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**火岩控股**  
FIRE ROCK HOLDINGS

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

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

### **FINANCIAL HIGHLIGHTS (UNAUDITED)**

- For the six months ended 30 June 2024, the Group's revenue decreased by approximately 2.3% from approximately HKD64.5 million for the six months ended 30 June 2023 to approximately HKD63.0 million.
- For the six months ended 30 June 2024, the Group's gross profit decreased by approximately 0.8% from approximately HKD52.6 million for the six months ended 30 June 2023 to approximately HKD52.2 million.
- For the six months ended 30 June 2024, the Group's profit decreased by approximately 97.6% from approximately HKD587.6 million for the six months ended 30 June 2023 to approximately HKD14.1 million.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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 2024 (the “**Reporting Period**”) together with the comparative figures for the six months ended 30 June 2023. 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>	<b>2024</b> <b><i>HKD'000</i></b> <b>(unaudited)</b>	<b>2023</b> <b><i>HKD'000</i></b> <b>(unaudited)</b>
Revenue	4	<b>62,999</b>	64,540
Direct costs		<b>(10,783)</b>	(11,979)
Gross profit		<b>52,216</b>	52,561
Other income	4	<b>238</b>	592,712
Change in fair values of financial assets at fair value through profit or loss		<b>6,468</b>	—
Distribution costs		<b>(26,553)</b>	(25,093)
Administrative expenses		<b>(14,216)</b>	(16,322)
Loss on disposal of subsidiary	13	<b>—</b>	(2,771)
Finance costs		<b>(44)</b>	(9,095)
<b>Profit before income tax</b>	5	<b>18,109</b>	591,992
Income tax expense	6	<b>(4,046)</b>	(4,352)
<b>Profit for the period</b>		<b>14,063</b>	587,640
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences on translation of foreign operations		<b>(4,581)</b>	5,064
<b>Other comprehensive income for the period</b>		<b>(4,581)</b>	5,064
<b>Total comprehensive income for the period</b>		<b>9,482</b>	592,704
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>6,766</b>	581,728
Non-controlling interests		<b>7,297</b>	5,912
		<b>14,063</b>	587,640
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>2,765</b>	586,138
Non-controlling interests		<b>6,717</b>	6,566
		<b>9,482</b>	592,704
		<b><i>HKD cents</i></b>	<b><i>HKD cents</i></b>
<b>Earnings per share</b>			
Basic and diluted	8	<b>0.18</b>	15.15

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024 <i>HKD'000</i> (unaudited)	As at 31 December 2023 <i>HKD'000</i> (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		2,636	5,077
Intangible assets	9	26,679	15,350
Right-of-use assets		1,647	1,172
Financial assets at fair value through profit or loss		34,165	27,511
Deposits		76	84
Deferred tax assets		2,121	2,170
		<u>67,324</u>	<u>51,364</u>
<b>Current assets</b>			
Trade receivables	10	16,236	20,645
Prepayments, deposits and other receivables		7,012	3,372
Cash and cash equivalents		61,831	85,492
		<u>85,079</u>	<u>109,509</u>
<b>Current liabilities</b>			
Other payables and accruals	11	3,029	12,663
Deferred revenue		991	11
Lease liabilities		1,391	708
Tax payables		2,566	4,923
		<u>7,977</u>	<u>18,305</u>
<b>Net current assets</b>		<u>77,102</u>	<u>91,204</u>
<b>Total assets less current liabilities</b>		<u>144,426</u>	<u>142,568</u>

		As at 30 June 2024 <i>HKD'000</i> (unaudited)	As at 31 December 2023 <i>HKD'000</i> (audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Lease liabilities		298	507
Deferred tax liabilities		<u>1,739</u>	<u>1,740</u>
		<u>2,037</u>	<u>2,247</u>
<b>Net assets</b>		<u><b>142,389</b></u>	<u><b>140,321</b></u>
<b>Equity</b>			
Share capital	12	3,200	3,200
Reserves		<u>130,637</u>	<u>127,872</u>
Total equity attributable to owners of the Company		133,837	131,072
Non-controlling interests		<u>8,552</u>	<u>9,249</u>
<b>Total equity</b>		<u><b>142,389</b></u>	<u><b>140,321</b></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1. GENERAL INFORMATION

Fire Rock Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 3 November 2014. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 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 2024, 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 2024, 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 23 August 2024.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The Interim Condensed Financial Statements for the six months ended 30 June 2024 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 2024, the accounting policies applied in preparing this unaudited Interim Condensed Financial Statements for the six months ended 30 June 2024 are consistent with those of the annual financial statements for the year ended 31 December 2023 issued by the Company on 28 March 2024, 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 2024. 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 2023.

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 2024 & 2023, the Group has two reportable segments. These segments are managed separately as each business offers different products and services which require different business strategies. The following summary describes the operations in each of the Group's reportable segments:

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

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue from customers:</b>		
Game and software development and publishing	<b>22</b>	265
Game operation and publishing	<b>62,977</b>	64,275
	<b>62,999</b>	64,540

Certain corporate income and expenses are not allocated to the operating segments as they are not included in the measurement 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 2024 and 2023 is set out below.

	<b>For the six months ended 30 June 2024</b>		
	<b>Game and software development and publishing <i>HKD'000</i> (unaudited)</b>	<b>Game operation and publishing <i>HKD'000</i> (unaudited)</b>	<b>Total <i>HKD'000</i> (unaudited)</b>
Revenue from external customers	<u>22</u>	<u>62,977</u>	<u>62,999</u>
Reportable segment (loss)/profit	(6,661)	21,556	14,895
Interest income	3	40	43
Finance costs	30	14	44
Depreciation	648	207	855
Additions to non-current assets	<u>144</u>	<u>59</u>	<u>203</u>

	<b>As at 30 June 2024</b>		
	<b>Game and software development and publishing <i>HKD'000</i> (unaudited)</b>	<b>Game operation and publishing <i>HKD'000</i> (unaudited)</b>	<b>Total <i>HKD'000</i> (unaudited)</b>
Reportable segment assets	102,044	32,477	134,521
Reportable segment liabilities	<u>4,154</u>	<u>5,800</u>	<u>9,954</u>

	<b>For the six months ended 30 June 2023</b>		
	<b>Game and software development and publishing <i>HKD'000</i> (unaudited)</b>	<b>Game operation and publishing <i>HKD'000</i> (unaudited)</b>	<b>Total <i>HKD'000</i> (unaudited)</b>
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	1,351	272	1,623
Additions to non-current assets	<u>112</u>	<u>56</u>	<u>168</u>

	As at 31 December 2023		
	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	104,321	41,646	145,967
Reportable segment liabilities	<u>5,773</u>	<u>13,096</u>	<u>18,869</u>

Reconciliation of reportable segment profit, assets and liabilities:

	For the six months ended 30 June	
	2024 <i>HKD'000</i> (unaudited)	2023 <i>HKD'000</i> (unaudited)
<i>Profit before income tax</i>		
Reportable segment profit	14,895	10,421
Unallocated interest income	8	27
Unallocated corporate profit	<u>3,206</u>	<u>581,544</u>
Consolidated profit before income tax	<u>18,109</u>	<u>591,992</u>
	As at 30 June 2024 <i>HKD'000</i> (unaudited)	As at 31 December 2023 <i>HKD'000</i> (audited)
<i>Assets</i>		
Reportable segment assets	134,521	145,967
Unallocated corporate assets	<u>17,882</u>	<u>14,906</u>
Consolidated total assets	<u>152,403</u>	<u>160,873</u>
<i>Liabilities</i>		
Reportable segment liabilities	9,954	18,869
Unallocated corporate liabilities	<u>60</u>	<u>1,683</u>
Consolidated total liabilities	<u>10,014</u>	<u>20,552</u>



**(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.

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Primary geographical markets*</b>		
Asia Pacific	<b>62,999</b>	<b>64,540</b>

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

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Timing of revenue recognition</b>		
At a point in time	<b>62,999</b>	<b>64,540</b>

  

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>HKD'000</b>	<b>HKD'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
<b>Non-current assets</b>		
Thailand	<b>1,421</b>	<b>1,733</b>
People's Republic of China (the "PRC")	<b>4,616</b>	<b>622</b>
Hong Kong	<b>691</b>	<b>857</b>
Singapore	<b>24,310</b>	<b>18,471</b>
	<b>31,038</b>	<b>21,683</b>

*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 2024.

#### 4. REVENUE AND OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
<b>Revenue</b>		
Game and software development and publishing	22	265
Game operation and publishing	62,977	64,275
	<u>62,999</u>	<u>64,540</u>
<b>Other income</b>		
Interest income	51	89
Government grants	—	211
Exchange (loss)/gain, net	(65)	17,524
Surrender of Promissory notes	—	574,716
Others	252	172
	<u>238</u>	<u>592,712</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	
	2024	2023
	HKD'000	HKD'000
	(unaudited)	(unaudited)
Depreciation of plant and equipment*	576	442
Depreciation of right-of-use assets*	444	552
Interest expense on promissory notes	—	8,231
Imputed interest expenses on promissory notes	—	837
Interest expense on lease liabilities	44	27
Exchange loss/(gain), net	65	(17,524)
Employee costs (including directors' remuneration)	8,279	7,371

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

## 6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
	(unaudited)	(unaudited)
Current period — Thailand Corporate Income Tax (“CIT”)		
— Tax for the period	<u>4,046</u>	<u>4,352</u>

## 7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 HKD6,766,000 (for the six months ended 30 June 2023: approximately HKD581,728,000) and the weighted average number of 3,840,000,000 ordinary shares (for the six months ended 30 June 2023: 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 2024 and 2023.

## 9. INTANGIBLE ASSETS

For the six months ended 30 June 2024, additional development costs of approximately HKD11,329,000 (for the six months ended 30 June 2023: approximately HKD7,419,000).

## 10. TRADE RECEIVABLES

The Group allows credit period within 30 days to its 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 2024 <i>HKD'000</i> (unaudited)	As at 31 December 2023 <i>HKD'000</i> (audited)
0–30 days	10,005	10,486
31–60 days	4,586	8,192
61–90 days	41	47
91–180 days	104	1,629
181–365 days	<u>1,500</u>	<u>291</u>
	<u>16,236</u>	<u>20,645</u>

No impairment allowance under the expected credit losses approach was provided as the management considered that there has not been a significant change in credit quality based on historical experience and the impairment allowance has no significant financial impact on the Group's trade receivables as at 30 June 2024 and 31 December 2023.

The Group does not hold any collateral over these balances.

#### 11. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 <i>HKD'000</i> (unaudited)	As at 31 December 2023 <i>HKD'000</i> (audited)
Accruals	1,995	11,210
Other tax payables	1,034	1,453
	<u>3,029</u>	<u>12,663</u>

#### 12. SHARE CAPITAL

	Number of shares	Amount <i>HKD'000</i>
<b>Authorised:</b>		
At 31 December 2023, 1 January 2024 and 30 June 2024	<u>24,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>		
At 31 December 2023, 1 January 2024 and 30 June 2024	<u>3,840,000,000</u>	<u>3,200</u>

#### 13. DISPOSAL OF A SUBSIDIARY

On 6 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>
Property, plant and equipment	—
Bank balances and cash	100
Other payables	(6)
Amount due to the Group	<u>(5,203)</u>
Net liabilities	<u><u>(5,109)</u></u>
Release of foreign exchange reserve	(179)
Release of non-controlling interests	3,041
Waiver of receivables from the disposal group	5,203
Loss on disposal of Lord Metaverse	<u>(2,771)</u>
Total consideration satisfied by cash	<u><u>185</u></u>

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

	<i>HKD'000</i>
Cash outflow arising on disposal of subsidiary:	
Cash and bank balances disposed of	<u><u>(100)</u></u>

#### 14. EVENTS AFTER THE REPORTING PERIOD

Apart from the events as disclosed elsewhere in this announcement, there have been no other material events occurring after the reporting period and up to the date of this announcement.

## 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 2024. 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 2024, the profit attributable to equity holders of the Company was HKD6.8 million, while for the six months ended 30 June 2023, the profit attributable to equity holders of the Company was HKD581.7 million. The decrease was mainly due to the one-time non-recurring income from the surrender of promissory notes as stated in the announcement of the Company dated 30 June 2023 and given the increase in market instability, the profit attributable to equity holder may not be predictable in the future.

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 the third parties in promoting game-related business, and provide intellectual property rights licensing services to enterprises ("**Game Publishing and Operation**"). We also self-operate our self-developed games products in oversea markets.

During the six months ended 30 June 2024, the Group's revenue was approximately HKD63.0 million, representing a decrease of approximately HKD1.5 million as compared to approximately HKD64.5 million for the six months ended 30 June 2023, which was primarily due to the impact of the market environment (including the change of exchange rate) and the general economic conditions of the industry.

### ***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 2024 and 2023:

	For the six months ended 30 June			
	2024		2023	
	<i>HKD'000</i> (unaudited)	%	<i>HKD'000</i> (unaudited)	%
Asia Pacific	<u>62,999</u>	<u>100.0</u>	<u>64,540</u>	<u>100.0</u>

### **Direct costs**

The Group's direct costs mainly consisted of staff costs and benefits, channel costs charged by self-operated game platforms and licensed distribution costs. 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			
	2024		2023	
	<i>HKD'000</i> (unaudited)	%	<i>HKD'000</i> (unaudited)	%
Staff costs and benefits	566	5.3	530	4.4
Self-operated channel costs	3,809	35.3	3,362	28.1
Licensed distribution costs	<u>6,408</u>	<u>59.4</u>	<u>8,087</u>	<u>67.5</u>
Total	<u>10,783</u>	<u>100.0</u>	<u>11,979</u>	<u>100.0</u>

The decrease in direct costs for the six months ended 30 June 2024 was mainly due to the decrease in the licensed distribution costs.

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

Our gross profit for the six months ended 30 June 2024 amounted to approximately HKD52.2 million, as compared to approximately HKD52.6 million for the six months ended 30 June 2023. Our gross profit margin for the six months ended 30 June 2024 was approximately 82.9% as compared to approximately 81.4% for the six months ended 30 June 2023. The increase in our gross profit margin was mainly due to the effective control on the licensed distribution costs during the reporting period.

## **Other income**

Our other income mainly consisted of interest income of bank deposits, government grants, exchange gain, surrender of promissory notes and other gains. For the six months ended 30 June 2024, our other income was approximately HKD0.2 million, compared with approximately HKD592.7 million for the same period in 2023. The significant decrease in other income was mainly due to the one-time non-recurring other income of the surrender of promissory notes as disclosed in the announcement dated 30 June 2023.

## **Distribution costs**

Our distribution costs for the six months ended 30 June 2024 amounted to approximately HKD26.6 million, represented an increase of approximately HKD1.5 million as compared to approximately HKD25.1 million for the same period in 2023. The increase in distribution costs for the six months ended 30 June 2024 was due to the increase in advertising and promotional expenses.

## **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 2024 amounted to approximately HKD14.2 million, representing a decrease of approximately 12.9% as compared to approximately HKD16.3 million for the six months ended 30 June 2023. The decrease of the Group's administrative expenses was mainly attributable to the decrease in professional fees paid during the reporting period.

## **Income tax expense**

Our income tax expense for the six months ended 30 June 2024 amounted to approximately HKD4.0 million while we recorded HKD4.4 million for the six months ended 30 June 2023. The decrease in our income tax expense was mainly attributable to the decrease in revenue and profit.

## **Profit for the reporting period**

Given the aforesaid reasons, profit attributable to owners of the Company decreased by approximately 98.8% from approximately HKD581.7 million for the six months ended 30 June 2023 to approximately HKD6.8 million for the six months ended 30 June 2024. The significant decrease in profit attributable to owners of the Company for the six months ended 30 June 2024 was mainly attributable to the one-time non-recurring other income recorded in the six months ended 30 June 2023 as disclosed in the announcement dated 30 June 2023.



## **LIQUIDITY AND FINANCIAL RESOURCES**

For the six months ended 30 June 2024, 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 2024, the Group deposited its capital with commercial banks in the PRC, 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 2024, our cash and cash equivalents amounted to approximately HKD61.8 million, compared with approximately HKD85.5 million as at 31 December 2023, which primarily consisted of cash at bank and cash in hand and which are mainly denominated in USD (as to approximately 66.5%), THB (as to approximately 24.6%), HKD (as to approximately 2.0%), RMB (as to approximately 3.2%) and SGD (as to approximately 3.7%).

## **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 2024, 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 2023: approximately HKD0.2 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 2024, the Group did not have any short-term or long-term borrowings.

As at 30 June 2024, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 6.6% (as at 31 December 2023: approximately 12.8%).

## CHARGE ON GROUP ASSETS

As at 30 June 2024, no assets of the Group was pledged as a security for bank borrowings or any other financing facilities (as at 31 December 2023: Nil).

## INFORMATION ON EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 120 employees (as at 30 June 2023: 86 employees), who mainly worked and were located in Hong Kong, the PRC, Singapore, and Thailand. The table below sets forth the number of employees by function as at 30 June 2024 and 2023:

Department	As at 30 June			
	2024		2023	
	<i>Number of employees</i>	<i>% of total employees</i>	<i>Number of employees</i>	<i>% of total employees</i>
<b>Management</b>	<b>6</b>	<b>5%</b>	12	14%
<b>Project Development</b>	<b>41</b>	<b>34%</b>	24	28%
Game design	13	11%	10	12%
Programming	17	14%	8	9%
Art	11	9%	6	7%
<b>Project Support</b>	<b>52</b>	<b>44%</b>	38	44%
Marketing	27	23%	5	6%
Licensing and operator support	24	20%	24	28%
Information technology	1	1%	9	10%
<b>Finance and administration</b>	<b>21</b>	<b>17%</b>	12	14%
<b>Total</b>	<b>120</b>	<b>100%</b>	86	100%

The total remuneration of the employees of the Company was approximately HKD8.3 million for the six months ended 30 June 2024 (for the same period in 2023: approximately HKD7.4 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.

Contributions to the Group's defined contribution retirement schemes charged to the Group's condensed consolidated statement of comprehensive income for the six months ended 30 June 2024 were approximately HKD1.4 million (for the six months ended 30 June 2023: approximately HKD1.2 million). There was no contribution forfeited by the Group on behalf of its employees who left their respective scheme prior to vesting fully in such contribution, which may be used by the Group to reduce the existing level of contributions during the six months ended 30 June 2024 and 2023. As at 30 June 2024 and 30 June 2023, there was no forfeited contribution available to reduce the level of contributions in future years.

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).

For the six months ended 30 June 2024, 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 2024, the Group did not have any significant contingent liabilities (as at 31 December 2023: 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, RMB 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 2024 and 2023. 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 2024, 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 adaptation 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 2024, the Company's use of proceeds from the Placing is set out as follows:

	Original allocation	Original allocation	30 June 2024 Amount used	30 June 2024 Amount used	30 June 2024 Amount unused	30 June 2024 Amount unused	Expected timeline of full utilisation of unutilised amounts as at 30 June 2024
	<i>HKD million</i>	<i>percentage</i>	<i>HKD million</i>	<i>percentage</i>	<i>HKD million</i>	<i>percentage</i>	
Continual optimisation of our existing games on various platforms	2.9	10.0%	2.9	10.0%	—	—	
Development of new games — Browser games	7.2	25.0%	7.2	25.0%	—	—	
Development of new games — Mobile games	7.2	25.0%	7.2	25.0%	—	—	
Seeking opportunities to obtain/acquire the adaptation rights of appropriate source materials	3.6	12.5%	2.5	8.7%	1.1	3.8%	By end of 2024
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%	—	—	
	<u>28.9</u>	<u>100.0%</u>	<u>27.8</u>	<u>96.2%</u>	<u>1.1</u>	<u>3.8%</u>	
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>	

The Group has been seeking opportunities to obtain or acquire the adaptation rights of appropriate source materials but no concrete agreement was reached for the six months ended 30 June 2024 and as at the date of this announcement. In view of the vulnerable global economy and uncertain policy environment of the mobile game industry, the Board considered it appropriate to adopt a relatively cautious approach in the acquisition of the adaptation rights of appropriate source materials such as fictional characters, artworks or game designs. Since the use of such net proceeds was delayed, the Group will continue to actively seek opportunities and expect to utilise such proceeds by the end of 2024.

## **EARNINGS PER SHARE**

The calculation of earnings per share is based on the profit attributable to owners of the Company of approximately HKD6.8 million or earnings per share of approximately 0.18 Hong Kong cents for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately HKD581.7 million or earnings per share of approximately 15.15 Hong Kong cents) and the weighted average number of 3,840,000,000 ordinary shares (for the six months ended 30 June 2023: 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 2024 and 2023.

## **DIVIDENDS**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 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 C1 thereto.

The Company has complied with the Listing Rules and all the code provisions of the Corporate Governance Code set out in Appendix C1 thereto throughout the six months ended 30 June 2024.

## **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 2024.

## **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 2024 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 2024 complied with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

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

This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk), in the case of this announcement, on the "Latest Company Announcements" page for at least seven days from the day of its posting. This announcement will also be published on the Company's website at [www.firerock.hk](http://www.firerock.hk). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the 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**  
**Wong Yan**  
*Executive Director*

Hong Kong, Friday, 23 August 2024

*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.*