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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: 8345)

**ANNOUNCEMENT OF QUARTERLY RESULTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG  
LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 2018, the Group’s revenue increased from approximately RMB54.1 million for the nine months ended 30 September 2017 to approximately RMB112.3 million, represented an increase of approximately 107.6%.
- For the nine months ended 30 September 2018, the Group’s gross profit increased from approximately RMB45.3 million for the nine months ended 30 September 2017 to approximately RMB99.1 million, represented an increase of approximately 118.8%.
- For the nine months ended 30 September 2018, the Group’s profit increased from approximately RMB28.7 million for the nine months ended 30 September 2017 to approximately RMB61.4 million, represented an increase of approximately 113.9%.
- The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2018

## **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 2018 (the “**Reporting Period**”) together with the comparative figures for the nine months ended 30 September 2017 (the “**corresponding period in 2017**”). 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 2018*

	<i>Notes</i>	Nine months ended 30 September 2018 <i>RMB</i> (Unaudited)	Nine months ended 30 September 2017 <i>RMB</i> (Unaudited)
<b>Revenue</b>	3	<b>112,314,319</b>	54,068,970
Direct costs		<u>(13,210,893)</u>	<u>(8,772,050)</u>
Gross profit		<b>99,103,426</b>	45,296,920
Other income	3	<b>1,767,510</b>	1,210,444
Game research costs		<b>(616,584)</b>	(446,422)
Distribution costs		<b>(566,999)</b>	(513,147)
Administrative expenses		<u>(16,540,363)</u>	<u>(7,139,902)</u>
<b>Operating profit</b>		<b>83,146,990</b>	38,407,893
Share of loss from investments accounted for using equity accounting		<u>(1,447,390)</u>	—
Profit before income tax	4	<b>81,699,600</b>	38,407,893
Income tax expense	5	<u>(20,256,319)</u>	<u>(9,753,436)</u>
<b>Profit for the period</b>		<b>61,443,281</b>	28,654,457
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences on translation of foreign operations		<u>2,241,261</u>	<u>(1,847,360)</u>
Other comprehensive income for the period		<u>2,241,261</u>	<u>(1,847,360)</u>
<b>Total comprehensive income for the period</b>		<u><b>63,684,542</b></u>	<u>26,807,097</u>

	<b>Nine months ended 30 September 2018</b>	Nine months ended 30 September 2017
<i>Notes</i>	<b>RMB (Unaudited)</b>	<b>RMB (Unaudited)</b>
<b>Profit attributable to:</b>		
Owners of the Company	61,472,027	28,654,457
Non-controlling interests	<u>(28,746)</u>	<u>—</u>
	<b><u>61,443,281</u></b>	<b><u>28,654,457</u></b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	63,713,542	26,807,097
Non-controlling interests	<u>(29,000)</u>	<u>—</u>
	<b><u>63,684,542</u></b>	<b><u>26,807,097</u></b>
<b>Earnings per share</b>		
Basic and diluted	7 <b><u>RMB cents 19.21</u></b>	<b><u>RMB cents 8.95</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 30 September 2018*

	Attributable to owners of the Company								Total equity <i>RMB</i>
	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>		
<b>For the nine months ended</b>									
<b>30 September 2017 (Unaudited)</b>									
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
Other comprehensive income for the period:									
— Exchange differences on translation of foreign operations	—	—	—	—	—	(1,847,360)	—		(1,847,360)
Total comprehensive income for the period	—	—	—	—	—	(1,847,360)	28,654,457		26,807,097
Dividends (Note 6)	—	—	—	—	—	—	(20,391,840)		(20,391,840)
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>

	Attributable to owners of the Company										Non- controlling interests <i>RMB</i>	Total equity <i>RMB</i>
	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>	Share-based payment reserve* <i>RMB</i>	Foreign exchange reserve* <i>RMB</i>	Retained profits* <i>RMB</i>	Total <i>RMB</i>			
<b>For the nine months ended</b>												
<b>30 September 2018 (Unaudited)</b>												
As at 1 January 2018 (Audited)	1,347,236	35,021,914	11,201,260	10,000,000	12,179,207	—	126,870	46,584,801	116,461,288	—		116,461,288
Profit/(Loss) for the period	—	—	—	—	—	—	—	61,472,027	61,472,027	(28,746)		61,443,281
Other comprehensive income for the period:												
— Exchange differences on translation of foreign operations	—	—	—	—	—	—	2,241,515	—	2,241,515	(254)		2,241,261
Total comprehensive income for the period	—	—	—	—	—	—	2,241,515	61,472,027	63,713,542	(29,000)		63,684,542
Non-controlling interests arising on establishment of a non wholly-owned subsidiary	—	—	—	—	—	—	—	—	—	20,114		20,114
Issuance of bonus shares	1,321,824	—	—	—	—	—	—	(1,321,824)	—	—		—
Equity-settled share-based transactions	—	—	—	—	—	58,627	—	—	58,627	—		58,627
Dividends (Note 6)	—	—	—	—	—	—	—	(16,522,800)	(16,522,800)	—		(16,522,800)
	<u>2,669,060</u>	<u>35,021,914</u>	<u>11,201,260</u>	<u>10,000,000</u>	<u>12,179,207</u>	<u>58,627</u>	<u>2,368,385</u>	<u>90,212,204</u>	<u>163,710,657</u>	<u>(8,886)</u>		<u>163,701,771</u>

\* The aggregate balances of these reserve amounts of RMB161,041,597 and RMB115,114,052 are included as reserves as at 30 September 2018 and 31 December 2017 respectively in the condensed consolidated statement of financial position.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the nine months ended 30 September 2018*

## 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, 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 Environmental Building, No.9 Langshan Road, North Zone, Hi-Tech Industries Park, Nanshan District, Shenzhen, Guangdong, 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 2018, 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 13 November 2018.

## 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 first time for the Group’s financial year beginning 1 January 2018, the accounting policies applied in preparing the Third Quarterly Condensed Financial Statements for the nine months ended 30 September 2018 are consistent with those of the annual financial statements for the year ended 31 December 2017 issued by the Company on 26 March 2018. This Third Quarterly Condensed Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

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

	Nine months ended 30 September 2018 <i>RMB</i> (Unaudited)	Nine months ended 30 September 2017 <i>RMB</i> (Unaudited)
<b>Revenue</b>		
License fees and Royalties	<u>112,314,319</u>	<u>54,068,970</u>
<b>Other income</b>		
Government grants	817,900	823,700
Interest income	918,439	369,656
Others	<u>31,171</u>	<u>17,088</u>
	<u>1,767,510</u>	<u>1,210,444</u>

### 4. PROFIT BEFORE INCOME TAX

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

	Nine months ended 30 September 2018 <i>RMB</i> (Unaudited)	Nine months ended 30 September 2017 <i>RMB</i> (Unaudited)
Depreciation of property, plant and equipment*	790,802	560,498
Amortisation of intangible assets**	5,036,954	4,750,472
Operating lease rentals in respect of land and buildings	2,002,060	1,603,175
Operating lease rentals in respect of servers	217,141	212,704
Exchange loss/(gain), net	1,925,936	(401,619)
Employee costs (including directors' remuneration)		
— Wages and salaries	12,245,340	6,682,972
— Defined contribution plan	789,119	530,261
— Share-based payment expenses	58,627	—
	<u>13,093,086</u>	<u>7,213,233</u>

\* 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 EXPENSE

	<b>Nine months ended 30 September 2018 RMB (Unaudited)</b>	Nine months ended 30 September 2017 RMB (Unaudited)
PRC Enterprise Income Tax (“EIT”)	<b>14,096,319</b>	9,753,436
Deferred tax	<b>6,160,000</b>	—
	<b><u>20,256,319</u></b>	<b><u>9,753,436</u></b>

No Hong Kong Profits Tax was provided in the condensed consolidated financial statements as the Group has no estimated assessable profit derived from or arising in Hong Kong during the nine months ended 30 September 2018 and 2017.

Provision for the EIT in the PRC is calculated at the statutory rate of 25% in accordance with the relevant income tax law in the PRC.

On 29 September 2013, Shenzhen Fire Element Network Technology Company Limited (“**Shenzhen Fire Element**”), was qualified as an enterprise of Software and Integrated Circuit Industries (軟件產業和集成電路產業) in the PRC and is exempted from EIT for two years starting from the first year of generating assessable profits, 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 years ended 31 December 2013 and 2014. For the years ended 31 December 2015 and 2016 and for the nine months ended 30 September 2017, 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.

Shenzhen Fire Element was qualified as a “Hi-Tech Enterprise” (“**Hi-Tech Enterprise**”) in 2018. Pursuant to the PRC EIT Law, it is subject to a preferential rate of 15%. Therefore, the effective income tax rate of Shenzhen Fire Element for the nine months ended 30 September 2018 was 15%.

During the nine months ended 30 September 2018, Shenzhen Fire Element Network Science and Technology Company Limited, a new subsidiary, is subject to the statutory tax rate of 25%.

In 2018, Firerock Co., Ltd., (“**Firerock**”) is a subsidiary newly incorporated in Thailand. During the nine months ended 30 September 2018, it generally paid tax at 20% of net profit. However, small business, paid-up capital less than 5 million Baht, is entitled to a rate reduction. If it has net profit more than 3 million Baht, the corporate income tax rate is 20%. If it has a net profit of 300 thousand Baht to 3 million Baht, the corporate income tax rate is reduced to 15%. It is exempted for the corporate income tax if net profit is less than 300 thousand Baht.

Pursuant to the PRC EIT Law, a 10% withholding tax (unless reduced by tax treaties or arrangements) is levied on dividends declared to foreign investors from the foreign investment enterprise established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings accumulated after 31 December 2007.



## **6. DIVIDENDS**

On 26 September 2017, the Company paid an interim dividend of Hong Kong Dollars (“**HK\$**”) 0.15 (approximately RMB0.127) per share amounting to HK\$24.0 million (equivalent to 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.

On 22 June 2018, the Company paid a final dividend for 2017, in form of HK\$20.0 million (equivalent to approximately RMB16.5 million) in cash (or HK\$0.125 (approximately RMB0.103) per share) and 160,000,000 bonus shares of approximately RMB1.3 million on the basis of 1 share for every share held to the shareholders.

Save as disclosed above, the board of directors does not recommend the payment of any interim dividend for the nine months ended 30 September 2018.

## **7. EARNINGS PER SHARE**

For the nine months ended 30 September 2018 and 2017, the calculation of earnings per share is based on the profit attributable to owners of the Company for the period of approximately RMB61.5 million and RMB28.7 million respectively and the weighted average number of 320,000,000 ordinary shares outstanding during the respective period.

The weighted average number of ordinary shares used in the calculation of earnings per share for the nine months ended 30 September 2018 and 2017 has been adjusted to reflect the bonus issue which was completed on 22 June 2018.

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 2018 and 2017.

## 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 2018, 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 emphasised 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, the Group's revenue for the nine months ended 30 September 2018 amounted to approximately RMB112.3 million, increasing by RMB58.2 million compared to approximately RMB54.1 million for the nine months ended 30 September 2017. Revenue generated from browser games and mobile games amounted to approximately RMB4.5 million and approximately RMB107.8 million, respectively, decreasing by 55.9% and increasing by 145.6%, respectively, as compared to approximately RMB10.2 million and approximately RMB43.9 million, respectively, for the same period of 2017. Revenue generated from mobile games accounted for 96.0% of the Group's revenue. Profit attributable to owners of the Company amounted to approximately RMB61.5 million for the nine months ended 30 September 2018, increasing by RMB32.8 million from approximately RMB28.7 million for the nine months ended 30 September 2017.

In terms of game products, three mobile games, the Super Rich (超級大富翁), the Age of Star Wars (星戰紀) and the Shaky Battle (晃晃大作戰), were commercially launched in February 2018, June 2018 and July 2018 in a further enrichment of our portfolio of games. In addition, due to the expiration of the game licensing agreements and business realignment of game operators, we underwent negotiation with licensed operators and discontinued the operation of three game series on the platform of licensed operators, namely the Endless Battles (無盡爭霸) series, the Legend of Fairies (萌仙記) series and War of the Sulfulons (薩弗隆戰記) series in April and July 2018, terminating the operation of such three games.

As at 30 September 2018, there were 14 game series under licenses to game operators for operation, launch and distribution (namely, in operation) within an agreed period in designated territories.

For the nine months ended 30 September 2018, revenue generated by our 5 leading game series in monetary amounts and as a percentage of total revenue are set out as follows: the mobile version of the Fish Catching Contest (捕魚大亂鬥) series commercially launched in December 2017 reported revenue of approximately RMB44.2

million for the nine months ended 30 September 2018, accounting for approximately 39.3% of our total revenue; the mobile version of the Sweeties Fighting (零食大亂鬥) series commercially launched in May 2017 reported revenue of approximately RMB37.8 million for the nine months ended 30 September 2018, accounting for approximately 33.7% of our total revenue; the mobile version of the Shaky Battle (晃晃大作戰) series commercially launched in July 2018 reported revenue of approximately RMB8.3 million for the nine months ended 30 September 2018, accounting for approximately 7.4% of our total revenue; the Hero's Crown (英雄皇冠) series commercially launched in its browser version in January 2015 and in its mobile version in February 2016, the mobile and browser versions of Hero's Crown (英雄皇冠) series reported revenue of approximately RMB3.5 million for the nine months ended 30 September 2018, accounting for approximately 3.1% of our total revenue; the browser version of Kings & Legends (王者召喚) series commercially launched in March 2012 reported revenue of approximately RMB2.9 million for the nine months ended 30 September 2018, accounting for approximately 2.6% of our total revenue.

The table below sets forth the fourteen main series of games which are operating and commercially launched by our licensed operators as of 30 September 2018:

Language version	Game title	Platform	Initial commercial launch date
<i>Kings &amp; 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 ダイヴァイン・ グリモワール／ Divine Grimoire	Browser	December 2012
		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	魔界外傳	Mobile	April 2016
<i>Heroines of Three Kingdoms (姬戰三國) series of games</i>			
Simplified Chinese	姬戰三國	Browser	January 2015
<i>Road of Vengeance (復仇之路) series of games</i>			
Simplified Chinese	復仇之路	Mobile	August 2016

<b>Language version</b>	<b>Game title</b>	<b>Platform</b>	<b>Initial commercial launch date</b>
<i>Number Drop series of games</i>			
Simplified Chinese	Number Drop	Mobile	March 2017
<i>G-game series of games</i>			
Simplified Chinese	一起切水果	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
<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
<i>Fish Catching Contest (捕魚大亂鬥) series of games</i>			
Simplified Chinese	捕鱼大乱斗	Mobile	December 2017
<i>Super Cute Monster (超級逗萌獸) series of games</i>			
Simplified Chinese	超级逗萌兽	Mobile	December 2017
<i>Super Rich (超級大富翁) series of games</i>			
Simplified Chinese	超级大富翁	Mobile	February 2018
<i>Age of Star Wars (星戰紀) series of games</i>			
Simplified Chinese	星战纪	Mobile	June 2018
<i>Shaky Battle (晃晃大作戰) series of games</i>			
Simplified Chinese	晃晃大作战	Mobile	July 2018

As at 30 September 2018, we also had two game series under research and development, including the Royal Tycoon (皇家大亨) series and the Royal Fish Catching (皇家捕魚) series. Subject to their development progress and market response, the Royal Tycoon (皇家大亨) series and the Royal Fish Catching (皇家捕魚) series are expected to be launched in the fourth quarter of 2018 and the first quarter of 2019, respectively.

<b>Game Title</b>	<b>Genre</b>	<b>Expected launch date</b>	<b>Start of game inception and evaluation</b>
Royal Tycoon (皇家大亨) series (originally named as Royal Casino)	2D Leisure	Fourth quarter 2018	First quarter 2018
Royal Fish Catching (皇家捕魚) series (Name to be confirmed)	Single-player leisure games	First quarter 2019	Third quarter 2018

### **Prospects**

To address escalating competition in the market, we will continue to operate with diligent and meticulous efforts.

We will continue to grow our strengths in research and development and leverage our solid capabilities in research and development and innovation to develop exquisite games with higher quality and longer life-cycle, upgrade and optimise existing games, and invest comprehensive resources in our core products. We will also make vigorous endeavours in the development of innovative game types and launch more innovative products with premium quality to further enhance the Group's profile as a top-class global game content provider.

We will continue to enhance our cooperation with licensed operators through the introduction of new modes of play, the launch of different language versions for different players, investigate the operation mode for licensed games with licensed operators, and implement precise management and innovative promotion of our games, with a view to giving full play to our strengths in the research and development of games and enhancing our reputation in the research and development of games.

In addition, we will make vigorous efforts to expand overseas markets and promote our games to new potential areas and regions, enhancing our ability to compete internationally in order to evolve and grow in this intensely competitive industry.

## 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 2018, 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 107.6% from approximately RMB54.1 million for the nine months ended 30 September 2017 to approximately RMB112.3 million for the nine months ended 30 September 2018. The increase in revenue was mainly due to the increase in revenue brought by the launch of more than ten mobile game series successively since 2017, being Number Drop series, G-game series, Sweeties Fighting (零食大亂鬥) series, War of the Sulfulons (薩弗隆戰紀) series, Super Tycoon (超級大亨) series, Forest Gala (森林大聯歡) series, Fish Catching Contest (捕魚大亂鬥) series, Super Cute Monster (超級逗萌獸) series, Super Rich (超級大富翁) series, Age of Star Wars (星戰紀) series and Shaky Battle (晃晃大作戰) 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 2018 and 2017:

	For the nine months ended 30 September			
	2018		2017	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
<b>Browser version</b>	<b>4,539</b>	<b>4.0</b>	10,204	18.9
License fees	—	—	1,993	3.7
Royalties	4,539	4.0	8,211	15.2
<b>Mobile version</b>	<b>107,775</b>	<b>96.0</b>	43,865	81.1
License fees	1,647	1.5	1,465	2.7
Royalties	106,128	94.5	42,400	78.4
	<b>112,314</b>	<b>100.0</b>	54,069	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 2018 and 2017:

	For the nine months ended 30 September			
	2018		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
Kings & Legends (王者召喚)	2,879	2.6	5,752	10.6
Hero's Crown (英雄皇冠)	3,476	3.1	14,886	27.5
Heroines of the Three Kingdoms (姬戰三國)	100	0.1	208	0.4
Endless Battles (無盡爭霸)	357	0.3	3,328	6.2
Legend of Fairies (萌仙記)	828	0.7	4,668	8.6
Road of Vengeance (復仇之路)	2,473	2.2	3,555	6.6
Number Drop	2,795	2.5	3,050	5.7
G-game	2,639	2.3	3,140	5.8
Sweeties Fighting (零食大亂鬥)	37,814	33.7	14,783	27.3
War of the Sulfulons (薩弗隆戰記)	452	0.4	100	0.2
Super Tycoon (超級大亨)	214	0.2	58	0.1
Forest Gala (森林大聯歡)	1,215	1.1	541	1.0
Fish Catching Contest (捕魚大亂鬥)	44,198	39.3	—	—
Super Cute Monster (超級逗萌獸)	1,526	1.3	—	—
Super Rich (超級大富翁)	532	0.5	—	—
Age of Star Wars (星戰紀)	2,556	2.3	—	—
Shaky Battle (晃晃大作戰)	8,260	7.4	—	—
	<u>112,314</u>	<u>100.0</u>	<u>54,069</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			
	2018		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	(unaudited)		(unaudited)	
The PRC <sup>1</sup>	111,304	99.1	50,968	94.3
The PRC <sup>2,4</sup>	—	—	512	0.9
The PRC <sup>3,4</sup>	—	—	611	1.1
North America <sup>2</sup>	—	—	163	0.3
Asia Pacific (including Japan and Taiwan) <sup>2</sup>	484	0.4	1,223	2.3
Europe <sup>3</sup>	526	0.5	592	1.1
Total	<u>112,314</u>	<u>100.0</u>	<u>54,069</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.

### Direct costs

Our direct costs for the nine months ended 30 September 2018 amounted to approximately RMB13.2 million, representing an increase of approximately 50.0% as compared to approximately RMB8.8 million for the same period in 2017. The increase in our direct costs was mainly due to the commercial launch of three new mobile games during the Reporting Period, being the Super Rich (超級大富翁) series, Age of Star Wars (星戰紀) series and Shaky Battle (晃晃大作戰) 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 2018 amounted to approximately RMB99.1 million, representing an increase of approximately RMB53.8 million as compared to approximately RMB45.3 million for the nine months ended 30 September 2017. Our gross profit margin for the nine months ended 30 September 2018 was approximately 88.2% and approximately 83.7% for the nine months ended 30 September 2017. The increase in our gross profit and gross profit margin was mainly due to the increase in revenue brought by the commercial launch of various mobiles game series since 2017.

### ***Other income***

Our other income mainly consisted of interest income from short-term bank deposits and government grants. For the nine months ended 30 September 2018, our other income was approximately RMB1.8 million, compared with approximately RMB1.2 million for the same period of 2017.

### ***Game research costs***

Our game research costs for the nine months ended 30 September 2018 amounted to approximately RMB0.6 million, representing an increase of approximately RMB0.2 million as compared to RMB0.4 million for the nine months ended 30 September 2017.

### ***Distribution costs***

Our distribution costs for the nine months ended 30 September 2018 amounted to approximately RMB0.6 million, representing an increase of approximately RMB0.1 million as compared to RMB0.5 million for the same period in 2017, mainly due to the increase in salaries and benefits of promotional staff.

### ***Administrative expenses***

Our administrative expenses for the nine months ended 30 September 2018 amounted to approximately RMB16.5 million, representing an increase of approximately 132.4% as compared to approximately RMB7.1 million for the nine months ended 30 September 2017. Without taking into the relevant professional costs incurred in relation to the application for a transfer of listing from GEM to the Main Board of the Company during the Reporting Period, our administrative expenses for the nine months ended 30 September 2018 amounted to approximately RMB14.4 million, representing an increase of approximately 102.8% as compared to approximately RMB7.1 million for the nine months ended 30 September 2017. The increase in our administrative expenses was mainly due to the increase in salaries, benefits, consultation fees of our administrative staff, depreciation of fixed assets as well as the increase in rentals for our operating premises.

### ***Income tax expense***

Our income tax expense for the nine months ended 30 September 2018 amounted to approximately RMB20.3 million while we recorded RMB9.8 million for the nine months ended 30 September 2017. The increase in our income tax expense was mainly due to the significant increase in the profits of the PRC subsidiary of the Group during the Reporting Period as compared to the same period in 2017 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 114.3% from approximately RMB28.7 million for the nine months ended 30 September 2017 to approximately RMB61.5 million for the nine months ended 30 September 2018.

### **Significant Investments, Material Acquisitions or Disposal of Subsidiaries and Associated Companies**

During the Reporting Period, the Group invested in two companies in Thailand so as to expand in overseas markets, through which the Group can keep abreast of the information and trends of the Thai market. Meanwhile, the Group is looking for qualified agents to develop and promote our game products. In addition, the Group established a wholly-owned subsidiary in Shenzhen, the PRC, during the Reporting Period to engage in research and development of game products for the better management of our game development project team. Save for the investments mentioned above, there was no other significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

### **Earnings Per Share**

For the nine months ended 30 September 2018 and 2017, the earnings per share of the Group was approximately RMB19.21 cents and RMB8.95 cents, respectively. The calculation is based on profit attributable to owners of the Company for the period of approximately RMB61.5 million and RMB28.7 million respectively and the weighted average number of 320,000,000 ordinary shares outstanding during the respective 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 nine months ended 30 September 2018 and 2017.

### **Interim Dividends**

On 22 June 2018, the Company paid a final dividend for 2017 amounting to HK\$20.0 million (approximately RMB16.5 million) in aggregate, in form of a cash dividend of HK\$0.125 (equivalent to approximately RMB0.103) per share and bonus shares of approximately RMB1.3 million on the basis of 1 share for every share held to the shareholders whose names appear on the register of members of the Company as at 8 June 2018.

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.

Save as disclosed above, the Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2018 (Nine months ended 30 September 2017: 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 2018.

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

This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the GEM website at [www.hkgem.com](http://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](http://www.firerock.hk). The quarterly report of the Company for the nine months ended 30 September 2018 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, 13 November 2018

*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 and Ms. Yang Kan; and the independent non-executive Directors are Mr. Chan King Fai, Mr. He Yunpeng and Mr. Chen Di.*