

# TARGET

## Intelligence Report

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S A T U R D A Y

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### **FIRE ROCK HOLDINGS LTD: THERE'S CASH IN DEVELOPING GAMES FOR ADULT KIDS TO BE SURE**

For a company, its shares, having been initially listed on the secondary equity market of The Stock Exchange of Hongkong Ltd (the **G**rowth **E**nterprise **M**arket [the **GEM**]), on February 18, 2016, it appears, today, that Fire Rock Holdings Ltd has become a somewhat important player in the mobile games industry.

On or about June 27, 2019, Senior Management applied to the powers that be and, subsequently, obtained permission to have the listing of its shares transferred from the GEM to the premier equity market of The Stock Exchange of Hongkong Ltd: The Main Board.

And, therefrom, Management has never looked back, it appears.

#### **The 2020 Annual Report Of Fire Rock Holdings Ltd**

Fire Rock Holdings Ltd (火岩控股有限公司) (Code: 1909, Main Board, The Stock Exchange of Hongkong Ltd) published and disseminated its 2020 Annual Report on Monday, April 12, 2021, in the **H**ongkong **S**pecial **A**dmistrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**).

In the opinion of many a hard-nosed investor in stocks and shares, listed on equity markets, no doubt, the financial results in respect of the Company's 2020 Financial Year, ended December 31, would aptly be described as being nothing short of being spectacular.

The following are the financial highlights of the Consolidated Statement of Profit or Loss with regard to the 2020 Financial Year, displayed at Page 90 of the 2020 Annual Report of the Company:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	All Figures Are Denominated In Renminbi (RMB) (except where otherwise stipulated)		
	2020	2019	
Revenue	520,890,363	303,978,018	71.36
Gross Profit	479,995,803	284,200,338	68.89
Gross Profit Margin*	92.15 percent	93.49 percent	(1.43)
Profit For The Year	344,912,332	208,799,543	65.19

Net Profit Attributable To Shareholders	<b>343,214,304</b>	208,789,246	<b>64.38</b>
Net Profit Margin*	<b>65.89 percent</b>	68.69 percent	<b>(4.08)</b>
Earnings Per Share	<b>RMB0.3575</b>	RMB0.2175	<b>64.37</b>

\* These are **TARGET**'s calculations.

On the following Page 91, under the heading, '**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**', under '**Current Assets**', it was shown that, as at December 31, 2020, the Company had cash and cash equivalents, amounting to RMB596,147,969.00.

That figure of RMB596,147,969 was an increase, Year-On-Year, of about 303.10 percent.

Suffice it to state, as at December 31, 2020, Fire Rock Holdings Ltd '*did not have any bank or other borrowings.*' (Page 78 of the 2020 Annual Report)

At Page 113 of the 2020 Annual Report, the primary geographic markets of the Company were shown as being:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	All Figures Are Denominated In RMB		
	2020	2019	
The People’s Republic of China (the place of domicile of Fire Rock Holdings Ltd)	454,693,900	289,846,405	56.87
Asia Pacific	65,422,499	13,489,854	384.98
Europe	773,964	620,065	24.82
North America	Nil	21,694	N/A
TOTAL	520,890,363	303,978,018	71.36

\* These are **TARGET**'s calculations.

In respect of that which might well be considered, in some quarters, questionable, Senior Management of Fire Rock Holdings Ltd has stated that it is reliant on a very limited number of licenced operators.

The following is copied, verbatim, from Page 78 of the 2020 Annual Report of the Company:

*'Our major customers are licensed operators. For the year ended 31 December 2020, the revenue contributed from our five largest licensed operators accounted for approximately 98.2% of our total revenue, while our single largest licensed operator contributed approximately 69.9% of our total revenue.'*

The principal activities of Fire Rock Holdings Ltd was given, at Page 76 of the 2020 Annual Report, as follows:

*'The Group is mainly engaged in the development of browser and mobile games, as well as licensing game products to other well-established game operators with the right to exclusively/non-exclusively operate, publish and distribute specific games within an agreed period and within*

*designated territories. Since last year, the Group extended its business scope to applied computer software R&D (**R**esearch and **D**evelopment) and self-operation of mobile device games gradually shifting to a game development plus game publishing business model.'*

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