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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)

INSIDE INFORMATION RELATING TO DECONSOLIDATION OF SUBSIDIARIES

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of Fire Rock Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DECONSOLIDATION OF SUBSIDIARIES

Reference is made to the announcements of the Company dated 23 February 2022 and 16 June 2023 (the “**Announcements**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcements and the Circular.

The Board is of the view that from the date of the event that the Public Security Bureau of Yuanjiang, Hunan Province, the People’s Republic of China commenced the investigation in December 2021, the Company is unable to exercise control to the assets and operations of all the PRC major subsidiaries and is unable to exercise its decision-making rights over the PRC major subsidiaries, including Shenzhen Fire Element Network Technology Company Limited (the “**Shenzhen Fire Element**”), Shenzhen Fire Element Network Science and Technology Company Limited (“**Shenzhen Fire Element Network Science and Technology Company**”), Shenzhen Tak Shing Technology Limited (the “**Shenzhen Tak Shing**”), Shenzhen Viking Network Technology Co., Limited (the “**Shenzhen Viking**”) (collectively referred as to the “**PRC Major Subsidiaries**”). The Company has discussed the issue with its auditors. After

having taken into account the applicable requirements under the Hong Kong Financial Reporting Standards in relation to the consolidated financial statements of the Group for the year ended 31 December 2021, the Board considers that all the PRC Major Subsidiaries shall be deconsolidated from the Group with effect from 4 December 2021 (the “**Deconsolidation**”), on the basis that (i) the relevant computers and equipment (including but not limited to the official seals, financial seals, financial records and computer hardware), which is necessary for operating the mobile games business in PRC, were confiscated and withheld in accordance with the law, and (ii) the management of the PRC Major Subsidiaries were detained and were not been able to perform their duties (i.e. the ability to direct the operating and financing activities that significantly affect the Group’s returns) to the PRC Major Subsidiaries since 4 December 2021.

In light of the above circumstances, the Group will not consolidate the financial position of the PRC Major Subsidiaries and the results and cash flows of the PRC Major Subsidiaries since 4 December 2021 in the consolidated financial statements of the Group for the financial year ended 31 December 2021. The Board considered that the consolidated financial statements of the Group for the year ended 31 December 2021 be prepared on such basis will present the results and state of affairs of the Group more fairly as a whole in light of the current situation of the PRC Major Subsidiaries.

IMPACT OF THE DECONSOLIDATION

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 which the Group license its 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-operate our self-developed game products in overseas markets.

The revenue of the deconsolidated subsidiaries represented approximately 88.9% of the revenue of the Group for the year ended 31 December 2021.

The Deconsolidation will result in a deconsolidation of assets, liabilities and certain reserves in the financial statements of the PRC Major Subsidiaries, which will lead to a one-off loss on deconsolidation to the Group. The Board expects that the Deconsolidation will have a significant impact on the consolidated financial statements of the Group for the year ended 31 December 2021. As at the date of this announcement, the annual audit is taking place and the Company is in the course of quantifying the financial impact of the Deconsolidation on the Group.

The Company will make further announcement(s) to keep its Shareholders and potential investors informed as and when appropriate.

CONTINUED SUSPENSION OF TRADING

As disclosed in the announcement on quarterly update on resumption dated 30 June 2023, the Company and its professional advisers are in the progress of devising a resumption plan with actions that it intends to take to remedy the issues causing its trading suspension and to fulfill the Resumption Guidance.

Trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 1 April 2022 and will remain suspended until further notice.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of
Fire Rock Holdings Limited
Chen Di
Executive Director

Hong Kong, 21 July 2023

As at the date of this announcement, the executive Directors are Mr. Zhou Zhiwei, Mr. Gao Bo, Mr. Chen Di 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.