



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

2020 INTERIM REPORT






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DEFINITION



“ACT”	action game, which refers to action-themed games in which players control the avatar of a protagonist to navigate different levels of the game, and typically to collect items, avoid obstacles and fight enemies, testing players’ hand-eye coordination and reaction time
“Android”	an operating system developed and maintained by Google Inc. designed primarily for touchscreen technology used in smartphones and tablets
“ARPG”	action role-playing game, also known as the real-time combat role-playing game, in which the player character instantly responds to the player’s operations and the game player has direct control over their characters
“ARPPU”	average revenue per paying user, calculated by dividing the monthly average royalties from the net sale of credits of licensed operators for the in-game tokens during a certain period by the average MPU during the same period
“Articles of Associations”	the articles of association of the Company conditionally adopted on 24 January 2016 and as amended, supplemented and otherwise modified from time to time
“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors of the Company
“browser games”	online games that can be played within a web browser which do not require active installation of client software

“commercial launch” or “commercialisation”	a game is considered commercially launched once our licensed operator(s) have (i) designated third party payment channels to collect payment for sales of in-game tokens, and (ii) concluded the open beta testing stage
“Company”	Fire Rock Holdings Limited (火岩控股有限公司), a company incorporated in the Cayman Islands with limited liability and all of its subsidiaries, the Shares of which are listed on the Main Board (Stock code: 1909)
“Director(s)”	the director(s) of the Company
“EUR”	the lawful currency of the Euro Zone
“free-to-play”	a model used in the gaming industry, under which game players can play games for free, but may need to pay for in-game tokens to enhance their gaming experience
“Fire Rock International”	Fire Rock International Limited (火岩國際有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group” or “we”	the Company and where the context otherwise requires, all of its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong





“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“iOS”	a mobile operating system developed and maintained by Apple Inc. and used exclusively in Apple touchscreen technology including, iPhones, iPods, and iPads
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing”	the listing of the Shares of the Company on GEM
“listing expenses”	the service fees incurred in relation to the Company’s transfer of listing from GEM to the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Board”	Main Board of the Stock Exchange
“mobile games”	online games that are downloaded to and played on mobile devices including smartphones and tablets
“monthly paying users” or “MPU”	monthly paying users, which is the number of paying players in the relevant calendar month. Average MPU for a particular period is the average of the MPU of each calendar month during that period
“paying player”	players who obtain in-game tokens with credits of licensed operators
“Placing”	the conditional placing of Shares of the Company in February 2016

“PRC”	the People’s Republic of China excluding, for the purpose of this report, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Remuneration Committee”	the remuneration committee under the Board
“Reporting Period”	the six months ended 30 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“RPG”	role-playing game, in which players adopt the roles of one or more in-game characters and are able to interact within the game’s virtual world in accordance with in-game rules and guidelines
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Fire Element”	Shenzhen Fire Element Network Technology Company Limited (深圳市火元素網絡技術有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THB”	Thai Baht, the lawful currency of Thailand
“USA”	the United States of America





“USD”	United States dollars, the lawful currency of the United States
“%”	per cent

In this report, the terms “associate”, “close associate”, “connected”, “connected person”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings ascribed thereto under the Listing Rules, unless the context otherwise requires.

COMPANY PROFILE

Executive Directors

Mr. HUANG Yong
(Chief Executive Officer)
 Mr. RAO Zhenwu
(resigned on 10 August 2020)
 Mr. WU Zhe
(resigned on 10 August 2020)
 Mr. ZHOU Kun
(appointed on 10 August 2020)

Non-executive Directors

Mr. ZHANG Yan *(Chairman)*
 Ms. YANG Kan

Independent Non-executive Directors

Mr. CHAN King Fai
 Mr. CHEN Di
 Mr. YANG Zhen

Audit Committee

Mr. CHAN King Fai *(Chairman)*
 Mr. CHEN Di
 Mr. YANG Zhen

Remuneration Committee

Mr. CHEN Di *(Chairman)*
 Mr. CHAN King Fai
 Mr. HUANG Yong

Nomination Committee

Mr. ZHANG Yan *(Chairman)*
 Mr. CHEN Di
 Mr. YANG Zhen

Joint Company Secretaries

Mr. WEI Dong
 Mr. CHU Hon Leung

Authorised Representatives

Mr. HUANG Yong
 Mr. CHU Hon Leung

Registered Office

Clifton House
 75 Fort Street
 P.O. Box 1350
 Grand Cayman KY1-1108
 Cayman Islands

Headquarter and Principal Place of Business in the PRC

9th Floor, Block 1
 Chongwen Garden
 Nanshan IPark
 3370 Liuxian Avenue
 Nanshan District
 Shenzhen, Guangdong
 The People's Republic of China

Principal Place of Business in Hong Kong

2201–2203, 22/F
 World-Wide House
 Central
 Hong Kong

Principal Share Registrar and Transfer Office

Ocorian Trust (Cayman) Limited
 Clifton House
 75 Fort Street
 P.O. Box 1350
 Grand Cayman KY1-1108
 Cayman Islands





Hong Kong Branch Share Registrar and Transfer Office

Tricolor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

China Merchant Bank,
Shenzhen Branch
Bank of Communications Co., Ltd.,
Hong Kong Branch

Compliance Adviser

Kingsway Capital Limited

Hong Kong Legal Adviser

Li & Partners

Auditor

BDO Limited
Certified Public Accountants

Stock Code

1909

Company Website

www.firerock.hk

FINANCIAL HIGHLIGHTS (UNAUDITED)

	For the six months ended 30 June	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	285,156	102,823
Gross profit	267,351	96,285
Profit	192,680	61,293

- For the six months ended 30 June 2020, the Group's revenue increased by approximately 177.4% from approximately RMB102.8 million for the six months ended 30 June 2019 to approximately RMB285.2 million.
- For the six months ended 30 June 2020, the Group's gross profit increased by approximately 177.7% from approximately RMB96.3 million for the six months ended 30 June 2019 to approximately RMB267.4 million.
- For the six months ended 30 June 2020, the Group's profit increased by approximately 214.4% from approximately RMB61.3 million for the six months ended 30 June 2019 to approximately RMB192.7 million.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors of Fire Rock Holdings Limited is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 June 2020. The interim results have been reviewed by the Audit Committee of the Company.

Business Review and Prospects

Review

Our Group is a game developer principally engaged in the development of browser and mobile games. Since last year, the Group has commenced self-operation by introducing its self-developed game products in overseas markets, seeking to transform gradually into a business model of “game developer + game publisher” and enhance our comprehensive profitability. During the Reporting Period, the Group continued to focus on the research and development of browser and mobile games to cope with the ever intensifying competition of the industry. As for browser games, we made greater effort in the research of H5 technology by leveraging on our strengths in research and development to develop browser games products of higher quality. As for mobile games, we made greater investments in the continual optimisation and update of existing games as well as the initiation of various mobile game series, which captured the development opportunity from the constantly fast-growing mobile game industry and achieved satisfactory results. Meanwhile, we continued to expand our game operation business overseas and launched several self-operated games, generating growing revenue from overseas markets. In addition, the research and development of the intellectual property rights in relation to computer software is part of the Company’s strategic development. We have developed computer software related to game operations and provided licensing services with respect to intellectual property rights to enterprises, thereby diversifying the revenue of the Group, which also enables us to have a closer relationship with our licensed operators.

In terms of financial performance, during the six months ended 30 June 2020, our revenue increased by approximately 177.4% from approximately RMB102.8 million for the six months ended 30 June 2019 to approximately RMB285.2 million; of which, the revenue of mobile games reached approximately RMB273.0 million, representing an increase of approximately

170.3% as compared to the same period in 2019. Revenue of mobile games amounted to 95.7% of the Group's revenue. Profit of the Group increased by approximately 214.4% from approximately RMB61.3 million for the six months ended 30 June 2019 to approximately RMB192.7 million for the six months ended 30 June 2020.

In terms of game products, for the six months ended 30 June 2020, the Group commercially launched two mobile game series, the Super Bouncy (超級彈彈彈) series and the Jungle Treasure (叢林秘寶) series, and re-licensed the mobile version of the Age of Star Wars (星戰紀) series (operation suspended in July 2019) to operators, which further expanded our game portfolio and diversified our revenue sources. In addition, due to the business realignment of game operators, the licensed operators underwent negotiation with us and discontinued the operation of the mobile version of the Hero's Crown (英雄皇冠) series, the Super Bouncy (超級彈彈彈) series and the Shaky Battle (晃晃大作戰) series on the platform of licensed operators in January, March and May 2020, respectively.

As at 30 June 2020, the Group has licensed 19 self-developed games series 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 Sulfurons (薩弗隆戰記) series, the mobile version of Super Tycoon (超級大亨) series, the mobile version of Forest Gala (森林大聯歡) series, the mobile version of Fish Catching Contest (捕魚大亂鬥) series, the mobile version of the Super Cute Monster (超級逗萌獸) series, the mobile version of the Super Rich (超級大富翁) series, the mobile version of the Age of Star Wars (星戰紀) series, the mobile version of the Shaky Battle (晃晃大作戰) series, the mobile version of the Super Diglett Fighting (超級地鼠大亂鬥) series and the mobile version of the Super Bouncy (超級彈彈彈) series to various game operators for the operation, publication and distribution of such games within specified periods and within designated territories. Three mobile games series, namely the Royal Tycoon (皇家大亨) series, the Royal Fish Catching (皇家捕魚) series and the Jungle Treasure (叢林秘寶) series were operated by the Group's overseas subsidiary on its own. Besides, we have developed two computer software, namely the "Fire Element Mobile Software General

Framework (火元素移動軟件通用框架)” and the “Fire Element Integrated Work Station System (火元素集成工作台系統)” and authorised the use of such software to enterprises such as business partners.

For the six months ended 30 June 2020, the revenue and the proportion of their revenue to our total revenue for five of our major games are listed as follows: the mobile version of our Fish Catching Contest (捕魚大亂鬥) series commercially launched in December 2017 reported revenue of approximately RMB114.4 million for the six months ended 30 June 2020, accounting for approximately 40.1% of our total revenue; the mobile version of our Sweeties Fighting (零食大亂鬥) series commercially launched in May 2017 reported revenue of approximately RMB80.8 million for the six months ended 30 June 2020, accounting for approximately 28.3% of our total revenue; the mobile version of the Royal Tycoon (皇家大亨) series self-operated since commercialisation in July 2019 reported revenue of approximately RMB25.4 million for the six months ended 30 June 2020, accounting for approximately 8.9% of our total revenue; the mobile version of the Super Diglett Fighting (超級地鼠大亂鬥) series commercially launched in July 2019 reported revenue of approximately RMB22.6 million for the six months ended 30 June 2020, accounting for approximately 7.9% of our total revenue; the mobile version of our Age of Star Wars (星戰紀) series commercially re-launched in March 2020 reported revenue of approximately RMB20.5 million for the six months ended 30 June 2020, accounting for approximately 7.2% of our total revenue.

The table below sets forth the 11 main series of games in operation which are commercially launched by our licensed operators or self-operated as of 30 June 2020:

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
	ディヴァイン・グリモワール / Divine Grimoire	Browser	September 2012
German	Kings and Legends	Browser	July 2013

Language version	Game title	Platform	Initial commercial launch date
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>Sweeties Fighting (零食大亂鬥) series of games</i>			
Simplified Chinese	零食大乱斗	Mobile	May 2017/ June 2019*
<i>Super Tycoon (超級大亨) series of games</i>			
Simplified Chinese	超級大亨	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	超級逗萌兽	Mobile	December 2017
<i>Super Diglett Fighting (超級地鼠大亂鬥) series of games</i>			
Simplified Chinese	超級地鼠大乱斗	Mobile	July 2019
<i>Royal Tycoon (皇家大亨) series of games</i>			
Thai	รอยัล คาลิโน	Mobile	July 2019
<i>Royal Fish Catching (皇家捕魚) series of games</i>			
Thai	เกมยิงปลาพระราช	Mobile	July 2019
<i>Age of Star Wars (星戰紀) series of games</i>			
Simplified Chinese	星战纪	Mobile	June 2018/ March 2020*
<i>Jungle Treasure (叢林秘寶) series of games</i>			
Thai	ล่าสมบัติแห่งพงไพร	Mobile	May 2020

* It represents the launch date of the enhanced and upgraded version of the game series.



As at 30 June 2020, we also had five game series under research and development, including the Fighting Cells (戰鬥細胞) series (tentative name), the Witty Pinball (智力彈球) series (tentative name), the Demon Conquer of the East Sea (東海降魔) series (tentative name), the Fish Catching Contest — Treasure of the Dragons (捕魚大亂鬥之龍族秘寶) series (tentative name) and New Project A (新項目A) series. We also had two software products under research and development, namely the Fight the Landlord Game AI System (鬥地主遊戲AI系統) (tentative name) and the Good Friend Game Backstage Operation Management System (佳朋鸞遊戲後台運營管理系統) (tentative name).

Game title	Genre	Expected launch date	Start of game inception and evaluation
Fighting Cells (戰鬥細胞) (tentative name)	H5	First quarter of 2021	Second quarter of 2019
Witty Pinball (智力彈球) (tentative name)	H5	First quarter of 2021	Third quarter of 2019
Fight the Landlord Game AI System (鬥地主遊戲AI系統) (tentative name)	Software	Fourth quarter of 2020	Third quarter of 2019
Good Friend Game Backstage Operation Management System (佳朋鸞遊戲後台運營管理系統) (tentative name)	Software	Third quarter of 2020	Third quarter of 2019
Demon Conquer of the East Sea (東海降魔) (tentative name)	Leisure	Fourth quarter of 2020	First quarter of 2020
Fish Catching Contest — Treasure of the Dragons (捕魚大亂鬥之龍族秘寶) (tentative name)	Single-player leisure	Second quarter of 2021	Second quarter of 2020
New Project A*	Leisure	Fourth quarter of 2020	Second quarter of 2020

- * As confirmed by the Group's management, in order to protect the intellectual property of the Group's products, code names will be used for products during the research and development stage in the future.

Prospects

For our primary business, the Group will continue to grow our strengths in research and development so as to develop exquisite mobile games with higher quality, longer life-cycle and innovative game types. We will upgrade and optimise existing games, and keep on investing substantial resources in the research and development of mobile games. In the future, the Group also intends to increase its research and development efforts, thoroughly explore users' game preferences and needs, develop unique style and content, and develop browser games of higher quality using H5 technology or other new technologies in order to maintain its core competitiveness in the research and development of browser games. Besides, the Group also actively seeks to achieve all-round development of the game industry chain capitalising on its advantages in research and development, so as to directly access players and understand their needs.

With presence in the Chinese game market, we will actively expand into overseas markets and promote our games to new potential areas and regions. By further strengthening our position in major global markets, we strive to promote our competitiveness to the next level.

Leveraging on our extensive experience and strong capacity in the development of internet application technology as well as our outstanding technical team, we will continue to put in more effort in the research and development of intellectual property rights (computer software) and launch novel internet application technology and products, as well as providing premium intellectual property rights (computer software) licensing services for our business partners (including licensed operators), so as to enable a closer relationship with our business partners. We believe employing intellectual property rights shall be an integral part of the Group's future development.

Besides, the Company will actively explore the possibilities of external strategic investment, cooperation and acquisition, in particular business opportunities which can enhance the stability and diversity of our revenue, so as to cope with the increasing competition in the industry and the possible impacts caused by the constantly changing policies of the industry on the principal business of the Company.



Financial Review

Revenue

We are engaged in the development of browser, mobile games (including game design, programming and graphics) and computer software related to game operation, based on which we license our self-developed browser and mobile games to licensed operators around the world and provide intellectual property rights licensing services for enterprises. We also self-operate our self-developed game products in overseas markets.

During the six months ended 30 June 2020, our revenue mainly originated from our licensed operators/enterprises/game players 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 rights for specific games and services within an agreed period and designated territories; (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; (iii) intellectual property rights service fees which were charged monthly in accordance with the terms of the agreement; and (iv) revenue which was calculated based on the proportion of values converted upon the purchases of in-game virtual items with the values of the game credits consumed during gameplay which was purchased by game players through payment channels.

Our revenue increased by approximately 177.4% from approximately RMB102.8 million for the six months ended 30 June 2019 to approximately RMB285.2 million for the six months ended 30 June 2020. The increase in revenue was mainly due to the increase in revenue brought by the successive launch of several mobile game series from 2017 to 2019, being the Sweeties Fighting (零食大亂鬥) series, the Fish Catching Contest (捕魚大亂鬥) series, the Royal Tycoon (皇家大亨) series, the Super Diglett Fighting (超級地鼠大亂鬥) series and so on.

The following table sets out a breakdown of our revenue for each of the six months ended 30 June 2020 and 2019:

	For the six months ended 30 June			
	2020		2019	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Revenue from online games*	273,715	96.0	102,823	100.0
Self-operated	27,172	9.5	—	—
Licensed operated	246,543	86.5	102,823	100.0
Intellectual property rights licensing	11,441	4.0	—	—
	285,156	100.0	102,823	100.0

Note :

- * Details of the online game revenue are set forth in the sections headed "Online Game Revenue by game platforms and revenue types" and "Online Game Revenue by Game Product Series".



Revenue by geographical markets

The following table sets forth our revenue from our games based on territories, as determined by the type of currency used to settle accounts with the licensed operators, in absolute amounts and as a percentage of our revenue for each of the six months ended 30 June 2020 and 2019:

	For the six months ended 30 June			
	2020		2019	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
The PRC (place of domicile)	257,426	90.3	102,262	99.5
Asia Pacific	27,283	9.6	236	0.2
North America	—	—	13	(Note)
Europe	447	0.1	312	0.3
Total	285,156	100.0	102,823	100.0

Note: The figures for these items are not shown due to rounding difference.

Online Game 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 six months ended 30 June 2020 and 2019:

	For the six months ended 30 June			
	2020		2019	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Browser version	684	0.2	1,840	1.8
Royalties	684	0.2	1,840	1.8
Mobile version	273,031	99.8	100,983	98.2
License fees	—	—	530	0.5
Royalties	273,031	99.8	100,453	97.7
Total	273,715	100.0	102,823	100.0

Online Game Revenue by Game Product Series

The table below sets forth the breakdown of revenue by game series for each of the six months ended 30 June 2020 and 2019:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Kings & Legends (王者召喚)	684	0.2	1,379	1.3
Hero's Crown (英雄皇冠)	—	—	467	0.5
Heroines of the Three Kingdoms (姬戰三國)	—	—	8	(Note)
Road of Vengeance (復仇之路)	—	—	996	1.0
Number Drop	—	—	228	0.2
G-game	—	—	838	0.8
Sweeties Fighting (零食大亂鬥)	80,755	29.5	23,636	23.0
Super Tycoon (超級大亨)	236	0.1	136	0.1
Forest Gala (森林大聯歡)	664	0.2	382	0.4
Fish Catching Contest (捕魚大亂鬥)	114,393	41.8	57,994	56.4
Super Cute Monster (超級逗萌獸)	690	0.3	936	0.9
Super Rich (超級大富翁)	—	—	340	0.3
Age of Star Wars (星戰紀)	20,508	7.5	3,024	3.0
Shaky Battle (晃晃大作戰)	5,896	2.2	12,459	12.1
Super Diglett Fighting (超級地鼠大亂鬥)	22,558	8.2	—	—
Royal Tycoon (皇家大亨)	25,364	9.3	—	—
Royal Fish Catching (皇家捕魚)	1,667	0.6	—	—
Super Bouncy (超級彈彈彈)	158	0.1	—	—
Jungle Treasure (叢林秘寶)	142	(Note)	—	—
	273,715	100.0	102,823	100.0

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

Direct costs

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

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Staff costs and benefits	3,517	19.7	3,790	58.0
Amortisation of intangible assets	4,237	23.8	2,032	31.1
Self-operated channel costs	8,168	45.9	—	—
Others	1,883	10.6	716	10.9
Total	17,805	100.0	6,538	100.0

Staff costs and benefits represented salary and benefits of staff who are responsible for making continuous enhancements to and maintenance of our commercially launched games. Staff costs and benefits for the six months ended 30 June 2020 amounted to approximately RMB3.5 million, representing a decrease of approximately 7.9% as compared to approximately RMB3.8 million for the six months ended 30 June 2019.

Amortisation of intangible assets represented the amortisation of intellectual properties for the commercially launched software and games. Amortisation of intangible assets for the six months ended 30 June 2020 amounted to approximately RMB4.2 million, representing a significant increase as compared to approximately RMB2.0 million for the six months ended 30 June 2019. Such increase was mainly attributable to the suspension of operation of the game project Super Bouncy (超級彈彈彈) series as a result of the business realignment of the licensed operators. The unamortised research and development costs of such game were amortised in full, giving rise to an increase in the amortisation of intangible assets.

Self-operated channel costs represented certain proportion of handling fees charged by cooperation platforms with respect to the three games launched, namely Royal Tycoon (皇家大亨) game series, Royal Fish Catching (皇家捕魚) game series and Jungle Treasure (叢林秘寶) game series. Self-operated channel costs for the six months ended 30 June 2020 amounted to approximately RMB8.2 million, while there was no self-operated business in the same period of last year.

Others mainly comprised (i) other tax and surcharges; and (ii) outsourcing services fee for art/graphic design and audio production of sound effects and background music provided by third party service providers. In general, the increase in other tax and surcharges for the six months ended 30 June 2020 was due to the significant increase in revenue.

Gross profit and gross profit margin

Our gross profit for the six months ended 30 June 2020 amounted to approximately RMB267.4 million, representing an increase of approximately RMB171.1 million as compared to approximately RMB96.3 million for the six months ended 30 June 2019. Our gross profit margin for the six months ended 30 June 2020 and 2019 was approximately 93.8% and 93.7%, respectively. The increase in our gross profit and gross profit margin was mainly due to the increase in revenue continuously brought by the commercial launch of new game series since 2017.

Other income

Our other income mainly consisted of interest income of short term bank deposits, government grants and other gains. For the six months ended 30 June 2020, our other income was approximately RMB2.6 million, compared with approximately RMB2.7 million for the same period in 2019.

Research and development costs

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

and programming stage, development and programming work are commenced, including developing the program source code for our software products, graphic design, audio production and character setting. Costs incurred in this stage would be classified as those incurred in the development stage in accordance with the applicable accounting standards and hence recognised as development costs as part of the intangible assets in the condensed consolidated statement of financial position.

The following table sets forth the breakdown of the Group's research and development costs incurred for the reporting periods indicated:

	For six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Research and development costs as recognised in condensed consolidated statement of profit or loss and other comprehensive income:		
Super Bouncy (超級彈彈彈)	—	17
Jungle Treasure (叢林秘寶)	—	69
Fighting Cells (戰鬥細胞)	—	84
Demon Conquer of the East Sea (東海降魔)	58	—
Nishui Tiangang Game Card Reader System (逆水天罡遊戲記牌器系統)	1,336	—
Texas Game AI System (德州遊戲AI系統)	1,323	—
Total	2,717	170


Distribution costs

Our distribution costs for the six months ended 30 June 2020 amounted to approximately RMB15.1 million, represented an increase of about RMB14.5 million as compared to RMB0.6 million for the same period in 2019. The increase was mainly attributable to the increase in the salaries and benefits of promotional personnel and the increase in promotional costs of games which are self-operated overseas.

Administrative expenses

The Group's administrative expenses primarily comprised salaries and employee benefits expenses, operating lease rental expenses, audit fees, legal and professional fees, listing expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets, exchange difference and others. The following table sets forth a breakdown of the Group's administrative expenses for the reporting periods indicated:

	For six months ended 30 June			
	2020		2019	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Salaries and employee benefits	4,576	25.6	4,904	28.4
Legal and professional fees	554	3.1	550	3.2
Professional fees for transfer of listing to Main Board	—	—	5,316	30.8
Depreciation of property, plant and equipment	1,243	7.0	388	2.3
Depreciation of right-of-use assets	1,038	5.8	1,280	7.4
Exchange difference	6,761	37.9	1,228	7.1
Others	3,674	20.6	3,604	20.8
Total	17,846	100.0	17,270	100.0



The Group's administrative expenses for the six months ended 30 June 2020 amounted to approximately RMB17.8 million, representing an increase of approximately 2.9% as compared to approximately RMB17.3 million for the six months ended 30 June 2019. The increase in the Group's administrative expenses was mainly attributable to the increase in amortisation of the renovation expense in relation to the newly leased operating premise of approximately RMB0.4 million during the Reporting Period, the increase in exchange difference resulting from the distribution of final dividend to the overseas parent company by the domestic subsidiaries in the PRC of approximately RMB5.5 million, and the decrease in professional fees for transfer of listing to Main Board of approximately RMB5.3 million.

Income tax expense

Our income tax expense for the six months ended 30 June 2020 amounted to approximately RMB41.4 million while we recorded RMB19.9 million for the six months ended 30 June 2019. The increase in our income tax expense was mainly because of the fact that the profits of the PRC subsidiaries of the Group increased significantly during the Reporting Period as compared to the same period in 2019 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 subsidiaries of the Group.

Profit for the period

Given the aforesaid reasons, profit attributable to owners of the Company increased by approximately 213.2% from approximately RMB61.3 million for the six months ended 30 June 2019 to approximately RMB192.0 million for the six months ended 30 June 2020.

Liquidity and Financial Resources

For the six months ended 30 June 2020, 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 2020, the Group deposited its idle capital with commercial banks in the PRC and Hong Kong as short-term time deposits to allow inactive capital of the Group to generate certain return and did not engage in any investments with high risks or speculative derivative instruments.

Cash and Cash Equivalents

As at 30 June 2020, our cash and cash equivalents amounted to approximately RMB459.9 million, compared with approximately RMB248.5 million as of 31 December 2019, which primarily consisted of cash at bank and cash in hand and which are mainly denominated in RMB (as to approximately 44.6%), HKD (as to approximately 2.3%), THB (as to approximately 2.3%) and USD (as to approximately 50.8%).

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 2020, our total capital expenditures amounted to approximately RMB0.6 million, representing the purchase of furniture and office equipment (the six months ended 30 June 2019: approximately RMB0.6 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 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

During the six months ended 30 June 2020, we did not have any short-term or long-term bank borrowings.

As at 30 June 2020, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 7.3% (31 December 2019: approximately 10.5%).

Charge on Group Assets

As at 30 June 2020, no assets of the Group was pledged as a security for bank borrowings or any other financing facilities (31 December 2019: Nil).

Information on Employees and Remuneration Policy

As at 30 June 2020, the Group had 190 employees (30 June 2019: 145), who mainly worked and were located in the PRC and Thailand. The table below sets forth the number of employees by function as at 30 June 2020 and 2019:

Department	As of 30 June			
	2020		2019	
	<i>Number of employees</i>	<i>% of total employees</i>	<i>Number of employees</i>	<i>% of total employees</i>
Management	7	4%	7	5%
Project Development	111	58%	91	63%
Game design	22	11%	16	11%
Programming	63	33%	53	37%
Art	26	14%	22	15%
Project Support	57	30%	35	24%
Marketing	14	7%	4	3%
Licensing and operator support	32	17%	23	16%
Information technology	11	6%	8	5%
Finance and Administration	15	8%	12	8%
Total	190	100%	145	100%

The total remuneration of the employees of the Company was approximately RMB10.4 million for the six months ended 30 June 2020 (same period in 2019: approximately RMB9.6 million).

The Company has established the Remuneration Committee with written terms of reference in compliance with Chapter 3 of the Listing Rules.

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

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

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

Given the intense competition of the industry, in order to maintain our core competence for future development, management of the Group is considering a series of measures to reward and retain outstanding employees. Such measures include improving remuneration packages and providing various benefits, so as to enhance the company's capability for sustainable development and maintain a leading position in the industry.

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

There was no significant investment, material acquisition and disposal by the Company or its subsidiaries during the six months ended 30 June 2020.



Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

Foreign Exchange Risks

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD, EUR, JPY, THB and HKD. Approximately 9.7% of the revenue are denominated in currencies other than the functional currency of the operating units making the sales for the six months ended 30 June 2020 (30 June 2019: approximately 0.5%). 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.

Approximately 90.3% (30 June 2019: approximately 99.5%) of the transactions of the Company are denominated and settled in its functional currency, RMB. The Company's foreign exchange risks primarily arose from the cash and cash equivalents denominated in USD, EUR, HKD and THB.

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 was approximately HK\$28.9 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 2020, the Group has spent approximately HK\$26.0 million, in aggregate, of the proceeds from the Placing (approximately HK\$7.2 million on development of new games on mobile devices platform, approximately HK\$7.2 million on development of new browser games, approximately HK\$2.9 million on the continual optimisation of our existing games on various platforms, approximately HK\$1.6 million on enhancing our game development capabilities, approximately HK\$3.6 million on the acquisition/investment of game developers, approximately HK\$2.0 million on the acquisition/purchase of the adaption rights of source materials and related companies and approximately HK\$1.5 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 2020, the Company's use of proceeds from the Placing is set out as follows:

	Original allocation	Original allocation	30 June 2020 Amount used	30 June 2020 Amount used	30 June 2020 Amount unused	30 June 2020 Amount unused
	HKD million	percentage	HKD million	percentage	HKD million	percentage
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	24.9%	—	—
Development of new games — Mobile games	7.2	25.0%	7.2	24.9%	—	—
Seeking opportunities to obtain/ acquire the adaption rights of appropriate source materials	3.6	12.5%	2.0	7.0%	1.6	5.5%
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%	1.6	5.5%	1.3	4.5%
Working capital and other general corporate purposes	1.5	5.0%	1.5	5.2%	—	—
Total	28.9	100.0%	26.0	90.0%	2.9	10.0%



Earnings Per Share

The calculation of earnings per share is based on the profit attributable to owners of the Company of approximately RMB192.0 million or earnings per share of approximately RMB60.00 cents for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately RMB61.3 million or earnings per share of approximately RMB19.17 cents) and the weighted average number of 320,000,000 ordinary shares (six months ended 30 June 2019: 320,000,000 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 2020 and 2019.

Dividends

On 9 March 2020, a final dividend, in the form of a cash dividend of HK\$0.09375 per share (equivalent to approximately RMB0.0825 per share) in respect of the year ended 31 December 2019 has been proposed by the Board and was approved by the shareholders in the annual general meeting held on 17 April 2020.

Save as disclosed above, the Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

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

The Group has adopted the code provisions as set out in the corporate governance code (the "**Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices.

The Directors consider the Company has complied with all the code provisions set out in the Code throughout the Reporting Period.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Among other things, the Company periodically issues notices to its Directors reminding them the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group.

Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standards of dealings for the six months ended 30 June 2020 and throughout the period up to the date of this report.



Disclosure of Interest as Per Registers Kept Pursuant to the SFO

(a) *Interests and Short Positions of Directors and the Chief Executive in the Shares, Underlying Shares or Debentures*

As at 30 June 2020, the Directors and the chief executive of our Company had the interests and short positions in the Shares, underlying shares and debentures of our Company and any of its associated corporations (within the meaning of part XV of the SFO):

- (1) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or
- (2) which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or
- (3) which will be required to be notified to our Company and the Stock Exchange pursuant to Appendix 10 to the Listing Rules, as follows:

Name	Capacity	Number of Shares¹	Percentage of shareholdings
Zhang Yan ²	Interest in controlled corporation	124,000,000	38.75%
Huang Yong ³	Interest in controlled corporation	13,592,000	4.25%
Wu Zhe ⁴	Interest in controlled corporation	3,320,000	1.04%
Rao Zhenwu ⁵	Interest in controlled corporation	1,600,000	0.50%

1. All interests stated are long positions.

2. Mr. Zhang Yan is interested in approximately 38.75% of the total issued shares of the Company, i.e. 124,000,000 Shares, including:
 - (i) 109,000,000 Shares, representing approximately 34.06% of the share capital of the Company. Mr. Zhang Yan is interested in the entire issued share capital of Sulfulon International Limited and he is therefore deemed to be interested in the Shares held by Sulfulon International Limited by virtue of the SFO;
 - (ii) 15,000,000 Shares, representing approximately 4.69% of the share capital of the Company. Mr. Zhang Yan is interested in the entire issued share capital of Infinities Investment Pte. Ltd., which is wholly-owned by Infinities Super Holding Limited. Infinities Super Holding Limited is a company incorporated in the Cayman Islands with limited liability and is wholly-owned by Mr. Zhang Yan. Therefore, Mr. Zhang Yan is deemed to be interested in the Shares held by Infinities Investment Pte. Ltd. by virtue of the SFO.
3. Mr. Huang Yong is interested in the entire issued share capital of Raglon International Limited and he is therefore deemed to be interested in the Shares held by Raglon International Limited by virtue of the SFO.
4. Mr. Wu Zhe is interested in the entire issued share capital of R&P Global Limited and he is therefore deemed to be interested in the Shares held by R&P Global Limited by virtue of the SFO.
5. Mr. Rao Zhenwu is interested in the entire issued share capital of Meteor Technology International Limited and he is therefore deemed to be interested in the Shares held by Meteor Technology International Limited by virtue of the SFO.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they will be taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to Appendix 10 to the Listing Rules relating to securities transactions by Directors to be notified to our Company and the Hong Kong Stock Exchange.

(b) Interests and Short Positions of Substantial Shareholders and Other Persons in the Shares or Underlying Shares

So far as is known to the Directors or chief executive of the Company, on 30 June 2020, the following persons had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares¹	Percentage of shareholding
Sulfulon International Limited	Beneficial owner	109,000,000	34.06%
Infinites Investment Pte. Ltd.	Beneficial owner	15,000,000	4.69%
Mr. Zhang Yan ²	Interest of controlled corporation	124,000,000	38.75%
Ms. Zheng Xin ³	Interest of spouse	124,000,000	38.75%
Raglon International Limited	Beneficial owner	13,592,000	4.25%
Mr. Huang Yong ⁴	Interest of controlled corporation	13,592,000	4.25%
Ms. Pan Li ⁵	Interest of spouse	13,592,000	4.25%
R&P Global Limited	Beneficial owner	3,320,000	1.04%
Wu Zhe ⁶	Interest in controlled corporation	3,320,000	1.04%
Ms. Xu Yao ⁷	Interest of spouse	3,320,000	1.04%
Meteor Technology International Limited	Beneficial owner	1,600,000	0.50%
Rao Zhenwu ⁸	Interest in controlled corporation	1,600,000	0.50%
Ms. Chen Xuanqi ⁹	Interest of spouse	1,600,000	0.50%

1. All interests stated are long positions.

2. Mr. Zhang Yan is interested in approximately 38.75% of the total issued shares of the Company, i.e. 124,000,000 Shares, including:
 - (i) 109,000,000 Shares, representing approximately 34.06% of the share capital of the Company. Mr. Zhang Yan is interested in the entire issued share capital of Sulfulon International Limited and he is therefore deemed to be interested in the Shares held by Sulfulon International Limited by virtue of the SFO;
 - (ii) 15,000,000 Shares, representing approximately 4.69% of the share capital of the Company. Mr. Zhang Yan is interested in the entire issued share capital of Infinities Investment Pte. Ltd., which is wholly-owned by Infinities Super Holding Limited. Infinities Super Holding Limited is a company incorporated in the Cayman Islands with limited liability and is wholly-owned by Mr. Zhang Yan. Therefore, Mr. Zhang Yan is deemed to be interested in the Shares held by Infinities Investment Pte. Ltd. by virtue of the SFO.
3. Ms. Zheng Xin is the spouse of Mr. Zhang Yan and she is therefore deemed to be interested in the Shares held by Mr. Zhang Yan by virtue of the SFO.
4. Mr. Huang Yong is interested in the entire issued share capital of Raglon International Limited and he is therefore deemed to be interested in the shares held by Raglon International Limited by virtue of the SFO.
5. Ms. Pan Li is the spouse of Mr. Huang Yong and she is deemed to be interested in the Shares held by Mr. Huang Yong by virtue of the SFO.
6. Mr. Wu Zhe is interested in the entire issued share capital of R&P Global Limited and he is therefore deemed to be interested in the Shares held by R&P Global Limited by virtue of the SFO.
7. Ms. Xu Yao is the spouse of Mr. Wu Zhe and she is therefore deemed to be interested in the Shares held by Mr. Wu Zhe by virtue of the SFO.
8. Mr. Rao Zhenwu is interested in the entire issued share capital of Meteor Technology International Limited and he is therefore deemed to be interested in the Shares held by Meteor Technology International Limited by virtue of the SFO.
9. Ms. Chen Xuanqi is the spouse of Mr. Rao Zhenwu and she is therefore deemed to be interested in the Shares held by Mr. Rao Zhenwu by virtue of the SFO.

Share Option Scheme

The following is a summary of the principal terms of the share option scheme (“**Share Option Scheme**”) conditionally adopted by our Company on 24 January 2016. The terms of the Share Option Scheme are in compliance with the Listing Rules.

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the eligible participants have had or may have made to the Group. The scheme is valid and effective for a period of ten years commencing from the date of adoption of the scheme.

Eligible participants of the Share Option Scheme include:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of the Group;
 - (bb) quality of work performed for the Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to the Group.

As at 30 June 2020, the total number of Shares available for issue under the scheme is 16,000,000 shares, representing 5% of the issued capital of the Company. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of the Company but subsequently cancelled (the “**Cancelled Shares**”)) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular and the approval of the Shareholders in general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted.

Upon acceptance of an option to subscribe for shares granted pursuant to the scheme (the “**Option**”), the eligible participant shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 trading days immediately preceding the date of grant of the Options; and
- (iii) the nominal value of a Share.

No option has been granted as at 30 June 2020 and since the adoption of the scheme.



Competing Interest

None of the Directors or the Controlling Shareholders or the substantial shareholders of the Company or their respective associates has any interest in any business which competed or may compete with the business of the Group during the Reporting Period.

Contracts with Controlling Shareholders

No contract of significance has been entered into between the Company or any of its subsidiaries and the Controlling Shareholders during the Reporting Period.

Directors' Interest in Contracts of Significance

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party to and in which a Director had a material interest in, whether directly or indirectly, and subsisted as of 30 June 2020 or at any time during 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 six months ended 30 June 2020.

Audit Committee

We established the Audit Committee on 24 January 2016. The chairman of the Audit Committee is Mr. Chan King Fai, our independent non-executive Director, and other members include Mr. Chen Di and Mr. Yang Zhen, 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 2020 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 2020 complied with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

Change in Directors, supervisors and senior management

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

During the Reporting Period, there was no change in the Directors, supervisors and senior management of the Company.

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

(1) Mr. Wu Zhe resigned as executive Director and compliance officer; and (2) Mr. Rao Zhenwu resigned as executive Director with effect from 10 August 2020 due to their other personal commitments which require more of their dedication. Mr. Zhou Kun was appointed as an executive Director of the Company with effect from 10 August 2020. For details, please refer to the Company's announcement dated 10 August 2020 and supplemental announcement dated 12 August 2020.

Save as disclosed above in this report, after the Reporting Period, there were no other changes in the Directors, supervisors and senior management of the Company.

Events after the Reporting Period

As at 30 June 2020, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each, of which 320,000,000 Shares have been issued and are fully paid or credited as fully paid.

On 28 July 2020, the board of the Company proposed to subdivide each of the existing issued and unissued Shares of HK\$0.01 each in the share capital into three subdivided shares of par value of one third Hong Kong cent each. Upon the share subdivision becoming effective, the authorised share capital of the Company would be HK\$20,000,000 divided into 6,000,000,000 subdivided shares of par value of one third Hong Kong cent each, of which 960,000,000 subdivided shares will be in issue and fully paid or credited as fully paid. The proposal of share subdivision was approved by the Shareholders in the extraordinary general meeting on 17 August 2020. All the conditions precedent to the share subdivision were fulfilled and the share subdivision became effective on 19 August 2020. The share subdivision has become effective on 19 August 2020. For further information, please refer to the Company's announcements dated 20 July 2020 and 18 August 2020, respectively, and the Company's circular dated 28 July 2020.

Save as disclosed above in this report, after the Reporting Period, there are no material events that need to be disclosed.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE

	Notes	2020 RMB (unaudited)	2019 RMB (unaudited)
Revenue	4	285,156,409	102,823,278
Direct costs		(17,805,249)	(6,538,023)
Gross profit		267,351,160	96,285,255
Other income	4	2,612,327	2,665,580
Research and development costs		(2,717,080)	(170,015)
Distribution costs		(15,142,368)	(588,438)
Administrative expenses		(17,845,537)	(17,269,950)
Finance costs		(213,393)	(91,358)
Operating profit		234,045,109	80,831,074
Share of profit from investments accounted for using equity accounting		—	394,463
Profit before income tax	5	234,045,109	81,225,537
Income tax expense	6	(41,364,662)	(19,932,694)
Profit for the period		192,680,447	61,292,843
Other comprehensive income Item that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of foreign operations		7,581,372	722,533
Other comprehensive income for the period		7,581,372	722,533
Total comprehensive income for the period		200,261,819	62,015,376
Profit for the period attributable to:			
Owners of the Company		192,008,703	61,340,920
Non-controlling interests		671,744	(48,077)
		192,680,447	61,292,843
Total comprehensive income attributable to:			
Owners of the Company		199,494,679	62,067,404
Non-controlling interests		767,140	(52,028)
		200,261,819	62,015,376
Earnings per share		RMB cents	RMB cents
Basic and diluted	8	60.00	19.17

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	As at 30 June 2020 RMB (unaudited)	As at 31 December 2019 RMB (audited)
Non-current assets			
Property, plant and equipment	9	5,554,133	5,636,036
Intangible assets	10	22,832,051	19,381,004
Right-of-use assets		7,895,719	9,492,211
		36,281,903	34,509,251
Current assets			
Trade receivables	11	102,495,153	140,513,173
Prepayments, deposits and other receivables		3,297,871	5,663,418
Short-term bank deposits	12	—	100,609,632
Cash and cash equivalents	12	459,899,954	147,891,166
		565,692,978	394,677,389
Current liabilities			
Trade and other payables	13	13,852,996	15,906,407
Deferred revenue	14	943,393	139,559
Dividend payables		1,558,557	—
Lease liabilities		2,519,149	2,668,934
Tax payables		2,175,650	311,741
		21,049,745	19,026,641
Net current assets		544,643,233	375,650,748
Total assets less current liabilities		580,925,136	410,159,999
Non-current liabilities			
Lease liabilities		5,650,928	7,070,751
Deferred tax liabilities		17,300,000	19,000,000
		22,950,928	26,070,751
Net assets		557,974,208	384,089,248
Equity			
Share capital	15	2,669,060	2,669,060
Reserves		554,810,142	381,692,323
Equity attributable to owners of the Company		557,479,202	384,361,383
Non-controlling interests		495,006	(272,135)
Total equity		557,974,208	384,089,248

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Merger reserve	Statutory reserve	Share based payment reserve	Foreign exchange reserve	Retained profits	Total			
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB		
For the six months ended												
30 June 2019 (unaudited)												
As at 1 January 2019 (audited)	2,669,060	35,021,914	11,201,260	10,000,000	12,500,000	342,503	2,177,480	118,282,116	192,194,333	(35,389)	192,158,944	
Profit/(loss) for the period	—	—	—	—	—	—	—	61,340,920	61,340,920	(48,077)	61,292,843	
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—	—	—	
— Exchange differences on translation of foreign operation	—	—	—	—	—	—	726,484	—	726,484	(3,951)	722,533	
Total comprehensive income for the period	—	—	—	—	—	—	726,484	61,340,920	62,067,404	(52,028)	62,015,376	
Payment of 2018 final dividend (note 7)	—	—	—	—	—	—	—	(21,111,840)	(21,111,840)	—	(21,111,840)	
Equity-settled share-based transaction	—	—	—	—	—	558,497	—	—	558,497	—	558,497	
As at 30 June 2019 (unaudited)	2,669,060	35,021,914	11,201,260	10,000,000	12,500,000	901,000	2,903,964	158,511,196	233,708,394	(87,417)	233,620,977	
For the six months ended												
30 June 2020 (unaudited)												
As at 1 January 2020 (audited)	2,669,060	35,021,914	11,201,260	10,000,000	12,833,719	1,285,002	5,564,730	305,785,698	384,361,383	(272,135)	384,089,248	
Profit for the period	—	—	—	—	—	—	—	192,008,703	192,008,703	671,744	192,680,447	
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—	—	—	
— Exchange differences on translation of foreign operation	—	—	—	—	—	—	7,485,976	—	7,485,976	95,396	7,581,372	
Total comprehensive income for the period	—	—	—	—	—	—	7,485,976	192,008,703	199,494,679	767,140	200,261,819	
Payment of 2019 final dividend (note 7)	—	—	—	—	—	—	—	(26,873,400)	(26,873,400)	—	(26,873,400)	
Equity-settled share-based transaction	—	—	—	—	—	496,541	—	—	496,541	—	496,541	
As at 30 June 2020 (unaudited)	2,669,060	35,021,914	11,201,260	10,000,000	12,833,719	1,781,543	13,050,706	470,921,001	557,479,203	495,005	557,974,208	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	2020 RMB (unaudited)	2019 RMB (unaudited)
Net cash generated from operating activities	236,556,144	62,425,729
Net cash generated from/(used in) investing activities	93,256,518	(8,150,637)
Net cash used in financing activities	(25,314,843)	—
Net increase in cash and cash equivalents	304,497,819	54,275,092
Cash and cash equivalents at beginning of period	147,891,166	136,782,849
Effect of foreign exchange rate changes	7,510,969	722,533
Cash and cash equivalents at end of period	459,899,954	191,780,474
Analysis of cash and cash equivalents		
Cash at banks and in hand	243,792,791	61,746,115
Short-term bank deposits with original maturity of less than three months	216,107,163	130,034,359
	459,899,954	191,780,474

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 is located at 9th Floor, Block 1, Chongwen Garden, Nanshan IPark, 3370 Liuxian Avenue, Nanshan District, Shenzhen, Guangdong, The People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively the “**Group**”) are principally engaged in software, browser and mobile games development, including the design, programming, graphics and licensing of its games in the PRC and overseas markets, as well as licensing of its software to business partners. In addition, the Group also self-operates its games in overseas markets.

The condensed consolidated statement of financial position as at 30 June 2020, 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 2020, 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 28 August 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Condensed Financial Statements for the six months ended 30 June 2020 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 2020, the accounting policies applied in preparing this unaudited Interim Condensed Financial Statements for the six months ended 30 June 2020 are consistent with those of the annual financial statements for the year ended 31 December 2019 issued by the Company on 9 March 2020, 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 2020. 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 2019.

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 Interim Condensed Financial Statements has been prepared on the historical cost basis. The Interim Condensed Financial Statements are presented in Renminbi (“**RMB**”) except when otherwise indicated.

Since the outbreak of Coronavirus Disease (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. It remains difficult to predict how the pandemic will evolve. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

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

- Game and software development — Software, browser and mobile games development and licensing services for earning License fees and Royalties from the Licensed Operators and business partners
- Game operation — Mobile game operation for earning game operation income

For the six months ended 30 June 2019, there was only one business segment in the internal reporting to the chief operating decision makers, which is game and software development. There was no game operation business during the six months ended 30 June 2019, and the Group’s assets and capital expenditure were principally attributable to this business segment. Accordingly, no segment information in respect of the six months ended 30 June 2019 is presented in the consolidated financial statements.

	For the six months ended 30 June	
	2020	2019
	RMB	RMB
	(unaudited)	(unaudited)
Revenue from contracts with customer:		
Game and software development	257,984,137	102,823,278
Game operation	27,172,272	—
	285,156,409	102,823,278

Certain corporate income and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-maker for assessment of segment performance.

Information regarding the Group's reportable segments is set out below.

	For the six months ended 30 June 2020		
	Game and software development	Game operation	Total
	RMB	RMB	RMB
	(unaudited)	(unaudited)	(unaudited)
Revenue from external customers	258,217,470	27,172,272	285,389,742
Inter-segment revenue	(233,333)	—	(233,333)
Reportable segment revenue	257,984,137	27,172,272	285,156,409
Reportable segment profit	232,940,910	2,732,610	235,673,520
Interest income	910,421	4,639	915,060
Government grant	1,500,000	—	1,500,000
Finance costs	206,826	6,567	213,393
Depreciation and amortisation	6,302,710	215,646	6,518,356
Income tax expense	41,364,662	—	41,364,662
Reportable segment assets	507,806,624	16,069,663	523,876,287
Reportable segment liabilities	33,034,072	9,034,062	42,068,134
Additions to non-current assets	8,282,079	63,146	8,345,225

Reconciliation of reportable segment profit, assets and liabilities:

	For the six months ended 30 June 2020 RMB (unaudited)
<i>Profit before income tax</i>	
Reportable segment profit	235,673,520
Unallocated corporate income	375
Unallocated corporate expenses	(1,628,786)
Consolidated profit before income tax	234,045,109
<i>Assets</i>	
Reportable segment assets	523,876,287
Unallocated corporate assets	78,098,594
Consolidated total assets	601,974,881
<i>Liabilities</i>	
Reportable segment liabilities	42,068,134
Unallocated corporate liabilities	1,932,539
Consolidated total liabilities	44,000,673

(b) Disaggregation of revenue from contracts with 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 PRC. Accordingly, management determines that the Group is domiciled in the PRC.

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

	For the six months ended 30 June	
	2020 RMB (unaudited)	2019 RMB (unaudited)
Primary geographical markets*		
The PRC (place of domicile)	257,425,677	102,261,934
Asia Pacific	27,283,159	236,381
Europe	447,573	311,925
North America	—	13,038
	285,156,409	102,823,278

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

For the six months ended 30 June		
	2020 <i>RMB</i> (unaudited)	2019 <i>RMB</i> (unaudited)
Timing of revenue recognition		
Over time	11,441,509	529,947
At a point in time	273,714,900	102,293,331
	285,156,409	102,823,278
As at		
	30 June	31 December
	2020 <i>RMB</i> (unaudited)	2019 <i>RMB</i> (audited)
Non-current assets		
The PRC	35,595,123	33,639,734
Thailand	234,904	258,956
Hong Kong	451,876	610,561
	36,281,903	34,509,251

Revenue earned from major licensed operators, each of them accounted for 10% or more of the revenue of the Group, are set out below:

For the six months ended 30 June		
	2020 <i>RMB</i> (unaudited)	2019 <i>RMB</i> (unaudited)
Licensed operator A	185,062,838	86,448,990
Licensed operator B	64,963,550	—
Licensed operator C	—	12,458,809
	250,026,388	98,907,799

4. REVENUE AND OTHER INCOME

	For the six months ended 30 June	
	2020 RMB (unaudited)	2019 RMB (unaudited)
Revenue		
License fees and royalties	246,542,628	102,823,278
Game operation income	27,172,272	—
Software licensing service	11,441,509	—
	285,156,409	102,823,278
Other income		
Interest income	915,435	1,081,706
Government grants	1,500,000	1,575,200
Others	196,892	8,674
	2,612,327	2,665,580

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	For the six months ended 30 June	
	2020 RMB (unaudited)	2019 RMB (unaudited)
Depreciation of plant and equipment*	1,243,287	387,689
Depreciation of right-of-use assets**	1,037,850	1,280,142
Amortisation of intangible assets**	4,237,219	2,031,545
Interest expense on lease liabilities	213,393	91,358
Exchange loss, net	6,760,752	1,228,572
Employee costs (including directors' remuneration)	10,391,497	9,601,152

* 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.


6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020 RMB (unaudited)	2019 RMB (unaudited)
PRC Enterprise Income Tax ("EIT")	24,064,662	13,732,694
Deferred tax	17,300,000	6,200,000
	41,364,662	19,932,694

No Hong Kong Profits Tax was provided as the Group has no estimated assessable profit derived from or arising in Hong Kong during the six months ended 30 June 2020 and 2019.

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

According to the tax law Caishui (2016) No.49 jointly issued by the Ministry of Finance of the PRC and other government authorities, an entity can register for the National Important Software Enterprise ("NISE") in tax bureau if the entity complies with relevant requirements. Based on management's assessment, Shenzhen Fire Element Network Technology Co. Ltd ("**Shenzhen Fire Element**"), one of the subsidiaries of the Company, met those requirements during the six months ended 30 June 2020. Therefore, a preferential corporate income tax rate of 10% was estimated to be applied by Shenzhen Fire Element for the six months ended 30 June 2020. The application of preferential tax rate as explained above is after the assumption and estimates made by the management of the Group.



During the six months ended 30 June 2020, Shenzhen Fire Element Network Science and Technology Company Limited, another subsidiary incorporated in the PRC, was eligible to be classified as small enterprise by the local bureau. The first RMB1,000,000 assessable profits is taxed at 5% and assessable profits above RMB1,000,000 but less than RMB3,000,000 is taxed at 10%.

Firerock Co., Ltd. (“**Firerock**”) is a subsidiary newly incorporated in Thailand and is subject to corporate income tax at 20% of net profit. No Thailand Corporate Income Tax has been provided during the six months ended 30 June 2020 as the Group has sufficient tax losses brought forward to offset against the estimated assessable profit of the Reporting Period.

Pursuant to the PRC EIT Law, a 10% withholding tax (unless reduced by tax treaties/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 after 31 December 2007.

7. DIVIDENDS

On 9 March 2020, a final dividend, in the form of a cash dividend of HK\$0.09375 per share (equivalent to approximately RMB0.0825 per share) in respect of the year ended 31 December 2019 has been proposed by the Board and is approved by the shareholders in the annual general meeting held on 17 April 2020.

Save as disclosed above, the Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to owners of the Company of approximately RMB192.0 million or earnings per share of approximately RMB60.00 cents for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately RMB61.3 million or earnings per share of approximately RMB19.17 cents) and the weighted average number of 320,000,000 ordinary shares (six months ended 30 June 2019: 320,000,000 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 2020 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2020, purchases of related equipment by the Group was RMB0.6 million (for the six months ended 30 June 2019: approximately RMB0.6 million).

10. INTANGIBLE ASSETS

For the six months ended 30 June 2020, additional development cost of the Group was approximately RMB7.7 million (for the six months ended 30 June 2019: approximately RMB6.5 million).

11. TRADE RECEIVABLES

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

	As at 30 June 2020 RMB (unaudited)	As at 31 December 2019 RMB (audited)
0–30 days	39,221,875	43,732,675
31–60 days	40,316,271	35,176,491
61–90 days	3,598,362	35,382,527
91–120 days	18,246,787	25,567,860
More than 120 days	1,111,858	653,620
	102,495,153	140,513,173

The Group does not hold any collateral over these balances.



12. SHORT-TERM BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	As at 30 June 2020 RMB (unaudited)	As at 31 December 2019 RMB (audited)
Cash at banks and in hand	243,792,791	123,579,832
Short-term bank deposits with original maturity of less than three months	216,107,163	24,311,334
Short-term bank deposits with original maturity of more than three months	—	100,609,632
Cash and cash equivalents	459,899,954	248,500,798

Cash at banks earns interest at floating rate based on daily bank deposit rates.

RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2020 RMB (unaudited)	As at 31 December 2019 RMB (audited)
Trade payables	—	114,156
Other payables	6,460,323	6,113,901
Accruals	7,392,673	9,678,350
	13,852,996	15,906,407

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

	As at 30 June 2020 RMB (unaudited)	As at 31 December 2019 RMB (audited)
Less than 30 days	—	114,156

14. DEFERRED REVENUE

Deferred revenue represented unamortised portion of income received in respect of in-game purchase paid by the Paying Players from the Group's game operation segment. Deferred revenue is classified as contract liability under HKFRS 15 "Revenue from Contracts with Customers".

15. SHARE CAPITAL

	Number of shares	Amount RMB
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2019	500,000,000	4,199,383
Increase in authorised shares	1,500,000,000	13,398,450
At 31 December 2019 and 30 June 2020	2,000,000,000	17,597,833
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 January 2019 (audited)	320,000,000	2,669,060
At 31 December 2019 and 30 June 2020 (unaudited)	320,000,000	2,669,060

On 8 August 2019, the shareholders of the Company resolved to increase the authorised share capital of the Company from HK\$5,000,000 to HK\$20,000,000 divided into 2,000,000,000 shares each by the creation of an additional 1,500,000,000 shares.

16. RELATED PARTY TRANSACTIONS***Emoluments of Key Management Personnel***

Emoluments paid or payable to members of the key management personnel, who are directors, the chief executive officer and senior management, for their service are set out below:

	For the six months ended 30 June	
	2020	2019
	RMB	RMB
	(unaudited)	(unaudited)
Salaries, allowances and benefits in kind	1,724,550	1,888,249
Contributions to defined contribution retirement plan	21,945	39,933
	1,746,495	1,928,182

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

Hong Kong, Friday, 28 August 2020

As at the date of this report, the Chairman and non-executive Director is Mr. Zhang Yan; the executive Directors are Mr. Huang Yong and Mr. Zhou Kun; the non-executive director is Ms. Yang Kan and the independent non-executive Directors are Mr. Chan King Fai, Mr. Chen Di and Mr. Yang Zhen.