

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: 8345)

**ANNOUNCEMENT OF QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Fire Rock Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS (UNAUDITED)

- For the nine months ended 30 September 2017, the Group’s revenue increased from approximately RMB29.8 million for the nine months ended 30 September 2016 to approximately RMB54.1 million, represented an increase of approximately 81.5%.
- For the nine months ended 30 September 2017, the Group’s gross profit increased from approximately RMB24.6 million for the nine months ended 30 September 2016 to approximately RMB45.3 million, represented an increase of approximately 84.1%.
- For the nine months ended 30 September 2017, the Group’s profit increased from approximately RMB13.2 million for the nine months ended 30 September 2016 to approximately RMB28.7 million, represented an increase of approximately 117.4%.
- The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2017.

QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 30 September 2017 (the “**Reporting Period**”) together with the comparative figures for the nine months ended 30 September 2016 (the “**corresponding period in 2016**”). The 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 nine months ended 30 September

	<i>Notes</i>	2017 RMB (unaudited)	2016 RMB (unaudited)
Revenue	3	54,068,970	29,813,001
Direct costs		(8,772,050)	(5,252,836)
Gross profit		45,296,920	24,560,165
Other income	3	1,210,444	1,195,481
Game research costs		(446,422)	(280,495)
Distribution costs		(513,147)	(398,965)
Administrative expenses		(7,139,902)	(9,420,483)
Profit before income tax	4	38,407,893	15,655,703
Income tax expenses	5	(9,753,436)	(2,479,139)
Profit for the period		28,654,457	13,176,564
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences on transaction of foreign operations		(1,847,360)	714,996
Other comprehensive income for the period		(1,847,360)	714,996
Total comprehensive income for the period		26,807,097	13,891,560
Profit for the period attributable to:			
Owners of the Company		28,654,457	13,176,564
Total comprehensive income attributable to:			
Owners of the Company		26,807,097	13,891,560
		RMB cents	RMB cents
Earnings per share			
Basic and diluted	7	17.91	8.24

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>RMB</i>	Share premium <i>RMB</i>	Capital reserve <i>RMB</i>	Merger reserve <i>RMB</i>	Statutory reserve <i>RMB</i>	Foreign exchange reserve <i>RMB</i>	Retained profits <i>RMB</i>	Total <i>RMB</i>
For the nine months ended								
30 September 2016								
(unaudited)								
As at 1 January 2016								
(audited)	1	—	11,201,260	10,000,000	4,333,239	605,624	9,618,442	35,758,566
Profit for the period	—	—	—	—	—	—	13,176,564	13,176,564
Other comprehensive income for the period:								
— Exchange differences on transaction of foreign operation	—	—	—	—	—	714,996	—	714,996
	—	—	—	—	—	714,996	13,176,564	13,891,560
Capitalisation issue	1,011,899	(1,011,899)	—	—	—	—	—	—
Issue of ordinary shares by way of placing	335,336	42,587,672	—	—	—	—	—	42,923,008
Share issuance expenses	—	(6,267,817)	—	—	—	—	—	(6,267,817)
	1,347,235	35,307,956	—	—	—	—	—	36,655,191
As at 30 September 2016 (unaudited)	<u>1,347,236</u>	<u>35,307,956</u>	<u>11,201,260</u>	<u>10,000,000</u>	<u>4,333,239</u>	<u>1,320,620</u>	<u>22,795,006</u>	<u>86,305,317</u>
For the nine months ended								
30 September 2017								
(unaudited)								
As at 1 January 2017								
(audited)	1,347,236	35,021,914	11,201,260	10,000,000	7,198,564	2,664,590	28,775,087	96,208,651
Profit for the period	—	—	—	—	—	—	28,654,457	28,654,457
Dividends	—	—	—	—	—	—	(20,391,840)	(20,391,840)
Other comprehensive income for the period:								
— Exchange differences on transaction of foreign operation	—	—	—	—	—	(1,847,360)	—	(1,847,360)
	—	—	—	—	—	(1,847,360)	8,262,617	6,415,257
As at 30 September 2017 (unaudited)	<u>1,347,236</u>	<u>35,021,914</u>	<u>11,201,260</u>	<u>10,000,000</u>	<u>7,198,564</u>	<u>817,230</u>	<u>37,037,704</u>	<u>102,623,908</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the nine months ended 30 September 2017

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 Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in the People's Republic of China (the “**PRC**”) is located at 4/F, Dongjiang Environment Building, No.9 Langshan Road, North Zone, Hi-Tech Industries Park, Nanshan District, Shenzhen, Guangdong Province, PRC. The Company was listed on the Growth Enterprise Market (the “**GEM**”) of the Stock Exchange of Hong Kong Limited on 18 February 2016.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in browser and mobile games development, including the game design, programming and graphics and licensing of its games in the PRC and overseas markets.

The condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity of the Group for the nine months ended 30 September 2017, as well as a summary of significant accounting policies and other explanatory information (collectively, the “**Third Quarterly Condensed Financial Statements**”) are unaudited, but have been reviewed by the Audit Committee of the Company and approved for issue by the Board on 14 November 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Except for the adoption of 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 2017, the accounting policies applied in preparing the Third Quarterly Condensed Financial Statements for the nine months ended 30 September 2017 are consistent with those of the annual financial statements for the year ended 31 December 2016 issued by the Company on 27 March 2017, as described in those annual financial statements. This Condensed Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

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

The unaudited Third Quarterly Condensed Financial Statements have been prepared on the historical cost basis and are presented in Renminbi (“**RMB**”) except when otherwise indicated.

3. REVENUE AND OTHER INCOME

	For the nine months ended 30 September	
	2017	2016
	RMB	RMB
	(unaudited)	(unaudited)
Revenue		
License fees and royalties	54,068,970	29,813,001
Other income		
Interest income	369,656	141,717
Government grants	840,788	1,053,764
	1,210,444	1,195,481

4. PROFIT BEFORE INCOME TAX

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

	For the nine months ended 30 September	
	2017	2016
	RMB	RMB
	(unaudited)	(unaudited)
Depreciation of plant and equipment*	560,498	481,123
Amortisation of intangible assets**	4,750,472	3,692,542
Operating lease rentals in respect of land and buildings	1,603,175	1,476,444
Operating lease rentals in respect of servers	212,704	221,078
Listing expenses	—	3,330,254

* Included in distribution costs and 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.

5. INCOME TAX EXPENSES

	For the nine months ended 30 September	
	2017	2016
	RMB	RMB
	(unaudited)	(unaudited)
PRC Enterprise Income Tax (“EIT”)	4,759,225	2,479,139
Tax payable on dividends paid by our subsidiaries	4,994,211	—

No Hong Kong profits tax was provided as the Group has no estimated assessable profit derived from or arising in Hong Kong during the nine months ended 30 September 2017 and 30 September 2016.

Provision for the EIT in the PRC is calculated at the applicable rate of 25% in accordance with the relevant laws and regulation in the PRC.

On 29 September 2013, Shenzhen Fire Element Network Technology Co., Ltd (“Shenzhen Fire Element”) was qualified as an enterprise of Software and Integrated Circuit Industries (軟體產業和積體電路產業) in the PRC and is exempted from EIT for two years starting from the first profit making year, followed by a 50% reduction for the next three years on 5 August 2014. Shenzhen Fire Element started generating taxable profit during the year ended 31 December 2013 and therefore is exempted from EIT for the year ended 31 December 2013 and 2014. For the year ended 31 December 2015 and 2016 and for the nine months ended 30 September 2017 and 2016, Shenzhen Fire Element enjoyed a reduced EIT rate of 12.5% as a 50% reduction on the statutory tax rate. The certification of software enterprise has been cancelled by the State Council of the PRC on 24 February 2015, but the aforementioned EIT preferential treatment related to certified software enterprise is still valid for now.

Dividends paid to overseas investors by foreign investment enterprises in the PRC are subject to the withholding tax rate of 10% under the Enterprise Income Tax Law.

The Company has no material unrecognised deferred tax as of 30 September 2017 and 30 September 2016.

6. DIVIDEND

On 26 September 2017, the Company paid an interim dividend of HK\$0.15 (approximately RMB0.127) per share amounting to HK\$24.0 million (approximately RMB20.4 million) in aggregate for the 160,000,000 shares in issue to the shareholders listed on the register of members of the Company as at 5 September 2017 in accordance with the dividend payment notice as set out in the announcement of interim results for the six months ended 30 June 2017 dated 14 August 2017.

Except disclosed above, no dividend was paid or declared by the Company during the nine months ended 30 September 2016 and 2017, nor has any dividend been proposed since the end of the Reporting Period.

7. EARNINGS PER SHARE

For the nine months ended 30 September 2017, the earnings per Share of the Group was RMB17.91 cents. The calculation is based on the profit for the period attributable to owners of the Company of approximately RMB28.7 million and on the basis of 160,000,000 ordinary shares of the Company in issue.

For the nine months ended 30 September 2016, the earnings per share of the Company was RMB8.24 cents. The calculation is based on the profit for the period attributable to owners of the Company of approximately RMB13.2 million and on the basis of 160,000,000 ordinary shares of the Company 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 nine months ended 30 September 2017 and 30 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a game developer focusing on the development of browser and mobile games. For the third quarter of 2017, our Group maintained steady growth in results. This was mainly attributable to the game development ideas and principles which we adhered to as well as the refinement of each and every self-developed game product by our R&D team, in order to ensure that every product commercially launched can be exquisite and of high quality, and provide players with the best gaming experience. During the Reporting Period, the Group emphasized on the research and development of mobile games and commercially launched various mobile game series, which achieved satisfactory results amid the competition and challenges of the game market.

In terms of financial performance, during the nine months ended 30 September 2017, our revenue increased by RMB24.3 million from approximately RMB29.8 million for the nine months ended 30 September 2016 to approximately RMB54.1 million for the nine months ended 30 September 2017. The revenue of browser games and mobile games reached approximately RMB10.2 million and approximately RMB43.9 million respectively, representing a decrease of 50.5% and an increase of 377.2% respectively as compared to approximately RMB20.6 million and approximately RMB9.2 million for the same period in 2016. The revenue of mobile games amounted to 81.1% of the Company's revenue. Profit attributable to owners of the Company increased by 117.4% from approximately RMB13.2 million for the nine months ended 30 September 2016 to approximately RMB28.7 million for the nine months ended 30 September 2017.

In terms of game products, during the Reporting Period, the Group commercially launched six mobile games, being the mobile versions of Number Drop, G-game, Sweeties Fighting (零食大亂鬥), War of the Sulfulons (薩弗隆戰記), Super Tycoon (超級大亨) and Forest Gala (森林大聯歡), which better captured the fast growing opportunity from the mobile markets and further expanded our game portfolio and diversified our revenue sources.

As of 30 September 2017, we have licensed twelve self-developed games in aggregate, including the mobile and browser versions of Kings & Legends (王者召喚) series, the mobile and browser versions of Hero's Crown (英雄皇冠) series, the browser version of Heroines of Three Kingdoms (姬戰三國) series, the mobile version of Endless Battles (無盡爭霸) series, the mobile version of Legend of Fairies (萌仙記) series, the mobile version of Road of Vengeance (復仇之路) series, the mobile version of Number Drop series, the mobile version of G-game series, the mobile version of Sweeties Fighting (零食大亂鬥) series, the mobile version of War of the Sulfulons (薩弗隆戰記) series, the mobile version of Super Tycoon (超級大亨) series and the mobile version of Forest Gala (森林大聯歡) series to various game operators for the operation, publication and distribution of such games within an agreed period and within designated territories.

Kings & Legends (王者召喚) game series continued to deliver satisfactory performance during the Reporting Period and maintained an important position in our game portfolio. During the Reporting Period, the percentage of revenue contribution to our total revenue from the Kings & Legends (王者召喚) series of games was approximately 10.6%. It has been over five years since its commercial launch in March 2012. Its ability to achieve a longer lifespan than the industry averages was attributable to our ongoing efforts in carrying out upgrades and enhancements to the content of the game with the view to retaining players' interest, increasing players' engagement to the game and enhancing the players' gaming experience. It also generates stable revenue for us.

The browser version and the mobile version of our Hero's Crown (英雄皇冠) series were commercially launched in January 2015 and February 2016, respectively. Our revenue from the game series amounted to approximately RMB14.9 million for the nine months ended 30 September 2017.

The browser version of our Heroines of Three Kingdoms (姬戰三國) series was commercially launched in January 2015. Our revenue from the game series amounted to approximately RMB0.2 million for the nine months ended 30 September 2017.

The mobile version of our Endless Battles (無盡爭霸) series was commercially launched in February 2016. Our revenue from the game series amounted to approximately RMB3.3 million for the nine months ended 30 September 2017.

The mobile version of our Legend of Fairies (萌仙記) series was commercially launched in March 2016. Our revenue from the game series amounted to approximately RMB4.7 million for the nine months ended 30 September 2017.

The mobile version of our Road of Vengeance (復仇之路) series was commercially launched in August 2016. Our revenue from the game series amounted to approximately RMB3.6 million for the nine months ended 30 September 2017.

The mobile version of our Number Drop series was commercially launched in March 2017. Our revenue from the game series amounted to approximately RMB3.1 million for the nine months ended 30 September 2017.

The mobile version of our G-game series was commercially launched in March 2017. Our revenue from the game series amounted to approximately RMB3.1 million for the nine months ended 30 September 2017.

The mobile version of our Sweeties Fighting (零食大亂鬥) series was commercially launched in May 2017. Our revenue from the game series amounted to approximately RMB14.8 million for the nine months ended 30 September 2017.

The mobile version of our War of the Sulfulons (薩弗隆戰記) series was commercially launched in July 2017. Our revenue from the game series amounted to approximately RMB0.1 million for the nine months ended 30 September 2017.

The mobile version of our Super Tycoon (超級大亨) series was commercially launched in July 2017. Our revenue from the game series amounted to approximately RMB0.1 million for the nine months ended 30 September 2017.

The mobile version of our Forest Gala (森林大聯歡) series was commercially launched in July 2017. Our revenue from the game series amounted to approximately RMB0.5 million for the nine months ended 30 September 2017.

The table below sets forth the twelve main series of games which are operating and commercially launched by our licensed operators as of 30 September 2017:

Language version	Game title	Platform	Initial commercial launch date
<i>Kings & Legends (王者召喚) series of games</i>			
English	Ancient Summoner/Rise of Mythos (Name changed in June 2014)	Browser	May 2013
Japanese	Kings and Legends	Browser	December 2012
	デイヴァイン・グリモワール／Divine Grimoire	Browser	September 2012
German	Kings and Legends	Browser	July 2013
French	Kings and Legends	Browser	December 2013
Traditional Chinese	卡卡們的大亂鬥	Browser	June 2012
Simplified Chinese	王者召喚	Browser	March 2012
<i>Hero's Crown (英雄皇冠) series of games</i>			
Simplified Chinese	英雄皇冠	Browser	March 2015
Traditional Chinese	卡卡們的大亂鬥II：英雄皇冠	Browser	June 2015
Simplified Chinese	魔戒外传	Mobile	April 2016
<i>Heroines of Three Kingdoms (姬戰三國) series of games</i>			
Simplified Chinese	姬战三国	Browser	January 2015
<i>Endless Battles (無盡爭霸) series of games</i>			
Simplified Chinese	无尽争霸	Mobile	February 2016
<i>Legend of Fairies (萌仙記) series of games</i>			
Simplified Chinese	萌仙记	Mobile	March 2016
<i>Road of Vengeance (復仇之路) series of games</i>			
Simplified Chinese	复仇之路	Mobile	August 2016
<i>Number Drop series of games</i>			
Simplified Chinese	Number Drop	Mobile	March 2017
<i>G-game series of games</i>			
Simplified Chinese	G-game	Mobile	March 2017
<i>Sweeties Fighting (零食大亂鬥) series of games</i>			
Simplified Chinese	零食大乱斗	Mobile	May 2017

Language version	Game title	Platform	Initial commercial launch date
<i>War of the Sulfulons (薩弗隆戰記) series of games</i>			
Simplified Chinese	萨弗隆战记	Mobile	July 2017
<i>Super Tycoon (超級大亨) series of games</i>			
Simplified Chinese	超级大亨	Mobile	July 2017
<i>Forest Gala (森林大聯歡) series of games</i>			
Simplified Chinese	森林大联欢	Mobile	July 2017

As of 30 September 2017, we also had three game series under research and development, including the Super Cute Monster (超級逗萌獸) series, the Fish Catching Contest (撲魚大亂鬥) series and the Super Rich (超級大富翁) series. It is intended that these three games will be developed into different genres and in different languages to be launched internationally. Subject to their development progress and market response, it is estimated that these three new games will be launched in the fourth quarter of 2017 to the first quarter of 2018.

Game Title	Genre	Expected Launch Date	Start of Game Inception and Evaluation
Super Cute Monster (超級逗萌獸) series	2D vertical action MMORPG	Fourth quarter 2017	Second quarter 2017
Fish Catching Contest (撲魚大亂鬥) series	Single-player leisure games	Fourth quarter 2017	Third quarter 2017
Super Rich (超級大富翁) series	Leisure and puzzle games	First quarter 2018	Third quarter 2017

Prospects

The Group will further optimize the quality of self-developed game products, keep on investing the most complete set of resources to our core products and maintain our strategies of using excellent research and development core capability as the base, the stable research and development team as the support and a longer research and development cycle as to ensure and elevate the quality of its self-developed products. The Group will persist in the simultaneous development model of various games which can assure the Group's competitiveness in research and development. Based on that, we will be launching innovative products and game features with an accelerated pace as to maintain a multiple product portfolio.

The Group will carry out ongoing update and optimization of our existing games so as to generate stable revenue for us. Meanwhile, we will actively explore the potential brought from mobile games launched during the Reporting Period at third-party internet platforms as to raise the revenue generated from such games in order to further enhance the growth potential of mobile games. Our research and development team will continue to introduce new modes of play for the games, release its games in more languages so as to cater for different players and license the games to operators for operation, the games should see continuing revenue growth from newly-acquired users.

Financial Review

Revenue

We are engaged in the development of browser and mobile games, including game design, programming and graphics, and licensing of our self-developed browser and mobile games to licensed operators around the world.

During the nine months ended 30 September 2017, our revenue was originated from our licensed operators and derived from the following revenue types: (i) license fees in accordance with the contractual terms agreed with our licensed operators for granting the exclusive operating right for specific games within an agreed period and designated territories; and (ii) royalties which were calculated based on a pre-determined percentage sharing of the net sales of credits of our licensed operators which have been exchanged into our in-game tokens purchased through platforms designated by our licensed operators in accordance with the terms of the licensing agreements.

Our revenue increased by approximately 81.5% from approximately RMB29.8 million for the nine months ended 30 September 2016 to approximately RMB54.1 million for the nine months ended 30 September 2017. The increase in revenue was mainly due to the increase in revenue brought by the launch of six mobile games series successively since 2016, being Number Drop game series, G-game game series, Sweeties Fighting (零食大亂鬥) game series, War of the Sulfulons (薩弗隆戰記) game series, Super Tycoon (超級大亨) game series and Forest Gala (森林大聯歡) game series.

Revenue by game platforms and revenue types

The table below sets forth the breakdown of revenue by game platforms and revenue types for each of the nine months ended 30 September 2017 and 30 September 2016:

	For the nine months ended 30 September			
	2017		2016	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
Browser version	10,204	18.9	20,571	69.0
License fees	1,993	3.7	1,861	6.2
Royalties	8,211	15.2	18,710	62.8
Mobile version	43,865	81.1	9,242	31.0
License fees	1,465	2.7	1,021	3.4
Royalties	42,400	78.4	8,221	27.6
	54,069	100.0	29,813	100.0

Revenue by game series

The table below sets forth the breakdown of revenue by game series for each of the nine months ended 30 September 2017 and 30 September 2016:

	For the nine months ended 30 September			
	2017		2016	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
Kings & Legends (王者召喚)	5,752	10.6	8,107	27.2
Hero's Crown (英雄皇冠)	14,886	27.5	16,411	55.0
Heroines of the Three Kingdoms (姬戰三國)	208	0.4	486	1.6
Endless Battles (無盡爭霸)	3,328	6.2	1,665	5.6
Legend of Fairies (萌仙記)	4,668	8.6	2,342	7.9
Road of Vengeance (復仇之路)	3,555	6.6	802	2.7
Number Drop	3,050	5.7	—	—
G-game	3,140	5.8	—	—
Sweeties Fighting (零食大亂鬥)	14,783	27.3	—	—
War of the Sulfulons (薩弗隆戰記)	100	0.2	—	—
Super Tycoon (超級大亨)	58	0.1	—	—
Forest Gala (森林大聯歡)	541	1.0	—	—
	<u>54,069</u>	<u>100.0</u>	<u>29,813</u>	<u>100.0</u>

Revenue by geographical markets

The following table sets forth our revenue from our games based on territories, as determined by type of settlement currency with licensed operators, in absolute amounts and as a percentage of our revenue for the periods indicated:

	For the nine months ended 30 September			
	2017		2016	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
The PRC ¹	50,968	94.3	22,960	77.0
The PRC ^{2, 4}	512	0.9	1,353	4.5
The PRC ^{3, 4}	611	1.1	3	0.0
North America ²	163	0.3	1,824	6.1
Asia Pacific (including Japan and Taiwan) ²	1,223	2.3	2,530	8.5
Europe ³	592	1.1	1,143	3.9
Total	<u>54,069</u>	<u>100.0</u>	<u>29,813</u>	<u>100.0</u>

Notes:

1. Settled in RMB
2. Settled in USD
3. Settled in EUR
4. Revenue derived from R2Game Co., Limited and Reality Squared Game Co., Limited, in which Reality Squared Game Co., Limited and R2Game Co., Limited are group companies based in the PRC. The license we gave to R2Game Co., Limited for the operation of our games had been transferred to Reality Squared Game Co., Limited in 2016. Both companies had commercially launched our games in Europe and North America.

Revenue derived from Changyou.com (US) LLC. and ChangYou.com Limited, in which Changyou.com (US) LLC. and ChangYou.com Limited are group companies based in the PRC. The license we gave to Changyou.com (US) LLC. for the operation of our games had been transferred to ChangYou.com Limited in 2016. Both companies had commercially launched our games in Europe and North America.

Direct costs

Our direct costs for the nine months ended 30 September 2017 amounted to approximately RMB8.8 million, representing an increase of approximately 66.0% as compared to approximately RMB5.3 million for the same period in 2016. The increase in our direct costs was mainly because we commercially launched six new mobile games during the Reporting Period, being the Number Drop series, the G-game series, the Sweeties Fighting (零食大亂鬥) series, the War of the Sulfulons (薩弗隆戰記) series, the Super Tycoon (超級大亨) series and the Forest Gala (森林大聯歡) series, which resulted in the increase in amortisation of our intangible assets, the increase in salaries and welfare expenses and the increase in business tax and surcharges resulted from the significant increase in revenue.

Gross profit and gross profit margin

Our gross profit for the nine months ended 30 September 2017 amounted to approximately RMB45.3 million, representing an increase of approximately RMB20.7 million as compared to approximately RMB24.6 million for the nine months ended 30 September 2016. Our gross profit margin for the nine months ended 30 September 2017 amounted to approximately 83.7% and approximately 82.6% for the nine months ended 30 September 2016. The increase in our gross profit and gross profit margin was mainly due to the increase in revenue brought by the launch of ten mobile game series since 2016, being the Hero's Crown (英雄皇冠) series, Endless Battles (無盡爭霸) series, Legend of Fairies (萌仙記) series, Road of Vengeance (復仇之路) series, Number Drop series, G-game series, Sweeties Fighting (零食大亂鬥) series, the War of the Sulfulons (薩弗隆戰記) series, the Super Tycoon (超級大亨) series and the Forest Gala (森林大聯歡) series.

Other income

Our other income mainly consisted of interest income of short term bank deposits and government grants. For the nine months ended 30 September 2017, our other income was approximately RMB1.2 million, compared with approximately RMB1.2 million for the same period of 2016.

Game research costs

Our game research costs for the nine months ended 30 September 2017 amounted to approximately RMB0.4 million, representing an increase of approximately RMB0.1 million as compared to approximately RMB0.3 million for the nine months ended 30 September 2016. The increase in our game research costs was mainly due to the fact that five new games were in the game inception and evaluation stage during the Reporting Period.

Distribution costs

Our distribution costs for the nine months ended 30 September 2017 amounted to approximately RMB0.5 million, representing an increase of approximately RMB0.1 million as compared to RMB0.4 million for the same period in 2016 mainly because the salaries of promotional staff increased.

Administrative expenses

Our administrative expenses for the nine months ended 30 September 2017 amounted to approximately RMB7.1 million, representing a decrease of approximately 24.5% as compared to approximately RMB9.4 million for nine months ended 30 September 2016. Without taking into account the listing related expenses in 2016, our administrative expenses for the nine months ended 30 September 2017 amounted to approximately RMB7.1 million, representing an increase of approximately 22.4% as compared to approximately RMB5.8 million for the nine months ended 30 September 2016. The increase in our administrative expenses was mainly due to the increase in salaries of personnel as well as the increase in rentals for our operating premises.

Income tax expense

Our income tax expenses for the nine months ended 30 September 2017 amounted to approximately RMB9.8 million while we recorded RMB2.5 million for the nine months ended 30 September 2016. The increase in our income tax expenses was mainly because the profits of the PRC subsidiary of the Group increased significantly during the Reporting Period as compared to the same period in 2016 as well as the increase in income tax expense withheld under the provisions of the PRC tax law with respect to the distribution of dividends to foreign investors by the PRC subsidiary of the Group.

Profit for the period

Given the aforesaid reasons, profit attributable to owners of the Company increased by approximately 117.4% from approximately RMB13.2 million for the nine months ended 30 September 2016 to approximately RMB28.7 million for the nine months ended 30 September 2017.

Earnings Per Share

For the nine months ended 30 September 2017, the earnings per share of the Group was RMB17.91 cents. The calculation is based on profit attributable to owners of the Company for the period of approximately RMB28.7 million and on the basis of 160,000,000 ordinary shares of the Company in issue.

For the nine months ended 30 September 2016, the earnings per share of the Group was RMB8.24 cents. The calculation is based on the profit attributable to owners of the Company for the period of approximately RMB13.2 million and on the basis of 160,000,000 ordinary shares of the Company 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 nine months ended 30 September 2017 and 2016.

Interim Dividends

On 26 September 2017, the Company paid an interim dividend of HK\$24.0 million (approximately RMB20.4 million) in aggregate (being dividends of HK\$0.15 (approximately RMB0.127) per share on the basis of 160,000,000 ordinary shares of the Company in issue) to the shareholders listed in the register of members of the Company as at 5 September 2017 in accordance with the dividend payment notice as set out in the announcement of interim results for the six months ended 30 June 2017 published on 14 August 2017.

Other than as set out above, the Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2017 (for the nine months ended 30 September 2016: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

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

The Company has adopted the principles and the Code provisions set out in the Code contained in Appendix 15 of the GEM Listing Rules.

The Directors consider the Company has complied with all the Code provisions throughout the Reporting Period.

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 nine months ended 30 September 2017.

PUBLICATION OF QUARTERLY RESULTS AND DESPATCH OF QUARTERLY REPORT

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk and the GEM website at www.hkgem.com, 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 quarterly report of the Company for the nine months ended 30 September 2017 containing all the information required by the GEM Listing Rules will be despatched to the shareholders and published on the above websites in due course.

By order of the Board
Fire Rock Holdings Limited
Zhang Yan
Chairman

Hong Kong, Tuesday, 14 November 2017

As at the date of this announcement, the executive Directors are Mr. Huang Yong, Mr. Wu Zhe and Mr. Rao Zhenwu; the non-executive Directors are Mr. Zhang Yan, Mr. Zhang Xiongfeng and Ms. Yang Kan; and the independent non-executive Directors are Mr. Chan King Fai, Mr. He Yunpeng and Mr. Chen Di.