributable to equity holders of the Company was approximately HKD20.4 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.

FINANCIAL REVIEW

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 games products in oversea markets.

During the six months ended 30 June 2023, the Group's revenue was approximately HKD64.5 million, representing an increase from approximately HKD52.4 million for the six months ended 30 June 2022, which was primarily due to the increase in revenue from our Game Publishing and Operation segment.

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 each of the six months ended 30 June 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	<i>HKD'000</i>	%	<i>HKD'000</i>	%
	(unaudited)		(unaudited)	
Asia Pacific	<u>64,540</u>	<u>100.0</u>	<u>52,428</u>	<u>100.0</u>

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 reporting periods indicated:

	For the six months ended 30 June			
	2023		2022	
	<i>HKD'000</i>	%	<i>HKD'000</i>	%
	(unaudited)		(unaudited)	
Staff costs and benefits	530	4.4	260	1.8
Self-operated channel costs	3,362	28.1	6,705	46.2
Licensed distribution costs	<u>8,087</u>	<u>67.5</u>	<u>7,559</u>	<u>52.0</u>
Total	<u>11,979</u>	<u>100.0</u>	<u>14,524</u>	<u>100.0</u>

The decrease in direct costs for the six months ended 30 June 2023 was due to the decrease in the self-operated channel costs.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 June 2023 amounted to approximately HKD52.6 million, representing an increase of approximately HKD14.7 million as compared to approximately HKD37.9 million for the six months ended 30 June 2022. The Group's gross profit margin for the six months ended 30 June 2023 was approximately 81.4% as compared to approximately 72.3% for the six months ended 30 June 2022. The increase in the Group's gross profit was mainly due to the effective control on the self-operated channel costs during the reporting period.

Other income

The Group's other income mainly consisted of interest income of bank deposits, exchange gain, gain on disposal of a subsidiary, surrender of promissory notes and other gains. For the six months ended 30 June 2023, our other income was approximately HKD594.6 million, compared with approximately HKD29.3 million for the same period in 2022. The increase in other income was mainly due to the surrender of promissory notes as disclosed in the announcement dated 30 June 2023.

Distribution costs

The Group's distribution costs for the six months ended 30 June 2023 amounted to approximately HKD25.1 million, represented an increase of approximately HKD0.3 million as compared to approximately HKD24.8 million for the Corresponding Period in 2022.

Administrative expenses

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

The Group's administrative expenses for the six months ended 30 June 2023 amounted to approximately HKD16.3 million, representing an increase of approximately 43.0% as compared to approximately HKD11.4 million for the six months ended 30 June 2022. The increase of the Group's administrative expenses was mainly attributable to the increase in professional fees paid for the Group's resumption planning on the Hong Kong Stock Exchange in the second half of 2023.

Income tax expense

The Group's income tax expense for the six months ended 30 June 2023 amounted to approximately HKD4.4 million while we recorded approximately HKD2.3 million for the six months ended 30 June 2022. The increase in the Group's income tax expense was mainly attributable to the increase in revenue and profit.

Profit for the Reporting Period

Given the aforesaid reasons, profit attributable to owners of the Company increased by approximately 2,774.5% from approximately HKD20.4 million for the six months ended 30 June 2022 to approximately HKD586.4 million for the six months ended 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 June 2023, 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 six months ended 30 June 2023, 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 speculative derivative instruments.

CASH AND CASH EQUIVALENTS

As at 30 June 2023, our cash and cash equivalents amounted to approximately HKD102.4 million, compared with approximately HKD119.5 million as at 31 December 2022, which primarily consisted of cash at bank and cash in hand and which are mainly denominated in USD (as to approximately 57.5%), THB (as to approximately 28.5%), HKD (as to approximately 3.6%) and others (as to approximately 10.4%).

CAPITAL EXPENDITURES

Our capital expenditures comprised expenditures on the purchase of furniture and office equipment and leasehold improvements. For the six months ended 30 June 2023, our total capital expenditures amounted to approximately HKD0.2 million, representing the purchase of furniture and office equipment (for the six months ended 30 June 2022: approximately HKD0.7 million, representing the purchase of furniture and office equipment). We funded our capital expenditure by using our cash flow generated from our operations.

CAPITAL STRUCTURE

The shares (the “Shares”) of the Company 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 comprised of issued share capital and reserves.

BORROWINGS AND GEARING RATIO

As at 30 June 2023, the Group did not have any short-term or long-term borrowings (as at 31 December 2022: promissory notes amounted to approximately HKD584.2 million, which are interest bearing and denominated in Renminbi).

As at 30 June 2023, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 13.1% (as at 31 December 2022: approximately 322.0%).

CHARGE ON GROUP ASSETS

As at 30 June 2023, no assets of the Group was pledged as a security for bank borrowings or any other financing facilities (as at 31 December 2022: Nil).

INFORMATION ON EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 86 employees (as at 30 June 2022: 58), who mainly worked and were located in the Hong Kong, Singapore, and Thailand. The table below sets forth the number of employees by function as at 30 June 2023 and 2022:

Department	As at 30 June			
	2023		2022	
	<i>Number of employees</i>	<i>% of total employees</i>	<i>Number of employees</i>	<i>% of total employees</i>
Management	12	14%	12	21%
Project Development	24	28%	13	22%
Game design	10	12%	4	7%
Programming	8	9%	4	7%
Art	6	7%	5	8%
Project Support	38	44%	25	43%
Marketing	5	6%	4	7%
Licensing and operator support	24	28%	17	29%
Information technology	9	10%	4	7%
Finance and administration	12	14%	8	14%
Total	86	100%	58	100%

The total remuneration of the employees of the Company was approximately HKD7.4 million for the six months ended 30 June 2023 (Corresponding Period in 2022: approximately HKD4.6 million).

The remuneration committee will regularly review and recommend to the Board from time to time on the remuneration and compensation of the Directors and senior management of the Group.

The Group offers competitive remuneration package commensurate 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 elsewhere in the Group. The staff remuneration is reviewed regularly.

The Directors believe that maintaining a stable and motivated employee force is critical to the success of the Group's business. As a fast growing company, the Company 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 DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

In March 2023, the Group disposed its entire equity interest in Lord Metaverse Co., Ltd. at a cash consideration of THB810,000 (approximately HKD185,000).

Except for the above, there were no significant investments in or material acquisitions and disposals of subsidiaries and associated companies by the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as those disclosed in this announcement, there was no plan authorised by the Board for material investments or additions of capital assets at the date of this announcement.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities (as at 31 December 2022: 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, THB and SGD. All of the revenue are denominated in currencies other than the functional currency of the operating units making the revenue for the six months ended 30 June 2023 and 2022. Therefore, foreign exchange risks primarily arose from recognised assets in the Group when receiving or planning to receive foreign currencies from overseas cooperated counter parties.

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 Shares of the Company was listed on GEM of the Stock Exchange on 18 February 2016, and the net proceeds from the placing (the “**Placing**”) was approximately HKD28.9 million.

Listing of the Shares has been transferred to the Main Board from GEM on 27 June 2019 without further issuance of Shares.

As at 30 June 2023, 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 HKD2.5 million on the acquisition/purchase of the adaption rights of source materials and approximately HKD1.5 million for working capital and other general corporate uses). The Group continues to seek opportunities to obtain/acquire the adaptation rights of appropriate source materials.

As at 30 June 2023, the Company’s use of proceeds from the Placing is set out as follows:

	Original allocation <i>HKD million</i>	Original allocation <i>percentage</i>	30 June 2023 Amount used <i>HKD million</i>	30 June 2023 Amount used <i>percentage</i>	30 June 2023 Amount unused <i>HKD million</i>	30 June 2023 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 adaption 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>

EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to owners of the Company of approximately HKD586.4 million or earnings per share of approximately 15.27 Hong Kong cents for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HKD20.4 million or earnings per share of approximately 0.53 Hong Kong cents) and the weighted average number of 3,840,000,000 ordinary shares (for the six months ended 30 June 2022: 3,840,000,000 ordinary shares) in issue.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2023 and 2022.

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

Compliance with the Listing Rules and 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 Listing Rules and the code provisions as set out in the corporate governance code contained in Appendix 14 thereto.

Save as disclosed below, the Company has complied with the Listing Rules and all the code provisions of the Corporate Governance Code set out in Appendix 14 thereto throughout the six months ended 30 June 2023.

The Company failed to comply with the following financial reporting provisions under the Listing Rules in due course: (i) announce and issue the annual results and the annual report for the year ended 31 December 2021; (ii) announce and issue the interim results and interim report for the six months ended 30 June 2022; and (iii) announce and issue the annual results and the annual report for the year ended 31 December 2022. Such delays constituted the violation of Rule 13.46(2)(a), Rule 13.49(1), Rule 13.48(1) and Rule 13.49(6) 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.

However, as at the date of this announcement, the Company has complied with the relevant rules and completed the above procedures of financial reporting and auditing.

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 six months ended 30 June 2023.

Audit Committee

The Company established the Audit Committee on 24 January 2016. The chairman of the Audit Committee is Mr. Tam Chik Ngai Ambrose, an 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 unaudited financial statements for the six months ended 30 June 2023 have been reviewed by the Audit Committee. The Audit Committee is of the view that the preparation of the Group's unaudited financial statements for the six months ended 30 June 2023 complied with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Change in Directors, supervisors and senior management during the Reporting Period

With effect from 30 March 2023, Mr. Tam Chik Ngai Ambrose and Ms. Chow Woon San Shirley has been appointed as an independent non-executive Director, respectively.

With effect from 31 March 2023, (1) Mr. Gao Bo has been appointed as an executive Director and (2) Mr. Zhou Zhiwei has been appointed as the chief executive officer of the Company and an executive Director.

With effect from 12 April 2023, Mr. Lok Tze Bong has been appointed as an independent non-executive Director. On the same date, (1) Mr. Zhou Kun has tendered his resignation as an executive Director of the Company; and (2) Mr. Yang Zhen has tendered his resignation as an independent non-executive Director, the chairman of the remuneration committee, a member of the Audit Committee and a member of the nomination committee of the Company as each of them would like to devote more time to his personal engagement. Following the resignation of Mr. Yang Zhen, (1) Mr. Tam Chik Ngai Ambrose has been appointed as the chairman of the remuneration committee and a member of the Audit Committee of the Company; and (2) Ms. Chow Woon San Shirley has been appointed as a member of the Audit Committee and the nomination committee of the Company.

With effect from 30 May 2023, (1) Mr. Zhang Yan has tendered his resignation as a non-executive Director, the chairman of the Board and the chairman of the nomination committee of the Company; (2) Ms. Yang Kan has tendered her resignation as a non-executive Director of the Company; (3) Mr. Chan King Fai has tendered his resignation as an independent non-executive Director, the chairman of the Audit Committee and a member of the remuneration committee of the Company; and (4) Ms. Zhuang Renyan has tendered her resignation as an independent non-executive Director and a member of each of the Audit Committee, remuneration committee and nomination committee of the Company, as each of them would like to devote more time to his/her personal engagement. Following their resignations, (1) Mr. Tam Chik Ngai Ambrose has been appointed as the chairman of the Audit Committee and a member of the nomination committee of the Company; (2) Ms. Chow Woon San Shirley has been appointed as the chairman of the nomination committee and a member of the remuneration committee of the Company; and (3) Mr. Lok Tze Bong has been appointed as a member of each of the Audit Committee, remuneration committee and nomination committee of the Company.

With effect from 5 June 2023, Mr. Gao Bo has been appointed as an authorized representative of the Company under Rule 3.05 of the Listing Rules.

With effect from 16 June 2023, Ms. Wong Yan has been appointed as an executive Director.

Change in Directors, supervisors and senior management subsequent to the Reporting Period

With effective from 7 August 2023, Mr. Chen Di (“**Mr. Chen**”) has tendered his resignation as an executive Director of the Company to devote more time to his personal work arrangements. Mr. Chen will no longer hold any position in the Company and its subsidiaries.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This announcement will remain on the Stock Exchange's website at 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. The interim report of the Company for the six months ended 30 June 2023 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.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Fire Rock Holdings Limited
Wong Yan
Executive Director

Hong Kong, Monday, 21 August 2023

As at the date of this announcement, the executive Directors are Mr. Zhou Zhiwei, Mr. Gao Bo 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.